

MONTGOMERY COUNTY TEXAS

Comprehensive Annual Financial Report



**For the Fiscal Year Ended
September 30, 2009**

MONTGOMERY COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2009

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

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INTRODUCTORY SECTION



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

Phyllis L. Martin
County Auditor

Peggie Rushing
1st Assistant County Auditor

March 30, 2010

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, 2009, 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, 2009 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, 2009 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, 2009 the reported population was 439,709. This 50% growth in ten 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 state 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 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

safekeeping accounts. 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

Montgomery County is one of 13 Texas counties receiving awards for Best Practices from the Texas Association of Counties (TAC) Leadership Foundation. The award is presented to counties developing innovative programs to deliver quality services and protect taxpayer dollars. Commissioner Ed Chance of Montgomery County Precinct 3 received a 2009 County Best Practices award for Community Improvement for the Spring Creek Greenway Wetlands Mitigation Program, which helped create more than 350 acres of nature preserves via nontraditional funding.

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, 2008. This was the twenty-first 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

PLM/ab

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, 2008

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.



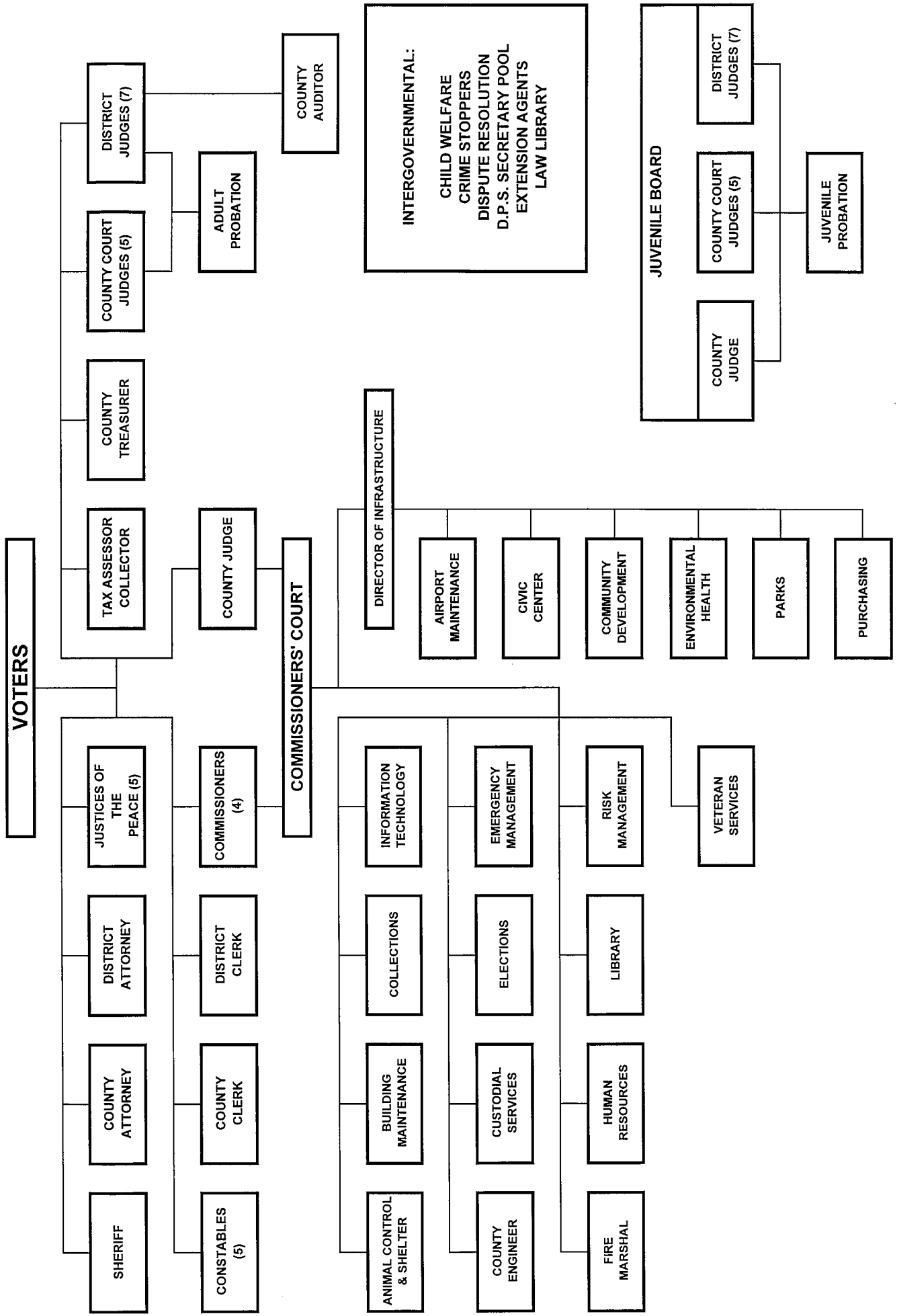
A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

MONTGOMERY COUNTY, TEXAS ORGANIZATION CHART



MONTGOMERY COUNTY, TEXAS
DIRECTORY OF OFFICIALS
SEPTEMBER 30, 2009

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 COURTS:

Fred Edwards
Suzanne Stovall
Cara Wood
Kathleen Hamilton
K. Michael Mayes
Tracy Gilbert
Michael T. Seiler
Brett Ligon
Barbara G. Adamick

Judge, 9th Judicial District
Judge 221st Judicial District
Judge 284th Judicial District
Judge 359th Judicial District
Judge, 410th Judicial District
Judge, 418th Judicial District
Judge, 435th Judicial District
District Attorney
District Clerk

COUNTY COURTS AT LAW:

Dennis Watson
Luther J. Winfree
Patrice McDonald
Mary Ann Turner
Keith Stewart
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
Judge, County Court at Law #5
County Attorney
County Clerk

JUSTICE COURTS:

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
Kenneth "Rowdy" Hayden
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
Private Companies Practice Section
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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, 2009, 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, 2009, 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 assessing 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 and additional supplementary information 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, schedules of capital assets used in the operation of governmental funds, 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 22, 2010

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, 2009. 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 \$340,086,887 (net assets). Of this amount, \$8,311,363 is restricted for specific purposes. With the presentation of the investment in capital assets, unrestricted net assets becomes a negative \$45,241,159. 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 \$303,838,462 and expenses were \$309,504,935. Rapid growth in the county brought about uncommon infrastructure contributions, adding to a decrease in net assets of \$5,666,473.
- At September 30, 2009, the County's governmental funds reported combined ending fund balances of \$165,312,349, an increase of \$3,217,716 in comparison with the prior year. From the ending fund balance, \$104,577,975 is reserved for specific purposes. Approximately 37% of the ending balance, \$60,734,374, is available for spending at the government's discretion.
- At September 30, 2009, unreserved, undesignated fund balance for the General Fund was \$27,492,281, or 19.2% of total General Fund expenditures.
- The County's total bonded debt increased by \$49,382,911 (12.2%) during the current fiscal year. This increase was brought about by the issuance of \$56,190,000 in general obligation bonds.
- As of fiscal year 2009, the County reported other post-employment benefit obligations (OPEB) of \$7,968,357 as a result of implementing GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions."

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, 2009. 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 34 individual governmental funds during the fiscal year ended September 30, 2009. 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 Revenue/Tax Bonds Series 2009 Fund, the FEMA Disaster Grants 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 by county policy are adopted at the department level for the General Fund, all Special Revenue Funds, and the Debt Service Fund using the primary categories of salaries, benefits, supplies, services, and capital outlay. A budgetary comparison statement is provided in the financial section for the General Fund and the Road and Bridge Special Revenue Fund. Budgetary comparison schedules for 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 \$340,086,887 at September 30, 2009, as shown in the table below. This amount represents a decrease through governmental activities of \$5,666,473 from the net assets at September 30, 2008.

Montgomery County, Texas		
Net Assets - Governmental Activities		
	FY 2009	FY 2008
Current and other assets	\$ 238,561,124	\$ 230,963,963
Capital assets	637,534,650	590,403,599
Total assets	876,095,774	821,367,562
Long-term liabilities outstanding	498,777,660	439,396,902
Other liabilities	37,231,227	36,217,300
Total liabilities	536,008,887	475,613,202
Net assets:		
Invested in capital assets, net of related debt	377,016,683	399,738,541
Restricted	8,311,363	7,656,130
Unrestricted	(45,241,159)	(61,641,311)
Total net assets	\$ 340,086,887	\$ 345,753,360

The County's total assets of \$876,095,774 are largely comprised of investments of \$146,002,874, or 17%, and capital assets net of accumulated depreciation of \$637,534,650, or 73%. 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 \$498,777,660 comprises the largest portion of the County's total liabilities of \$536,008,887, at 93%. Of total long-term liabilities, \$15,983,848 is due within one year, with the remainder of \$482,793,812 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 \$340,086,887 (net assets) as of September 30, 2009. Roughly 2.4%, or \$8,311,363, 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, \$6,139 is restricted for capital projects and \$8,305,224 is restricted for debt service of compensated absences and arbitrage rebate. The most significant portion (\$377,016,683) 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 budgeted fund financial statements continue to reflect positive unreserved fund balances.

Montgomery County's governmental activities decreased net assets by \$5,666,473. The key components of this decrease are detailed on the following page.

Montgomery County, Texas
Governmental Activities

	<u>FY 2009</u>	<u>FY 2008</u>
Revenues:		
<u>Program revenues:</u>		
Fees, fines, forfeitures, and charges for services \$	69,002,276	\$ 45,404,012
<u>Operating grants and contributions:</u>		
Federal	24,040,424	9,854,432
State	4,592,044	4,455,863
Other	807,457	1,065,910
<u>Capital grants and contributions:</u>		
Federal	3,960,185	8,897,916
State	383,198	30,108
Other	51,505,298	51,501,839
<u>General revenues:</u>		
Property taxes	145,696,133	131,600,844
Other taxes	1,719,903	1,610,605
Other general revenues	2,131,544	7,116,094
Total revenues	<u>303,838,462</u>	<u>261,537,623</u>
Expenses:		
General administration	22,046,369	16,822,168
Judicial	22,794,440	15,894,641
Legal services	2,678,359	2,445,787
Elections	1,694,067	1,947,963
Financial administration	5,917,962	5,088,713
Public facilities	41,255,267	19,887,748
Public safety	55,941,218	51,558,472
Health and welfare	29,039,919	16,301,079
Culture and recreation	9,981,330	8,697,389
Conservation	341,910	825,476
Public transportation	95,536,899	76,212,732
Miscellaneous	1,156,114	1,070,696
Debt service interest and fiscal charges	21,121,081	15,998,167
Total expenses	<u>309,504,935</u>	<u>232,751,031</u>
Change in net assets	(5,666,473)	28,786,592
Net assets - beginning	<u>345,753,360</u>	<u>316,966,768</u>
Net assets - ending	<u>\$ 340,086,887</u>	<u>\$ 345,753,360</u>

The County's total revenues of \$303,838,462 were all from governmental activities. Property tax revenue accounts for \$145,696,133, or 48%, and is an increase over last year of \$14,095,289. Despite difficult economic times, Montgomery County continues to see increased appraisal values and subsequent tax collections. However, interest rates have plummeted, causing a reduction in other general revenues of \$4,984,550.

Program revenues of fees, fines, forfeitures, and charges for services comprise \$69,002,276, or 23%; and grants and contributions encompass \$85,288,606, or 28% of total government-wide revenues. This represents an increase in program revenues of \$33,080,802. Contributing to this rise, the new Joe Corley Detention Facility has become fully operational and accommodates a growing number of federal detainees. As such, related revenues from federal agencies have grown at an astounding rate. The large FEMA disaster grants received during fiscal year 2009 were also factors underlying the boosted revenues. These grants were accepted to facilitate the County's recovery from Hurricane Ike, which is further detailed in the comparison of revenues and expenditures discussion.

Expenses for the year totaled \$309,504,935. The public facilities function totaled \$41,255,267, or 13.3% of this total. This function saw an increase over the previous year of 107%. This unusually steep rise was

primarily due to the completion of the new detention facility in 2008. The first full year of operations for this facility was 2009, thus its operation resulted in a disproportionate increase in expenses.

The public transportation function accounted for \$95,536,899, or 31% of the total government-wide expenses. The increase in spending in the public transportation function (\$19,324,167) 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.

As previously mentioned, a substantial level of FEMA Disaster Grants funds were received during the current year and were used to assist the citizens of Montgomery County in the resurgence following Hurricane Ike. The fund in which these expenses are comprised is part of the health and welfare function (\$29,039,919) and contributes greatly to the \$12,738,840 increase when compared to fiscal year 2008.

The judicial function rose to \$22,794,440, or 7.4%, of the total expenses for governmental activities in 2009. This was due in large part to the addition of a fifth county court at law and a new district court, dedicated to the adjudication of family law matters. Moreover, the district court that was initiated during 2008 for cases involving sexual predators completed its first full year of activity this year. These new courts were an integral aspect of the \$6,899,799 upsurge of judicial function expenses.

The government's ending net assets of \$340,086,887 represent a decrease of \$5,666,473 from the prior year's \$345,753,360 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 2009</u>	<u>FY 2008</u>
<i>Governmental funds activity:</i>		
Total revenues	\$ 249,079,005	\$ 208,706,577
Total expenditures	306,697,975	293,231,315
Excess (Deficiency) of revenues over expenditures	(57,618,970)	(84,524,738)
Capital lease financing	1,133,148	16,599,021
Issuance of certificates of obligation	-	33,050,000
Issuance of general obligation bonds	56,190,000	56,690,000
Payment to refunded bond escrow agent	-	(10,211,444)
Premiums on obligations, net	3,513,538	1,868,429
Net change in fund balance	3,217,716	13,471,268
<i>Government-wide activity:</i>		
Difference between current year's capital outlay expenditures and depreciation expense	(4,283,101)	52,373,421
Net effect of capital asset sales, donations, trade-ins, etc.	51,414,149	50,783,445
Revenues not reported in funds because they do not provide current-period financial resources	3,345,305	2,047,598
Long-term debt not reported in funds because it does not affect the current period	(49,986,219)	(87,864,370)
Expenses not reported in the funds because they do not use current-period financial resources	(9,374,323)	(2,024,770)
Total change in net assets	<u>\$ (5,666,473)</u>	<u>\$ 28,786,592</u>

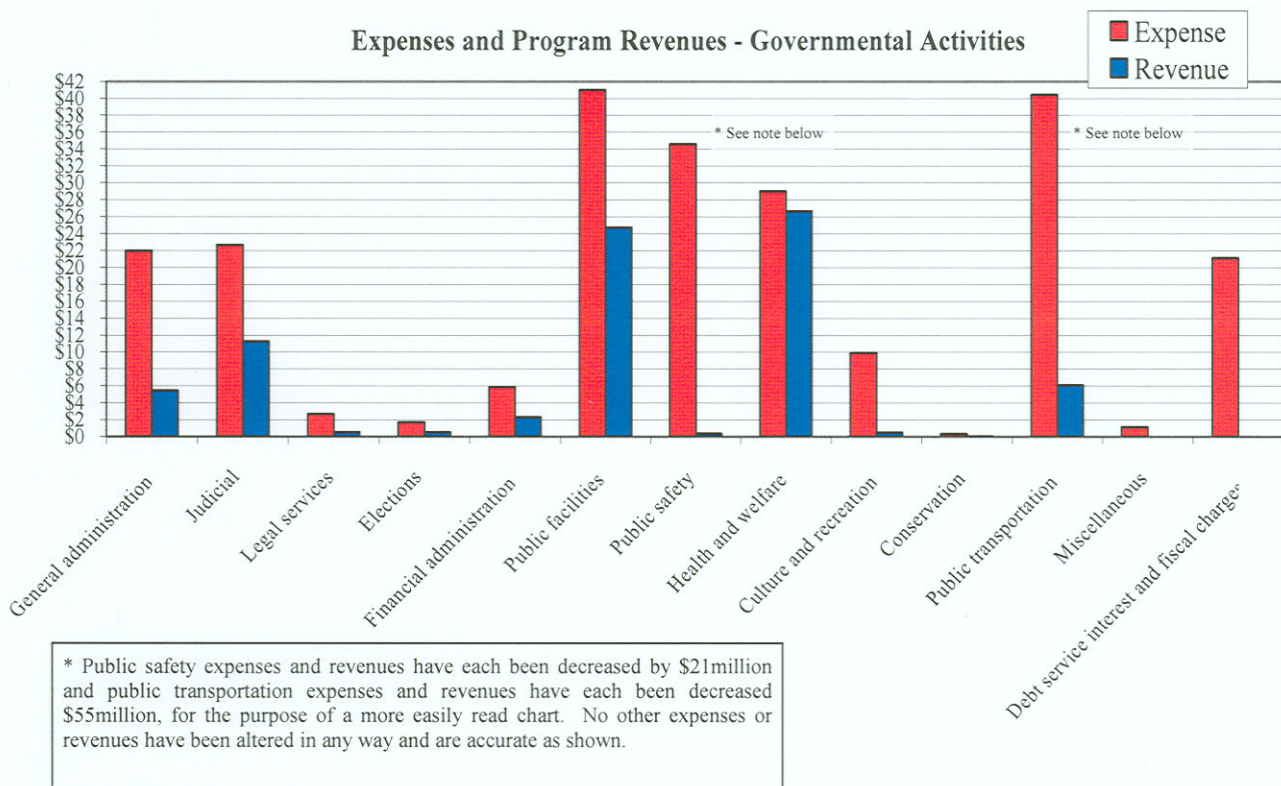
This change in net assets begins with the current year's differences between governmental revenues and expenditures (\$57,618,970), along with other financing sources and uses (\$60,836,686). Differences between capital assets added during the year and the depreciation related to all capital assets recorded, along with the effect of various capital assets transactions, such as dispositions and donations (\$47,131,048) also affect this change.

along with the effect of various capital assets transactions, such as dispositions and donations (\$47,131,048) 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 (\$6,029,018). 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 (\$49,986,219). 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 a decrease in net assets of \$5,666,473. However, the increase of \$11,821,921 in the combined fund balance of Montgomery County's two major operating funds would indicate an improvement in overall financial position. Despite this progress, 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, 2009 for governmental activities.



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

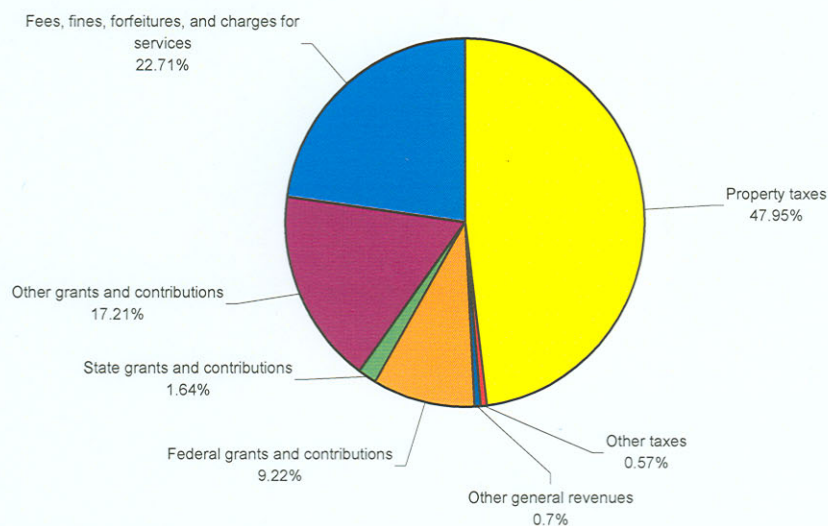
- Program revenues of \$154,290,882 are comprised in large part (39.6%) of public transportation's revenues of \$61,080,547 and public safety's revenues of \$21,369,269 (13.8%). The public facilities function comprises 16% of program revenues with \$24,728,408, the judicial function

makes up 7.3% of program revenues with \$11,287,953, and the general administration function covers 3.5% of program revenues with \$5,402,968. The expenses of these functions account for 31%, 18%, 13.3%, 7.3%, and 7.1%, 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 \$19,324,167 while realizing a decrease in revenues of \$5,955,185. 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 difficult and continued 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 continued to experience 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, 2009.

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

As of September 30, 2009, the County's governmental funds reported combined ending unreserved, undesignated fund balances of \$54,389,999, an increase of \$7,236,727 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 (\$91,075,384), pay debt service (\$12,206,656), reflect inventories (\$85,034), and reflect prepaid items (\$1,210,901). Commitments also come in the form of designations that will fund encumbrances from the prior year (\$344,375) and the OPEB obligation (\$6,000,000). On September 30, 2009, the total fund balance of the General Fund (the chief operating fund of the County) was \$35,014,007. Of that amount, \$27,492,281 was available for spending at the County's discretion, \$312,358 was designated for encumbrances, \$6,000,000 was designated for the OPEB liability, and \$1,209,368 was reserved for prepaid items.

Total assets in the General Fund amounted to \$79,758,641, accounting for 33.8% of total governmental fund assets. The total assets of other major funds include Road and Bridge Special Revenue Fund (\$11,966,623), Capital Projects Revenue/Tax Bonds Series 2009 Fund (\$47,284,630), FEMA Disaster Grants Fund (\$7,769,181), and Capital Projects Road Bonds Series 2008B Fund (\$25,932,782). Together, all major funds account for \$172,711,857 (73.2%) of the County's \$236,014,455 in total assets.

The fund balance of the County's General Fund grew by \$9,166,375 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 \$10,409,290.
- 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 \$838,448 over the past year.

The Road and Bridge Special Revenue Fund has a total fund balance of \$8,662,252 which is reported as \$85,034 reserved for inventory, \$2,099 designated for encumbrances, and \$8,575,119 unreserved, undesignated. The unreserved, undesignated portion of the fund balance increased \$2,639,256 during the current year due to focus by the Commissioners for various capital projects that were paid through the capital projects funds.

The Capital Projects Road Bonds Series 2008B Fund has a fund balance of \$22,612,860 at the end of the fiscal year. The decrease of \$11,123,819 is due to the swift progress of road construction projects throughout the county.

GENERAL FUND BUDGETARY HIGHLIGHTS

The published budget of Montgomery County for fiscal 2009 was prepared on a modified accrual basis, and includes all elements required by Texas Local Government Code Section 111.034, applicable to counties of population more than 225,000 that do not have an appointed County Budget Officer. The original adopted budget of the General Fund includes revenues of \$149,458,482 and expenditures of \$132,019,269. The General Fund's final budget, as amended, contains revenues of \$168,949,372 and expenditures of \$163,160,615.

The following table presents the changes between the original adopted budget and the final budget for the General Fund as of September 30, 2009.

**General Fund
Budget Variances
Year Ended September 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Original Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 107,978,169	\$ 108,964,699	\$ 986,530
Licenses and Permits	1,348,924	1,442,538	93,614
Fees	11,762,114	11,203,417	(558,697)
Intergovernmental	135,207	7,184,513	7,049,306
Charges for Services	611,468	611,968	500
Interest	1,888,572	1,888,572	-
Contract Reimbursements	6,414,168	11,798,651	5,384,483
Inmate Housing	18,319,850	23,895,939	5,576,089
Fines and Forfeitures	49,466	49,466	-
Miscellaneous	950,544	1,909,609	959,065
Total Revenues	<u>149,458,482</u>	<u>168,949,372</u>	<u>19,490,890</u>
Expenditures:			
General Administration	16,005,356	21,320,680	(5,315,324)
Judicial	14,210,547	14,021,163	189,384
Legal Services	2,216,298	2,266,160	(49,862)
Elections	1,072,979	1,309,045	(236,066)
Financial Administration	6,257,896	6,322,208	(64,312)
Public Facilities	38,864,921	46,304,849	(7,439,928)
Public Safety	46,406,116	60,936,851	(14,530,735)
Health and Welfare	4,268,394	5,935,540	(1,667,146)
Conservation	516,762	537,771	(21,009)
Miscellaneous	2,200,000	4,206,348	(2,006,348)
Total Expenditures	<u>132,019,269</u>	<u>163,160,615</u>	<u>(31,141,346)</u>
Excess Revenues Over Expenditures	<u>17,439,213</u>	<u>5,788,757</u>	<u>(11,650,456)</u>
Other Financing Sources/(Uses):			
Transfers In	-	971,017	971,017
Transfers Out	-	(834,846)	(834,846)
Capital Lease Financing	-	428,465	428,465
Total Other Financing Sources/(Uses)	<u>-</u>	<u>564,636</u>	<u>564,636</u>
Net Change in Fund Balances	<u>17,439,213</u>	<u>6,353,393</u>	<u>(11,085,820)</u>
Fund Balance - Beginning	<u>25,847,632</u>	<u>25,847,632</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 43,286,845</u>	<u>\$ 32,201,025</u>	<u>\$ (11,085,820)</u>

Final budgeted revenues were higher than originally planned by \$19,490,890. The final amended budget for taxes increased \$986,530 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 \$7,049,306 more in the final budget than in the original budget. This increase is largely due to the receipt of several large federal and state grants during the year that were not foreseen at the time the original budget was adopted.

The final budget for contract reimbursements was \$5,384,483 more than the original budget. The increase in the anticipated revenue was primarily due to a \$4,622,226 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 \$5,576,089 in the final budget for inmate housing was due to the Joe Corley Detention Facility operating at a higher capacity than expected, allowing for more federal inmates to be housed at the facility.

The originally unanticipated revenue partially offset the expenditure differences of \$31,141,346 between the original budget and the final amended budget. The general administration function had a final expenditure budget that is \$5,315,324 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 \$7,439,928 higher than the original budget. As stated, the Joe Corley Detention Facility has operated at a higher than anticipated occupancy rate, 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 2009. 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, judicial, legal services, elections, public facilities, health and welfare, culture and recreation, conservation, public safety, and miscellaneous functions.

A \$14,530,735 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.

The health and welfare function had final budgeted expenditures \$1,667,146 higher than the original budget for expenditures. This function includes a grant that is managed by the University of Texas Medical Branch for the County. The grant is 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 a total variance of \$11,085,820.

The following table presents the differences between the final amended budget and actual expenditures for the General Fund as of September 30, 2009.

General Fund Budget Variances Year Ended September 30, 2009			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 108,964,699	\$ 109,089,627	\$ 124,928
Licenses and Permits	1,442,538	1,364,234	(78,304)
Fees	11,203,417	12,444,656	1,241,239
Intergovernmental	7,184,513	6,521,185	(663,328)
Charges for Services	611,968	486,253	(125,715)
Interest	1,888,572	567,010	(1,321,562)
Contract Reimbursements	11,798,651	11,806,882	8,231
Inmate Housing	23,895,939	23,895,939	-
Fines and Forfeitures	49,466	186,594	137,128
Miscellaneous	1,909,609	1,808,654	(100,955)
Total Revenues	168,949,372	168,171,034	(778,338)
Expenditures:			
General Administration	21,320,680	16,216,725	5,103,955
Judicial	14,021,163	13,675,907	345,256
Legal Services	2,266,160	2,131,350	134,810
Elections	1,309,045	1,258,713	50,332
Financial Administration	6,322,208	5,624,961	697,247
Public Facilities	46,304,849	44,144,809	2,160,040
Public Safety	60,936,851	52,813,275	8,123,576
Health and Welfare	5,935,540	5,757,396	178,144
Conservation	537,771	511,141	26,630
Miscellaneous	4,206,348	1,156,114	3,050,234
Total Expenditures	163,160,615	143,290,391	19,870,224
Excess Revenues Over Expenditures	5,788,757	24,880,643	19,091,886
Other Financing Sources/(Uses):			
Transfers In	971,017	4,261,744	3,290,727
Transfers Out	(834,846)	(20,404,477)	(19,569,631)
Capital Lease Financing	428,465	428,465	-
Total Other Financing Sources/(Uses)	564,636	(15,714,268)	(16,278,904)
Net Change in Fund Balances	6,353,393	9,166,375	2,812,982
Fund Balance - Beginning	25,847,632	25,847,632	-
Fund Balance - Ending	\$ 32,201,025	\$ 35,014,007	\$ 2,812,982

Actual revenues fell short of budgeted revenues by \$778,338. Although the County received higher than expected fee revenues, which came in \$1,241,239 over the final budget, a decline in interest earnings of \$1,321,562 negated any tangible benefit. Exacerbating this unexpected deficiency, intergovernmental revenues were \$663,328 lower than budgeted. The County's policy for multiple year grants is to budget the entire grant in the year in which it is awarded. In the case of Homeland Security grants, which span multiple County fiscal years, \$3,512,336 was budgeted, of which \$2,362,144 was spent during the fiscal year.

