

MONTGOMERY COUNTY TEXAS

Comprehensive Annual Financial Report



**For the Fiscal Year Ended
September 30, 2010**

MONTGOMERY COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2010

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, 2011

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, 2010, 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, 2010 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, 2010 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 Interstate 45, approximately forty miles north of downtown 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, 2010 the new census population was 455,746. This 55% growth in the last decade was evident in the increased demand for service at the county level. The main impetus for growth in the past two decades has come from the expansion of nearby metropolitan Houston. Many Montgomery County residents now work in Houston, and the spread of the city's suburbs into the county has led to a rapid rise in population. In recent years Montgomery County has become a recreation destination for many Houston residents. The area, with its abundant lakes and the Sam Houston National Forest, offers numerous opportunities for hunting, boating, fishing, and hiking.

Montgomery County maintains strict budgetary controls to ensure compliance with legal provisions in the annual appropriated budget approved by the governing body. Activities of the General 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). In recent years, the largest industry has been education, health and social services, with retail trade and manufacturing following. Investments made in Texas highways recently have assisted in attracting new and diverse businesses to the County. The Woodlands, a planned community in south Montgomery County, is home to energy, biomedical, and technology businesses, causing ever-continued growth in the southern part of the County.

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

As part of this future planning, the Commissioners' Court created the Montgomery County Toll Road Authority ("MCTRA") in August 2006. The MCTRA will be charged with the task of collecting tolls from vehicles traveling on that portion of State Highway 242 which connects with Interstate 45 in southern Montgomery County. This project will improve one of the specific roads listed in the agreement with the Texas Department of Transportation, and is expected to commence in early 2011. 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.

In an effort to combat the increasing inflationary cost on medical claims and to control utilization of plan benefits by participants, the County has opened a wellness 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 joint safekeeping accounts at Compass Bank. Special attention is paid to timing maturities to be consistent with construction project draws and regular operating expenditures.

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

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

Energy innovations- Various energy saving ventures have been planned for county owned facilities. Lighting retrofits and solar charging panels will be installed in the county's parking garages to recycle energy produced back into the county's building grid. Infrastructure projects to replace outdated windows and air conditioning units in the Montgomery County Courthouse and old Administration Building are expected to greatly reduce energy consumption. These projects are part of the \$3.2 million U.S. Department of Energy efficiency and conservation grant.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Montgomery County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2009. This was the twenty-second consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

Phyllis L. Martin
Montgomery County Auditor

/s

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Montgomery County
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

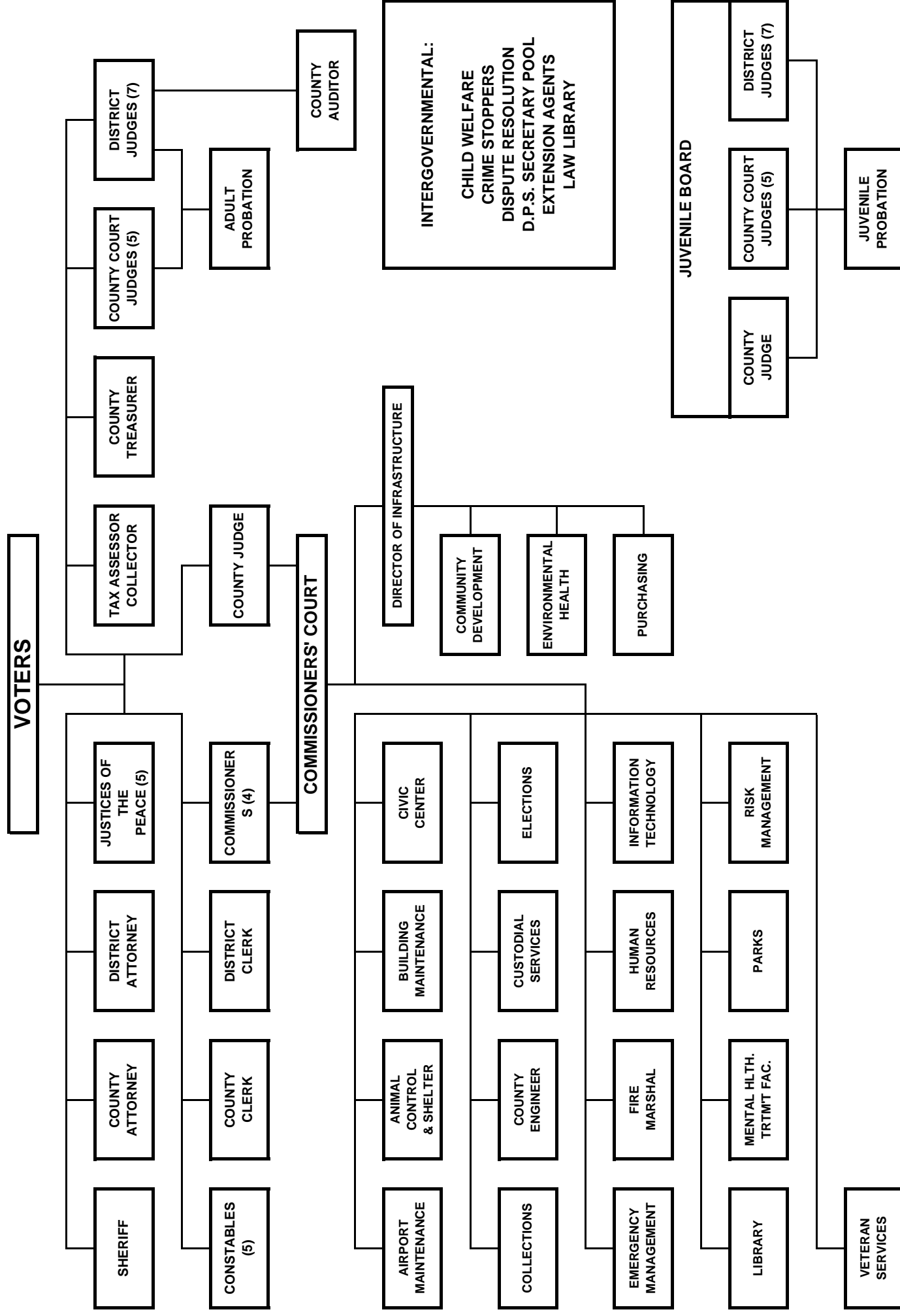
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