Actual expenditures were \$19,870,224 lower than final budgeted expenditures. The general administration function contributed \$5,103,955 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 \$2,160,040 less than was approved in the final amended budget. As fiscal year 2009 was the first full year of operations for the new Joe Corley Detention Facility, the cost savings of freeing bed space at the County's own Jail were higher than anticipated.

All departments in the public safety function of the General Fund expended less than was approved in the final amended budget by \$8,123,576. The difference is primarily due to the fact that grants that span multiple County fiscal years or are awarded late in the fiscal year contain monies that are spent in subsequent years. However, the Sheriff's department's continued difficulty retaining qualified staff also caused public safety to expend less than anticipated.

The miscellaneous function showed actual expenditures less than the final budget by \$3,050,234. 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 \$2,812,982 greater than anticipated with the final budget. This is the result of a reduction in actual expenditures that included sufficient amounts to cover transfers to other funds as well as the decrease in actual revenues. The Jury Special Revenue Fund and the Memorial Library Special Revenue Fund received \$6,182,610 and \$7,700,000, respectively, more than shown in the final budget. In both of these funds, the emphasis is on providing a service. In the case of the Jury Special Revenue Fund, that service is in the form of a court system. The Memorial Library Special Revenue Fund's emphasis is on culture and recreation. 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, 2009 amounted to \$637,534,650 (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 (less deletions) totaled \$1,866,974 and included purchases of land for the Spring Creek Greenway and a new mental health detention facility.
- Additions to the buildings category (less deletions) of \$31,609,390 included a donated building that will be used to provide instruction and training on a variety of horticultural topics to the local community.
- Vehicles, vehicle modifications, and other various equipment items were purchased at a cost of \$4,734,885. To support the County's commitment to law enforcement, 148 in-car video systems were purchased at a cost of \$948,340.
- A variety of projects for both new infrastructure construction and for expansion or updating of existing infrastructure were ongoing during the year. Infrastructure projects completed in 2009 amounted to \$16,490,991 of the overall \$67,952,243 increase to infrastructure.
- Montgomery County is the 34th fastest growing county in the United States and the fourth fastest growing in Texas¹. This brisk growth brings with it a need for vast improvements to a rural

¹ <http://www.census.gov>

infrastructure system. Development frequently comes with donations in the form of roads. Infrastructure donations for the year totaled \$51,461,252.

- Projects that were capitalized from ongoing construction throughout the year, including a detention facility, totaled \$36,827,915. Additional expenditures of \$16,349,101 were incurred for construction that was in progress throughout the year.
- Increases in assets were offset by depreciation expense of \$47,268,651.

Montgomery County, Texas
Capital Assets
(net of depreciation)
September 30, 2009
with Comparative Totals for September 30, 2008

	Value of Capital Asset Net of Accumulated Depreciation		Increase (Decrease)
	FY 2009	FY 2008	
Land	\$ 13,758,369	\$ 11,891,395	\$ 1,866,974
Buildings	148,142,034	121,968,821	26,173,213
Improvements	14,363,211	8,939,070	5,424,141
Equipment	29,123,885	30,915,808	(1,791,923)
Infrastructure	428,884,907	392,947,448	35,937,459
Construction in Progress	3,262,244	23,741,057	(20,478,813)
Total	<u>\$637,534,650</u>	<u>\$ 590,403,599</u>	<u>\$ 47,131,051</u>

Montgomery County is in the process of constructing a new Spring Creek Gateway complex in the southern part of the County. This complex furthers the County's efforts of improving services to its citizens in the areas of conservation and local nature preserves. By September 30, 2009, \$241,962 had been spent on the new facility.

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 2009, the Commissioner's Court has met some of those challenges by completing construction on a new administration building and an accompanying parking garage. The new administration building now houses the Commissioner's Court Room and County Judge's offices as well as various general administration and financial administration offices. The new administration building also houses Montgomery County Community Development, the County Engineer and Environmental Health. By September 30, 2009, \$19,620,393 had been spent.

The County has committed to multiple road construction projects in fiscal year 2009. 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 final portion of the original authorized road bonds were issued in the second half of fiscal year 2008. However, there is a continued financial need to achieve completion of the activities.

Additional information on the County's capital assets can be found in Note 7 starting on page 54 of this report.

Long-Term Debt

At September 30, 2009, Montgomery County had total bonded debt outstanding of \$453,043,601. Commissioners' Court continues to keep maturity dates confined to no more than 22 years. Despite turbulent economic conditions, the County was able to maintain an underlying rating by Standard and Poor's Corporation during the current fiscal year of "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, \$337,600,000 corresponds to general obligation debt, \$43,758,601 is in the form of lease revenue bonds and \$71,685,000 represents certificates of obligation. Montgomery County's total bonded debt had a increase of \$49,382,911 during 2009.

The following table represents the entire long-term debt of the County at September 30, 2009 on a comparative basis.

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

	FY 2009	FY 2008
General obligation bonds	\$ 337,600,000	\$ 285,396,527
Lease revenue bonds	43,758,601	44,834,989
Certificates of obligation	71,685,000	73,180,000
Accreted interest	-	249,174
Capital Leases	17,409,156	19,053,887
Premiums, net of discounts	12,051,322	9,064,658
Compensated absences	8,305,224	7,262,318
Arbitrage rebate	-	355,349
OPEB Liability	7,968,357	-
Total	<u>\$ 498,777,660</u>	<u>\$ 439,396,902</u>

Debt activity in 2009 included an issue of \$56,190,000 in general obligation bonds. The County retired \$6,807,089 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 \$6,299,203,272, which is significantly in excess of the County's outstanding debt obligation, despite the increases in debt issuance during 2009.

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 7.6%², which is an increase from a rate of 4.7% a year ago. This compares favorably to the State's average unemployment rate of 8.1%³ and the national average rate of 9.8%⁴.
- The Commissioners' Court enacted a small reduction in operating expenses in most departments in response to the depressed economic environment.
- Commissioners' Court did not approve any merit increases in salary in fiscal year 2010.
- Increased demand for law enforcement services propelled Commissioners' Court to bring the annualized budget in the Sheriff's department to \$67,966,902 in fiscal year 2010, up from \$61,836,349 in 2009.
- The estimated debt service obligation increased by \$168,851 in fiscal year 2010 to \$23,191,701.
- Commissioners' Court has made a commitment to increase the County's fund balance by \$1,500,000 during the next fiscal year, as well as increase the fund balance by at least \$1,500,000

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>.

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, 2010.

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, 2009

EXHIBIT I

ASSETS:

	Governmental Activities
Cash	\$ 21,779,391
Investments, at Fair Value	146,002,874
Cash, Restricted	440,638
Cash, Restricted for Retainage	104,594
Receivables:	
Taxes (net)	5,802,340
Accounts (net)	21,020,807
Due from Other Governments	26,459,750
Inventory, at Cost	85,034
Deferred Charges	15,654,795
Prepaid Items	1,210,901
Capital Assets, net of accumulated depreciation	
Land	13,758,369
Buildings	148,142,034
Improvements	14,363,211
Equipment	29,123,885
Infrastructure	428,884,907
Construction in Progress	3,262,244
Total Assets	<u>876,095,774</u>

LIABILITIES:

Accounts Payable	27,178,104
Retainage Payable	1,391,448
Accrued Interest Payable	2,882,766
Due to Other Governments	2,013,671
Unearned Revenue	3,765,238
Noncurrent Liabilities:	
Due within one year	15,983,848
Due in more than one year	482,793,812
Total Liabilities	<u>536,008,887</u>

NET ASSETS:

Invested in Capital Assets, net of related debt	377,016,683
Restricted for:	
Capital Projects	6,139
Debt Service	8,305,224
Unrestricted	(45,241,159)
Total Net Assets	<u>\$ 340,086,887</u>

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS**Statement of Activities****Year Ended September 30, 2009**

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	\$ 22,046,369	\$ 5,402,968	\$ -	\$ -	\$ (16,643,401)
Judicial	22,794,440	10,475,877	812,076	-	(11,506,487)
Legal Services	2,678,359	501,896	53	-	(2,176,410)
Elections	1,694,067	1,131	507,112	381	(1,185,443)
Financial Administration	5,917,962	2,268,952	-	-	(3,649,010)
Public Facilities	41,255,267	24,717,702	-	10,706	(16,526,859)
Public Safety	55,941,218	15,388,348	3,034,409	2,946,512	(34,571,949)
Health and Welfare	29,039,919	1,478,897	24,873,551	287,325	(2,400,146)
Culture and Recreation	9,981,330	323,520	134,015	21,249	(9,502,546)
Conservation	341,910	-	23,655	-	(318,255)
Public Transportation	95,536,899	8,442,985	55,054	52,582,508	(34,456,352)
Miscellaneous	1,156,114	-	-	-	(1,156,114)
Debt Service Interest and Fiscal Charges	21,121,081	-	-	-	(21,121,081)
Total Governmental Activities	<u>\$309,504,935</u>	<u>\$69,002,276</u>	<u>\$29,439,925</u>	<u>\$55,848,681</u>	<u>(155,214,053)</u>
General Revenues:					
Property Taxes					145,696,133
Other Taxes					151,792
Mixed Beverage Taxes					1,250,051
Bingo Taxes					162,769
Vehicle Weight Tax					155,291
Insurance Reimbursements					343,348
Unrestricted Investment Earnings					1,667,591
Gain on Sale of Capital Assets					120,605
Total General Revenues					<u>149,547,580</u>
Change in Net Assets					(5,666,473)
Net Assets - Beginning					<u>345,753,360</u>
Net Assets - Ending					<u>\$ 340,086,887</u>

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS

Balance Sheet

Governmental Funds

September 30, 2009

EXHIBIT III

	General	Road and Bridge
<u>ASSETS:</u>		
Cash	\$ 11,146,580	\$ 511,407
Investments, at Fair Value	44,530,317	7,728,664
Cash, Restricted	-	-
Cash, Restricted for Retainage	13,579	19,605
Receivables:		
Taxes (net)	4,270,173	592,565
Accounts (net)	2,618,105	504,298
Due from Other Funds	6,926,788	2,415,393
Due from Other Governments	9,043,731	109,657
Inventory, at Cost	-	85,034
Prepaid Items	1,209,368	-
<u>TOTAL ASSETS</u>	<u>\$ 79,758,641</u>	<u>\$ 11,966,623</u>
<u>LIABILITIES AND FUND BALANCES:</u>		
Liabilities:		
Accounts Payable	\$ 14,623,697	\$ 1,204,557
Retainage Payable	13,579	19,605
Due to Other Funds	20,634,201	1,480,845
Due to Other Governments	2,013,671	-
Deferred Revenue	7,459,486	599,364
Total liabilities	<u>44,744,634</u>	<u>3,304,371</u>
Fund Balances:		
Reserved for:		
Prepaid Items	1,209,368	-
Capital Projects	-	-
Inventory	-	85,034
Debt Service	-	-
Unreserved, designated for:		
Encumbrances	312,358	2,099
OPEB Obligation	6,000,000	-
Unreserved, undesignated, reported in:		
General Fund	27,492,281	-
Special Revenue Funds	-	8,575,119
Total Fund Balances	<u>35,014,007</u>	<u>8,662,252</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 79,758,641</u>	<u>\$ 11,966,623</u>

See accompanying notes to the financial statements.

Revenue/Tax Bonds Series 2009	FEMA Disaster Grants	Road Bonds Series 2008B	Other Governmental Funds	Total Governmental Funds
\$ 168,734	\$ -	\$ 1,583	\$ 9,951,087	\$ 21,779,391
43,256,443	-	21,284,591	29,202,859	146,002,874
-	-	-	440,638	440,638
15,044	-	-	56,366	104,594
-	-	-	939,602	5,802,340
88	-	371	203,547	3,326,409
-	-	-	21,460,343	30,802,524
3,844,321	7,769,181	4,646,237	1,046,623	26,459,750
-	-	-	-	85,034
-	-	-	1,533	1,210,901
<u>\$ 47,284,630</u>	<u>\$ 7,769,181</u>	<u>\$ 25,932,782</u>	<u>\$ 63,302,598</u>	<u>\$ 236,014,455</u>
\$ 2,971,230	\$ 318,225	\$ 3,319,922	\$ 4,740,473	\$ 27,178,104
15,044	-	-	1,343,220	1,391,448
-	7,354,866	-	1,332,612	30,802,524
-	-	-	-	2,013,671
-	17,169	-	1,240,340	9,316,359
<u>2,986,274</u>	<u>7,690,260</u>	<u>3,319,922</u>	<u>8,656,645</u>	<u>70,702,106</u>
-	-	-	1,533	1,210,901
44,298,356	-	22,612,860	24,164,168	91,075,384
-	-	-	-	85,034
-	-	-	12,206,656	12,206,656
-	-	-	29,918	344,375
-	-	-	-	6,000,000
-	-	-	-	27,492,281
-	78,921	-	18,243,678	26,897,718
<u>44,298,356</u>	<u>78,921</u>	<u>22,612,860</u>	<u>54,645,953</u>	<u>165,312,349</u>
<u>\$ 47,284,630</u>	<u>\$ 7,769,181</u>	<u>\$ 25,932,782</u>	<u>\$ 63,302,598</u>	<u>\$ 236,014,455</u>



MONTGOMERY COUNTY, TEXAS
Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Assets
Year Ended September 30, 2009

Total fund balances - governmental funds (page 31)		\$ 165,312,349
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.		15,654,796
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	13,758,369	
Buildings	148,142,034	
Improvements	14,363,211	
Equipment	29,123,885	
Infrastructure	428,884,907	
Construction in Progress	3,262,244	
Total Capital Assets		637,534,650
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.		17,694,398
Property taxes earned that are not available to pay for current-period expenditures are deferred in the funds.		5,551,120
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	(2,882,766)	
Bonds and capital leases payable	(482,504,079)	
OPEB Liability	(7,968,357)	
Arbitrage payable	-	
Compensated absences	(8,305,224)	
Total future period liabilities		(501,660,426)
Net assets of governmental activities		<u>\$ 340,086,887</u>

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, 2009

EXHIBIT IV

	General	Road and Bridge
<u>REVENUES:</u>		
Taxes	\$ 109,089,627	\$ 15,140,793
Licenses and Permits	1,364,234	6,522,263
Fees	12,444,656	228,670
Intergovernmental	6,521,185	159,853
Charges for Services	486,253	-
Interest	567,010	34,892
Contract Reimbursements	11,806,882	-
Inmate Housing	23,895,939	-
Fines and Forfeitures	186,594	1,110,826
Miscellaneous	1,808,654	817,302
<u>TOTAL REVENUES</u>	<u>168,171,034</u>	<u>24,014,599</u>
<u>EXPENDITURES:</u>		
Current:		
General Administration	16,216,725	-
Judicial	13,675,907	-
Legal Services	2,131,350	-
Elections	1,258,713	-
Financial Administration	5,624,961	-
Public Facilities	44,144,809	-
Public Safety	52,813,275	-
Health and Welfare	5,757,396	-
Culture and Recreation	-	-
Conservation	511,141	334,147
Public Transportation	-	19,887,498
Miscellaneous	1,156,114	-
Capital Projects	-	-
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
Issuance Costs	-	-
<u>TOTAL EXPENDITURES</u>	<u>143,290,391</u>	<u>20,221,645</u>
Excess (Deficiency) Revenues Over Expenditures	<u>24,880,643</u>	<u>3,792,954</u>
<u>OTHER FINANCING SOURCES/(USES):</u>		
Transfers In	4,261,744	374,335
Transfers Out	(20,404,477)	(2,216,426)
Capital Lease Financing	428,465	704,683
Issuance of General Obligation Debt	-	-
Premium on Debt Issuance	-	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>(15,714,268)</u>	<u>(1,137,408)</u>
Net Change in Fund Balances	9,166,375	2,655,546
Fund Balances at Beginning of Year	25,847,632	6,006,706
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 35,014,007</u>	<u>\$ 8,662,252</u>

See accompanying notes to the financial statements.

Revenue/Tax Bonds Series 2009	FEMA Disaster Grants	Road Bonds Series 2008B	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 23,262,487	\$ 147,492,907
-	-	-	230,439	8,116,936
-	-	-	1,354,163	14,027,489
-	19,594,567	-	7,803,233	34,078,838
-	-	-	1,608,201	2,094,454
6,662	-	157,566	546,094	1,312,224
-	-	-	319,772	12,126,654
-	-	-	-	23,895,939
-	-	-	1,894,799	3,192,219
-	32,503	-	82,886	2,741,345
6,662	19,627,070	157,566	37,102,074	249,079,005
-	-	-	831,646	17,048,371
-	-	-	8,119,808	21,795,715
-	-	-	418,861	2,550,211
-	-	-	-	1,258,713
-	-	-	-	5,624,961
-	-	-	-	44,144,809
-	-	-	2,996,076	55,809,351
-	19,604,310	-	4,874,931	30,236,637
-	-	-	8,008,564	8,008,564
-	-	-	-	845,288
-	-	-	581,899	20,469,397
-	-	-	-	1,156,114
7,740,379	-	11,281,160	52,191,142	71,212,681
-	-	-	6,557,918	6,557,918
-	-	-	18,713,749	18,713,749
738,997	-	225	526,274	1,265,496
8,479,376	19,604,310	11,281,385	103,820,868	306,697,975
(8,472,714)	22,760	(11,123,819)	(66,718,794)	(57,618,970)
-	-	-	20,176,667	24,812,746
-	-	-	(2,191,843)	(24,812,746)
-	-	-	-	1,133,148
49,825,287	-	-	6,364,713	56,190,000
2,945,783	-	-	567,755	3,513,538
52,771,070	-	-	24,917,292	60,836,686
44,298,356	22,760	(11,123,819)	(41,801,502)	3,217,716
-	56,161	33,736,679	96,447,455	162,094,633
\$ 44,298,356	\$ 78,921	\$ 22,612,860	\$ 54,645,953	\$ 165,312,349



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, 2009

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)	\$	3,217,716
--	----	-----------

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.		(4,283,101)
--	--	-------------

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, seizures, and donations) is to increase net assets.		51,414,149
--	--	------------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		3,345,305
--	--	-----------

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.		(49,986,219)
---	--	--------------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

The changes in these expenditures are as follows:

Compensated absences	(1,042,906)	
Bond interest owed but not yet paid	167,663	
Amortization of debt service	(446,111)	
Agency fund receivables	(84,612)	
OPEB Obligation	(7,968,357)	
		(9,374,323)

Change in net assets of governmental activities (page 29)	\$	(5,666,473)
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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, 2009

EXHIBIT V
Page 1 of 3

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Taxes	\$107,978,169	\$108,964,699	\$109,089,627	\$ 124,928
Licenses and Permits	1,348,924	1,442,538	1,364,234	(78,304)
Fees	11,762,114	11,203,417	12,444,656	1,241,239
Intergovernmental	135,207	7,184,513	6,521,185	(663,328)
Charges for Services	611,468	611,968	486,253	(125,715)
Interest	1,888,572	1,888,572	567,010	(1,321,562)
Contract Reimbursements	6,414,168	11,798,651	11,806,882	8,231
Inmate Housing	18,319,850	23,895,939	23,895,939	-
Fines and Forfeitures	49,466	49,466	186,594	137,128
Miscellaneous	950,544	1,909,609	1,808,654	(100,955)
<u>TOTAL REVENUES</u>	<u>149,458,482</u>	<u>168,949,372</u>	<u>168,171,034</u>	<u>(778,338)</u>
<u>EXPENDITURES:</u>				
Current:				
General Administration	16,005,356	21,320,680	16,216,725	5,103,955
Judicial	14,210,547	14,021,163	13,675,907	345,256
Legal Services	2,216,298	2,266,160	2,131,350	134,810
Elections	1,072,979	1,309,045	1,258,713	50,332
Financial Administration	6,257,896	6,322,208	5,624,961	697,247
Public Facilities	38,864,921	46,304,849	44,144,809	2,160,040
Public Safety	46,406,116	60,936,851	52,813,275	8,123,576
Health and Welfare	4,268,394	5,935,540	5,757,396	178,144
Conservation	516,762	537,771	511,141	26,630
Public Transportation	-	-	-	-
Miscellaneous	2,200,000	4,206,348	1,156,114	3,050,234
<u>TOTAL EXPENDITURES</u>	<u>132,019,269</u>	<u>163,160,615</u>	<u>143,290,391</u>	<u>19,870,224</u>
Excess (Deficiency) Revenues Over Expenditures	<u>17,439,213</u>	<u>5,788,757</u>	<u>24,880,643</u>	<u>19,091,886</u>
<u>OTHER FINANCING SOURCES/ (USES):</u>				
Transfers In	-	971,017	4,261,744	3,290,727
Transfers Out	-	(834,846)	(20,404,477)	(19,569,631)
Capital Lease Financing	-	428,465	428,465	-
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>-</u>	<u>564,636</u>	<u>(15,714,268)</u>	<u>(16,278,904)</u>
Net Change in Fund Balances	17,439,213	6,353,393	9,166,375	2,812,982
Fund Balances at Beginning of Year	25,847,632	25,847,632	25,847,632	-
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 43,286,845</u>	<u>\$ 32,201,025</u>	<u>\$ 35,014,007</u>	<u>\$ 2,812,982</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, 2009

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	\$14,990,350	\$14,990,350	\$15,140,793	\$ 150,443
Licenses and Permits	6,530,664	6,530,664	6,522,263	(8,401)
Fees	-	212,350	228,670	16,320
Intergovernmental	130,000	146,574	159,853	13,279
Charges for Services	-	-	-	-
Interest	105,000	105,000	34,892	(70,108)
Contract Reimbursements	-	-	-	-
Inmate Housing	-	-	-	-
Fines and Forfeitures	1,000,000	1,000,000	1,110,826	110,826
Miscellaneous	90,000	476,868	817,302	340,434
<u>TOTAL REVENUES</u>	<u>22,846,014</u>	<u>23,461,806</u>	<u>24,014,599</u>	<u>552,793</u>
<u>EXPENDITURES:</u>				
Current:				
General Administration	-	-	-	-
Judicial	-	-	-	-
Legal Services	-	-	-	-
Elections	-	-	-	-
Financial Administration	-	-	-	-
Public Facilities	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Conservation	322,807	347,508	334,147	13,361
Public Transportation	19,911,453	26,917,406	19,887,498	7,029,908
Miscellaneous	-	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>20,234,260</u>	<u>27,264,914</u>	<u>20,221,645</u>	<u>7,043,269</u>
Excess (Deficiency) Revenues Over Expenditures	2,611,754	(3,803,108)	3,792,954	7,596,062
<u>OTHER FINANCING SOURCES/ (USES):</u>				
Transfers In	-	374,335	374,335	-
Transfers Out	-	(205,926)	(2,216,426)	(2,010,500)
Capital Lease Financing	-	704,683	704,683	-
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>-</u>	<u>873,092</u>	<u>(1,137,408)</u>	<u>(2,010,500)</u>
Net Change in Fund Balances	2,611,754	(2,930,016)	2,655,546	5,585,562
Fund Balances at Beginning of Year	6,006,706	6,006,706	6,006,706	-
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 8,618,460</u>	<u>\$ 3,076,690</u>	<u>\$ 8,662,252</u>	<u>\$ 5,585,562</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, 2009

EXHIBIT V
Page 3 of 3

	Totals			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Taxes	\$122,968,519	\$123,955,049	\$124,230,420	\$ 275,371
Licenses and Permits	7,879,588	7,973,202	7,886,497	(86,705)
Fees	11,762,114	11,415,767	12,673,326	1,257,559
Intergovernmental	265,207	7,331,087	6,681,038	(650,049)
Charges for Services	611,468	611,968	486,253	(125,715)
Interest	1,993,572	1,993,572	601,902	(1,391,670)
Contract Reimbursements	6,414,168	11,798,651	11,806,882	8,231
Inmate Housing	18,319,850	23,895,939	23,895,939	-
Fines and Forfeitures	1,049,466	1,049,466	1,297,420	247,954
Miscellaneous	1,040,544	2,386,477	2,625,956	239,479
<u>TOTAL REVENUES</u>	<u>172,304,496</u>	<u>192,411,178</u>	<u>192,185,633</u>	<u>(225,545)</u>
<u>EXPENDITURES:</u>				
Current:				
General Administration	16,005,356	21,320,680	16,216,725	5,103,955
Judicial	14,210,547	14,021,163	13,675,907	345,256
Legal Services	2,216,298	2,266,160	2,131,350	134,810
Elections	1,072,979	1,309,045	1,258,713	50,332
Financial Administration	6,257,896	6,322,208	5,624,961	697,247
Public Facilities	38,864,921	46,304,849	44,144,809	2,160,040
Public Safety	46,406,116	60,936,851	52,813,275	8,123,576
Health and Welfare	4,268,394	5,935,540	5,757,396	178,144
Conservation	839,569	885,279	845,288	39,991
Public Transportation	19,911,453	26,917,406	19,887,498	7,029,908
Miscellaneous	2,200,000	4,206,348	1,156,114	3,050,234
<u>TOTAL EXPENDITURES</u>	<u>152,253,529</u>	<u>190,425,529</u>	<u>163,512,036</u>	<u>26,913,493</u>
Excess (Deficiency) Revenues Over Expenditures	<u>20,050,967</u>	<u>1,985,649</u>	<u>28,673,597</u>	<u>26,687,948</u>
<u>OTHER FINANCING SOURCES/ (USES):</u>				
Transfers In	-	1,345,352	4,636,079	3,290,727
Transfers Out	-	(1,040,772)	(22,620,903)	(21,580,131)
Capital Lease Financing	-	1,133,148	1,133,148	-
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>-</u>	<u>1,437,728</u>	<u>(16,851,676)</u>	<u>(18,289,404)</u>
Net Change in Fund Balances	20,050,967	3,423,377	11,821,921	8,398,544
Fund Balances at Beginning of Year	31,854,338	31,854,338	31,854,338	-
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 51,905,305</u>	<u>\$ 35,277,715</u>	<u>\$ 43,676,259</u>	<u>\$ 8,398,544</u>

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS
Statement of Assets and Liabilities
Fiduciary Funds
September 30, 2009

EXHIBIT VI

	<u>Agency Funds</u>
<u>ASSETS:</u>	
Cash	\$ 14,822,449
Investments, at Fair Value	848,772
Accounts Receivable	<u>85,210</u>
<u>TOTAL ASSETS</u>	<u>\$ 15,756,431</u>
<u>LIABILITIES:</u>	
Accounts Payable	\$ 10,805,374
Due to Other Governments	<u>4,951,057</u>
<u>TOTAL LIABILITIES</u>	<u>\$ 15,756,431</u>

See accompanying notes to the financial statements.



MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2009

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.

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

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2009

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. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which established standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets) as well as information disclosed in notes to the financial statements or presented as required supplementary information (RSI) in the financial reports of state and local governmental employers. For more information, see Note 14 beginning on page 64.

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

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2009

expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are district and county clerk fees, justice of the peace fines, revenue from investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements are met.

Fund-level Statements

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

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal year are reported as deferred revenue. Property taxes levied prior to September 30, 2008 that were due October 1, 2008, have been assessed to finance the budget of the fiscal year ending September 30, 2009. In accordance with the modified accrual basis of accounting, the balances outstanding at September 30, 2009, 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, and intergovernmental revenues. Primary expenditures are for general and financial administration, public safety, judicial operations, health and welfare, and capital acquisition.

The Road and Bridge Special Revenue Fund is used to account for rehabilitation, repair and maintenance of the County's roadways and bridges. The Road and Bridge Fund is financed by a designated part of the annual property tax levy, as well as certain statutory fees. Although this fund does not meet the minimum criteria for mandatory major fund reporting for the current year, the County has elected to report it as a major fund to enhance consistency with other years.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2009

The FEMA Disaster Grants Fund is used to account for grants from the Federal Emergency Management Agency. The purpose of these grants is to assist the County in recovering from federally declared disasters.

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 bonds were remarketed in 2009 to set a fixed rate of 3%. 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 Capital Projects-Revenue/Tax Bonds, Series 2009 Fund is used to account for fixed rate road construction bonds approved in 2009 by the voters of the County. The \$56,190,000 in proceeds will be used to satisfy the County's obligation under a "pass-through toll" agreement with the State of Texas to improve four specific state-owned roads in the County as well as direct connectors to two additional roads of the state highway system.

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

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2009

with a maturity of less than a year at acquisition are reported at amortized cost. Investments in open-end mutual funds are reported at fair value, as determined by the funds' current share prices. This value also approximates cost. Additionally, the County's investments in the state's public funds investment pool are reported at fair value based on the value per share of the pool's underlying portfolio. Historically, the value per share in this public fund investment pool has approximated cost; therefore, the County's investments in this pool are reported at amortized cost.

2. Receivables

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

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

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

Receivables are shown net of an allowance for uncollectibles.

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

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2009

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.

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

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2009

already rendered, and b) leave or compensation is not contingent on a specific event (such as illness).

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

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

10. Arbitrage Rebate

The Tax Reform Act of 1986 established regulations for the rebate to the federal government of arbitrage earnings on local government bonds. Issuing governments must calculate any rebate due and remit the amount due at least every five years. There were no arbitrage rebate payments made during fiscal year 2009.

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

For the government-wide financial statements, restricted net assets represent externally imposed restrictions by creditors, grantors, contributors or laws or regulations of other governments. They may also represent restrictions imposed by law through constitutional provisions or enabling legislation.

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

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

12. Use of Estimates

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

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

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

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2009

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

Capital outlay	\$ 43,500,962
Depreciation expense	<u>(47,784,063)</u>

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

\$ (4,283,101)

"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.

\$ 163,446

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.

51,250,703

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

\$ 51,414,149

"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	\$ (56,190,000)
Premium on bonds issues, net	(3,513,538)
Capital lease financing	(1,133,148)
Issuance Costs for new debt	1,265,499
Principal repayments:	
General obligation debt	5,062,915
Accreted Interest	249,174
Certificates of obligation debt	1,495,000
Capital leases	<u>2,777,879</u>

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

\$ (49,986,219)

MONTGOMERY COUNTY, TEXAS

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

Compensated absences	\$ (1,042,906)
Accrued interest	167,662
Amortization of gain on refunding bonds	191,595
Amortization of accrued interest on refunding bonds	(670,753)
Amortization of issuance costs	(493,827)
Amortization of bond discounts	(22,249)
Amortization of bond premiums	549,123
Reduction of receivable for reimbursement of county expenditures	(84,612)
Other Post Employment Benefits	<u>(7,968,357)</u>
Net adjustment to decrease net changes in fund balances-	
total governmental funds to arrive at changes in net assets	
of governmental activities	<u>\$ (9,374,324)</u>

NOTE 3- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) BUDGETS AND BUDGETARY ACCOUNTING:

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

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

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

For fiscal year 2009, 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

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

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the re-appropriation of approved but unexpended amounts for encumbrances, grants, and certain projects from the previous fiscal year. In fiscal 2009, budget amendments totaling \$17,594,705 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 2009, supplemental appropriations were approved in the amounts of \$28,578,077, \$5,384,483, and \$1,133,148 for grants received, intergovernmental contracts executed, and capital leases approved, respectively.

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, 2009, the County's bank balance (collected funds) was \$41,779,355. 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, 2009, 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)	\$ 11,354,253	0.18
Lone Star Investment Pool	15,841,130	0.12
Money Market Mutual Fund (ICT)	72,252,505	0.14
Money Market Mutual Fund (BPIF)	7,969,318	0.13
Money Market Mutual Fund (AIM)	39,434,440	0.12
Total Investments	<u>\$146,851,646</u>	

The County invested idle funds in a) the Government Portfolio of Investors' Cash Trust, b) the Trust for Federal Securities (T-Fund - October 1, 2008 through February 8, 2009 and FedFund – February 9, 2009 through September 30, 2009) with BlackRock Provident Institutional Funds, and c) the Short-Term Investments Trust (STIT) Government and Agency Portfolio with AIM Funds. These 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.

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Through September 19, 2009, the U.S. Treasury insured the holdings of any publicly offered eligible money market mutual fund. All mutual funds that the County has invested funds with participated in the temporary guaranty program through the date of its expiration.

Additionally, funds were invested in the Texas Local Government Investment Pool (TexPool) and Lone Star Investment Pool. These external investment pools were created in conformity with certain acts in the Government Code of the Texas Civil Statutes. The financial operations of the pools are managed by third-party investment services and oversight is provided by the Comptroller of Public Accounts of the State of Texas, along with a statewide advisory board. Although these pools are not SEC-registered, they adhere 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.

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

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

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

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

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, 2009, 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 \$0.4838 per \$100, which means that the County has a tax margin of \$0.3162 per \$100, and could raise up to

MONTGOMERY COUNTY, TEXAS

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\$95,918,723 in additional taxes from the present assessed valuation of \$30,334,826,908 before the limit is reached.

The thirty years' property taxes receivable at September 30, 2009, as reported by the Tax Assessor-Collector are presented as follows:

	Taxes Receivable	Less: Allowance for Uncollectibles	Net Taxes Receivable
General Fund	\$4,357,319	\$ 87,146	\$4,270,173
Road & Bridge Fund	604,658	12,093	592,565
Nonmajor Special Revenue Funds	958,777	19,175	939,602
Total Receivable	<u>\$5,920,754</u>	<u>\$118,414</u>	<u>\$5,802,340</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, 2009, the following amounts were recorded as due to the County:

	Federal	State	Local	Total
General Fund	\$7,258,340	\$ 822,240	\$ 963,151	\$9,043,731
Special Revenue Funds	8,396,621	409,539	109,425	8,915,585
Capital Project Funds	-	8,500,434	-	8,500,434
Total Due from Governments	<u>\$15,654,961</u>	<u>\$9,732,213</u>	<u>\$1,072,576</u>	<u>\$26,459,750</u>

NOTE 7- CAPITAL ASSETS:

A) CHANGES IN CAPITAL ASSETS FOR YEAR ENDED SEPTEMBER 30, 2009:

Governmental Activities	Beginning Balance	Additions (1)	Deletions (1)	Ending Balance
Land	\$ 11,891,395	\$ 2,164,121	\$ (297,147)	\$ 13,758,369
Construction in Progress	23,741,057	23,699,168	(44,177,981)	3,262,244
Total Capital Assets not being depreciated	<u>35,632,452</u>	<u>25,863,289</u>	<u>(44,475,128)</u>	<u>17,020,613</u>
Buildings	154,560,008	31,652,226	(42,836)	186,169,398
Improvements	14,730,266	6,915,507	(10,950)	21,634,823
Equipment	69,119,596	8,996,106	(4,261,221)	73,854,481
Infrastructure	965,012,336	68,585,997	(633,754)	1,032,964,579
Total Capital Assets being depreciated	<u>1,203,422,206</u>	<u>116,149,836</u>	<u>(4,948,761)</u>	<u>1,314,623,281</u>
Less accumulated depreciation for:				
Buildings	(32,591,187)	(5,473,708)	37,531	(38,027,364)
Improvements	(5,791,196)	(1,371,488)	(108,928)	(7,271,612)
Equipment	(38,203,788)	(8,700,207)	2,173,399	(44,730,596)
Infrastructure	(572,064,888)	(32,238,660)	223,876	(604,079,672)
Total Capital Assets, net of Accumulated depreciation	<u>\$590,403,599</u>	<u>\$94,229,062</u>	<u>\$(47,098,011)</u>	<u>\$637,534,650</u>

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

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

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B) DEPRECIATION EXPENSE:

Depreciation expense on capital assets is recorded in the Government-wide financial statements, but not in the Fund financial statements. For the year ended September 30, 2009, the County charged depreciation expense to functions/programs as follows:

Governmental activities:

General Administration	\$ 2,222,703
Judicial	206,682
Legal Services	115,442
Elections	398,745
Financial Administration	30,072
Public Facilities	4,270,504
Public Safety	5,463,399
Health and Welfare	292,622
Culture and Recreation	1,582,735
Conservation	26,698
Public Transportation	33,174,461
Total depreciation expense-governmental activities	<u>\$47,784,063</u>

C) CONSTRUCTION COMMITMENTS:

The County has entered into contracts for the construction, renovation, and improvement of real property. The following projects were in progress at September 30, 2009:

<u>Project</u>	<u>Status</u>	<u>Commitment</u>	<u>Paid to Date</u>
Various Road Projects	Under construction	\$235,580,628	\$181,398,753
Airport Improvement	Under construction	25,903,830	19,434,614
Park Improvements	Under construction	13,510,000	11,522,701
Building Remodelings	Underway	12,417,416	10,265,770
Ed Chance Annex	Under construction	3,200,000	1,805,608
Alan B. Sadler			
Administration Building	Substantially complete	12,373,947	11,854,776
Parking Garage	Substantially complete	9,500,000	9,242,594
	Total	<u>\$312,485,821</u>	<u>\$245,524,816</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, 2009, the following amounts were due to other governments:

<u>Fund</u>	<u>Local</u>	<u>Total</u>
General	<u>\$2,013,671</u>	<u>\$ 2,013,671</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.

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Notes to the Financial Statements

September 30, 2009

At the end of September 2009, deferred revenues were presented as follows:

<u>Fund</u>	<u>Property Taxes</u>	<u>Unearned Fees</u>	<u>Total Deferred Revenues</u>
General	\$ 4,073,380	\$ 3,386,106	\$ 7,459,486
Road & Bridge	599,364	-	599,364
FEMA	-	17,169	17,169
Other Nonmajor	878,376	361,964	1,240,340
Total	<u>\$ 5,551,120</u>	<u>\$ 3,765,239</u>	<u>\$ 9,316,359</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.

A) BONDED DEBT:

A summary of the long-term bonded debt, at September 30, 2009 is presented:

	<u>Interest Rate (%)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Bonds Outstanding</u>
GENERAL OBLIGATION BONDS:				
Permanent Improvement, Series 2000	4.50-5.25	2000	2020	\$ 300,000
Road Bonds, Series 2002A	4.00-4.50	2002	2022	6,330,000
Refunding Bonds, Series 2002B	3.00-4.50	2002	2011	995,000
Road Bonds, Series 2003A	5.00	2003	2026	12,595,000
Library Bonds, Series 2003B	2.00-4.75	2003	2026	8,880,000
Refunding Bonds, Series 2005	4.00-5.00	2005	2020	43,225,000
Road Bonds Fixed Rate, Series 2006A	3.75-5.00	2006	2027	47,250,000
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	43,758,601
Road Bonds Fixed Rate, Series 2008A	3.50-5.00	2008	2030	12,030,000
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
Pass Through Toll Revenue and Limited Tax Bonds, Series 2009	3.00-5.00	2009	2032	56,190,000
TOTAL GENERAL OBLIGATION BONDS PAYABLE				<u>\$381,358,601</u>
CERTIFICATES OF OBLIGATION:				
Series 2001	4.65	2001	2011	\$ 600,000
Series 2003	2.00-4.75	2003	2022	10,295,000
Series 2004	3.00-4.60	2004	2020	2,045,000
Series 2006	3.75-5.00	2006	2027	25,745,000
Series 2007	4.00-4.63	2008	2027	9,210,000
Series 2008	3.50-5.25	2008	2027	23,790,000
TOTAL CERTIFICATES OF OBLIGATION				<u>\$ 71,685,000</u>
TOTAL BONDED DEBT				<u>\$453,043,601</u>

MONTGOMERY COUNTY, TEXAS

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All of the County's outstanding bonded debt is assigned a fixed rate of interest, with the exception of portions of the Series 2006B 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.

B) CHANGES IN LONG-TERM DEBT:

The following schedule illustrates changes in long-term debt for the year ended September 30, 2009. Reductions to general obligation bonds include an annual accretion reduction of capital appreciation bonds in the amount of \$249,174. For each category, management has presented 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	\$330,480,690	\$56,190,000	\$(5,312,089)	\$381,358,601	\$6,361,900
Certificates of obligation	73,180,000	-	(1,495,000)	71,685,000	1,555,000
Less deferred amounts:					
Issuance discounts	(378,521)	-	22,249	(356,272)	(22,275)
Unamortized premiums	9,443,179	3,513,538	(549,123)	12,407,594	764,752
Total bonds payable	412,725,348	59,703,538	(7,333,963)	465,094,923	8,659,377
Capital leases	19,053,887	1,133,148	(2,777,879)	17,409,154	2,594,897
Arbitrage Rebate	355,349	-	(355,349)	-	-
OPEB Obligation	-	7,968,357	-	7,968,357	-
Compensated absences	7,262,318	5,426,300	(4,383,394)	8,305,224	4,729,574
Total Long-term Liabilities	\$439,396,902	\$74,231,343	\$(14,850,585)	\$498,777,660	\$15,983,848

At year end, \$1,186,373 of special revenue funds compensated absences are included in the above amounts. The remaining balance (\$7,118,851) 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
2010	\$ 4,860,000	\$ 16,365,754	\$ 1,501,900	\$ 1,941,581	\$ 1,555,000	\$ 3,280,674
2011	6,345,000	15,893,958	1,569,862	1,873,619	3,390,000	3,184,330
2012	9,485,000	15,543,136	1,640,899	1,802,582	3,195,000	3,051,035
2013	11,050,000	15,118,954	1,715,150	1,728,330	3,330,000	2,917,936
2014	11,535,000	14,637,146	1,792,762	1,650,718	3,465,000	2,781,792
2015-2019	66,720,000	64,330,273	10,256,620	6,960,782	19,635,000	11,437,438
2020-2024	69,185,000	47,641,843	12,796,950	4,420,451	22,475,000	6,296,942
2025-2029	95,080,000	28,928,538	12,484,458	1,289,463	14,640,000	1,054,328
2030-2032	63,340,000	4,629,387	-	-	-	-
Total	\$337,600,000	\$223,088,989	\$ 43,758,601	\$ 21,667,526	\$ 71,685,000	\$ 34,004,475

D) PRIOR YEAR DEFEASANCE OF DEBT:

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

MONTGOMERY COUNTY, TEXAS

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- E) As of September 30, 2009, defeased but outstanding debt from prior year refunding transactions consisted of the following:

<u>Series</u>	<u>Amount</u>
Library and Refunding Bonds, Series 1992	\$ 1,600,000
Certificates of Obligation, 1996	1,310,000
Certificates of Obligation, 1997	2,040,000
Refunding Bonds, 1997	3,822,847
Certificates of Obligation, 1997A	6,315,000
Certificates of Obligation, 1998	13,990,000
Permanent Improvement Bonds, Series 2000	12,300,000
Road Bonds, Series 2002A	17,245,000
Road Bonds, Series 2003A	11,405,000
Road Bonds, Series 2004	10,205,000
Total Defeased but Outstanding	\$ 80,232,847

F) FUTURE BORROWING:

Montgomery County entered into a contract with the Texas Department of State Health Services to construct a mental health treatment facility. In late spring 2010, the County will issue approximately \$31.2 million in combination limited tax and revenue bonds to fund construction and equipping of the facility. At this time, the County expects that funds to retire this debt will come from a special appropriation approved by the State.

Additionally, Montgomery County intends, in early summer 2010, to issue approximately \$31 million in pass-thru toll revenue and limited tax bonds to fund the completion of projects included in the previously mentioned pass-thru agreement with the State of Texas. The County is hopeful that the pass-thru toll revenue stream to be received from the State will be sufficient to service the debt on these bonds.

It is also the anticipation of the County to request financing in the amount of \$3 million to construct a community building in Montgomery Texas. The structure will house several social service agencies, providing required services to the western part of the county. The financing is anticipated to be retired over the course of ten years with funding to be received from HUD in the form of Community Development Block Grants.

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, 2009, there were fourteen series of bonds outstanding. The aggregate principal amount payable for the bonds issued prior to December 15, 1995, could not be determined; however, the original issues totaled \$44,895,000. The bonds will be repaid from sources defined in underlying financing agreements between the corporation and the entities for whose benefit the bonds were issued.

MONTGOMERY COUNTY, TEXAS

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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, 2009, there were fifty-two (52) series of bonds outstanding with an aggregate principal payable of \$4,419,535,000. 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 \$1,133,148 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, 2009 and the funds from which they will be paid are as shown below:

<u>Year</u> <u>Ending</u>	<u>General</u> <u>Fund</u>	<u>Special Revenue</u> <u>Funds</u>
2010	\$2,730,846	\$ 474,347
2011	2,675,429	376,343
2012	1,880,933	751,729
2013	1,771,416	665,374
2014	1,771,416	95,543
2015-2018	7,085,663	-
Total Minimum Lease Payments	17,915,703	2,363,336
Less: amount representing interest	2,688,899	180,984
Present value-minimum lease payments	<u>\$15,226,804</u>	<u>\$ 2,182,352</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, 2009 was as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 6,926,788	\$ 20,634,201
Road and Bridge Fund	2,415,393	1,480,845
FEMA Disaster Grant Fund	-	7,354,866
Non-major Governmental Funds	21,460,343	1,332,612
Total	<u>\$ 30,802,524</u>	<u>\$ 30,802,524</u>

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2009

B) TRANSFERS:

Transfers are used to a) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them, b) move receipts from bond refundings and residual balances from capital project funds to the Debt Service Fund to pay debt obligations, and c) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Inter-fund transfers for the year ended September 30, 2009 were:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 4,261,744	\$ 20,404,477
Road and Bridge Fund	374,335	2,216,426
Nonmajor Governmental Funds	20,176,667	2,191,843
Total	<u>\$ 24,812,746</u>	<u>\$ 24,812,746</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:

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 lessee has opted to exercise both available extensions setting the term of this lease to January 1, 2005 through December 31, 2010. 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 \$5,400,367, less accumulated depreciation of \$657,324. 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>	
2010	<u>\$ 7,414</u>
Total Lease Payments Receivable	<u>\$ 7,414</u>

The County also leases office space at the East Montgomery County Community Development Building to Lakewood Family Practice and/or Dr. N. K. Karimjee, M.D. for a period of seventy-two months. The term of this lease is July 23, 2007 through July 1, 2014. The monthly rent of \$2,500 is recorded in the Community Development Fund. The building is recorded as a Capital Asset in the County's government-wide financial statements at a cost of \$2,073,560, less accumulated depreciation of \$291,186. 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>	
2010	\$ 30,000
2011	30,000
2012	30,000
2013	30,000
2014	<u>22,500</u>
Total Lease Payments Receivable	<u>\$142,500</u>

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2009

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, 2009, were \$131,239. Claims incurred but not reported (IBNR) at September 30, 2009, are estimated to be \$3,315,426. Estimates are not based on actuarial calculations, but rather on historical trends. Both amounts have been recorded as expenditures in the General Fund and a liability has been established.

Changes in the health claims liability for the two fiscal years ended September 30, 2009 and September 30, 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Unpaid claims, beginning of year	\$ 3,630,989	\$ 3,405,475
Incurred claims (including IBNR)	15,033,617	15,045,440
Claim payments	<u>(15,217,940)</u>	<u>(14,819,926)</u>
Unpaid claims, end of year	<u>\$ 3,446,666</u>	<u>\$ 3,630,989</u>

During the year ended September 30, 2009, the plan received contributions in the amounts of \$15,677,507 and \$1,833,410 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). Through the American Recovery and Reinvestment Act of 2009, \$13,798 was also received from the federal government as plan contributions. In addition to the claim payments made, the plan also expended \$561,388 in administrative costs and \$1,929,710 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 per individual claim in 2009.

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, 2009, the County expended \$56,950 for administrative costs and \$215,278 for excess loss insurance premiums.

Changes in the workers' compensation liability for the two fiscal years ended September 30, 2009 and September 30, 2008 are detailed on the following page.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2009

	<u>2009</u>	<u>2008</u>
Unpaid claims, beginning of year	\$1,138,992	\$1,101,146
Incurred claims (including IBNR)	212,916	665,613
Claim payments	<u>(391,385)</u>	<u>(627,767)</u>
Unpaid claims, end of year	<u>\$ 960,523</u>	<u>\$1,138,992</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
- Boats and Vehicles with less than 6 wheels \$ 10,000
- Vehicles above 6 wheels \$ 25,000
- Boilers and HVAC systems \$ 1,500

Total insured values exceed \$256,000,000 for the first three coverages listed above and an additional \$50,000,000 for boilers and HVAC systems.

The County paid \$416,855 in premiums in fiscal 2009, and recorded the expenditure in the General Fund. Settled claims have not exceeded commercial coverage in any of the past two fiscal years.

D) GENERAL AND OTHER LIABILITY COVERAGES:

The County purchased reinsurance coverage for General Liability, Auto Liability, Public Officials' Liability, Law Enforcement Liability, Marine Liability, Crime Coverage, Employee Benefits Liability and Airport Operators' Liability. Deductibles are maintained at the \$100,000 level per occurrence by the type of coverage with the exception of the Airport Operators' Liability, which has no deductible. The Public Officials' Liability and Employee Benefits Liability are written on a "claims-made basis". Coverage limits are set at \$1,000,000 per claim by type of coverage. The Airport Operators' Liability was increased to \$10,000,000 effective March 19, 2009 with the addition of the new tower.

Effective December 1, 2003, the County began participating in an individual public entity risk pool, for the coverages listed in subsections B, C, and D above, to transfer certain risks associated with property, casualty, liability and workers' compensation. In addition to those coverages, the County purchased an additional aggregate reinsurance policy. The aggregate coverage loss fund is written on a claims-made basis and is capped at \$1,795,000 for the fiscal year. Note 15 describes the County's obligation under liability claims for 2009.

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 586 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

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2009

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 9.65% for the months of the accounting year in 2008, and 9.69% for the months of the accounting year in 2009.

The deposit rate payable by the employee members for calendar year 2009 was 6.0% as adopted by the Commissioners' Court. The employee deposit rate and the employer contribution rate may be changed by the Commissioners' Court within the options available in the TCDRS Act.

C) ANNUAL PENSION COST:

For Montgomery County's accounting year ended September 30, 2009, the pension cost for the TCDRS plan was \$8,227,056, and the actual contributions were \$8,227,056.

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, 2006, and December 31, 2007, the basis for determining the contributions rates for calendar years 2007 and 2008. The December 31, 2008 actuarial valuation is the most recent valuation.

D) ACTUARIAL VALUATION INFORMATION:

Actuarial valuation date	12/31/2006	12/31/2007	12/31/2008
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period	15	15	20
Asset valuation method	SAF ⁽²⁾ : 10-year smoothed value ESF ⁽³⁾ : Fund value	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⁾	5.30%	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.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2009

E) TREND INFORMATION:

<u>Accounting Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/07	\$ 6,956,597	100%	\$ -
9/30/08	7,582,703	100%	-
9/30/09	8,227,056	100%	-

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll⁽¹⁾</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
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%
12/31/08	158,924	191,861	32,936	82.83%	79,617	41.37%

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

NOTE 14- OTHER POST-EMPLOYMENT BENEFITS (OPEB):

A) PLAN DESCRIPTION:

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 currently 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.

B) FUNDING POLICY:

Montgomery County's optional post-retirement benefit liability is recorded on a full accrual basis in the government-wide statements. An actuarial study was performed in fiscal year 2008 to prepare for disclosure of this liability in accordance with GASB 45. The projected liability accrual for fiscal year 2009 has been recorded net of premium contributions received from retired employees as required in the plan. Management funds this benefit on a "pay-as-you-go" basis. A new actuarial study is planned for 2010.

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

During the year, the County incurred \$1,486,835 in health care claims for retirees and their dependents. For the year ended September 30, 2009, twenty-eight employees retired from service with the County. Eighteen of those retirees met the qualifications stated above.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2009

Currently, there are 146 retirees covered by this benefit. The actual cost recorded by the County is included in Note 12. Retiree contributions for 2009 were \$150,919, and the County paid the remaining amount of claims. The current ARC is 10.7 percent of annual covered payroll.

C) SCHEDULE OF ACTUARIAL LIABILITIES AND FUNDING PROGRESS:

Actuarial valuations involve the use of estimates and assumptions about length of employee service, mortality rates, and future costs of health care. The valuation will be updated every two years and actual results will be compared with past expectations. As a result of these comparisons, new estimates and assumptions will be made about future results of the plan. Valuations are made based on the benefits in place at the time of the valuation. Any changes in the benefits offered or the contribution rates would impact future valuations.

For 2009, the County's net annual OPEB cost (expense) is \$7,968,357. The Annual Required Contribution provided by the actuarial study (\$6,759,947) has been adjusted to more accurately reflect the current year liability by adding the estimated 2009 liability increase. The computed increase was arrived at using the percentage increase of claims paid over those projected in the study and applying said percentage (39.87%) to the provided liability. The following table shows the calculation of the Net OPEB obligation:

	September 30, 2009
Annual OPEB Cost:	
Annual required contribution (ARC)	\$ 6,759,947
Adjustment to ARC	2,695,245
Annual OPEB cost	9,455,192
Claims Paid	(1,486,835)
Net OPEB obligation	7,968,357
Net OPEB obligation, October 1, 2008	-
Net OPEB obligation, September 30, 2009	\$ 7,968,357
Percentage of annual OPEB cost contributed	16%
Funding Progress:	
Actuarial valuation date	October 1, 2008
Actuarial value of assets	\$ -
Actuarial accrued liability (AAL)	\$86,252,694
Funded ratio	-%
Unfunded AAL (UAAL)	\$86,252,694
Annual covered payroll	\$62,670,379
UAAL as a percentage of covered payroll	137.6%

NOTE 15- CONTINGENT LIABILITIES:

A) GENERAL LIABILITIES:

For fiscal year 2009, the County participated in a public entity risk pool, to which certain losses arising from liability claims were transferred. The premium for this coverage, \$331,382, was recorded in the General Fund. In addition, the County expended \$101,098 for damages in connection with thirty-six 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,

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2009

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. 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. Beginning October 1, 2009, Montgomery County has modified its capitalization policy. These revisions allow for more accurate accounting of intangible assets as a new major capital asset class with a cost threshold of \$1,000 and a five-year (or greater) estimated useful life. Two new categories for intangible assets (easements and trademarks) and a new category for machinery and equipment (patents) were also created.