MONTGOMERY COUNTY, TEXAS ORGANIZATION CHART



MONTGOMERY COUNTY, TEXAS
DIRECTORY OF OFFICIALS
SEPTEMBER 30, 2010

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
Lisa Michalk
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 Hooper²

Tax Assessor-Collector
County Treasurer
County Auditor¹
Purchasing Agent¹

¹ Designates appointed official. All others are elected.

² New Purchasing Agent appointed during FY2011 – Darlou Zenor



FINANCIAL SECTION



Hereford, Lynch, Sellars & Kirkham

Certified Public Accountants • A Professional Corporation

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

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

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

INDEPENDENT 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, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11-26 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, additional supplementary information, combining and individual nonmajor fund financial statements and schedules, schedules of capital assets used in the operation of governmental funds, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, additional supplementary, and schedules of capital assets used in the operation of governmental funds information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Hereford, Lynch, Sellars & Kirkham, P.C.

HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.

Certified Public Accountants

Conroe, Texas

March 17, 2011

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, 2010. 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 \$330,180,459 (net assets). Of this amount, \$8,839,721 is restricted for specific purposes. With the presentation of the investment in capital assets, unrestricted net assets becomes a negative \$32,066,403. 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 \$301,394,128 and expenses were \$311,300,556. Rapid growth in the county brought about uncommon infrastructure contributions, adding to a decrease in net assets of \$9,906,428.
- At September 30, 2010, the County's governmental funds reported combined ending fund balances of \$122,985,517, a decrease of \$42,326,832 in comparison with the prior year. From the ending fund balance, \$46,764,804 is reserved for specific purposes. Approximately 62% of the ending balance, \$76,220,713, is available for spending at the government's discretion.
- At September 30, 2010, unreserved, undesignated fund balance for the General Fund was \$30,325,544, or 24.7% of total General Fund expenditures.
- The County's total bonded debt increased by \$24,358,100 (5.4%) during the current fiscal year. This increase was brought about by the issuance of \$43,380,000 in Refunding Bonds and \$32,450,000 in certificates of obligation.
- As of fiscal year 2010, the County reported other post-employment benefit obligations (OPEB) of \$12,811,130 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, 2010. 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 38 individual governmental funds during the fiscal year ended September 30, 2010. 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, 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 42-66 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 82-135 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 \$330,180,459 at September 30, 2010, as shown in the table below. This amount represents a decrease through governmental activities of \$9,906,428 from the net assets at September 30, 2009.