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.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, enhances balance sheet information and clarifies existing governmental fund type definitions. This statement will be effective for the County for the fiscal year ending September 30, 2011.

NOTE 17- SUBSEQUENT EVENTS:

Montgomery County has entered into a contract with the Texas Department of State Health Services for the construction of a new mental health facility. A construction contract has been awarded and negotiations are underway to establish an operating agreement with the State of Texas to ensure required licensing is obtained. As previously stated, the County will fund the project through limited tax and revenue bonds projected to be issued in late spring 2010.

In anticipation of improvements to the runway at the Lone Star Executive Airport, Montgomery County has purchased approximately 30 acres of land valued at \$740,952. Two tracts of additional land were donated to the County, totaling 69.4 acres of land. It is expected that the improved runway will assist in drawing additional business interests to Montgomery County's ever-growing airport.

ADDITIONAL SUPPLEMENTARY INFORMATION

MONTGOMERY COUNTY, TEXAS

General Fund

Schedule of Revenues and Other Financing Sources

Budget (GAAP Basis) and Actual Year Ended September 30, 2009

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>TAXES:</u>				
Ad Valorem Current	\$ 103,538,000	\$ 104,655,769	\$ 104,545,251	\$ (110,518)
Ad Valorem Delinquent	944,400	1,422,833	1,530,830	107,997
Penalty and Interest	728,000	1,220,503	1,382,177	161,674
Mixed Beverage	1,100,000	1,100,000	1,250,051	150,051
Bingo Tax	150,000	150,000	162,769	12,769
Miscellaneous Taxes	1,517,769	415,594	218,549	(197,045)
Total Taxes	107,978,169	108,964,699	109,089,627	124,928

LICENSES AND PERMITS:

Beer Licenses	94,462	124,610	158,460	33,850
Trial Fees	6,000	6,000	5,325	(675)
Stenographer Fees	100,000	160,966	122,684	(38,282)
Health Permits	475,000	475,000	344,278	(130,722)
Park Permits	130,000	130,000	54,429	(75,571)
Animal Control Fees	13,000	13,000	7,750	(5,250)
Food Service Permits	375,000	375,000	423,730	48,730
Alarm Permits	145,462	145,462	235,035	89,573
Hazardous Waste Mgmt Fees	10,000	12,500	12,543	43
Total Licenses and Permits	1,348,924	1,442,538	1,364,234	(78,304)

FEES:

County Judge	9,000	9,000	11,415	2,415
County Sheriff	250,000	255,000	311,303	56,303
County Attorney	75,000	75,000	65,587	(9,413)
County Clerk	3,000,000	3,000,000	2,357,930	(642,070)
Records Management Fees	683,542	-	-	-
Tax Assessor-Collector	1,295,968	1,295,968	2,264,239	968,271
District Clerk	850,000	850,000	1,293,235	443,235
Justice of the Peace	4,000,504	4,033,152	4,382,938	349,786
Constable	630,000	668,447	654,283	(14,164)
Voter Registration	1,600	1,600	861	(739)
Criminal Justice Fees	966,500	1,015,250	1,102,865	87,615
Total Fees	11,762,114	11,203,417	12,444,656	1,241,239

INTERGOVERNMENTAL:

Federal Grants:

Department of Agriculture	40,000	43,900	63,216	19,316
Dept Health/Human Services	14,561	62,049	89,543	27,494
Department of Homeland Security	-	3,512,336	2,362,144	(1,150,192)
Department of Justice	51,000	733,639	875,260	141,621
Department of Transportation	-	220,467	196,891	(23,576)
Federal Emergency Mgt Agency	29,646	29,646	-	(29,646)
General Services Administration	-	381	381	-
Total Federal Grants	135,207	4,602,418	3,587,435	(1,014,983)

MONTGOMERY COUNTY, TEXAS

General Fund

Schedule of Revenues and Other Financing Sources

Budget (GAAP Basis) and Actual Year Ended September 30, 2009

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
INTERGOVERNMENTAL(cont'd)				
State Grants:				
Auto Theft Prevention Authority	-	466,298	448,069	(18,229)
Department of Health Services	-	83,295	83,295	-
Governor's Division of Criminal Justice	-	106,153	117,816	11,663
Office of the Attorney General	-	30,108	30,108	-
Tx Comm on Environmental Quality	-	1,583,233	1,583,233	-
Total State Grants	-	2,269,087	2,262,521	(6,566)
Other:				
U.S. Marshal Transportation	-	-	20,214	20,214
NRA Foundation Grant	-	9,300	9,300	-
Prosecutor Salary Supplement	-	103,891	130,603	26,712
Intergovernmental Contracts	-	189,574	493,603	304,029
Voter Registration	-	10,243	17,509	7,266
Total Other	-	313,008	671,229	358,221
Total Intergovernmental	135,207	7,184,513	6,521,185	(663,328)
<u>CHARGES FOR SERVICES</u>	611,468	611,968	486,253	(125,715)
<u>INTEREST</u>	1,888,572	1,888,572	567,010	(1,321,562)
<u>CONTRACT REIMBURSEMENTS</u>	6,414,168	11,798,651	11,806,882	8,231
<u>INMATE HOUSING</u>	18,319,850	23,895,939	23,895,939	-
<u>FINES AND FORFEITURES</u>	49,466	49,466	186,594	137,128
<u>MISCELLANEOUS:</u>				
Lease of Facility	122,800	122,800	50,745	(72,055)
Commissions	551,500	605,782	510,459	(95,323)
Other	276,244	1,181,027	1,247,450	66,423
Total Miscellaneous	950,544	1,909,609	1,808,654	(100,955)
<u>TOTAL REVENUES</u>	149,458,482	168,949,372	168,171,034	(778,338)
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	971,017	4,261,744	3,290,727
Capital Lease Financing	-	428,465	428,465	-
<u>TOTAL OTHER FINANCING SOURCES</u>	-	1,399,482	4,690,209	3,290,727
<u>TOTAL REVENUES AND OTHER FINANCING SOURCES</u>	<u>\$ 149,458,482</u>	<u>\$ 170,348,854</u>	<u>\$ 172,861,243</u>	<u>\$ 2,512,389</u>

MONTGOMERY COUNTY, TEXAS

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Schedule of Expenditures and Other Financing Uses

Budget (GAAP Basis) and Actual Year Ended September 30, 2009

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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	\$ 304,702	\$ 304,299	\$ 302,788	\$ 1,511
Employee Benefits	97,480	96,345	84,966	11,379
Supplies	7,500	7,936	4,808	3,128
Contract Services	13,500	28,600	19,211	9,389
Total County Judge	<u>423,182</u>	<u>437,180</u>	<u>411,773</u>	<u>25,407</u>
Human Resources:				
Salaries	240,170	254,380	246,949	7,431
Employee Benefits	97,464	103,618	84,691	18,927
Supplies	9,600	12,006	11,328	678
Contract Services	64,772	98,037	51,273	46,764
Total Human Resources	<u>412,006</u>	<u>468,041</u>	<u>394,241</u>	<u>73,800</u>
Risk Management:				
Salaries	255,155	277,878	274,423	3,455
Employee Benefits	100,061	104,924	92,392	12,532
Supplies	20,535	20,535	18,342	2,193
Contract Services	1,289,393	5,339,015	1,207,714	4,131,301
Capital Outlay	-	20,000	19,800	200
Total Risk Management	<u>1,665,144</u>	<u>5,762,352</u>	<u>1,612,671</u>	<u>4,149,681</u>
County Clerk:				
Salaries	1,446,876	1,446,876	1,345,255	101,621
Employee Benefits	708,846	708,846	574,558	134,288
Supplies	74,200	78,553	61,838	16,715
Contract Services	32,340	34,913	29,935	4,978
Total County Clerk	<u>2,262,262</u>	<u>2,269,188</u>	<u>2,011,586</u>	<u>257,602</u>
Collections:				
Salaries	511,906	511,906	497,763	14,143
Employee Benefits	234,004	234,004	189,389	44,615
Supplies	42,087	43,054	39,835	3,219
Contract Services	27,155	49,161	48,419	742
Total Collections	<u>815,152</u>	<u>838,125</u>	<u>775,406</u>	<u>62,719</u>

MONTGOMERY COUNTY, TEXAS

General Fund

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Budget (GAAP Basis) and Actual Year Ended September 30, 2009

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>GENERAL ADMINISTRATION(cont'd)</u>				
Veterans' Service:				
Salaries	126,333	126,736	126,736	-
Employee Benefits	55,400	55,400	48,595	6,805
Supplies	15,319	15,319	14,418	901
Contract Services	2,104	2,465	2,148	317
Total Veterans' Service	199,156	199,920	191,897	8,023
Information Technology:				
Salaries	1,675,977	1,688,432	1,654,570	33,862
Employee Benefits	569,757	569,758	495,562	74,196
Supplies	442,787	455,442	449,577	5,865
Contract Services	164,346	1,761,313	1,288,585	472,728
Capital Outlay	50,000	606,760	541,052	65,708
Total Information Technology	2,902,867	5,081,705	4,429,346	652,359
Purchasing Agent:				
Salaries	935,680	935,680	932,642	3,038
Employee Benefits	340,850	340,850	296,739	44,111
Supplies	15,142	21,800	21,437	363
Contract Services	141,137	139,574	128,429	11,145
Total Purchasing Agent	1,432,809	1,437,904	1,379,247	58,657
County-Wide:				
Supplies	825,500	825,500	678,011	147,489
Contract Services	5,067,278	4,000,765	4,332,547	(331,782)
Total County-Wide	5,892,778	4,826,265	5,010,558	(184,293)
<u>TOTAL GENERAL ADM</u>	<u>16,005,356</u>	<u>21,320,680</u>	<u>16,216,725</u>	<u>5,103,955</u>
<u>JUDICIAL:</u>				
County Court No1:				
Salaries	191,475	192,379	186,129	6,250
Employee Benefits	78,604	77,700	69,843	7,857
Supplies	4,924	6,669	4,819	1,850
Contract Services	6,025	6,608	5,293	1,315
Capital Outlay	-	5,037	5,037	-
Total County Court No1	281,028	288,393	271,121	17,272
County Court No2:				
Salaries	352,484	353,900	347,650	6,250
Employee Benefits	140,111	138,695	124,967	13,728
Supplies	6,969	17,448	16,734	714
Contract Services	6,486	7,612	5,121	2,491
Capital Outlay	11,310	1,064	1,064	-
Total County Court No2	517,360	518,719	495,536	23,183

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>JUDICIAL(cont'd)</u>				
County Court No3:				
Salaries	212,933	214,398	208,148	6,250
Employee Benefits	93,490	92,602	82,521	10,081
Supplies	12,300	11,827	7,472	4,355
Contract Services	13,475	12,997	8,118	4,879
Capital Outlay	-	3,697	3,697	-
Total County Court No3	332,198	335,521	309,956	25,565
County Court No4:				
Salaries	225,314	226,327	220,077	6,250
Employee Benefits	95,636	94,623	84,680	9,943
Supplies	10,300	10,839	8,314	2,525
Contract Services	6,600	7,641	6,813	828
Capital Outlay	-	6,204	6,204	-
Total County Court No4	337,850	345,634	326,088	19,546
County Court No5:				
Salaries	152,423	172,103	170,045	2,058
Employee Benefits	57,886	66,956	61,677	5,279
Supplies	9,175	13,017	12,926	91
Contract Services	7,700	5,917	5,834	83
Capital Outlay	-	6,260	5,740	520
Total County Court No2	227,184	264,253	256,222	8,031
District Attorney:				
Salaries	4,549,096	4,563,636	4,559,293	4,343
Employee Benefits	1,671,357	1,602,216	1,424,233	177,983
Supplies	130,907	197,403	191,246	6,157
Contract Services	111,230	152,044	142,733	9,311
Capital Outlay	42,000	49,246	49,246	-
Total District Attorney	6,504,590	6,564,545	6,366,751	197,794
District Clerk:				
Salaries	1,915,681	1,796,681	1,795,169	1,512
Employee Benefits	977,682	790,682	789,038	1,644
Supplies	82,712	96,419	91,119	5,300
Contract Services	46,817	48,202	44,598	3,604
Capital Outlay	11,632	16,979	16,974	5
Total District Clerk	3,034,524	2,748,963	2,736,898	12,065

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Budget (GAAP Basis) and Actual Year Ended September 30, 2009

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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	373,813	373,813	368,443	5,370
Employee Benefits	154,329	135,329	134,316	1,013
Supplies	10,095	18,589	17,940	649
Contract Services	19,842	38,362	29,751	8,611
Total Justice of Peace Pct 1	558,079	566,093	550,450	15,643
Justice of Peace Pct 2:				
Salaries	282,507	262,507	261,687	820
Employee Benefits	116,069	92,069	91,831	238
Supplies	8,935	15,068	12,211	2,857
Contract Services	7,450	21,850	19,433	2,417
Total Justice of Peace Pct 2	414,961	391,494	385,162	6,332
Justice of Peace Pct 3:				
Salaries	574,832	574,832	569,678	5,154
Employee Benefits	265,514	232,514	231,280	1,234
Supplies	19,961	33,688	33,125	563
Contract Services	11,425	17,543	15,472	2,071
Capital Outlay	-	2,570	2,570	-
Total Justice of Peace Pct 3	871,732	861,147	852,125	9,022
Justice of Peace Pct 4:				
Salaries	502,803	502,013	498,589	3,424
Employee Benefits	243,495	207,495	206,793	702
Supplies	9,603	11,915	11,813	102
Contract Services	11,037	20,675	20,383	292
Total Justice of Peace Pct 4	766,938	742,098	737,578	4,520
Justice of Peace Pct 5:				
Salaries	247,804	248,594	248,594	-
Employee Benefits	98,787	87,787	87,527	260
Supplies	9,362	13,078	13,000	78
Contract Services	8,150	44,844	38,899	5,945
Total Justice of Peace Pct 5	364,103	394,303	388,020	6,283
<u>TOTAL JUDICIAL</u>	<u>14,210,547</u>	<u>14,021,163</u>	<u>13,675,907</u>	<u>345,256</u>

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General Fund

Schedule of Expenditures and Other Financing Uses

Budget (GAAP Basis) and Actual Year Ended September 30, 2009

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>LEGAL:</u>				
County Attorney:				
Salaries	1,582,989	1,599,118	1,550,334	48,784
Employee Benefits	575,879	575,879	495,550	80,329
Supplies	30,430	42,595	41,632	963
Contract Services	27,000	43,562	38,828	4,734
Capital Outlay	-	5,006	5,006	-
<u>TOTAL LEGAL</u>	<u>2,216,298</u>	<u>2,266,160</u>	<u>2,131,350</u>	<u>134,810</u>
<u>ELECTIONS:</u>				
Salaries	690,759	775,271	775,086	185
Employee Benefits	204,994	216,552	190,155	26,397
Supplies	48,576	39,912	39,608	304
Contract Services	128,650	271,249	247,803	23,446
Capital Outlay	-	6,061	6,061	-
<u>TOTAL ELECTIONS</u>	<u>1,072,979</u>	<u>1,309,045</u>	<u>1,258,713</u>	<u>50,332</u>
<u>FINANCIAL ADMINISTRATION:</u>				
County Auditor:				
Salaries	1,051,034	1,062,981	971,865	91,116
Employee Benefits	416,582	416,582	337,227	79,355
Supplies	19,670	16,374	14,326	2,048
Contract Services	50,771	40,145	38,891	1,254
Capital Outlay	3,100	6,912	6,912	-
Total County Auditor	<u>1,541,157</u>	<u>1,542,994</u>	<u>1,369,221</u>	<u>173,773</u>
County Treasurer:				
Salaries	410,719	411,639	411,639	-
Employee Benefits	160,526	160,526	142,682	17,844
Supplies	12,412	12,748	11,495	1,253
Contract Services	23,143	21,782	21,464	318
Total County Treasurer	<u>606,800</u>	<u>606,695</u>	<u>587,280</u>	<u>19,415</u>
Tax Assessor-Collector:				
Salaries	2,421,625	2,421,525	2,379,787	41,738
Employee Benefits	1,134,137	1,134,237	954,314	179,923
Supplies	138,434	152,639	84,503	68,136
Contract Services	178,253	226,628	154,580	72,048
Capital Outlay	237,490	237,490	95,276	142,214
Total Tax Assessor-Collector	<u>4,109,939</u>	<u>4,172,519</u>	<u>3,668,460</u>	<u>504,059</u>
<u>TOTAL FINANCIAL ADM</u>	<u>6,257,896</u>	<u>6,322,208</u>	<u>5,624,961</u>	<u>697,247</u>

MONTGOMERY COUNTY, TEXAS

General Fund

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Budget (GAAP Basis) and Actual Year Ended September 30, 2009

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>PUBLIC FACILITIES:</u>				
Custodial Services:				
Salaries	1,592,812	1,532,813	1,531,731	1,082
Employee Benefits	714,035	685,035	602,557	82,478
Supplies	289,650	324,650	312,462	12,188
Contract Services	75,156	77,861	73,302	4,559
Capital Outlay	13,115	14,986	14,986	-
Total Custodial Services	2,684,768	2,635,345	2,535,038	100,307
Building Maintenance:				
Salaries	1,625,380	1,672,117	1,671,459	658
Employee Benefits	672,672	667,762	593,278	74,484
Supplies	766,756	740,175	712,571	27,604
Contract Services	210,388	1,130,595	959,190	171,405
Capital Outlay	50,000	125,134	124,067	1,067
Total Building Maintenance	3,325,196	4,335,783	4,060,565	275,218
Jail:				
Salaries	10,481,177	10,156,177	10,153,716	2,461
Employee Benefits	4,787,184	4,511,184	3,974,335	536,849
Supplies	2,125,246	1,990,399	1,413,368	577,031
Contract Services	1,284,661	1,173,806	810,208	363,598
Capital Outlay	12,200	300,073	100,173	199,900
Total Jail	18,690,468	18,131,639	16,451,800	1,679,839
Joe Corley Detention Facility:				
Supplies	-	1,138,157	1,138,157	-
Contract Services	12,944,926	18,741,794	18,741,794	-
Capital Outlay	-	23,012	23,012	-
Total Joe Corley Detention Facility	12,944,926	19,902,963	19,902,963	-
Civic Center:				
Salaries	369,675	377,527	377,527	-
Employee Benefits	164,581	157,908	137,199	20,709
Supplies	104,266	139,743	129,562	10,181
Contract Services	388,800	398,272	332,446	65,826
Capital Outlay	-	25,455	25,445	10
Total Civic Center	1,027,322	1,098,905	1,002,179	96,726

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Budget (GAAP Basis) and Actual Year Ended September 30, 2009

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>PUBLIC FACILITIES(cont'd)</u>				
Parks:				
Salaries	112,551	112,551	112,439	112
Employee Benefits	41,843	41,843	37,435	4,408
Supplies	2,100	3,462	2,580	882
Contract Services	18,247	21,142	19,253	1,889
Capital Outlay	17,500	21,216	20,557	659
Total Parks	192,241	200,214	192,264	7,950
<u>TOTAL PUBLIC FACILITIES</u>	<u>38,864,921</u>	<u>46,304,849</u>	<u>44,144,809</u>	<u>2,160,040</u>
<u>PUBLIC SAFETY:</u>				
Fire Marshal:				
Salaries	703,861	678,223	677,752	471
Employee Benefits	233,763	205,763	200,077	5,686
Supplies	22,500	22,352	21,595	757
Contract Services	22,366	33,519	32,519	1,000
Capital Outlay	4,561	4,407	4,407	-
Total Fire Marshal	987,051	944,264	936,350	7,914
Constable Pct 1:				
Salaries	1,930,704	1,983,134	1,974,414	8,720
Employee Benefits	747,826	719,247	684,965	34,282
Supplies	155,193	140,729	137,618	3,111
Contract Services	50,164	91,500	85,460	6,040
Capital Outlay	58,618	62,110	61,885	225
Total Constable Pct 1	2,942,505	2,996,720	2,944,342	52,378
Constable Pct 2:				
Salaries	973,552	971,452	941,146	30,306
Employee Benefits	336,343	332,443	286,161	46,282
Supplies	32,173	32,346	27,794	4,552
Contract Services	20,000	34,988	29,340	5,648
Total Constable Pct 2	1,362,068	1,371,229	1,284,441	86,788
Constable Pct 3:				
Salaries	1,628,301	1,593,823	1,591,385	2,438
Employee Benefits	594,902	550,306	499,548	50,758
Supplies	39,700	53,457	46,443	7,014
Contract Services	36,710	50,183	48,067	2,116
Capital Outlay	-	29,848	26,688	3,160
Total Constable Pct 3	2,299,613	2,277,617	2,212,131	65,486

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Budget (GAAP Basis) and Actual Year Ended September 30, 2009

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>PUBLIC SAFETY(cont'd)</u>				
Constable Pct 4:				
Salaries	1,027,116	1,081,610	1,081,481	129
Employee Benefits	367,863	326,887	326,600	287
Supplies	15,800	56,120	54,256	1,864
Contract Services	17,657	38,321	32,944	5,377
Capital Outlay	-	2,494	2,494	-
Total Constable Pct 4	<u>1,428,436</u>	<u>1,505,432</u>	<u>1,497,775</u>	<u>7,657</u>
Constable Pct 5:				
Salaries	1,364,388	1,426,645	1,426,506	139
Employee Benefits	504,493	480,592	477,948	2,644
Supplies	37,235	26,707	26,662	45
Contract Services	32,515	57,498	42,075	15,423
Capital Outlay	-	14,805	13,644	1,161
Total Constable Pct 5	<u>1,938,631</u>	<u>2,006,247</u>	<u>1,986,835</u>	<u>19,412</u>
Sheriff:				
Salaries	17,326,247	18,190,939	17,407,520	783,419
Employee Benefits	7,056,873	7,245,954	6,374,111	871,843
Supplies	2,562,432	2,638,503	1,670,784	967,719
Contract Services	2,534,452	3,043,984	2,648,675	395,309
Capital Outlay	682,230	2,351,042	1,956,742	394,300
Total Sheriff	<u>30,162,234</u>	<u>33,470,422</u>	<u>30,057,832</u>	<u>3,412,590</u>
Juvenile Services:				
Salaries	3,164,011	3,280,087	3,099,366	180,721
Employee Benefits	1,419,227	1,442,139	1,367,226	74,913
Supplies	63,315	70,793	65,420	5,373
Contract Services	310,945	318,790	256,502	62,288
Total Juvenile Services	<u>4,957,498</u>	<u>5,111,809</u>	<u>4,788,514</u>	<u>323,295</u>
Adult Services:				
Salaries	-	3,893,041	3,893,041	-
Employee Benefits	-	671,824	671,824	-
Supplies	4,841	3,786	3,786	-
Contract Services	16,143	31,143	25,710	5,433
Capital Outlay	-	1,055	1,055	-
Total Adult Services	<u>20,984</u>	<u>4,600,849</u>	<u>4,595,416</u>	<u>5,433</u>

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>PUBLIC SAFETY(cont'd)</u>				
Emergency Management:				
Salaries	141,636	363,259	252,573	110,686
Employee Benefits	46,884	132,903	86,458	46,445
Supplies	3,925	4,892	4,079	813
Contract Services	20,030	444,872	62,556	382,316
Capital Outlay	-	5,611,166	2,013,161	3,598,005
Total Emergency Management	212,475	6,557,092	2,418,827	4,138,265
Department of Public Safety:				
Salaries	61,223	61,418	61,418	-
Employee Benefits	32,948	32,753	28,398	4,355
Supplies	450	450	448	2
Contract Services	-	549	548	1
Total Dept of Public Safety	94,621	95,170	90,812	4,358
<u>TOTAL PUBLIC SAFETY</u>	46,406,116	60,936,851	52,813,275	8,123,576
<u>HEALTH AND WELFARE:</u>				
Vehicle Emissions Program:				
Contract Services	-	1,295,908	1,295,908	-
LIRAP-Local Initiative				
Contract Services	-	287,325	287,325	-
Medical:				
Contract Services	90,000	173,295	173,295	-
Mental Health:				
Contract Services	304,688	304,688	282,672	22,016
Environmental Health:				
Salaries	1,385,735	1,419,704	1,413,502	6,202
Employee Benefits	552,865	543,996	485,248	58,748
Supplies	47,378	47,345	24,335	23,010
Contract Services	44,129	64,729	43,576	21,153
Capital Outlay	3,000	3,000	1,875	1,125
Total Environmental Health	2,033,107	2,078,774	1,968,536	110,238

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Budget (GAAP Basis) and Actual Year Ended September 30, 2009

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>HEALTH/WELFARE(cont'd)</u>				
Animal Control:				
Salaries	517,725	487,500	487,500	-
Employee Benefits	257,248	250,814	205,510	45,304
Supplies	62,150	57,944	57,643	301
Contract Services	36,745	32,561	32,276	285
Total Animal Control	873,868	828,819	782,929	45,890
Welfare:				
Contract Services	966,731	966,731	966,731	-
<u>TOTAL HEALTH/WELFARE</u>	<u>4,268,394</u>	<u>5,935,540</u>	<u>5,757,396</u>	<u>178,144</u>
<u>CONSERVATION:</u>				
Extension Agent:				
Salaries	315,551	315,679	315,679	-
Employee Benefits	130,495	135,679	116,186	19,493
Supplies	21,580	19,191	19,189	2
Contract Services	49,136	66,071	58,936	7,135
Capital Outlay	-	1,151	1,151	-
<u>TOTAL CONSERVATION</u>	<u>516,762</u>	<u>537,771</u>	<u>511,141</u>	<u>26,630</u>
<u>MISCELLANEOUS:</u>				
Contingency	2,200,000	4,206,348	1,156,114	3,050,234
<u>TOTAL MISCELLANEOUS</u>	<u>2,200,000</u>	<u>4,206,348</u>	<u>1,156,114</u>	<u>3,050,234</u>
<u>TOTAL EXPENDITURES</u>	<u>132,019,269</u>	<u>163,160,615</u>	<u>143,290,391</u>	<u>19,870,224</u>

MONTGOMERY COUNTY, TEXAS

General Fund

Schedule of Expenditures and Other Financing Uses

Budget (GAAP Basis) and Actual Year Ended September 30, 2009

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>OTHER FINANCING USES:</u>				
Transfers Out:				
To Jury	-	57,390	6,240,000	(6,182,610)
To Road and Bridge	-	374,335	374,335	-
To Memorial Library	-	30,000	7,730,000	(7,700,000)
To Animal Shelter	-	116,941	1,116,941	(1,000,000)
To Alternative Dispute Res.	-	150	150	-
To Juvenile Probation	-	162,247	162,247	-
To Child Welfare	-	-	55,000	(55,000)
To Airport Maintenance	-	93,783	93,783	-
To Mont Co Jail Financing Debt Service	-	-	3,074,923	(3,074,923)
To Certificates of Obligation 2004	-	-	1,557,098	(1,557,098)
<u>TOTAL OTHER FINANCING USES</u>	-	834,846	20,404,477	(19,569,631)
<u>TOTAL EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ 132,019,269</u>	<u>\$ 163,995,461</u>	<u>\$ 163,694,868</u>	<u>\$ 300,593</u>