Montgomery County, Texas Net Assets - Governmental Activities

	<u>FY 2010</u>	<u>FY 2009</u>
Current and other assets	\$ 197,818,608	\$ 238,561,124
Capital assets	697,161,850	637,534,650
Total assets	<u>894,980,458</u>	<u>876,095,774</u>
Long-term liabilities outstanding	532,075,714	498,777,660
Other liabilities	32,724,285	37,231,227
Total liabilities	<u>564,799,999</u>	<u>536,008,887</u>
Net assets:		
Invested in capital assets, net of related debt	353,407,141	377,016,683
Restricted	8,839,721	8,311,363
Unrestricted	(32,066,403)	(45,241,159)
Total net assets	<u>\$ 330,180,459</u>	<u>\$ 340,086,887</u>

The County's total assets of \$894,980,458 are largely comprised of investments of \$106,167,521, or 11.9%, and capital assets net of accumulated depreciation of \$697,161,850, or 77.9%. The capital assets of the County include land, buildings, improvements other than buildings, equipment, and infrastructure (roads, bridges, signs, etc.). Capital assets are non-liquid assets that provide services to citizens; as a result, these assets cannot be utilized to satisfy County obligations.

As in last year, long-term debt of \$532,075,714 comprises the largest portion of the County's total liabilities of \$564,799,999, at 94.2%. Of total long-term liabilities, \$23,732,856 is due within one year, with the remainder of \$508,342,858 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 \$330,180,459 (net assets) as of September 30, 2010. Roughly 2.7%, or \$8,839,721, 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, \$45,673 is restricted for capital projects and \$8,794,048 is restricted for debt service of compensated absences. The most significant portion (\$353,407,141) 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 \$9,906,428. The key components of this decrease are detailed on the following page.

Montgomery County, Texas
Governmental Activities

	<u>FY 2010</u>	<u>FY 2009</u>
Revenues:		
<i>Program revenues:</i>		
Fees, fines, forfeitures, and charges for services	\$ 73,627,993	\$ 69,002,276
<i>Operating grants and contributions:</i>		
Federal	4,603,480	24,040,424
State	5,236,419	4,592,044
Other	1,606,591	807,457
<i>Capital grants and contributions:</i>		
Federal	6,825,965	3,960,185
State	1,119,253	383,198
Other	48,354,855	51,505,298
<i>General revenues:</i>		
Property taxes	156,397,865	145,696,133
Other taxes	1,824,262	1,719,903
Other general revenues	1,797,445	2,131,544
Total revenues	<u>301,394,128</u>	<u>303,838,462</u>
Expenses:		
General administration	15,339,911	22,046,369
Judicial	24,893,295	22,794,440
Legal services	2,824,360	2,678,359
Elections	1,827,247	1,694,067
Financial administration	6,358,514	5,917,962
Public facilities	43,618,780	41,255,267
Public safety	62,650,758	55,941,218
Health and welfare	9,085,174	29,039,919
Culture and recreation	7,456,924	9,981,330
Conservation	986,843	341,910
Public transportation	111,627,910	95,536,899
Miscellaneous	1,683,887	1,156,114
Debt service interest and fiscal charges	22,946,953	21,121,081
Total expenses	<u>311,300,556</u>	<u>309,504,935</u>
Change in net assets	(9,906,428)	(5,666,473)
Net assets - beginning	<u>340,086,887</u>	<u>345,753,360</u>
Net assets - ending	<u>\$ 330,180,459</u>	<u>\$ 340,086,887</u>

The County's total revenues of \$301,394,128 were all from governmental activities. Property tax revenue accounts for \$156,397,865, or 52%, and is an increase over last year of \$10,701,732. Despite difficult economic times, Montgomery County continues to see increased appraisal values and subsequent tax collections.

Program revenues of fees, fines, forfeitures, and charges for services comprise \$73,627,993, or 24.5%; and grants and contributions encompass \$67,746,563, or 22.5% of total government-wide revenues. This represents a decrease in program revenues of \$12,916,326. Federal Operating Grants and Contributions decreased to \$4,603,480 from 2009. This is a decrease of 19,436,944. This unusual decrease is due to FEMA disaster grants that boosted revenues substantially during 2009 due to Hurricane Ike. Federal Capital Grants increased in 2010 largely due to the amount of grants received by federal agencies in connection with the American Recovery and Reinvestment Act.

Expenses for the year totaled \$311,300,556. The Public Transportation function accounted for \$111,627,910, or 35.8% of the total government-wide expenses. The increase in spending in the public transportation function (\$16,091,011) continues to be due to the several large road construction projects the County has undertaken. These projects are primarily for the widening and improvement of State-owned roads, creating inflated expenditures in the public transportation function, with no offsetting asset capitalization.

The General Administration function expenses decreased to \$15,339,911. This significant decrease of \$6,706,458 was due to the ongoing construction of the new Alan B. Sadler Commissioners' Court Building and the accompanying parking garage during fiscal year 2009.

Expenses in the Health and Welfare function decreased to \$9,085,174, a \$19,954,745 reduction from 2009. This was primarily due to FEMA Costs which were incurred during 2009 in response to the County's efforts to recover from the destruction that Hurricane Ike caused.

The government's ending net assets of \$330,180,459 represent a decrease of \$9,906,428 from the prior year's \$340,086,887 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 2010</u>	<u>FY 2009</u>
<i>Governmental funds activity:</i>		
Total revenues	\$ 246,984,808	\$ 249,079,005
Total expenditures	<u>325,097,604</u>	<u>306,697,975</u>
Excess (Deficiency) of revenues over expenditures	(78,112,796)	(57,618,970)
Capital lease financing	3,125,403	1,133,148
Issuance of certificates of obligation	32,450,000	-
Issuance of refunding bonds	43,380,000	56,190,000
Payment to refunded bond escrow agent	(44,643,876)	-
Premiums on obligations, net	<u>1,474,437</u>	<u>3,513,538</u>
Net change in fund balance	(42,326,832)	3,217,716
<i>Government-wide activity:</i>		
Difference between current year's capital outlay expenditures and depreciation expense	11,557,171	(4,283,101)
Net effect of capital asset sales, donations, trade-ins, etc.	48,070,031	51,414,149
Revenues not reported in funds because they do not provide current-period financial resources	6,339,288	3,345,305
Long-term debt not reported in funds because it does not affect the current period	(24,133,460)	(49,986,219)
Expenses not reported in the funds because they do not use current-period financial resources	<u>(9,412,626)</u>	<u>(9,374,323)</u>
Total change in net assets	<u>\$ (9,906,428)</u>	<u>\$ (5,666,473)</u>

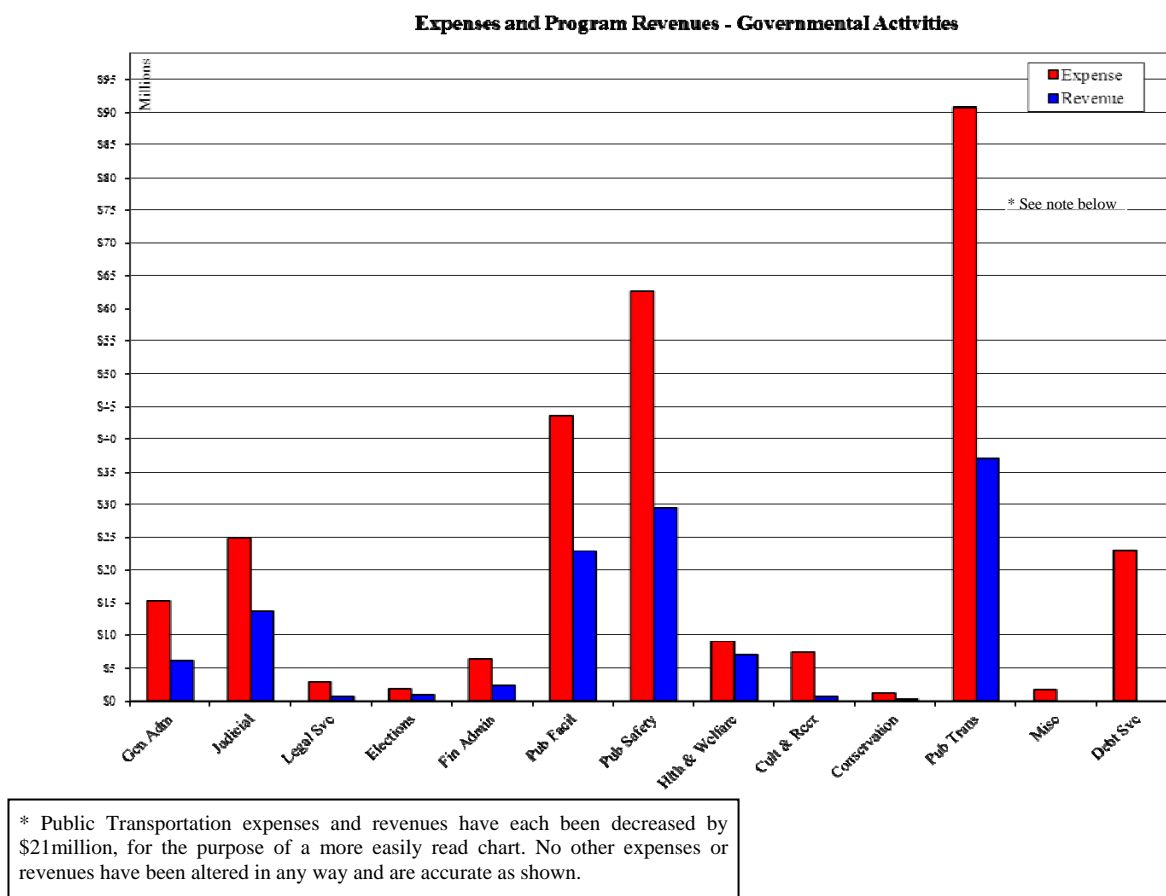
This change in net assets begins with the current year's differences between governmental revenues and expenditures (\$78,112,796), along with other financing sources and uses (\$35,785,964). Differences between capital assets added during the year and the depreciation related to all capital assets recorded, along with the effect of various capital assets transactions, such as dispositions and donations (\$59,627,202) 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 (\$3,073,337). 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 (\$24,133,460). 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 \$9,906,428. However, the increase of \$11,552,610 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, 2010 for governmental activities.