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

MONTGOMERY COUNTY, TEXAS**Nonmajor Governmental Funds****Combining Balance Sheet****September 30, 2009**

B-1

	Special Revenue	Debt Service	Capital Projects	Total
<u>ASSETS:</u>				
Cash	\$ 2,716,608	\$ 7,116,337	\$ 118,142	\$ 9,951,087
Investments, at Fair Value	804,382	-	28,398,477	29,202,859
Cash, Restricted	440,638	-	-	440,638
Cash, Restricted for Retainage	-	-	56,366	56,366
Receivables:				
Taxes (net)	-	939,602	-	939,602
Accounts (net)	203,021	-	526	203,547
Accrued Interest	-	-	-	-
Due from Other Funds	15,483,386	5,213,872	763,085	21,460,343
Due from Other Governments	1,036,747	-	9,876	1,046,623
Prepaid Items	1,533	-	-	1,533
<u>TOTAL ASSETS</u>	<u>\$ 20,686,315</u>	<u>\$ 13,269,811</u>	<u>\$ 29,346,472</u>	<u>\$ 63,302,598</u>

LIABILITIES AND FUND BALANCE**LIABILITIES:**

Accounts Payable	\$ 1,234,490	\$ 184,779	\$ 3,321,204	\$ 4,740,473
Retainage Payable	-	-	1,343,220	1,343,220
Due to Other Funds	814,887	-	517,725	1,332,612
Deferred Revenue	361,964	878,376	-	1,240,340
Total Liabilities	<u>2,411,341</u>	<u>1,063,155</u>	<u>5,182,149</u>	<u>8,656,645</u>

FUND BALANCES:

Reserved for:

Prepaid Items	1,533	-	-	1,533
Capital Projects	-	-	24,164,168	24,164,168
Debt Service	-	12,206,656	-	12,206,656

Unreserved, designated for encumbrances,
reported in:

Special Revenue Funds	29,763	-	155	29,918
Unreserved, undesignated	18,243,678	-	-	18,243,678
Total Fund Balances	<u>18,274,974</u>	<u>12,206,656</u>	<u>24,164,323</u>	<u>54,645,953</u>

TOTAL LIABILITIES AND

<u>FUND BALANCES</u>	<u>\$ 20,686,315</u>	<u>\$ 13,269,811</u>	<u>\$ 29,346,472</u>	<u>\$ 63,302,598</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, 2009**

B-2

	Special Revenue	Debt Service	Capital Projects	Totals
<u>REVENUES:</u>				
Taxes	\$ -	\$ 23,262,487	\$ -	\$ 23,262,487
Licenses and Permits	230,439	-	-	230,439
Fees	1,354,163	-	-	1,354,163
Intergovernmental	7,803,233	-	-	7,803,233
Charges for Services	1,608,201	-	-	1,608,201
Interest	14,291	173,329	358,474	546,094
Contract Reimbursements	319,772	-	-	319,772
Fines and Forfeitures	1,894,799	-	-	1,894,799
Miscellaneous	82,886	-	-	82,886
<u>TOTAL REVENUES</u>	<u>13,307,784</u>	<u>23,435,816</u>	<u>358,474</u>	<u>37,102,074</u>
<u>EXPENDITURES:</u>				
Current:				
General Administration	831,646	-	-	831,646
Judicial	8,119,808	-	-	8,119,808
Legal Services	418,861	-	-	418,861
Public Safety	2,996,076	-	-	2,996,076
Health and Welfare	4,874,931	-	-	4,874,931
Culture and Recreation	8,008,564	-	-	8,008,564
Public Transportation	581,899	-	-	581,899
Capital Projects	-	-	52,191,142	52,191,142
Debt Service:				
Principal Retirement	-	6,557,918	-	6,557,918
Interest and Fiscal Charges	-	18,713,749	-	18,713,749
Issuance Costs	-	526,074	200	526,274
<u>TOTAL EXPENDITURES</u>	<u>25,831,785</u>	<u>25,797,741</u>	<u>52,191,342</u>	<u>103,820,868</u>
(Deficiency) Revenues Over Expenditures	(12,524,001)	(2,361,925)	(51,832,868)	(66,718,794)
<u>OTHER FINANCING SOURCES/(USES)</u>				
Transfers In	15,411,021	3,074,923	1,690,723	20,176,667
Transfers Out	(1,218,895)	-	(972,948)	(2,191,843)
Issuance of General Obligation Debt	-	6,364,713	-	6,364,713
Premium on Debt Issuance	-	567,755	-	567,755
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>14,192,126</u>	<u>10,007,391</u>	<u>717,775</u>	<u>24,917,292</u>
Net Change in Fund Balances	1,668,125	7,645,466	(51,115,093)	(41,801,502)
Fund Balances at Beginning of Year	16,606,849	4,561,190	75,279,416	96,447,455
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 18,274,974</u>	<u>\$ 12,206,656</u>	<u>\$ 24,164,323</u>	<u>\$ 54,645,953</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.

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, 2009

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Page 1 of 2

	<u>Attorney Administration</u>	<u>Forfeitures</u>	<u>Civic Center Complex</u>
<u>ASSETS:</u>			
Cash	\$ 7,298	\$ 1,382,624	\$ -
Investments, at Fair Value	-	-	-
Cash, Restricted	-	-	-
Receivables:			
Accounts	-	-	10,507
Due from Other Funds	250	-	616,991
Due from Other Governments	-	-	63,350
Prepaid Items	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 7,548</u>	<u>\$ 1,382,624</u>	<u>\$ 690,848</u>

LIABILITIES AND FUND BALANCES:

<u>LIABILITIES:</u>			
Accounts Payable	\$ 1,817	\$ -	\$ 1,791
Retainage Payable	-	-	-
Due to Other Funds	2,043	-	-
Deferred Revenue	-	-	-
Total Liabilities	<u>3,860</u>	<u>-</u>	<u>1,791</u>

FUND BALANCES:

Reserved for:			
Prepaid Items	-	-	-
Unreserved, designated for encumbrances, reported in:			
Special Revenue Funds	-	-	-
Unreserved, undesignated	<u>3,688</u>	<u>1,382,624</u>	<u>689,057</u>
Total Fund Balances	<u>3,688</u>	<u>1,382,624</u>	<u>689,057</u>

**TOTAL LIABILITIES AND
FUND BALANCES**

<u>\$ 7,548</u>	<u>\$ 1,382,624</u>	<u>\$ 690,848</u>
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Jury	Sheriff Commissary	Memorial Library	Memo Totals from Page 89	Totals
\$ 210,494	\$ 163,281	\$ 620	\$ 952,291	\$ 2,716,608
-	-	-	804,382	804,382
-	-	-	440,638	440,638
67,981	-	3,961	120,572	203,021
2,069,653	-	295,259	12,501,233	15,483,386
265,268	-	-	708,129	1,036,747
-	-	-	1,533	1,533
<u>\$ 2,613,396</u>	<u>\$ 163,281</u>	<u>\$ 299,840</u>	<u>\$ 15,528,778</u>	<u>\$ 20,686,315</u>
\$ 574,705	\$ -	\$ 248,201	\$ 407,976	\$ 1,234,490
-	-	-	-	-
-	-	-	812,844	814,887
2,045	-	-	359,919	361,964
<u>576,750</u>	<u>-</u>	<u>248,201</u>	<u>1,580,739</u>	<u>2,411,341</u>
-	-	-	1,533	1,533
22,388	-	5,683	1,692	29,763
2,014,258	163,281	45,956	13,944,814	18,243,678
<u>2,036,646</u>	<u>163,281</u>	<u>51,639</u>	<u>13,948,039</u>	<u>18,274,974</u>
<u>\$ 2,613,396</u>	<u>\$ 163,281</u>	<u>\$ 299,840</u>	<u>\$ 15,528,778</u>	<u>\$ 20,686,315</u>

MONTGOMERY COUNTY, TEXAS

Nonmajor Special Revenue Funds

Combining Balance Sheet

September 30, 2009

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Page 2 of 2

	Community Development	Animal Shelter	Law Library	Historical Commission
<u>ASSETS:</u>				
Cash	\$ -	\$ -	\$ 82,945	\$ -
Investments, at Fair Value	-	-	804,382	-
Cash, Restricted	440,638	-	-	-
Receivables:				
Accounts	1,016	11,315	21,318	-
Due from Other Funds	-	624,357	-	58,495
Due from Other Governments	568,093	-	-	-
Prepaid Items	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 1,009,747</u>	<u>\$ 635,672</u>	<u>\$ 908,645</u>	<u>\$ 58,495</u>

LIABILITIES AND FUND BALANCES:

<u>LIABILITIES:</u>				
Accounts Payable	\$ 105,527	\$ 55,645	\$ 28,474	\$ -
Retainage Payable	-	-	-	-
Due to Other Funds	490,421	-	-	58,495
Deferred Revenue	8,390	-	-	-
Total Liabilities	<u>604,338</u>	<u>55,645</u>	<u>28,474</u>	<u>58,495</u>

FUND BALANCES:

Reserved for:				
Prepaid Items	-	-	-	-
Unreserved, designated for encumbrances, reported in:				
Special Revenue Funds	-	201	38	-
Unreserved, undesignated	<u>405,409</u>	<u>579,826</u>	<u>880,133</u>	<u>-</u>
Total Fund Balances	<u>405,409</u>	<u>580,027</u>	<u>880,171</u>	<u>-</u>

**TOTAL LIABILITIES AND
FUND BALANCES**

<u>\$ 1,009,747</u>	<u>\$ 635,672</u>	<u>\$ 908,645</u>	<u>\$ 58,495</u>
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Alternate Dispute Resolution	Juvenile Probation	Records Management and Preservation	Child Welfare	Airport Maintenance	Memo Totals to Page 87
\$ 34,643	\$ 354,594	\$ 53,792	\$ 11,254	\$ 415,063	\$ 952,291
-	-	-	-	-	804,382
-	-	-	-	-	440,638
11,535	864	69,890	-	4,634	120,572
150	887,974	4,070,623	-	6,859,634	12,501,233
-	80,371	-	9,886	49,779	708,129
-	-	-	-	1,533	1,533
<u>\$ 46,328</u>	<u>\$ 1,323,803</u>	<u>\$ 4,194,305</u>	<u>\$ 21,140</u>	<u>\$ 7,330,643</u>	<u>\$ 15,528,778</u>

\$ 3,340	\$ 159,535	\$ 11,197	\$ 7,164	\$ 37,094	\$ 407,976
-	-	-	-	\$ -	-
-	-	2,658	13,595	247,675	812,844
-	96,529	-	-	255,000	359,919
<u>3,340</u>	<u>256,064</u>	<u>13,855</u>	<u>20,759</u>	<u>539,769</u>	<u>1,580,739</u>

-	-	-	-	1,533	1,533
-	-	-	-	1,453	1,692
42,988	1,067,739	4,180,450	381	6,787,888	13,944,814
<u>42,988</u>	<u>1,067,739</u>	<u>4,180,450</u>	<u>381</u>	<u>6,790,874</u>	<u>13,948,039</u>
<u>\$ 46,328</u>	<u>\$ 1,323,803</u>	<u>\$ 4,194,305</u>	<u>\$ 21,140</u>	<u>\$ 7,330,643</u>	<u>\$ 15,528,778</u>

MONTGOMERY COUNTY, TEXAS
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2009

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Page 1 of 2

	<u>Attorney Administration</u>	<u>Forfeitures</u>	<u>Civic Center Complex</u>
<u>REVENUES:</u>			
Licenses and Permits	\$ -	\$ -	\$ -
Fees	-	-	-
Intergovernmental	-	-	285,981
Charges for Services	81,901	-	481,725
Interest	23	5,118	-
Contract Reimbursements	-	-	-
Fines and Forfeitures	-	1,367,425	-
Miscellaneous	-	-	-
<u>TOTAL REVENUES</u>	<u>81,924</u>	<u>1,372,543</u>	<u>767,706</u>
<u>EXPENDITURES:</u>			
General Administration	74,889	-	-
Judicial	-	-	-
Legal Services	-	-	-
Public Safety	-	746,255	-
Health and Welfare	-	-	-
Culture and Recreation	-	-	-
Public Transportation	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>74,889</u>	<u>746,255</u>	<u>-</u>
Excess (Deficiency) Revenues Over Expenditures	<u>7,035</u>	<u>626,288</u>	<u>767,706</u>
<u>OTHER FINANCING SOURCES/ (USES):</u>			
Transfers In	-	-	-
Transfers Out	-	(76,598)	(700,000)
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>-</u>	<u>(76,598)</u>	<u>(700,000)</u>
Net Change in Fund Balances	7,035	549,690	67,706
Fund Balances at Beginning of Year	<u>(3,347)</u>	<u>832,934</u>	<u>621,351</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 3,688</u>	<u>\$ 1,382,624</u>	<u>\$ 689,057</u>

Jury	Sheriff Commissary	Memorial Library	Memo Totals from Page 93	Totals
\$ 45,639	\$ -	\$ -	\$ 184,800	\$ 230,439
-	-	-	1,354,163	1,354,163
914,576	-	107,195	6,495,481	7,803,233
110,310	314,486	153,192	466,587	1,608,201
510	312	25	8,303	14,291
319,772	-	-	-	319,772
527,374	-	-	-	1,894,799
-	-	49,653	33,233	82,886
1,918,181	314,798	310,065	8,542,567	13,307,784
-	-	-	756,757	831,646
8,119,808	-	-	-	8,119,808
-	-	-	418,861	418,861
-	195,997	-	2,053,824	2,996,076
-	-	-	4,874,931	4,874,931
-	-	7,998,064	10,500	8,008,564
-	-	-	581,899	581,899
8,119,808	195,997	7,998,064	8,696,772	25,831,785
(6,201,627)	118,801	(7,687,999)	(154,205)	(12,524,001)
6,240,000	-	7,732,400	1,438,621	15,411,021
(2,699)	-	(176)	(439,422)	(1,218,895)
6,237,301	-	7,732,224	999,199	14,192,126
35,674	118,801	44,225	844,994	1,668,125
2,000,972	44,480	7,414	13,103,045	16,606,849
\$ 2,036,646	\$ 163,281	\$ 51,639	\$ 13,948,039	\$ 18,274,974

MONTGOMERY COUNTY, TEXAS
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2009

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Page 2 of 2

	Community Development	Animal Shelter	Law Library	Historical Commission
<u>REVENUES:</u>				
Licenses and Permits	\$ -	\$ 184,800	\$ -	\$ -
Fees	-	-	291,074	-
Intergovernmental	3,524,956	-	-	-
Charges for Services	-	250,685	-	-
Interest	1,720	-	3,298	-
Contract Reimbursements	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	29,969	53	-
<u>TOTAL REVENUES</u>	<u>3,526,676</u>	<u>465,454</u>	<u>294,425</u>	<u>-</u>
<u>EXPENDITURES:</u>				
General Administration	-	-	-	-
Judicial	-	-	-	-
Legal Services	-	-	276,791	-
Public Safety	-	-	-	-
Health and Welfare	3,668,879	1,126,730	-	-
Culture and Recreation	-	-	-	10,500
Public Transportation	-	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>3,668,879</u>	<u>1,126,730</u>	<u>276,791</u>	<u>10,500</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(142,203)</u>	<u>(661,276)</u>	<u>17,634</u>	<u>(10,500)</u>
<u>OTHER FINANCING SOURCES/ (USES):</u>				
Transfers In	-	1,116,941	-	10,500
Transfers Out	-	(2,880)	-	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>-</u>	<u>1,114,061</u>	<u>-</u>	<u>10,500</u>
Net Change in Fund Balances	(142,203)	452,785	17,634	-
Fund Balances at Beginning of Year	<u>547,612</u>	<u>127,242</u>	<u>862,537</u>	<u>-</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 405,409</u>	<u>\$ 580,027</u>	<u>\$ 880,171</u>	<u>\$ -</u>

Alternate Dispute Resolution	Juvenile Probation	Records Management and Preservation	Child Welfare	Airport Maintenance	Memo Totals to Page 91
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184,800
156,587	-	906,502	-	-	1,354,163
-	1,782,476	-	24,255	1,163,794	6,495,481
-	31,292	-	-	184,610	466,587
168	955	-	-	2,162	8,303
-	-	-	-	-	-
-	-	-	-	-	-
-	3,211	-	-	-	33,233
156,755	1,817,934	906,502	24,255	1,350,566	8,542,567
-	-	756,757	-	-	756,757
-	-	-	-	-	-
142,070	-	-	-	-	418,861
-	2,053,824	-	-	-	2,053,824
-	-	-	79,322	-	4,874,931
-	-	-	-	-	10,500
-	-	-	-	581,899	581,899
142,070	2,053,824	756,757	79,322	581,899	8,696,772
14,685	(235,890)	149,745	(55,067)	768,667	(154,205)
150	162,247	-	55,000	93,783	1,438,621
-	(6,000)	(299,779)	-	(130,763)	(439,422)
150	156,247	(299,779)	55,000	(36,980)	999,199
14,835	(79,643)	(150,034)	(67)	731,687	844,994
28,153	1,147,382	4,330,484	448	6,059,187	13,103,045
\$ 42,988	\$ 1,067,739	\$ 4,180,450	\$ 381	\$ 6,790,874	\$ 13,948,039



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, 2009

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Charges for Service	\$ 92,546	\$ 94,542	\$ 81,901	\$ (12,641)
Interest	-	-	23	23
Total Revenues	<u>92,546</u>	<u>94,542</u>	<u>81,924</u>	<u>(12,618)</u>
<u>EXPENDITURES:</u>				
General Administration:				
Salaries	57,663	57,663	48,453	9,210
Employee Benefits	32,331	32,331	21,888	10,443
Supplies	1,027	3,391	3,391	-
Contract Services	1,525	1,157	1,157	-
Total Expenditures	<u>92,546</u>	<u>94,542</u>	<u>74,889</u>	<u>19,653</u>
Excess Revenues Over Expenditures	-	-	7,035	7,035
Fund Balance at Beginning of Year	<u>(3,347)</u>	<u>(3,347)</u>	<u>(3,347)</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (3,347)</u>	<u>\$ (3,347)</u>	<u>\$ 3,688</u>	<u>\$ 7,035</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, 2009

C-4

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Interest	\$ -	\$ -	\$ 5,118	\$ 5,118
Fines and Forfeitures	82,154	806,178	1,367,425	561,247
Total Revenues	82,154	806,178	1,372,543	566,365
<u>EXPENDITURES:</u>				
Public Safety:				
Salaries	12,669	12,789	12,770	19
Employee Benefits	-	249	246	3
Supplies	47,666	228,783	227,175	1,608
Contract Services	21,819	109,726	109,665	61
Capital Outlay	-	396,401	396,399	2
Total Expenditures	82,154	747,948	746,255	1,693
Excess Revenues Over Expenditures	-	58,230	626,288	568,058
<u>OTHER FINANCING (USES):</u>				
Transfers Out	-	(74,534)	(76,598)	(2,064)
Net Change in Fund Balance	-	(16,304)	549,690	565,994
Fund Balance at Beginning of Year	832,934	832,934	832,934	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 832,934</u>	<u>\$ 816,630</u>	<u>\$ 1,382,624</u>	<u>\$ 565,994</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, 2009

C-5

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental	\$ 220,000	\$ 220,000	\$ 285,981	\$ 65,981
Charges for Services	414,000	414,000	481,725	67,725
Total Revenues	<u>634,000</u>	<u>634,000</u>	<u>767,706</u>	<u>133,706</u>
 <u>OTHER FINANCING (USES):</u>				
Transfers Out	<u>-</u>	<u>-</u>	<u>(700,000)</u>	<u>(700,000)</u>
 Net Change in Fund Balance	634,000	634,000	67,706	(566,294)
 Fund Balance at Beginning of Year	<u>621,351</u>	<u>621,351</u>	<u>621,351</u>	<u>-</u>
 <u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 1,255,351</u>	<u>\$ 1,255,351</u>	<u>\$ 689,057</u>	<u>\$ (566,294)</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, 2009

C-6

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Fees	\$ 25,000	\$ 25,000	\$ 45,639	\$ 20,639
Intergovernmental:				
Federal Grants	80,360	80,360	179,635	99,275
State Grants	175,000	175,000	632,441	457,441
Other	-	26,403	102,500	76,097
Charges for Services	135,000	136,988	110,310	(26,678)
Interest	250	250	510	260
Contract Reimbursements	365,873	365,873	319,772	(46,101)
Fines and Forfeitures	415,000	415,000	527,374	112,374
Miscellaneous	-	-	-	-
Total Revenues	<u>1,196,483</u>	<u>1,224,874</u>	<u>1,918,181</u>	<u>693,307</u>
<u>EXPENDITURES:</u>				
Judicial:				
Salaries	1,924,244	1,944,244	1,754,148	190,096
Employee Benefits	741,574	744,584	576,772	167,812
Supplies	58,360	106,948	78,841	28,107
Contract Services	6,403,720	6,398,821	5,692,608	706,213
Capital Outlay	-	25,238	17,439	7,799
Total Expenditures	<u>9,127,898</u>	<u>9,219,835</u>	<u>8,119,808</u>	<u>1,100,027</u>
(Deficiency) Revenues Over Expenditures	<u>(7,931,415)</u>	<u>(7,994,961)</u>	<u>(6,201,627)</u>	<u>1,793,334</u>
<u>OTHER FINANCING SOURCES/(USES):</u>				
Transfers In	-	57,390	6,240,000	6,182,610
Transfers Out	-	(2,699)	(2,699)	-
Total Other Financing Sources /(Uses)	<u>-</u>	<u>54,691</u>	<u>6,237,301</u>	<u>6,182,610</u>
Net Change in Fund Balance	(7,931,415)	(7,940,270)	35,674	7,975,944
Fund Balance at Beginning of Year	<u>2,000,972</u>	<u>2,000,972</u>	<u>2,000,972</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (5,930,443)</u>	<u>\$ (5,939,298)</u>	<u>\$ 2,036,646</u>	<u>\$ 7,975,944</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, 2009

C-7

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Charges for Services	\$ 105,080	\$ 196,330	\$ 314,486	\$ 118,156
Interest	-	-	312	312
Total Revenues	<u>105,080</u>	<u>196,330</u>	<u>314,798</u>	<u>118,468</u>
<u>EXPENDITURES:</u>				
Public Safety:				
Salaries	22,080	23,030	23,000	30
Supplies	73,000	134,500	134,247	253
Contract Services	10,000	17,700	17,664	36
Capital Outlay	-	21,100	21,086	14
Total Expenditures	<u>105,080</u>	<u>196,330</u>	<u>195,997</u>	<u>333</u>
Excess Revenues Over Expenditures	-	-	118,801	118,801
Fund Balance at Beginning of Year	<u>44,480</u>	<u>44,480</u>	<u>44,480</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 44,480</u>	<u>\$ 44,480</u>	<u>\$ 163,281</u>	<u>\$ 118,801</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, 2009

C-8

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental	\$ -	\$ 85,946	\$ 107,195	\$ 21,249
Charges for Service	130,000	130,000	153,192	23,192
Interest	-	-	25	25
Miscellaneous	-	78,608	49,653	(28,955)
Total Revenues	<u>130,000</u>	<u>294,554</u>	<u>310,065</u>	<u>15,511</u>
<u>EXPENDITURES:</u>				
Culture and Recreation:				
Salaries	4,650,996	4,650,996	4,521,075	129,921
Employee Benefits	2,105,811	2,105,811	1,770,481	335,330
Supplies	578,862	815,967	707,162	108,805
Contract Services	708,152	756,095	722,785	33,310
Capital Outlay	292,238	316,654	276,561	40,093
Total Expenditures	<u>8,336,059</u>	<u>8,645,523</u>	<u>7,998,064</u>	<u>647,459</u>
(Deficiency) Revenues Over Expenditures	<u>(8,206,059)</u>	<u>(8,350,969)</u>	<u>(7,687,999)</u>	<u>662,970</u>
<u>OTHER FINANCING SOURCES/(USES):</u>				
Transfers In	-	32,400	7,732,400	7,700,000
Transfers Out	-	(176)	(176)	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>32,224</u>	<u>7,732,224</u>	<u>7,700,000</u>
Net Change in Fund Balance	<u>(8,206,059)</u>	<u>(8,318,745)</u>	<u>44,225</u>	<u>8,362,970</u>
Fund Balance at Beginning of Year	<u>7,414</u>	<u>7,414</u>	<u>7,414</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u><u>\$ (8,198,645)</u></u>	<u><u>\$ (8,311,331)</u></u>	<u><u>\$ 51,639</u></u>	<u><u>\$ 8,362,970</u></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, 2009

C-9

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental	\$ 2,257,792	\$ 2,257,816	\$ 3,524,956	\$ 1,267,140
Interest	-	-	1,720	1,720
Total Revenues	<u>2,257,792</u>	<u>2,257,816</u>	<u>3,526,676</u>	<u>1,268,860</u>
<u>EXPENDITURES:</u>				
Health and Welfare:				
Salaries	261,028	328,360	274,694	53,666
Employee Benefits	91,044	115,839	93,846	21,993
Supplies	68,339	115,047	6,672	108,375
Contract Services	1,118,927	2,321,377	1,670,089	651,288
Capital Outlay	718,454	3,616,394	1,623,578	1,992,816
Total Expenditures	<u>2,257,792</u>	<u>6,497,017</u>	<u>3,668,879</u>	<u>2,828,138</u>
(Deficiency) Revenues Over Expenditures	-	(4,239,201)	(142,203)	4,096,998
Fund Balance at Beginning of Year	<u>547,612</u>	<u>547,612</u>	<u>547,612</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 547,612</u>	<u>\$ (3,691,589)</u>	<u>\$ 405,409</u>	<u>\$ 4,096,998</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, 2009

C-10

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Licenses and Permits	\$ 50,000	\$ 174,465	\$ 184,800	\$ 10,335
Charges for Service	-	250,685	250,685	-
Miscellaneous	-	16,334	29,969	13,635
Total Revenues	<u>50,000</u>	<u>441,484</u>	<u>465,454</u>	<u>23,970</u>
<u>EXPENDITURES:</u>				
Health and Welfare:				
Salaries	461,387	558,227	423,525	134,702
Employee Benefits	280,992	291,666	164,855	126,811
Supplies	47,000	483,547	461,807	21,740
Contract Services	91,576	84,856	76,543	8,313
Total Expenditures	<u>880,955</u>	<u>1,418,296</u>	<u>1,126,730</u>	<u>291,566</u>
(Deficiency) Revenues Over Expenditures	<u>(830,955)</u>	<u>(976,812)</u>	<u>(661,276)</u>	<u>315,536</u>
<u>OTHER FINANCING SOURCES/(USES):</u>				
Transfers In	-	116,941	1,116,941	1,000,000
Transfers Out	-	(2,880)	(2,880)	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>114,061</u>	<u>1,114,061</u>	<u>1,000,000</u>
Net Change in Fund Balance	(830,955)	(862,751)	452,785	1,315,536
Fund Balance at Beginning of Year	<u>127,242</u>	<u>127,242</u>	<u>127,242</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (703,713)</u>	<u>\$ (735,509)</u>	<u>\$ 580,027</u>	<u>\$ 1,315,536</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, 2009