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

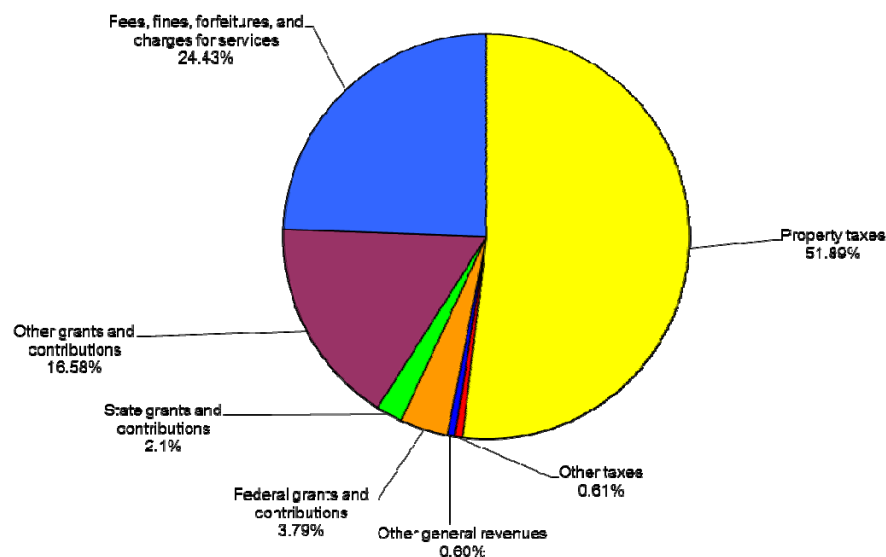
- Program revenues of \$141,374,556 are comprised in large part (41.1%) of public transportation's revenues of \$58,055,788 and public safety's revenues of \$29,474,481 (20.9%). The public facilities function comprises 16.2% of program revenues with \$22,817,450, the judicial function makes up 9.7% of program revenues with \$13,725,368, and the general administration function

covers 4.4% of program revenues with \$6,142,559. The expenses of these functions account for 35.9%, 20.1%, 14%, 7.9%, and 4.9%, 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 \$16,091,011 while realizing a decrease in revenues of \$3,024,759. 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.

The following chart depicts revenues of the governmental activities for the fiscal year ended September 30, 2010.

Revenues by Source - Governmental Activities



GOVERNMENTAL FUND FINANCIAL ANALYSIS

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

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

As of September 30, 2010, the County's governmental funds reported combined ending unreserved, undesignated fund balances of \$63,120,251, an increase of \$8,730,252 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 (\$35,255,056), pay debt service (\$10,761,380), reflect inventories (\$91,503), and reflect prepaid items (\$656,865). Commitments also come in the form of designations that will fund encumbrances from the prior year (\$289,332) and the OPEB obligation (\$12,811,130). On September 30, 2010, the total fund

balance of the General Fund (the chief operating fund of the County) was \$43,940,508. Of that amount, \$30,325,544 was available for spending at the County's discretion, \$189,731 was designated for encumbrances, \$12,811,130 was designated for the OPEB liability, and \$614,103 was reserved for prepaid items.

Total assets in the General Fund amounted to \$84,502,538, accounting for 46% of total governmental fund assets. The total assets of other major funds include Road and Bridge Special Revenue Fund (\$14,543,356) and Capital Projects Revenue/Tax Bonds Series 2009 Fund (\$19,423,660). Together, all major funds account for \$118,469,554 (64.5%) of the County's \$183,621,591 in total assets.

The fund balance of the County's General Fund increased by \$8,926,501 during the current fiscal year. Key factors in this increase 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 \$9,900,963.
- 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 \$1,603,735 over the past year.

The Road and Bridge Special Revenue Fund has a total fund balance of \$11,288,361 which is reported as \$91,503 reserved for inventory, \$1,176 designated for encumbrances, and \$11,195,682 unreserved, undesignated. The unreserved, undesignated portion of the fund balance increased \$2,620,563 during the current year due to focus by the Commissioners for various capital projects that were paid through the capital projects funds.

The Revenue/Tax Bonds Series 2009 Fund has a fund balance of \$17,525,980 at the end of the fiscal year, a decrease of \$26,772,376. This considerable decrease reflects the swift progress of road construction projects throughout the county.

GENERAL FUND BUDGETARY HIGHLIGHTS

The published budget of Montgomery County for fiscal 2010 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 \$161,223,203 and expenditures of \$143,281,115. The General Fund's final budget, as amended, contains revenues of \$178,320,514 and expenditures of \$171,675,366.

The following table presents the changes between the original adopted budget and the final budget for the General Fund as of September 30, 2010.

General Fund Budget Variances Year Ended September 30, 2010			
	Original Budget	Final Budget	Variance with Original Budget Positive (Negative)
Revenues:			
Taxes	\$ 117,369,100	\$ 117,369,100	\$ -
Licenses and Permits	1,124,936	1,138,156	13,220
Fees	10,920,002	11,125,159	205,157
Intergovernmental	140,561	12,081,781	11,941,220
Charges for Services	458,000	527,656	69,656
Interest	530,930	545,137	14,207
Contract Reimbursements	6,612,586	13,206,839	6,594,253
Inmate Housing	23,249,788	21,085,788	(2,164,000)
Fines and Forfeitures	140,000	140,000	-
Miscellaneous	677,300	1,100,898	423,598
Total Revenues	161,223,203	178,320,514	17,097,311
Expenditures:			
General Administration	19,756,791	27,604,589	(7,847,798)
Judicial	14,696,318	15,122,662	(426,344)
Legal Services	2,235,004	2,316,448	(81,444)
Elections	1,035,353	1,433,884	(398,531)
Financial Administration	6,086,679	6,129,029	(42,350)
Public Facilities	46,064,943	44,252,124	1,812,819
Public Safety	46,031,540	63,144,767	(17,113,227)
Health and Welfare	4,394,462	6,127,462	(1,733,000)
Conservation	532,262	540,055	(7,793)
Miscellaneous	2,447,763	5,004,346	(2,556,583)
Total Expenditures	143,281,115	171,675,366	(28,394,251)
Excess Revenues Over Expenditures	17,942,088	6,645,148	(11,296,940)
Other Financing Sources/(Uses):			
Transfers In	-	842,325	842,325
Transfers Out	-	(1,186,517)	(1,186,517)
Capital Lease Financing	-	125,403	125,403
Total Other Financing Sources/(Uses)	-	(218,789)	(218,789)
Net Change in Fund Balances	17,942,088	6,426,359	(11,515,729)
Fund Balance - Beginning	35,014,007	35,014,007	-
Change in accounting principle	-	-	-
Fund Balance - Ending	\$ 52,956,095	\$ 41,440,366	\$ (11,515,729)

Final budgeted revenues were higher than originally planned by \$17,097,311. Intergovernmental revenue contained \$11,941,220 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 \$6,594,253 more than the original budget. The increase in the anticipated revenue was primarily due to a \$4,738,555 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.

The originally unanticipated revenue partially offset the expenditure differences of \$28,394,251 between the original budget and the final amended budget. The general administration function had a final expenditure budget that is \$7,847,798 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. Also contributing to this increase in budgeted expenditures is a 3 year Energy Efficiency Block Grant received from the Department of Energy in the amount of \$3,259,800.