C-11

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Fees	\$ 350,023	\$ 350,023	\$ 291,074	\$ (58,949)
Interest	-	-	3,298	3,298
Miscellaneous	-	-	53	53
Total Revenues	<u>350,023</u>	<u>350,023</u>	<u>294,425</u>	<u>(55,598)</u>
<u>EXPENDITURES:</u>				
Legal Services:				
Salaries	59,112	59,112	36,369	22,743
Employee Benefits	32,062	32,062	16,841	15,221
Supplies	63,749	58,791	39,355	19,436
Contract Services	75,100	75,100	63,299	11,801
Capital Outlay	120,000	124,958	120,927	4,031
Total Expenditures	<u>350,023</u>	<u>350,023</u>	<u>276,791</u>	<u>73,232</u>
Excess Revenues Over Expenditures	-	-	17,634	17,634
Fund Balance at Beginning of Year	<u>862,537</u>	<u>862,537</u>	<u>862,537</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 862,537</u>	<u>\$ 862,537</u>	<u>\$ 880,171</u>	<u>\$ 17,634</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, 2009

C-12

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>EXPENDITURES:</u>				
Culture and Recreation:				
Contract Services	\$ 10,500	\$ 10,500	\$ 10,500	\$ -
Total Expenditures	<u>10,500</u>	<u>10,500</u>	<u>10,500</u>	<u>-</u>
 (Deficiency) Revenues Over Expenditures	 <u>(10,500)</u>	 <u>(10,500)</u>	 <u>(10,500)</u>	 <u>-</u>
 <u>OTHER FINANCING SOURCES:</u>				
Transfers In	<u>-</u>	<u>-</u>	<u>10,500</u>	<u>10,500</u>
 Net Change in Fund Balance	 (10,500)	 (10,500)	 -	 10,500
 Fund Balance at Beginning of Year	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 <u>FUND BALANCE AT END OF YEAR</u>	 <u>\$ (10,500)</u>	 <u>\$ (10,500)</u>	 <u>\$ -</u>	 <u>\$ 10,500</u>

MONTGOMERY COUNTY, TEXAS
Alternate Dispute Resolution Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2009

C-13

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Fees	\$ 142,743	\$ 142,743	\$ 156,587	\$ 13,844
Charges for Services	48,440	48,440	-	(48,440)
Interest	-	-	168	168
Total Revenues	<u>191,183</u>	<u>191,183</u>	<u>156,755</u>	<u>(34,428)</u>
<u>EXPENDITURES:</u>				
Legal Services:				
Salaries	134,387	134,387	104,332	30,055
Employee Benefits	56,796	56,796	37,697	19,099
Contract Services	-	150	41	109
Total Expenditures	<u>191,183</u>	<u>191,333</u>	<u>142,070</u>	<u>49,263</u>
Excess (Deficiency) Revenues Over Expenditures	-	(150)	14,685	14,835
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	<u>-</u>	<u>150</u>	<u>150</u>	<u>-</u>
Net Change in Fund Balance	-	-	14,835	14,835
Fund Balance at Beginning of Year	<u>28,153</u>	<u>28,153</u>	<u>28,153</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 28,153</u>	<u>\$ 28,153</u>	<u>\$ 42,988</u>	<u>\$ 14,835</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, 2009

C-14

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental:				
Dept Health/Human Services Grant	\$ -	\$ 25,945	\$ (138,423)	\$ (164,368)
Texas Juvenile Prob Comm Grants	-	2,002,296	1,920,899	(81,397)
Charges for Services	-	-	31,292	31,292
Interest	-	-	955	955
Miscellaneous	-	3,211	3,211	-
Total Revenues	-	2,031,452	1,817,934	(213,518)
<u>EXPENDITURES:</u>				
Public Safety:				
Salaries	-	2,057,384	973,101	1,084,283
Benefits	-	868,453	395,082	473,371
Supplies	-	392,393	82,629	309,764
Contract Services	-	1,217,174	540,628	676,546
Capital Outlay	-	62,472	62,384	88
Total Expenditures	-	4,597,876	2,053,824	2,544,052
(Deficiency) Revenues Over Expenditures	-	(2,566,424)	(235,890)	2,330,534
<u>OTHER FINANCING SOURCES/(USES):</u>				
Transfers In	-	162,247	162,247	-
Transfers Out	-	(6,000)	(6,000)	-
Total Other Financing Sources/(Uses)	-	156,247	156,247	-
Net Change in Fund Balance	-	(2,410,177)	(79,643)	2,330,534
Fund Balance at Beginning of Year	-	1,147,382	1,147,382	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ -</u>	<u>\$(1,262,795)</u>	<u>\$ 1,067,739</u>	<u>\$ 2,330,534</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, 2009

C-15

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Fees	\$ -	\$ 1,276,228	\$ 906,502	\$ (369,726)
Total Revenues	-	1,276,228	906,502	(369,726)
<u>EXPENDITURES:</u>				
General Administration:				
Salaries	188,823	220,270	220,270	-
Employee Benefits	66,328	69,302	64,585	4,717
Supplies	2,000	135,960	86,062	49,898
Contract Services	115,940	378,839	236,738	142,101
Capital Outlay	10,672	215,372	149,102	66,270
Total Expenditures	383,763	1,019,743	756,757	262,986
Excess (Deficiency) Revenues Over Expenditures	(383,763)	256,485	149,745	(106,740)
<u>OTHER FINANCING (USES):</u>				
Transfers Out	-	(683,542)	(299,779)	383,763
Net Change in Fund Balance	(383,763)	(427,057)	(150,034)	277,023
Fund Balance at Beginning of Year	4,330,484	4,330,484	4,330,484	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 3,946,721</u>	<u>\$ 3,903,427</u>	<u>\$ 4,180,450</u>	<u>\$ 277,023</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, 2009

C-16

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental	\$ -	\$ 1,903	\$ 24,255	\$ 22,352
Total Revenues	-	1,903	24,255	22,352
<u>EXPENDITURES:</u>				
Health and Welfare:				
Salaries	-	19,217	10,693	8,524
Supplies	34,600	47,100	43,412	3,688
Contract Services	43,850	33,253	25,217	8,036
Total Expenditures	78,450	99,570	79,322	20,248
(Deficiency) Revenues Over Expenditures	(78,450)	(97,667)	(55,067)	42,600
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	-	55,000	55,000
Net Change in Fund Balance	(78,450)	(97,667)	(67)	97,600
Fund Balance at Beginning of Year	448	448	448	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (78,002)</u>	<u>\$ (97,219)</u>	<u>\$ 381</u>	<u>\$ 97,600</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, 2009

C-17

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental:				
Federal Grants	\$ -	\$ 42,323	\$ 1,114,015	\$ 1,071,692
State Grants	-	50,000	49,779	(221)
Charges for Services	185,000	185,000	184,610	(390)
Interest	-	-	2,162	2,162
Total Revenues	<u>185,000</u>	<u>277,323</u>	<u>1,350,566</u>	<u>1,073,243</u>
<u>EXPENDITURES:</u>				
Public Transportation:				
Salaries	249,599	249,599	248,847	752
Employee Benefits	88,129	88,129	78,773	9,356
Supplies	32,650	77,438	74,568	2,870
Contract Services	45,300	82,277	71,024	11,253
Capital Outlay	-	109,951	108,687	1,264
Total Expenditures	<u>415,678</u>	<u>607,394</u>	<u>581,899</u>	<u>25,495</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(230,678)</u>	<u>(330,071)</u>	<u>768,667</u>	<u>1,098,738</u>
<u>OTHER FINANCING SOURCES/(USES):</u>				
Transfers In	-	93,783	93,783	-
Transfers Out	-	(4,038)	(130,763)	(126,725)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>89,745</u>	<u>(36,980)</u>	<u>(126,725)</u>
Net Change in Fund Balance	(230,678)	(240,326)	731,687	972,013
Fund Balance at Beginning of Year	<u>6,059,187</u>	<u>6,059,187</u>	<u>6,059,187</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 5,828,509</u>	<u>\$ 5,818,861</u>	<u>\$ 6,790,874</u>	<u>\$ 972,013</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, 2009

D-1

	Debt Service Fund	Jail Financing Corporation Debt Service Fund	Totals
<u>ASSETS:</u>			
Cash	\$ 7,116,337	\$ -	\$ 7,116,337
Receivables:			
Taxes (net)	939,602	-	939,602
Due from Other Funds	5,213,872	-	5,213,872
<u>TOTAL ASSETS</u>	<u>\$ 13,269,811</u>	<u>\$ -</u>	<u>\$ 13,269,811</u>

LIABILITIES AND FUND BALANCES:

<u>LIABILITIES:</u>			
Accounts Payable	\$ 184,779	\$ -	\$ 184,779
Due to Other Funds	-	-	-
Deferred Revenue	878,376	-	878,376
Total Liabilities	<u>1,063,155</u>	<u>-</u>	<u>1,063,155</u>

FUND BALANCES:

Reserved for Debt Service	<u>12,206,656</u>	<u>-</u>	<u>12,206,656</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 13,269,811</u>	<u>\$ -</u>	<u>\$ 13,269,811</u>

MONTGOMERY COUNTY, TEXAS
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2009

D-2

	Debt Service Fund	Jail Financing Corporation Debt Service Fund	Totals
<u>REVENUES:</u>			
Taxes	\$ 23,262,487	\$ -	\$ 23,262,487
Interest	173,329	-	173,329
<u>TOTAL REVENUES</u>	<u>23,435,816</u>	<u>-</u>	<u>23,435,816</u>
<u>EXPENDITURES:</u>			
Debt Service			
Principal Retirement	5,481,529	1,076,389	6,557,918
Interest and Fiscal Charges	16,715,215	1,998,534	18,713,749
Issuance Costs	526,074	-	526,074
<u>TOTAL EXPENDITURES</u>	<u>22,722,818</u>	<u>3,074,923</u>	<u>25,797,741</u>
Excess (Deficiency) Revenues Over Expenditures	<u>712,998</u>	<u>(3,074,923)</u>	<u>(2,361,925)</u>
<u>OTHER FINANCING SOURCES/(USES):</u>			
Transfers In	-	3,074,923	3,074,923
Issuance of General Obligation Bonds	6,364,713	-	6,364,713
Premium on Debt Issuance	567,755	-	567,755
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>6,932,468</u>	<u>3,074,923</u>	<u>10,007,391</u>
Net Change in Fund Balance	7,645,466	-	7,645,466
Fund Balances at Beginning of Year	<u>4,561,190</u>	<u>-</u>	<u>4,561,190</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 12,206,656</u>	<u>\$ -</u>	<u>\$ 12,206,656</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, 2009

D-3

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Taxes	\$22,686,250	\$ 22,686,250	\$ 23,262,487	\$ 576,237
Interest	336,600	336,600	173,329	(163,271)
<u>TOTAL REVENUES</u>	<u>23,022,850</u>	<u>23,022,850</u>	<u>23,435,816</u>	<u>412,966</u>
<u>EXPENDITURES:</u>				
Debt Service:				
Principal Retirement	5,929,614	5,678,614	5,481,529	197,085
Interest and Fiscal Charges	17,093,236	17,395,402	16,715,215	680,187
Issuance Costs	-	-	526,074	(526,074)
<u>TOTAL EXPENDITURES</u>	<u>23,022,850</u>	<u>23,074,016</u>	<u>22,722,818</u>	<u>351,198</u>
Excess (Deficiency) Revenues Over Expenditures	-	(51,166)	712,998	764,164
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	-	-	-
Issuance of General Obligation Bonds	-	-	6,364,713	6,364,713
Premium on Debt Issuance	-	-	567,755	567,755
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>-</u>	<u>-</u>	<u>6,932,468</u>	<u>6,932,468</u>
Net Change in Fund Balance	-	(51,166)	7,645,466	7,696,632
Fund Balance at Beginning of Year	4,561,190	4,561,190	4,561,190	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 4,561,190</u>	<u>\$ 4,510,024</u>	<u>\$ 12,206,656</u>	<u>\$ 7,696,632</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, 2009

D-4

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>EXPENDITURES:</u>				
Debt Service:				
Principal Retirement	1,076,389	1,076,389	1,076,389	-
Interest and Fiscal Charges	1,998,535	1,998,535	1,998,534	1
<u>TOTAL EXPENDITURES</u>	<u>3,074,924</u>	<u>3,074,924</u>	<u>3,074,923</u>	<u>1</u>
 (Deficiency) Revenues Over Expenditures	 (3,074,924)	 (3,074,924)	 (3,074,923)	 1
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	-	3,074,923	3,074,923
 Net Change in Fund Balance	 (3,074,924)	 (3,074,924)	 -	 3,074,924
 Fund Balance at Beginning of Year	 -	 -	 -	 -
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (3,074,924)</u>	<u>\$ (3,074,924)</u>	<u>\$ -</u>	<u>\$ 3,074,924</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 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 2006B - to account for the County's issuance of \$63.75 million in bonds that are being used to finance improvements to state-owned roads. The County has entered into a "pass-thru toll agreement" with the State of Texas for improvements by the County to roads owned by the State.

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

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, 2009

E-1

	Library Construction	Road Bonds Series 2003A	Road Bonds Series 2004	Certificates Obligation Series 2004	Certificates Obligation Series 2006
<u>ASSETS:</u>					
Cash	\$ 2,581	\$ 83,930	\$ 11,710	\$ 6,139	\$ -
Investments, at Fair Value	183,001	232,161	914,129	-	6,257,514
Cash, Restricted for Retainage	-	-	-	-	6,655
Receivables:					
Accounts (net)	-	-	3	-	10
Accrued Interest	-	-	-	-	-
Due from Other Funds	-	-	-	-	251,923
Due from Other Governments	-	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 185,582</u>	<u>\$ 316,091</u>	<u>\$ 925,842</u>	<u>\$ 6,139</u>	<u>\$ 6,516,102</u>

LIABILITIES AND FUND BALANCES:

LIABILITIES:

Accounts Payable	\$ 31,627	\$ 22,297	\$ 644	\$ -	\$ 440,327
Retainage Payable	-	-	-	-	40,974
Due to Other Funds	-	-	-	-	6,040
Total Liabilities	<u>31,627</u>	<u>22,297</u>	<u>644</u>	<u>-</u>	<u>487,341</u>

FUND BALANCES:

Reserved for Capital Projects	153,955	293,794	925,198	6,139	6,028,606
Unreserved, designated for:					
Encumbrances	-	-	-	-	155
Total Fund Balances	<u>153,955</u>	<u>293,794</u>	<u>925,198</u>	<u>6,139</u>	<u>6,028,761</u>

TOTAL LIABILITIES AND

<u>FUND BALANCES</u>	<u>\$ 185,582</u>	<u>\$ 316,091</u>	<u>\$ 925,842</u>	<u>\$ 6,139</u>	<u>\$ 6,516,102</u>
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Certificates Obligation Series 2007	Certificates Obligation Series 2008	Road Bonds Series 2006A	Road Bonds Series 2006B	Road Bonds Series 2008A	Jail Financing Corporation	Totals
\$ -	\$ -	\$ 4,141	\$ 9,641	\$ -	\$ -	\$ 118,142
857,585	6,488,523	2,065,938	1,154,589	10,245,037	-	28,398,477
9,795	15,278	-	-	24,638	-	56,366
-	14	2	-	497	-	526
-	-	-	-	-	-	-
511,162	-	-	-	-	-	763,085
-	-	9,876	-	-	-	9,876
<u>\$ 1,378,542</u>	<u>\$ 6,503,815</u>	<u>\$2,079,957</u>	<u>\$ 1,164,230</u>	<u>\$10,270,172</u>	<u>\$ -</u>	<u>\$29,346,472</u>
\$ 532,433	\$ 1,152,496	\$ 766,921	\$ 185,748	\$ 188,711	\$ -	\$ 3,321,204
396,875	749,237	-	-	156,134	-	1,343,220
-	511,685	-	-	-	-	517,725
<u>929,308</u>	<u>2,413,418</u>	<u>766,921</u>	<u>185,748</u>	<u>344,845</u>	<u>-</u>	<u>5,182,149</u>
449,234	4,090,397	1,313,036	978,482	9,925,327	-	24,164,168
-	-	-	-	-	-	155
<u>449,234</u>	<u>4,090,397</u>	<u>1,313,036</u>	<u>978,482</u>	<u>9,925,327</u>	<u>-</u>	<u>24,164,323</u>
<u>\$ 1,378,542</u>	<u>\$ 6,503,815</u>	<u>\$2,079,957</u>	<u>\$ 1,164,230</u>	<u>\$10,270,172</u>	<u>\$ -</u>	<u>\$29,346,472</u>

MONTGOMERY COUNTY, TEXAS
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2009

E-2

	Library Construction	Road Bonds Series 2003A	Road Bonds Series 2004	Certificates Obligation Series 2004	Certificates Obligation Series 2006
<u>REVENUES:</u>					
Interest	\$ 1,730	\$ 2,170	\$ 5,781	\$ 39	\$ 54,655
<u>TOTAL REVENUES</u>	<u>1,730</u>	<u>2,170</u>	<u>5,781</u>	<u>39</u>	<u>54,655</u>
<u>EXPENDITURES:</u>					
Capital Outlay	159,661	67,773	70,349	1,716,186	6,466,918
Interest and Fiscal Charges	-	-	-	-	-
Issuance Costs	-	-	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>159,661</u>	<u>67,773</u>	<u>70,349</u>	<u>1,716,186</u>	<u>6,466,918</u>
(Deficiency) Revenues Over Expenditures	<u>(157,931)</u>	<u>(65,603)</u>	<u>(64,568)</u>	<u>(1,716,147)</u>	<u>(6,412,263)</u>
<u>OTHER FINANCING SOURCES/(USES):</u>					
Transfers In	-	-	-	1,683,823	6,900
Transfers Out	-	-	-	-	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,683,823</u>	<u>6,900</u>
Net Change in Fund Balance	(157,931)	(65,603)	(64,568)	(32,324)	(6,405,363)
Fund Balances at Beginning of Year	<u>311,886</u>	<u>359,397</u>	<u>989,766</u>	<u>38,463</u>	<u>12,434,124</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 153,955</u>	<u>\$ 293,794</u>	<u>\$ 925,198</u>	<u>\$ 6,139</u>	<u>\$ 6,028,761</u>

Certificates Obligation Series 2007	Certificates Obligation Series 2008	Road Bonds Series 2006A	Road Bonds Series 2006B	Road Bonds Series 2008A	Jail Financing Corporation	Totals
\$ 22,696	\$ 78,488	\$ 22,764	\$ 103,391	\$ 53,479	\$ 13,281	\$ 358,474
<u>22,696</u>	<u>78,488</u>	<u>22,764</u>	<u>103,391</u>	<u>53,479</u>	<u>13,281</u>	<u>358,474</u>
5,050,905	12,319,140	3,251,797	20,698,470	2,389,943	-	52,191,142
-	-	-	-	-	-	-
-	100	-	-	100	-	200
<u>5,050,905</u>	<u>12,319,240</u>	<u>3,251,797</u>	<u>20,698,470</u>	<u>2,390,043</u>	<u>-</u>	<u>52,191,342</u>
<u>(5,028,209)</u>	<u>(12,240,752)</u>	<u>(3,229,033)</u>	<u>(20,595,079)</u>	<u>(2,336,564)</u>	<u>13,281</u>	<u>(51,832,868)</u>
-	-	-	-	-	-	1,690,723
-	(522)	-	-	-	(972,426)	(972,948)
<u>-</u>	<u>(522)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(972,426)</u>	<u>717,775</u>
(5,028,209)	(12,241,274)	(3,229,033)	(20,595,079)	(2,336,564)	(959,145)	(51,115,093)
<u>5,477,443</u>	<u>16,331,671</u>	<u>4,542,069</u>	<u>21,573,561</u>	<u>12,261,891</u>	<u>959,145</u>	<u>75,279,416</u>
<u>\$ 449,234</u>	<u>\$ 4,090,397</u>	<u>\$ 1,313,036</u>	<u>\$ 978,482</u>	<u>\$ 9,925,327</u>	<u>\$ -</u>	<u>\$ 24,164,323</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, 2009

F-1

	<u>Restitution Center</u>	<u>County Officials</u>	<u>Totals</u>
<u>ASSETS:</u>			
Cash	\$ 5,018	\$ 14,817,431	\$ 14,822,449
Investments, at Fair Value	-	848,772	848,772
Accounts Receivable	-	85,210	85,210
<u>TOTAL ASSETS</u>	<u>\$ 5,018</u>	<u>\$ 15,751,413</u>	<u>\$ 15,756,431</u>
<u>LIABILITIES:</u>			
Accounts Payable	\$ 5,018	\$ 10,800,356	\$ 10,805,374
Due to Other Governments	-	4,951,057	4,951,057
<u>TOTAL LIABILITIES</u>	<u>\$ 5,018</u>	<u>\$ 15,751,413</u>	<u>\$ 15,756,431</u>

MONTGOMERY COUNTY, TEXAS
Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year Ended September 30, 2009

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	Balance October 1, 2008	Additions	Deductions	Balance September 30, 2009
<u>RESTITUTION CENTER:</u>				
Assets:				
Cash	\$ 14,595	\$ 373,550	\$ 383,127	\$ 5,018
Liabilities:				
Accounts Payable	\$ 14,595	\$ 373,550	\$ 383,127	\$ 5,018

COUNTY OFFICIALS:

Assets:				
Cash	\$ 12,541,003	\$ 1,038,812,572	\$ 1,036,536,144	\$ 14,817,431
Investments, at Fair Value	1,095,368	1,064,073	1,310,669	848,772
Accounts Receivable	7,569	91,838	14,197	85,210
Due from Other Funds	-	467,185	467,185	-
Total Assets	<u>\$ 13,643,940</u>	<u>\$ 1,040,435,668</u>	<u>\$ 1,038,328,195</u>	<u>\$ 15,751,413</u>
Liabilities:				
Accounts Payable	\$ 8,420,828	\$ 34,248,541	\$ 31,869,013	\$ 10,800,356
Due to Other Funds	-	432,467,425	432,467,425	-
Due to Other Governments	5,223,112	573,719,702	573,991,757	4,951,057
Total Liabilities	<u>\$ 13,643,940</u>	<u>\$ 1,040,435,668</u>	<u>\$ 1,038,328,195</u>	<u>\$ 15,751,413</u>

TOTALS - ALL AGENCY FUNDS:

Assets:				
Cash	\$ 12,555,598	\$ 1,039,186,122	\$ 1,036,919,271	\$ 14,822,449
Investments, at Fair Value	1,095,368	1,064,073	1,310,669	848,772
Accounts Receivable	7,569	91,838	14,197	85,210
Due from Other Funds	-	467,185	467,185	-
Total Assets	<u>\$ 13,658,535</u>	<u>\$ 1,040,809,218</u>	<u>\$ 1,038,711,322</u>	<u>\$ 15,756,431</u>
Liabilities:				
Accounts Payable	\$ 8,435,423	\$ 34,622,091	\$ 32,252,140	\$ 10,805,374
Due to Other Funds	-	432,467,425	432,467,425	-
Due to Other Governments	5,223,112	573,719,702	573,991,757	4,951,057
Total Liabilities	<u>\$ 13,658,535</u>	<u>\$ 1,040,809,218</u>	<u>\$ 1,038,711,322</u>	<u>\$ 15,756,431</u>

**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, 2009

G-1

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 13,758,369
Buildings	186,169,398
Improvements Other than Buildings	21,634,823
Equipment	73,854,481
Infrastructure	1,032,964,579
Construction in Progress	3,262,244

<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>\$ 1,331,643,894</u>
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INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS

BY SOURCE:

General Fund	\$ 231,608,110
Special Revenue Funds	1,096,773,540
Capital Project Funds	3,262,244

<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>\$ 1,331,643,894</u>
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MONTGOMERY COUNTY, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
September 30, 2009

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Page 1 of 2

Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Equipment
<u>GENERAL ADMINISTRATION:</u>					
County Judge	\$ 11,859	\$ -	\$ -	\$ -	\$ 11,859
Human Resources	8,580	-	-	-	8,580
Risk Management	39,254	-	-	-	39,254
County Clerk	669,792	-	-	-	669,792
Collections	17,148	-	-	-	17,148
Purchasing Agent	478,282	-	-	-	478,282
Commns/Info Services	1,859,329	-	86,900	8,000	1,764,429
County Buildings	91,765,477	-	91,680,463	85,014	-
County Land	6,481,240	6,361,327	-	119,913	-
<u>TOTAL GENERAL ADM</u>	<u>101,330,961</u>	<u>6,361,327</u>	<u>91,767,363</u>	<u>212,927</u>	<u>2,989,344</u>
<u>FINANCIAL ADMINISTRATIVE:</u>					
County Auditor	66,073	-	-	-	66,073
County Treasurer	26,149	-	-	-	26,149
Tax Assessor/Collector	172,334	7,500	-	-	164,834
<u>TOTAL FINANCIAL ADM</u>	<u>264,556</u>	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>257,056</u>
<u>CONSERVATION:</u>					
Extension Agents	648,629	-	608,948	15,520	24,161
Recycling Stations	161,878	-	66,318	20,722	74,838
<u>TOTAL CONSERVATION</u>	<u>810,507</u>	<u>-</u>	<u>675,266</u>	<u>36,242</u>	<u>98,999</u>
<u>ELECTIONS:</u>					
Elections Administrator	3,383,449	3,000	493,239	70,469	2,816,741
<u>TOTAL ELECTIONS ADM</u>	<u>3,383,449</u>	<u>3,000</u>	<u>493,239</u>	<u>70,469</u>	<u>2,816,741</u>
<u>FACILITIES:</u>					
Custodial Services	705,444	-	168,473	6,155	530,816
Building Maintenance	970,891	-	171,407	5,668	793,816
Parks	22,523,185	4,496,671	4,159,330	13,773,763	93,421
Jail	1,245,493	-	727,989	-	517,504
Joe Corley Detention Facility	43,904,260	819,217	37,314,360	4,543,490	1,227,193
Civic Center	16,451,175	88,216	14,551,294	1,432,085	379,580
<u>TOTAL FACILITIES</u>	<u>85,800,448</u>	<u>5,404,104</u>	<u>57,092,853</u>	<u>19,761,161</u>	<u>3,542,330</u>
<u>HEALTH AND WELFARE:</u>					
Public Health	4,155,715	49,211	3,894,545	-	211,959
Child Welfare	2,583	-	-	-	2,583
Community Development	6,225,584	87,500	5,764,115	-	373,969
<u>TOTAL HEALTH/WELFARE</u>	<u>10,383,882</u>	<u>136,711</u>	<u>9,658,660</u>	<u>-</u>	<u>588,511</u>

MONTGOMERY COUNTY, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
September 30, 2009

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Page 2 of 2

Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Equipment	Infrastructure
<u>JUDICIAL:</u>						
Courts	350,863	-	-	924	349,939	-
District Attorney	319,597	-	-	-	319,597	-
District Clerk	412,778	-	-	-	412,778	-
Justice of Peace	2,392,532	-	2,268,998	4,930	118,604	-
<u>TOTAL JUDICIAL</u>	<u>3,475,770</u>	<u>-</u>	<u>2,268,998</u>	<u>5,854</u>	<u>1,200,918</u>	<u>-</u>
<u>LEGAL SERVICES:</u>						
County Attorney	37,646	-	-	-	37,646	-
Law Library	1,103,268	-	-	-	1,103,268	-
<u>TOTAL LEGAL SERVICES</u>	<u>1,140,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,140,914</u>	<u>-</u>
<u>PUBLIC SAFETY:</u>						
Emergency Management	5,344,587	-	-	244,516	5,100,071	-
Fire Marshall	33,326	-	-	-	33,326	-
Department of Public Safety	1,213	-	-	-	1,213	-
Constables	1,737,084	-	86,522	3,440	1,647,122	-
Sheriff	29,202,218	183,856	1,542,623	549,987	26,925,752	-
District Attorney Forfeitures	209,357	-	-	8,900	200,457	-
Juvenile Probation	1,674,958	-	1,347,769	-	327,189	-
Adult Probation	18,604	-	-	-	18,604	-
<u>TOTAL PUBLIC SAFETY</u>	<u>38,221,347</u>	<u>183,856</u>	<u>2,976,914</u>	<u>806,843</u>	<u>34,253,734</u>	<u>-</u>
<u>PUBLIC TRANSPORTATION:</u>						
Engineer	57,727	-	-	-	57,727	-
Commissioners' Operations	1,030,304,492	478,296	1,987,227	194,925	13,600,066	1,014,043,978
Airport	23,975,901	86,806	4,079,499	495,708	393,287	18,920,601
<u>TOTAL PUBLIC TRANSPORTATION</u>	<u>1,054,338,120</u>	<u>565,102</u>	<u>6,066,726</u>	<u>690,633</u>	<u>14,051,080</u>	<u>1,032,964,579</u>
<u>CULTURE AND RECREATION:</u>						
Memorial Library	29,231,696	1,096,769	15,169,379	50,694	12,914,854	-
<u>TOTAL CULTURE/REC</u>	<u>29,231,696</u>	<u>1,096,769</u>	<u>15,169,379</u>	<u>50,694</u>	<u>12,914,854</u>	<u>-</u>
<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>						
	1,328,381,650	\$13,758,369	\$186,169,398	\$ 21,634,823	\$73,854,481	\$1,032,964,579
Construction In Progress	3,262,244					
<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>\$1,331,643,894</u>					

MONTGOMERY COUNTY, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
Year Ended September 30, 2009

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Function and Activity	Govtl Funds Capital Assets October 1, 2008	Additions	Deletions	Govtl Funds Capital Assets September 30, 2009
<u>GENERAL ADMINISTRATION:</u>				
County Judge	\$ 13,069	\$ -	\$ 1,210	\$ 11,859
Human Resources	8,580	-	-	8,580
Risk Management	19,455	19,799	-	39,254
County Clerk	618,361	149,102	97,671	669,792
Collections	17,148	-	-	17,148
Purchasing Agent	377,780	1,724,241	1,623,739	478,282
Commns/Info Services	1,224,093	727,286	92,050	1,859,329
County Buildings	71,016,572	20,748,905	-	91,765,477
County Land	6,235,976	245,264	-	6,481,240
<u>TOTAL GENERAL ADM</u>	<u>79,531,034</u>	<u>23,614,597</u>	<u>1,814,670</u>	<u>101,330,961</u>
<u>FINANCIAL ADMINISTRATION:</u>				
County Auditor	58,104	22,218	14,249	66,073
County Treasurer	26,149	-	-	26,149
Tax Assessor/Collector	189,443	24,291	41,400	172,334
<u>TOTAL FINANCIAL ADM</u>	<u>273,696</u>	<u>46,509</u>	<u>55,649</u>	<u>264,556</u>
<u>CONSERVATION:</u>				
Extension Agents	47,478	601,151	-	648,629
Recycling Stations	161,878	-	-	161,878
<u>TOTAL CONSERVATION</u>	<u>209,356</u>	<u>601,151</u>	<u>-</u>	<u>810,507</u>
<u>ELECTIONS:</u>				
Elections Administrator	3,379,999	7,271	3,821	3,383,449
<u>TOTAL ELECTIONS</u>	<u>3,379,999</u>	<u>7,271</u>	<u>3,821</u>	<u>3,383,449</u>
<u>FACILITIES:</u>				
Custodial Services	676,181	30,766	1,503	705,444
Building Maintenance	890,459	96,370	15,938	970,891
Parks	14,282,155	8,262,177	21,147	22,523,185
Jail	1,123,429	479,387	357,323	1,245,493
Joe Corley Detention Facility	43,406,365	497,895	-	43,904,260
Civic Center	16,568,508	135,672	253,005	16,451,175
<u>TOTAL FACILITIES</u>	<u>76,947,097</u>	<u>9,502,267</u>	<u>648,916</u>	<u>85,800,448</u>
<u>HEALTH AND WELFARE:</u>				
Public Health	2,379,168	1,784,926	8,379	4,155,715
Child Welfare	2,583	-	-	2,583
Community Development	3,779,859	2,453,230	7,505	6,225,584
<u>TOTAL HEALTH & WELFARE</u>	<u>6,161,610</u>	<u>4,238,156</u>	<u>15,884</u>	<u>10,383,882</u>

MONTGOMERY COUNTY, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
Year Ended September 30, 2009

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Function and Activity	Govtl Funds Capital Assets October 1, 2008	Additions	Deletions	Govtl Funds Capital Assets September 30, 2009
<u>JUDICIAL:</u>				
Courts	346,077	45,911	41,125	350,863
District Attorney	234,079	69,733	(15,785)	319,597
District Clerk	397,594	16,974	1,790	412,778
Justice of Peace	1,863,269	563,734	34,471	2,392,532
<u>TOTAL JUDICIAL</u>	<u>2,841,019</u>	<u>696,352</u>	<u>61,601</u>	<u>3,475,770</u>
<u>LEGAL SERVICES:</u>				
County Attorney	24,165	16,739	3,258	37,646
Law Library	982,340	120,928	-	1,103,268
<u>TOTAL LEGAL SERVICES</u>	<u>1,006,505</u>	<u>137,667</u>	<u>3,258</u>	<u>1,140,914</u>
<u>PUBLIC SAFETY:</u>				
Emergency Management	3,560,712	1,785,498	1,623	5,344,587
Fire Marshal	30,865	2,461	-	33,326
Department of Public Safety	1,213	-	-	1,213
Constables	1,553,010	337,102	153,028	1,737,084
Sheriff	27,045,943	3,341,693	1,185,418	29,202,218
District Attorney Forfeitures	159,745	74,951	25,339	209,357
Juvenile Probation	332,588	1,354,450	12,080	1,674,958
Adult Probation	19,834	1,055	2,285	18,604
<u>TOTAL PUBLIC SAFETY</u>	<u>32,703,910</u>	<u>6,897,210</u>	<u>1,379,773</u>	<u>38,221,347</u>
<u>PUBLIC TRANSPORTATION:</u>				
Engineer	62,861	-	5,134	57,727
Commissioners' Operations	969,760,128	61,307,891	763,527	1,030,304,492
Airport	13,159,514	10,856,727	40,340	23,975,901
<u>TOTAL PUBLIC TRANS</u>	<u>982,982,503</u>	<u>72,164,618</u>	<u>809,001</u>	<u>1,054,338,120</u>
<u>CULTURE & RECREATION:</u>				
Memorial Library	29,276,872	408,159	453,335	29,231,696
<u>TOTAL CULTURE/REC</u>	<u>29,276,872</u>	<u>408,159</u>	<u>453,335</u>	<u>29,231,696</u>
Construction In Progress	23,741,057	23,699,168	44,177,981	3,262,244
<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>\$ 1,239,054,658</u>	<u>\$ 142,013,125</u>	<u>\$ 49,423,889</u>	<u>\$ 1,331,643,894</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		
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
2009	377,016,683	6,139	8,305,224	(45,241,159)	340,086,887

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

	2004	2005	2006	2007	2008	2009
Expenses						
Governmental Activities:						
General Administration	\$ 11,020,255	\$ 11,228,147	\$ 13,416,534	\$ 11,780,620	\$ 16,822,168	\$ 22,046,369
Judicial	14,196,220	14,787,696	16,761,386	17,042,393	15,894,641	22,794,440
Legal	1,688,226	1,823,681	2,101,795	2,233,072	2,445,787	2,678,359
Elections	741,325	460,869	1,086,378	1,466,229	1,947,963	1,694,067
Financial Administration	3,775,200	4,398,998	4,791,906	4,981,536	5,088,713	5,917,962
Public Facilities	6,351,995	16,611,013	20,768,370	20,208,449	19,887,748	41,255,267
Public Safety	41,783,788	38,293,859	41,162,610	44,725,170	51,558,472	55,941,218
Health and Welfare	5,679,181	6,253,621	8,958,511	7,637,646	16,301,079	29,039,919
Culture and Recreation	4,746,828	6,257,162	7,051,403	8,460,806	8,697,389	9,981,330
Conservation	565,941	721,238	721,982	760,370	825,476	341,910
Public Transportation	14,662,727	23,780,503	58,874,891	69,455,834	76,212,732	95,536,899
Miscellaneous	7,234,220	4,519,314	3,009,024	2,846,822	1,070,696	1,156,114
Debt Service	8,062,860	7,464,112	10,553,741	11,701,725	15,998,167	21,121,081
Total Governmental Activities Expenses	120,508,766	136,600,213	189,258,531	203,300,672	232,751,031	309,504,935
Total Primary Government Expenses	\$120,508,766	\$136,600,213	\$189,258,531	\$203,300,672	\$232,751,031	\$309,504,935
Program Revenues						
Governmental Activities:						
Fees, Fines, Forfeitures and Charges for Services						
General Administration	4,860,689	5,063,830	6,445,057	7,393,470	5,797,753	5,402,968
Judicial	4,882,789	9,276,673	7,800,759	7,440,711	8,712,572	10,475,877
Legal	415,324	399,053	471,138	527,537	483,018	501,896
Elections	14,777	1,548	30,500	1,569	2,081	1,131
Financial Administration	677,703	1,167,804	1,325,948	1,459,788	2,101,194	2,268,952

MONTGOMERY COUNTY, TEXAS

Changes in Net Assets

Last Six Fiscal Years

(accrual basis of accounting)

TABLE II

	2004	2005	2006	2007	2008	2009
Public Facilities	498,226	567,862	843,224	1,000,092	4,548,064	24,717,702
Public Safety	10,994,274	10,794,828	13,425,676	14,774,292	14,255,517	15,388,348
Health and Welfare	1,008,941	1,058,085	1,276,884	1,266,457	1,495,403	1,478,897
Culture and Recreation	226,038	230,775	246,400	258,398	294,045	323,520
Public Transportation	7,720,244	7,382,918	7,725,846	7,987,128	7,714,365	8,442,985
Operating Grants and Contributions	5,787,485	8,238,497	8,343,395	8,288,928	15,376,235	29,439,925
Capital Grants and Contributions	1,032,241	27,335,093	41,591,644	65,322,295	60,429,833	55,848,681
Total Governmental Activities Program Revenues	38,118,731	71,516,966	89,526,471	115,720,665	121,210,080	154,290,882
Total Primary Government Program Revenues	\$ 38,118,731	\$ 71,516,966	\$ 89,526,471	\$ 115,720,665	\$ 121,210,080	\$ 154,290,882
Net (Expense) Revenue	\$ (82,390,035)	\$ (65,083,247)	\$ (99,732,060)	\$ (87,580,007)	\$ (111,540,951)	\$ (155,214,053)
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Taxes						
Property Taxes	\$ 86,767,811	\$ 95,927,528	105,410,635	115,740,129	131,600,844	145,696,133
Other Taxes	929,853	1,077,680	1,142,888	1,381,764	1,610,605	1,719,903
Unrestricted Grants and Contributions	-	-	-	-	-	-
Investment Earnings	785,873	2,007,229	3,582,630	8,442,457	5,680,817	1,667,591
Miscellaneous	260,233	776,504	160,887	419,968	1,435,277	463,953
Total Governmental Activities	88,743,770	99,788,941	110,297,040	125,984,318	140,327,543	149,547,580
Total Primary Government	\$ 88,743,770	\$ 99,788,941	\$ 110,297,040	\$ 125,984,318	\$ 140,327,543	\$ 149,547,580
Change in Net Assets	\$ 6,353,735	\$ 34,705,694	\$ 10,564,980	\$ 38,404,311	\$ 28,786,592	\$ (5,666,473)

MONTGOMERY COUNTY, TEXAS

Governmental Fund Balances

Last Ten Fiscal Years

	Fiscal Year			
	2000	2001	2002	2003
General Fund				
Reserved for:				
Prepaid items	\$ -	\$ -	\$ -	\$ 25,209
Unreserved	5,703,369	1,097,068	1,452,802	3,111,416
Total General Fund	<u>\$ 5,703,369</u>	<u>\$ 1,097,068</u>	<u>\$ 1,452,802</u>	<u>\$ 3,136,625</u>
All Other Governmental Funds				
Reserved for:				
Prepaid items	\$ 500	\$ 10,468	\$ 293,686	\$ 44,865
Capital projects	6,221,991	13,836,579	23,390,216	42,881,808
Inventory	33,786	49,274	59,883	72,409
Debt service	811,885	2,860,746	1,580,961	2,043,861
Unreserved, reported in:				
Special revenue funds	5,711,670	4,987,601	4,390,626	2,466,223
Total All Other Governmental Funds	<u>\$ 12,779,832</u>	<u>\$ 21,744,668</u>	<u>\$ 29,715,372</u>	<u>\$ 47,509,166</u>

TABLE III

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 186,540	\$ -	\$ 355,284	\$ 405,442	\$ 226,088	\$ 1,209,368
4,597,977	9,818,012	16,496,456	20,357,618	25,621,544	33,804,639
<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>	<u>\$ 35,014,007</u>
\$ 56,219	\$ 1,799,127	\$ 1,464,625	\$ 3,183,467	\$ 769,559	\$ 1,533
40,717,540	25,183,317	124,460,927	119,067,943	109,016,095	91,075,383
77,008	80,227	71,186	66,617	67,641	85,034
2,160,259	2,142,695	2,246,764	2,633,600	4,561,190	12,206,656
1,774,849	500,665	4,228,581	3,908,678	21,832,516	26,929,735
<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>	<u>\$ 130,298,341</u>

MONTGOMERY COUNTY, TEXAS
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2000	2001	2002	2003
Revenues				
Taxes	\$ 55,606,396	\$ 61,792,434	\$ 69,165,276	\$ 79,235,180
Licenses and Permits	6,203,717	6,134,638	6,848,251	6,774,170
Fees	7,354,016	7,866,591	8,661,726	9,704,730
Intergovernmental	4,344,212	6,031,959	8,493,436	7,528,351
Charges for Services	783,919	948,496	1,078,794	1,126,189
Interest	2,514,623	2,135,375	1,201,707	888,724
Contract Reimbursements	5,647,519	6,160,532	7,351,963	6,952,378
Inmate Housing	1,356,444	375,313	448,159	479,399
Fines and Forfeitures	1,659,434	1,636,656	1,570,219	1,586,335
Miscellaneous	2,731,521	2,404,469	1,864,084	2,143,431
Total Revenues	88,201,801	95,486,463	106,683,615	116,418,887
Expenditures				
General Administration	7,503,373	7,967,743	12,629,952	10,299,486
Judicial	7,750,470	9,078,900	10,294,847	12,775,232
Legal Services	1,713,202	1,468,205	1,452,800	1,560,404
Elections	441,851	450,201	588,836	562,397
Financial Administration	2,749,449	3,151,028	3,464,350	3,520,998
Public Facilities	4,092,645	5,055,180	5,418,380	6,093,188
Public Safety	30,857,263	33,238,674	37,018,409	39,615,733
Health and Welfare	5,007,622	6,985,594	6,312,253	6,590,080
Culture and Recreation	3,615,564	4,253,302	4,281,759	4,390,872
Conservation	299,612	379,251	609,646	712,160
Public Transportation	16,606,255	16,353,845	19,224,885	16,860,588
Miscellaneous	2,352,687	3,937,048	6,427,786	5,594,822
Capital Outlay	16,810,895	10,129,605	15,460,863	17,544,646
Debt Service:				
Principal Retirement	3,123,227	3,355,000	3,685,806	9,700,493
Interest and Fiscal Charges	3,564,820	3,191,279	4,375,931	6,169,771
Issuance Costs	10,456	276,020	438,436	760,392
Total Expenditures	106,499,391	109,270,875	131,684,939	142,751,262
(Deficiency) Revenues over Expenditures	(18,297,590)	(13,784,412)	(25,001,324)	(26,332,375)
Other Financing Sources/(Uses)				
Transfers In	8,089,320	11,554,566	13,891,059	19,849,875
Transfers Out	(8,089,320)	(11,554,566)	(13,891,059)	(19,849,875)
Capital Lease Financing	1,660,192	2,397,596	8,230,514	151,948
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	45,699,907
Discounts/Premiums on Debt Issuance	-	-	-	-
Total Other Financing Sources/(Uses)	1,660,192	19,897,596	33,327,762	45,851,855
Prior Period Adjustment	-	(1,754,649)	-	-
Net Change in Fund Balances	\$ (16,637,398)	\$ 4,358,535	\$ 8,326,438	\$ 19,519,480
Debt Service as a percentage of noncapital expenditures	7.5%	6.9%	7.3%	13.3%

TABLE IV

2004	2005	2006	2007	2008	2009
\$ 87,999,696	\$ 96,881,886	\$ 106,734,347	\$ 117,303,468	\$ 132,652,213	\$ 147,492,907
7,391,938	7,090,124	7,705,191	7,903,148	7,813,929	8,116,936
10,355,267	11,245,253	13,965,850	14,919,639	14,702,564	14,027,489
7,780,777	9,753,650	12,928,979	16,939,038	25,176,883	34,078,838
1,159,017	1,208,604	1,479,104	1,683,063	1,927,909	2,094,454
785,873	2,007,225	3,582,649	8,580,033	5,898,574	1,312,224
7,587,085	8,026,103	9,105,696	10,385,885	11,138,260	12,126,654
118,818	50,430	1,356,977	1,607,241	3,566,886	23,895,939
2,421,254	2,338,177	2,010,036	1,933,374	2,026,564	3,192,219
1,706,620	2,477,813	2,421,395	2,084,903	3,802,795	2,741,345
127,306,345	141,079,265	161,290,224	183,339,792	208,706,577	249,079,005
9,656,917	11,956,474	12,249,238	12,293,414	13,532,419	17,048,371
14,135,706	14,533,798	16,621,754	17,179,832	18,504,705	21,795,715
1,712,325	1,820,797	2,113,773	2,228,239	2,397,829	2,550,211
730,253	650,970	3,144,556	1,373,213	1,606,046	1,258,713
3,737,425	4,359,609	4,751,654	4,966,523	5,251,827	5,624,961
6,376,545	15,795,553	20,439,889	22,477,341	25,448,843	44,144,809
42,296,886	39,990,719	41,794,370	45,184,624	64,484,699	55,809,351
6,426,018	6,979,121	8,969,704	8,883,225	17,851,636	30,236,637
4,473,911	6,102,610	6,948,700	7,812,017	7,314,312	8,008,564
755,853	707,684	646,202	745,767	803,808	845,288
18,210,470	16,857,418	17,390,668	17,161,732	18,991,837	20,469,397
7,234,220	4,519,314	3,009,024	2,846,822	1,070,696	1,156,114
14,361,966	16,092,056	41,126,282	69,694,164	93,906,202	71,212,681
3,237,591	3,034,930	3,830,069	5,305,000	4,598,741	6,557,918
8,831,163	8,087,980	8,285,966	13,929,488	16,024,292	18,713,749
262,523	618,647	-	1,356,675	1,443,423	1,265,496
142,439,772	152,107,680	191,321,849	233,438,076	293,231,315	306,697,975
(15,133,427)	(11,028,415)	(30,031,625)	(50,098,284)	(84,524,738)	(57,618,970)
14,571,754	16,324,181	15,894,991	46,199,570	21,663,686	24,812,746
(14,571,754)	(16,324,181)	(15,894,991)	(46,199,570)	(21,663,686)	(24,812,746)
581,915	1,264,452	262,529	3,953,897	16,599,021	1,133,148
-	45,850,000	-	41,495,000	9,855,000	-
-	(49,904,606)	-	(41,706,307)	(10,211,444)	-
12,805,000	-	137,870,000	44,834,989	79,885,000	56,190,000
671,113	3,772,220	3,650,574	820,247	1,868,429	3,513,538
14,058,028	982,066	141,783,103	49,397,826	97,996,006	60,836,686
-	-	-	-	-	-
\$ (1,075,399)	\$ (10,046,349)	\$ 111,751,478	\$ (700,458)	\$ 13,471,268	\$ 3,217,716
9.6%	8.6%	8.1%	12.6%	11.1%	11.3%



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⁾
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	(3,153,108)	26,751,222	0.4888
2009	23,181,793	3,725,463	3,662,668	3,374,666	(3,609,764)	30,334,826	0.4838

(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

	2000	2001	2002	2003
<u>MONTGOMERY COUNTY, TEXAS:</u>				
General Fund	\$ 0.3498	\$ 0.3446	\$ 0.3509	\$ 0.3568
Special Revenue Funds	0.0746	0.0746	0.0746	0.0525
Debt Service Fund	0.0503	0.0555	0.0455	0.0617
Total Montgomery County, Texas	0.4747	0.4747	0.4710	0.4710

SOUTH MONTGOMERY COUNTY,
TEXAS ROAD DISTRICT NO. 1:

Debt Service Fund	0.0160	-	-	-
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OVERLAPPING GOVERNMENTS:

Special Districts:

Chateau Woods M.U.D.	0.5215	0.5019	0.2500	0.2500
Clover Creek M.U.D.	1.2500	1.2500	1.2500	1.2500
Conroe M.U.D. #1	-	-	-	-
Corinthian Point M.U.D.	0.8175	0.8175	0.8175	0.7987
East Montgomery County M.U.D. #1	0.4397	0.4000	0.3800	0.3800
East Montgomery County M.U.D. #3	-	-	-	0.5000
East Montgomery County M.U.D. #4	-	-	-	-
East Plantation U.D.	0.7430	0.7300	0.7300	0.7300
Far Hills U.D.	0.5700	0.5650	0.4950	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.	0.6593	0.6300	0.5000	0.5000
Lazy River I.D.	0.8285	0.7848	0.7500	0.7200
Montgomery County D.D. #6	0.3358	0.3052	0.3052	0.2922
Montgomery County D.D. #10	-	-	-	-
Montgomery County F.W.S.D. #6	0.3618	0.4200	0.3924	0.3774
Montgomery County Hospital Dist	0.1378	0.1378	0.1338	0.1082
Montgomery County M.U.D. #6	0.5650	0.5550	0.5000	0.3000
Montgomery County M.U.D. #7	0.4576	0.4400	0.4200	0.3800
Montgomery County M.U.D. #8	0.2671	0.2682	0.2263	0.2263
Montgomery County M.U.D. #9	0.9700	0.9700	0.8600	0.7000

TABLE VI

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2004	2005	2006	2007	2008	2009
\$ 0.3627	\$ 0.3822	\$ 0.3869	\$ 0.3611	\$ 0.3630	\$ 0.3647
0.0523	0.0528	0.0528	0.0478	0.0478	0.0464
0.0678	0.0613	0.0566	0.0824	0.0780	0.0727
0.4828	0.4963	0.4963	0.4913	0.4888	0.4838
-	-	-	-	-	-
0.2500	0.2332	0.1939	0.1939	0.1847	0.1793
1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
-	-	-	-	0.6000	0.6000
0.7987	0.7694	0.7222	0.7122	0.6066	0.5587
0.3800	0.3800	0.3600	0.3692	0.3569	0.3543
0.5000	0.7500	0.9500	0.9500	0.9500	0.9500
-	-	-	-	1.3500	1.3500
0.7300	0.7700	0.8100	0.8000	0.7600	0.0729
0.4950	0.4800	0.4800	0.4700	0.4700	0.4700
-	-	1.3500	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	1.2000	1.0000	0.8800	0.8600
0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
0.7200	0.6339	-	0.6050	0.5623	0.5544
0.2922	0.2800	0.2733	0.2733	0.2666	0.2641
-	0.4580	0.4580	0.4580	0.4580	0.4470
0.3774	0.3945	0.3945	0.3945	0.3945	0.3945
0.1082	0.0999	0.0850	0.0781	0.0777	0.0760
0.3000	0.2500	0.2200	0.1100	0.1100	0.1100
0.3800	0.3400	0.3000	0.2000	0.2000	0.1750
0.2263	0.2171	0.2012	0.2272	0.2118	0.2179
0.7000	0.6000	0.6000	0.6000	0.6000	0.6000

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

	2000	2001	2002	2003
Special Districts (continued):				
Montgomery County M.U.D. #15	1.8088	2.1442	2.0800	1.6000
Montgomery County M.U.D. #16	5.0800	5.0800	4.8300	3.9600
Montgomery County M.U.D. #18	0.6600	0.6400	0.5860	0.5600
Montgomery County M.U.D. #19	0.4919	0.4500	0.4500	0.4500
Montgomery County M.U.D. #24	1.6800	1.5900	1.5900	1.5900
Montgomery County M.U.D. #36	0.3956	0.3900	0.3600	0.3600
Montgomery County M.U.D. #39	0.8200	0.7200	0.7200	0.7200
Montgomery County M.U.D. #40	0.4150	0.4050	0.3650	0.3200
Montgomery County M.U.D. #42	1.5000	1.5000	1.5000	1.4800
Montgomery County M.U.D. #46	0.7800	0.6950	0.6300	0.6000
Montgomery County M.U.D. #47	0.4340	0.4200	0.3950	0.3700
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	0.5949	0.5500	0.4500	0.4200
Montgomery County M.U.D. #67	0.4700	0.4700	0.4700	0.4700
Montgomery County M.U.D. #83	0.9880	0.9880	1.0000	1.2500
Montgomery County M.U.D. #84	-	-	-	-
Montgomery County M.U.D. #88	-	-	-	-
Montgomery County M.U.D. #89	-	-	-	1.3900
Montgomery County M.U.D. #90	-	-	-	-
Montgomery County M.U.D. #92	-	-	-	-
Montgomery County M.U.D. #94	-	-	-	1.2200
Montgomery County M.U.D. #95	-	-	-	1.2500
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 #113	-	-	-	-
Montgomery County M.U.D. #115	-	-	-	-
Montgomery County M.U.D. #119	-	-	-	-
Montgomery County U.D. #2	0.6893	0.6800	0.6000	0.5900
Montgomery County U.D. #3	0.5765	0.5765	0.5765	0.5765
Montgomery County U.D. #4	0.3300	0.3800	0.3800	0.3800
Montgomery County W.C.I.D. #1	0.9378	0.8500	0.8200	0.8200
New Caney M.U.D.	0.5076	0.5076	0.5076	0.5076