The Inmate Housing revenue final budget was \$2,164,000 less than the original budget. Originally the Commissioners' anticipated a higher number of prisoners to be housed at the facility, therefore budgeted for additional funds. The final budget decreased due to a lesser amount of prisoners at the facility.

Funds that were originally scheduled in prior fiscal years were not included in the original budget for fiscal year 2010. 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 \$17,113,227 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 final budget in the miscellaneous category increased by \$2,556,583. This was due to sub-recipient agreements made after the original budget had been adopted.

The health and welfare function had final budgeted expenditures \$1,733,000 higher than the original budget for expenditures. This function includes a grant that is managed by the Montgomery County Hospital District 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 \$11,515,729.

The following table presents the differences between the final amended budget and actual expenditures for the General Fund as of September 30, 2010.

General Fund Budget Variances Year Ended September 30, 2010			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 117,369,100	\$ 119,050,409	\$ 1,681,309
Licenses and Permits	1,138,156	1,359,468	221,312
Fees	11,125,159	13,285,843	2,160,684
Intergovernmental	12,081,781	10,382,612	(1,699,169)
Charges for Services	527,656	521,482	(6,174)
Interest	545,137	431,308	(113,829)
Contract Reimbursements	13,206,839	13,410,617	203,778
Inmate Housing	21,085,788	21,085,088	(700)
Fines and Forfeitures	140,000	84,296	(55,704)
Miscellaneous	1,100,898	2,208,455	1,107,557
Total Revenues	178,320,514	181,819,578	3,499,064
Expenditures:			
General Administration	27,604,589	14,909,262	12,695,327
Judicial	15,122,662	14,791,453	331,209
Legal Services	2,316,448	2,260,429	56,019
Elections	1,433,884	1,410,441	23,443
Financial Administration	6,129,029	5,877,896	251,133
Public Facilities	44,252,124	43,495,733	756,391
Public Safety	63,144,767	57,954,496	5,190,271
Health and Welfare	6,127,462	5,760,072	367,390
Conservation	540,055	531,627	8,428
Miscellaneous	5,004,346	1,683,887	3,320,459
Total Expenditures	171,675,366	148,675,296	23,000,070
Excess Revenues Over Expenditures	6,645,148	33,144,282	26,499,134
Other Financing Sources/(Uses):			
Transfers In	842,325	918,898	76,573
Transfers Out	(1,186,517)	(25,262,082)	(24,075,565)
Capital Lease Financing	125,403	125,403	-
Total Other Financing Sources/(Uses)	(218,789)	(24,217,781)	(23,998,992)
Net Change in Fund Balances	6,426,359	8,926,501	2,500,142
Fund Balance - Beginning	35,014,007	35,014,007	-
Fund Balance - Ending	\$ 41,440,366	\$ 43,940,508	\$ 2,500,142

Actual revenues exceeded budgeted revenues by \$3,499,064. Fee increases approved by the state legislature comprise a share of the increase (\$2,160,684) and serve to offset the shortfall in intergovernmental revenue (\$1,699,169).

Actual expenditures were \$23,000,070 lower than final budgeted expenditures. The general administration function contributed \$12,695,327 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 County's policy for multiple year grants is to budget the entire grant in the year in which it is awarded. As mentioned previously, Montgomery County received a grant from Department of Energy through the ARRA which spans multiple County fiscal years (3), \$3,259,800 was budgeted, of which \$193,824 was spent during the fiscal year.

All departments in the public safety function of the General Fund expended less than was approved in the final amended budget by \$5,190,271. 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 \$3,320,459. 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 \$2,500,142 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 \$7,089,522 and \$8,000,000, 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, 2010 amounted to \$697,161,850 (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 \$17,277,064 and included purchases of land for the Spring Creek Greenway. Also included in the additions were donations of land for the runway 14-32 extension and taxiway reconstruction. Expansion plans include the extension of runway 14-32 to 7,500 feet and the construction of a full parallel taxiway for runway 14-32.
- Additions to the buildings category (less deletions) of \$11,171,882 included various building improvements on the new administration building and an accompanying parking garage. During 2010, the county completed construction of the Spring Creek Greenway Nature Center at a cost of

\$2,064,443. Additionally, the construction of the Montgomery County Wellness Center was completed in 2010 for a total of \$945,575.