TABLE VI
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2004	2005	2006	2007	2008	2009
1.6000	1.5000	1.4500	1.3268	1.2937	1.2450
3.9600	2.4600	1.5800	1.3600	1.2300	1.2100
0.5600	0.5100	0.5100	0.5000	0.4900	0.4500
0.4500	0.4000	0.3500	No Tax	0.3243	0.3243
1.5900	1.5700	1.4900	No Tax	1.4000	1.2800
0.3600	0.3600	0.3230	0.1200	0.1200	0.1100
0.7200	0.7000	0.5800	0.4800	0.4700	0.4400
0.3200	0.2800	0.2500	0.2100	0.2100	0.1900
1.4800	1.3800	1.3500	1.3200	1.2500	1.2400
0.6000	0.5800	0.5000	0.4200	0.3800	0.3100
0.3700	0.3600	0.3100	0.2800	0.2800	0.2600
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	0.3500	0.3000	0.2900	0.2650
0.4700	0.4500	0.4300	0.3400	0.3300	0.3200
1.2500	1.2500	1.2500	1.2500	No Tax	1.2500
-	-	1.2500	1.2500	No Tax	1.2500
-	-	No Tax	No Tax	1.3900	1.3900
1.3900	1.3900	1.3900	1.3900	1.3700	1.3000
-	-	0.6000	0.6000	0.6000	0.6000
-	-	0.6000	0.6000	0.6000	0.6000
1.2200	1.2200	1.2200	1.2200	1.2100	1.2000
1.2500	1.2500	1.2500	No Tax	No Tax	No Tax
-	-	1.2500	No Tax	No Tax	1.2300
-	-	-	1.0400	1.0400	1.0400
-	-	-	0.6000	0.6000	0.6000
-	-	-	No Tax	No Tax	No Tax
-	-	-	-	No Tax	1.1000
-	-	-	-	-	1.1000
-	-	-	-	1.3500	1.3500
-	-	-	-	-	1.4500
0.5900	0.5700	0.5700	0.5700	0.5700	0.5700
0.5765	0.4516	0.4516	0.4516	0.4516	0.4516
0.3800	0.3300	0.3800	0.4200	0.5200	0.5002
0.8200	0.8200	0.8200	0.8200	0.7750	0.7750
0.5076	0.5076	0.5376	0.5376	0.5862	0.5862

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

	2000	2001	2002	2003
Special Districts (continued):				
No Harris/Mont. Comm. College	0.1100	0.1100	0.1055	0.1145
Oak Ridge M.U.D.	Annexed	Annexed	Annexed	Annexed
Point Aquarius M.U.D.	0.6708	0.6666	0.5877	0.5558
Porter M.U.D.	0.5150	0.5150	0.5150	0.5150
Rayford Road M.U.D.	0.7620	0.7620	0.7620	0.7620
River Plantation M.U.D.	0.6055	0.5357	0.5026	0.4895
Roman Forest Cons. M.U.D.	0.6429	0.6100	0.5900	0.5800
Roman Forest P.U.D. #3	1.8900	1.8900	1.2500	1.2500
Roman Forest P.U.D. #4	1.8965	1.2500	1.1500	1.1500
South Montgomery County M.U.D.	0.2704	0.2704	0.2704	0.2704
Spring Creek U.D.	0.9100	0.9100	0.9100	1.0100
Stanley Lake M.U.D.	0.6345	0.6345	0.6345	0.6000
Texas National M.U.D.	1.1400	1.1400	1.1200	1.1100
Valley Ranch M.U.D. #1	-	-	-	-
Wood Trace M.U.D. #1	-	-	1.5000	1.2500
Woodlands Metro-Center M.U.D.	0.4000	0.4000	0.3200	0.3000
Woodlands M.U.D. #2	0.4800	0.4600	0.4400	0.4100
Woodlands R.U.D. #1	0.4925	0.5000	0.5000	0.5000
Emergency Service District #1	0.0967	0.1000	0.1000	0.1000
Emergency Service District #2	0.1000	0.1000	0.1000	0.1000
Emergency Service District #3	0.0978	0.1000	0.1000	0.1000
Emergency Service District #4	0.0948	0.0893	0.0820	0.1000
Emergency Service District #5	0.0977	0.1000	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	0.0784	0.0646	0.0545	0.0562
Emergency Service District #9	0.1000	0.1000	0.1000	0.0620
Emergency Service District #10	0.0983	0.1000	0.1000	0.1000
Emergency Service District #11	0.1000	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	43.3078	42.2598	41.2545	43.5173

TABLE VI

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2004	2005	2006	2007	2008	2009
0.1145	0.1145	0.1207	0.1167	0.1144	0.1101
Annexed	Annexed	Annexed	Annexed	Annexed	Annexed
0.5558	0.5347	0.5132	0.6777	0.7463	0.7275
0.5150	0.5150	0.5150	0.5150	0.5150	0.5150
0.7620	0.7620	0.7620	0.7020	0.6420	0.6020
0.4895	0.4812	0.4504	0.3387	0.3156	0.3112
0.5800	0.5650	0.4760	0.3974	0.3708	0.3183
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	0.2326	0.2200	0.2200	0.2200	0.2200
1.0100	1.0100	1.0000	1.0000	1.0000	1.0000
0.6000	0.5800	0.5800	0.5800	0.5000	0.4900
1.1100	0.9022	0.8918	0.8966	0.9190	0.9040
-	-	-	1.4000	1.4000	1.4000
1.2500	1.2500	1.0000	No Tax	0.7500	0.7500
0.3000	0.3000	0.2700	0.2300	0.2100	0.1900
0.4100	0.3750	0.3350	0.2700	0.2400	0.1900
0.5000	0.5000	0.4817	0.4800	0.4800	0.4738
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	0.0984
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	0.1000
0.0562	0.0722	0.0713	0.0725	0.0736	0.0722
0.0620	0.0981	-	0.0998	0.0948	0.0974
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	0.0999
0.1000	0.1000	0.1000	0.1000	0.1000	0.0100
43.5173	41.4957	43.8165	40.6722	44.6022	49.0171

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

	2000	2001	2002	2003
Cities:				
Conroe	0.4200	0.4200	0.4165	0.4335
Magnolia	0.5090	0.4603	0.4052	0.4186
Montgomery	0.4106	0.3620	0.3869	0.3869
Oak Ridge North	0.9950	0.8950	0.7710	0.7579
Panorama Village	0.6802	0.6633	0.6663	0.6586
Patton Village	0.2636	0.2673	0.2779	0.4340
Roman Forest	0.4891	0.4845	0.5000	0.5000
Shenandoah Village	0.6163	0.5000	0.4187	0.4099
Splendora	0.3000	0.3000	0.3000	0.3000
Stagecoach	0.5054	0.5176	0.5316	0.5330
Willis	0.5243	0.5310	0.5647	0.5784
Woodbranch Village	0.5364	0.5214	0.4986	0.4919
Woodloch	0.9446	0.8187	0.7642	0.7186
Houston (County Line City)	0.6550	0.6550	0.6550	0.6550
Total Cities	7.8495	7.3961	7.1566	7.2763
School Districts:				
Cleveland I.S.D.	1.3750	1.5750	1.6000	1.7000
Conroe I.S.D.	1.7025	1.7025	1.7225	1.7325
Magnolia I.S.D.	1.5500	1.6900	1.6900	1.6800
Montgomery I.S.D.	1.6400	1.6600	1.6600	1.6600
New Caney I.S.D.	1.7696	1.6554	1.7100	1.7700
Richards I.S.D.	1.4000	1.4600	1.4629	1.5000
Splendora I.S.D.	1.4200	1.5700	1.6500	1.7300
Tomball I.S.D.	1.6500	1.6800	1.7500	1.7300
Willis I.S.D.	1.6600	1.7200	1.7300	1.7100
Total School Districts	14.1671	14.7129	14.9754	15.2125
<u>TOTAL PROPERTY TAX RATES -</u>				
<u>DIRECT AND OVERLAPPING</u>				
<u>GOVERNMENTS</u>				
	\$65.8151	\$64.8435	\$63.8575	\$66.4771

⁽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

2004	2005	2006	2007	2008	2009
0.4335	0.4335	0.4335	0.4300	0.4250	0.4200
0.4186	0.4963	0.4935	0.4847	0.4914	0.4914
0.3869	0.3869	0.5605	0.5605	0.5423	0.4523
0.7579	0.7579	0.7300	0.7300	0.7000	0.6431
0.6586	0.6653	0.6653	0.6608	0.6694	0.6474
0.4340	0.4585	0.5000	0.5000	0.4851	0.4366
0.5000	0.5198	0.5000	0.4697	0.4697	0.4750
0.4099	0.4010	0.4010	0.3610	0.3470	0.3470
0.3000	0.3000	0.3000	0.3000	0.2955	0.2984
0.5330	0.5520	0.5373	0.5775	0.5675	0.5525
0.5784	0.5903	0.5934	0.5442	0.5431	0.5376
0.4919	0.4775	0.4179	0.4031	0.3719	0.3537
0.7186	0.6884	0.6300	0.5954	0.5953	0.6257
0.6500	0.6500	0.6475	0.6450	0.6438	0.6488
7.2713	7.3774	7.4099	7.2619	7.1470	6.9295
1.7000	1.7000	1.7400	1.5850	1.3150	1.3150
1.7325	1.7325	1.7600	1.5900	1.2400	1.2700
1.6800	1.6800	1.7900	1.6600	1.4200	1.4000
1.6600	1.6600	1.6600	1.5419	1.3500	1.3500
1.7700	1.7700	1.7900	1.6400	1.4150	1.4400
1.5000	1.5000	1.5000	1.3700	1.0400	1.0400
1.7300	1.7300	1.6900	1.5447	1.3173	1.5100
1.7300	1.7300	1.7100	1.5800	1.2750	1.3600
1.7100	1.7350	1.7350	1.6020	1.3060	1.3700
15.2125	15.2375	15.3750	14.1136	11.6783	12.0550
0					
\$66.4839	\$64.6069	\$67.0977	\$62.5390	\$63.9163	\$68.0016

MONTGOMERY COUNTY, TEXAS

Principal Taxpayers
Current Year and Nine Years Ago

TABLE VII

2009 Taxpayer	Type of Business	2009 Assessed Valuation ⁽¹⁾	Percentage of Total Assessed Valuation ⁽²⁾
Wal-Mart Real Estate Bus Trust	Retail	\$ 193,731,273	0.61 %
Entergy Texas Inc	Electric Utility	185,446,743	0.58
Woodlands Land Development, LP	Land Development	155,411,116	0.49
Columbia Conroe Regional Medical Center/Kingwood Medical Plaza	Medical	146,262,620	0.46
Consolidated Communications of Texas	Communications	77,999,490	0.24
Huntsman Petrochemical Corp.	Industrial	64,095,700	0.20
The Woodlands Mall Association	Retail	61,956,137	0.19
Canrig Drilling Tech Ltd	Oil & Gas	59,619,970	0.19
Wapiti Operating LLC	Oil & Gas	57,864,730	0.18
Hughes Christensen Company	Oil & Gas	54,712,691	0.17
		<u>\$ 1,057,100,470</u>	<u>3.31 %</u>

2000 Taxpayer	Type of Business	2000 Assessed Valuation ⁽¹⁾	Percentage of Total Assessed Valuation ⁽³⁾
The Woodlands Companies	Land Development	\$ 342,327,806	3.06 %
Gulf States Utilities	Electric Utility	135,978,380	1.21
Huntsman Petrochemical Corp	Oil Properties	96,750,318	0.86
Columbia Regional Medical Cen Kingwood Medical Plaza	Medical	78,183,762	0.70
TXU Communications Teleph	Telephone Utility	76,672,400	0.68
Eckerd Distribution	Retail Drug Distribution	59,761,504	0.53
Southwestern Bell Telephone	Telephone Utility	56,241,832	0.50
Exxon Corporation	Oil Properties	53,752,951	0.48
Mitchell Energy/Mitchell Resorts	Oil Properties/Land	41,679,447	0.37
Hughes Tool Company	Oil Properties	35,616,819	0.32
		<u>\$ 976,965,219</u>	<u>8.71 %</u>

⁽¹⁾ Source: Montgomery Central Appraisal District

⁽²⁾ Net Assessed Valuation - 2009 \$ 31,993,150,379

⁽³⁾ Net Assessed Valuation - 2000 \$ 11,201,772,490

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

TABLE VIII

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>
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
2009	144,971,851	142,781,596	98.5	2,059,087	144,840,683	99.9	5,920,754

⁽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⁾
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	1.87	834.50
2008	285,396,527	44,834,989	73,180,000	19,053,887	422,465,403	N/A	980.74
2009	337,600,000	43,758,601	71,685,000	17,409,156	470,452,757	N/A	1,080.50

⁽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 2008 and 2009 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				Less: Amounts Available for Debt Service	Total	Percentage of Actual Value of Property ⁽²⁾	Per Capita ⁽³⁾
	General Obligation Bonds	Lease Revenue Bonds	Certificates of Obligation	Total				
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
2009	337,600,000	43,758,601	71,685,000	453,043,601	12,206,657	440,836,944	1.45	1,012.48

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

⁽²⁾ Taxable Assessed Valuation can be found in Table V.

⁽³⁾ Population data can be found in Table XIV.

MONTGOMERY COUNTY, TEXAS

Legal Debt Margin ⁽¹⁾

Last Ten Fiscal Years

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Assessed value ⁽²⁾	\$ 9,497,283	\$ 10,671,089	\$ 12,252,007	\$ 14,154,934
Debt limit ⁽³⁾	2,374,321	2,667,772	3,063,002	3,538,734
Debt applicable to limit				
Total bonded debt	70,267	85,316	107,597	150,287
Less: Assets in Debt				
Service Funds available				
for payment of principal	<u>(812)</u>	<u>(2,860)</u>	<u>(1,581)</u>	<u>(2,044)</u>
Total debt applicable				
to limit	<u>69,455</u>	<u>82,456</u>	<u>106,016</u>	<u>148,243</u>
Legal debt margin	<u>\$ 2,304,866</u>	<u>\$ 2,585,316</u>	<u>\$ 2,956,986</u>	<u>\$ 3,390,491</u>
Total debt applicable				
to the limit as a				
percent of debt limit	2.93%	3.09%	3.46%	4.19%

⁽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

2004	2005	2006	2007	2008	2009
\$ 15,380,063	\$ 16,586,307	\$ 16,655,256	\$ 20,531,197	\$ 23,665,820	\$ 26,960,161
3,845,016	4,146,577	4,163,814	5,132,799	5,916,455	6,740,041
159,631	155,043	288,685	329,114	403,661	453,044
(2,160)	(2,143)	(2,247)	(2,631)	(4,561)	(12,207)
157,471	152,900	286,438	326,483	399,100	440,837
\$ 3,687,545	\$ 3,993,677	\$ 3,877,376	\$ 4,806,316	\$ 5,517,355	\$ 6,299,204
4.10%	3.69%	6.88%	6.36%	6.75%	6.54%

MONTGOMERY COUNTY, TEXAS

Direct and Overlapping Debt

September 30, 2009

TABLE XII

	Debt Outstanding	Percentage Applicable to Montgomery County ⁽¹⁾	Amount Applicable to Montgomery County
Montgomery County, Texas	\$ 453,043,601	100.00	\$ 453,043,601

OVERLAPPING GOVERNMENTS:

Special Districts:

Clovercreek M.U.D.	1,625,000	100.00	1,625,000
Corinthian Point M.U.D. #2	1,115,000	100.00	1,115,000
East Montgomery Co M.U.D #3	7,775,000	100.00	7,775,000
East Plantation U.D.	3,500,000	100.00	3,500,000
Far Hills U.D.	2,645,000	100.00	2,645,000
Grand Oaks M.U.D.	1,975,000	100.00	1,975,000
Kings Manor M.U.D.	13,030,000	65.17	8,491,651
Lazy River I.D.	1,025,000	100.00	1,025,000
Lone Star College System	451,560,000	23.35	105,439,260
Montgomery Co. D.D. #6	129,990	100.00	129,990
Montgomery Co. D.D. #10	9,580,000	100.00	9,580,000
Montgomery Co. M.U.D. #7	8,235,000	100.00	8,235,000
Montgomery Co. M.U.D. #9	7,379,391	100.00	7,379,391
Montgomery Co. M.U.D. #15	7,510,000	100.00	7,510,000
Montgomery Co. M.U.D. #18	25,435,000	100.00	25,435,000
Montgomery Co. M.U.D. #24	290,000	100.00	290,000
Montgomery Co. M.U.D. #39	18,475,000	100.00	18,475,000
Montgomery Co. M.U.D. #40	3,915,000	100.00	3,915,000
Montgomery Co. M.U.D. #42	1,620,000	100.00	1,620,000
Montgomery Co. M.U.D. #46	112,230,000	100.00	112,230,000
Montgomery Co. M.U.D. #47	37,140,000	100.00	37,140,000
Montgomery Co. M.U.D. #56	2,466,854	100.00	2,466,854
Montgomery Co. M.U.D. #60	26,930,000	100.00	26,930,000
Montgomery Co. M.U.D. #67	20,000,000	100.00	20,000,000
Montgomery Co. M.U.D. #83	17,770,000	100.00	17,770,000
Montgomery Co. M.U.D. #84	8,250,000	100.00	8,250,000
Montgomery Co. M.U.D. #89	28,225,000	100.00	28,225,000
Montgomery Co. M.U.D. #90	5,755,000	100.00	5,755,000
Montgomery Co. M.U.D. #92	1,785,000	100.00	1,785,000
Montgomery Co. M.U.D. #94	27,650,000	100.00	27,650,000
Montgomery Co. M.U.D. #98	2,745,000	100.00	2,745,000
Montgomery Co. M.U.D. #99	3,200,000	100.00	3,200,000
Montgomery Co. M.U.D. #107	4,350,000	100.00	4,350,000

MONTGOMERY COUNTY, TEXAS

Direct and Overlapping Debt

September 30, 2009

TABLE XII

	Debt Outstanding	Percentage Applicable to Montgomery County ⁽¹⁾	Amount Applicable to Montgomery County
Special Districts:(Continued)			
Montgomery Co. M.U.D. #115	3,460,000	100.00	3,460,000
Montgomery Co. U.D. #2	6,620,000	100.00	6,620,000
Montgomery Co. U.D. #3	805,000	100.00	805,000
Montgomery Co. U.D. #4	2,310,000	100.00	2,310,000
Montgomery Co. W.C.I.D. #1	3,495,000	100.00	3,495,000
New Caney M.U.D.	19,765,000	100.00	19,765,000
Point Aquarius M.U.D.	11,360,000	100.00	11,360,000
Porter M.U.D.	12,950,000	100.00	12,950,000
Rayford Road M.U.D.	29,595,000	100.00	29,595,000
River Plantation M.U.D.	395,000	100.00	395,000
Roman Forest Cons. M.U.D.	1,905,000	100.00	1,905,000
Roman Forest P.U.D. #4	765,000	100.00	765,000
South Montgomery Co. M.U.D.	10,750,000	100.00	10,750,000
Spring Creek U.D.	24,415,000	100.00	24,415,000
Stanley Lake M.U.D.	11,150,000	100.00	11,150,000
Texas National M.U.D.	975,000	100.00	975,000
Valley Ranch M.U.D. #1	4,700,000	100.00	4,700,000
Woodlands Metro-Center M.U.D.	19,505,000	100.00	19,505,000
Woodlands M.U.D. #2	1,075,000	100.00	1,075,000
Woodlands R.U.D. #1	70,590,000	100.00	70,590,000
Emergency Service District #1		100.00	- (2)
Emergency Service District #2		100.00	- (2)
Emergency Service District #3		100.00	- (2)
Emergency Service District #4		100.00	- (2)
Emergency Service District #5		100.00	- (2)
Emergency Service District #6		100.00	- (2)
Emergency Service District #7		100.00	- (2)
Emergency Service District #9		100.00	- (2)
Emergency Service District #10		100.00	- (2)
Emergency Service District #11		100.00	- (2)
Emergency Service District #12		100.00	- (2)
Total Special Districts	<u>1,101,901,235</u>		<u>751,242,147</u>
Cities:			
Cleveland	8,390,000	0.05	4,195
Conroe	87,275,000	100.00	87,275,000

MONTGOMERY COUNTY, TEXAS

Direct and Overlapping Debt

September 30, 2009

TABLE XII

	Debt	Percentage	Amount Applicable
	Outstanding	Applicable to	to Montgomery
		Montgomery County ⁽¹⁾	County
Cities:(Continued)			
Magnolia	2,130,000	100.00	2,130,000
Montgomery	3,920,000	100.00	3,920,000
Oak Ridge North	8,215,000	100.00	8,215,000
Panorama Village	2,285,000	100.00	2,285,000
Shenandoah	27,520,000	100.00	27,520,000
Splendora	3,200,000	100.00	3,200,000
Willis	5,755,000	100.00	5,755,000
Woodbranch Village	213,000	100.00	213,000
Houston	3,118,815,265	0.21	6,549,512
Total Cities	<u>5,837,289,336</u>		<u>147,066,707</u>
School Districts			
Cleveland I.S.D.	42,015,884	1.92	806,705
Conroe I.S.D.	841,385	100.00	841,385
Magnolia I.S.D.	171,683,881	100.00	171,683,881
Montgomery I.S.D.	144,115,959	100.00	144,115,959
New Caney I.S.D.	196,665,453	97.43	191,611,151
Richards I.S.D.	140,000	26.37	36,918
Splendora I.S.D.	46,060,131	100.00	46,060,131
Tomball I.S.D.	259,630,000	8.53	22,146,439
Willis I.S.D.	87,495,826	98.10	85,833,405
Total School Districts	<u>948,648,519</u>		<u>663,135,974</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$ 8,340,882,691</u>		<u>\$ 2,014,488,429</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

	Lease Revenue Bonds ⁽¹⁾					
		Less:	Net:	Debt Service		
Year	Lease Payments	Operating Expenses	Available Revenue	Principal	Interest	Coverage
2000	-	-	-	-	-	-
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	2,396,229	2,027,434	368,795	-	1,883,754	0.20
2009	23,189,192	19,902,963	3,286,229	1,076,389	1,998,534	1.07

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 is 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>
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	17,562,064	42,704	91,192	84,323	3.9
2008	430,763	N/A	N/A	95,156	88,627	4.7
2009	435,403	N/A	N/A	98,137	89,328	7.9

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

⁽²⁾ Amounts expressed in thousands.

⁽³⁾ Source: Texas Workforce Commission website
Personal income information for 2008 and 2009 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 2000 through 2008 was obtained from the financial reports of the appropriate year.

MONTGOMERY COUNTY, TEXAS

Principal Employers

Current Year and Nine Years Ago

TABLE XV

<u>2009 Employer ⁽¹⁾</u>	<u>Employees</u>	<u>Percentage of Total County Employment ⁽²⁾</u>
Conroe Independent School District	5,979	3.07 %
Anadarko Petroleum	2,554	1.31
Montgomery County, Texas	1,836	0.94
Hewitt Associates	1,500	0.77
Magnolia Independent School District	1,532	0.79
New Caney Independent School District	1,305	0.67
Conroe Regional Medical Center	1,200	0.62
Lone Star Community College	892	0.46
Willis Independent School District	815	0.42
Huntsman Company LLC	775	0.40
	<u>18,388</u>	<u>9.45 %</u>
<u>2000 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 2009.

⁽²⁾ Total County Employment for 2009 and 2000:

194,857 and 76,629 respectively

Source: The Work Source

⁽³⁾ 2000 Information is limited to manufacturers in the County and available in the form of ranges of employees.

Information has been derived from 2000 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>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>	<u>2009</u>
General Administration	80	85	90	94	100	101	104	111	111	116
Judicial	141	151	168	190	190	201	205	213	213	231
Legal Services	32	33	23	23	25	26	25	29	28	30
Elections	5	5	6	5	6	6	8	9	9	10
Financial Administration	79	80	82	83	85	87	88	89	90	93
Public Facilities	45	50	57	65	69	238	261	334	348	357
Public Safety	554	671	666	647	670	498	502	529	565	612
Health and Welfare	21	28	40	43	48	49	52	55	57	57
Culture and Recreation	85	82	86	90	87	89	124	136	148	148
Conservation	10	10	9	11	12	14	13	15	13	17
Public Transportation	159	167	159	156	162	162	164	163	161	165
Total ⁽³⁾	<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>	<u>1,836</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>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Government				
Construction permits issued ⁽¹⁾	3,604	3,792	4,747	5,569
Estimated value of construction ^{(1) (2)}	1,404,168	696,631	818,130	1,284,674
Health inspections performed ⁽³⁾	6,219	5,847	5,805	5,774
Birth certificates filed ⁽⁴⁾	4,699	4,720	4,440	5,044
Death certificates filed ⁽⁴⁾	1,644	1,781	1,755	1,898
Marriage license applications ⁽⁴⁾	2,611	2,742	2,830	2,755
Registered voters ⁽⁵⁾	184,170	186,295	192,951	197,626
Number of voting precincts ⁽⁵⁾	72	85	85	85
Public Safety - Sheriff				
Total arrests ⁽⁶⁾	14,448	15,104	16,503	16,335
Average number of inmates ⁽⁶⁾	550	558	593	640
Calls for service ⁽⁶⁾	277,185	276,576	273,439	225,576
Number of accidents investigated ⁽⁶⁾	2,205	2,139	2,159	1,965
Miles patrolled ⁽⁶⁾	2,523,192	2,860,529	2,847,347	2,932,365
Gallons of gas used ⁽⁶⁾	249,967	254,863	248,517	272,922
Culture and Recreation - Libraries (tentative)				
Number of items checked out ⁽⁷⁾	1,057,882	1,062,826	1,094,744	1,193,392
Number of libraries ⁽⁷⁾	6	6	6	6
Volumes in collection ⁽⁷⁾	428,355	389,716	418,369	446,221
Number of library visits ⁽⁷⁾	788,730	878,619	993,045	990,066
Library programs attendance ⁽⁷⁾	64,138	66,937	83,527	90,591

⁽¹⁾ Source: Montgomery County Engineer. Years 2000 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. Beginning in Fiscal Year 2007, the responsibility for investigating most traffic accidents in the County has been taken over by the Texas Department of Public Safety.

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

TABLE XVII

Fiscal Year					
2004	2005	2006	2007	2008	2009
6,569	5,565	6,592	5,304	3,699	2,455
1,145,750	1,088,171	1,276,959	1,203,248	1,206,874	1,085,532
7,616	7,882	11,077	11,338	11,194	11,234
5,544	4,453	4,809	5,233	5,343	5,674
1,859	1,520	1,849	1,766	1,994	2,017
2,892	2,122	2,282	2,417	2,324	2,432
214,098	213,414	225,184	223,157	237,299	239,246
85	85	85	85	85	85
18,960	19,036	19,222	21,098	19,676	18,229
726	815	977	1,093	1,025	881
212,919	240,844	292,929	239,492	265,255	285,098
1,898	6,438	12,242	2,838	3,588	1,621
2,812,515	2,795,393	2,619,133	2,752,276	3,386,218	3,224,282
263,816	229,864	201,058	296,675	364,159	362,958
1,196,770	1,210,339	1,451,208	1,628,139	1,697,999	1,924,198
6	6	7	7	7	7
478,205	586,668	477,681	523,000	580,378	655,756
1,011,056	1,026,802	1,089,855	1,099,870	1,202,297	1,402,326
85,220	84,228	99,788	127,971	100,655	141,744

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

<u>Function</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Government				
Office Buildings/Courthouses ⁽¹⁾	22	23	24	24
Public Safety - Sheriff				
Sheriff's Vehicles ⁽²⁾	242	247	257	271
Academy Square Footage ⁽¹⁾	9,600	13,800	13,800	13,800
Public Transportation				
County Roads (miles) ⁽³⁾	2,120	2,127	2,219	2,283
Bridges ⁽³⁾	124	124	126	126
Public Facilities				
Park Acreage ⁽⁴⁾	196	208	228	228
Convention Center Square Footage ⁽⁵⁾	N/A	56,000	56,000	56,000
Community Centers ⁽²⁾	13	13	16	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

2004	2005	2006	2007	2008	2009
24	25	25	31	34	35
256	269	273	278	382	351
13,800	13,800	13,800	13,800	13,800	13,800
2,319	2,342	2,391	2,475	2,525	2,589
144	140	157	157	157	157
228	228	228	1,657	1,748	1,974
56,000	56,000	56,000	56,000	56,000	56,000
17	17	17	17	17	18
108,400	138,516	145,395	169,776	169,776	169,776