- Vehicles, vehicle modifications, and other various equipment items were purchased at a cost of \$6,471,750. In order to reduce communication and infrastructure costs, the county has implemented a new voice over internet protocol (VOIP) system. This new county-wide phone system totaled \$1,053,451.
- 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 2010 amounted to \$48,816,050.
- Montgomery County is the 24th 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 infrastructure system. Development frequently comes with donations in the form of roads. Infrastructure donations for the year totaled \$47,495,239.
- Projects that were capitalized from ongoing construction throughout the year, including a nature center and a new west county annex building, totaled \$10,986,672. Additional expenditures of \$35,432,181 were incurred for construction that was in progress throughout the year.
- Increases in assets were offset by depreciation expense of \$50,796,683.

Montgomery County, Texas
Capital Assets
(net of depreciation)
September 30, 2010
with Comparative Totals for September 30, 2009

	Value of Capital Asset Net of Accumulated Depreciation		Increase (Decrease)
	FY 2010	FY 2009	
Land	\$ 31,035,433	\$ 13,758,369	\$ 17,277,064
Buildings	154,398,947	\$ 148,142,034	6,256,913
Improvements	15,334,094	\$ 14,363,211	970,883
Equipment	26,439,647	\$ 29,123,885	(2,684,238)
Infrastructure	442,245,976	\$ 428,884,907	13,361,069
Construction in Progress	27,707,753	\$ 3,262,244	24,445,509
Total	<u>\$ 697,161,850</u>	<u>\$ 637,534,650</u>	<u>\$ 59,627,200</u>

Montgomery County is in the process of constructing a new forensic mental health residential treatment facility. This new facility will be equipped with over 100 beds and will treat those patients who are determined by the court system to be incompetent to proceed with trial. This facility will be designed to restore those individuals to competency as quickly as possible so that they may be returned to court. By September 30, 2010, \$26,726,179 had been spent on the construction of 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 2010, the Commissioner's Court has met some of those challenges by completing the Spring Creek Greenway Nature Center, the New West County Annex building, the Montgomery County Wellness Center and an expansion of the jail. The Spring Creek Greenway Nature Center is situated on 11.6 acres at Spring Creek, adjacent to the Peckinpugh Preserve. The project was funded with monies from the sale of the Rayford Road Community Center and a Texas Parks & Wildlife Grant. The New West County Annex building is located in Magnolia and will house the operations of a JP and Constable office of the County. The expansion of the jail will allow for additional beds and space for inmates.

¹ <http://www.census.gov>

The County has committed to multiple road construction projects in fiscal year 2010. 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 53 of this report.

Long-Term Debt

At September 30, 2010, Montgomery County had total bonded debt outstanding of \$477,401,701. Commissioners' Court keeps maturity dates confined to no more than 30 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 revenue bonds and certificates of obligation are approved by Commissioners' Court. Of the County's total debt, \$276,375,000 corresponds to general obligation debt, \$98,446,701 is in the form of revenue bonds and \$102,580,000 represents certificates of obligation. Montgomery County's total bonded debt had a increase of \$25,860,000 during 2010.

The following table represents the entire long-term debt of the County at September 30, 2010 on a comparative basis.

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

	FY 2010	FY 2009
General obligation bonds	\$ 276,375,000	\$ 337,600,000
Revenue bonds	98,446,701	43,758,601
Certificates of obligation	102,580,000	71,685,000
Capital Leases	17,164,115	17,409,156
Premiums, net of discounts	11,787,129	12,051,322
Compensated absences	8,794,048	8,305,224
Medical Obligation	3,242,652	3,446,666
Worker's Comp Obligation	874,939	960,523
OPEB Liability	12,811,130	7,968,357
Total	<u>\$ 532,075,714</u>	<u>\$ 503,184,849</u>

Debt activity in 2010 included an issue of Refunding Bonds in the amount of \$43,380,000. This issue refunded a series of Road Bonds. In addition, the County issued Certificates of Obligation in the Amount of 32,450,000 to build a new mental health facility. The County retired \$7,916,900 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 \$9,065,993,000, which is significantly in excess of the County's outstanding debt obligation, despite the increases in debt issuance during 2010.

Additional information on Montgomery County's long-term debt can be found in Note 9 beginning on page 54 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for the County is currently 7.9%², which is an increase from a rate of 7.6% a year ago. This compares favorably to the State's average unemployment rate of 8.3%³ and the national average rate of 9.6%⁴.
- The Commissioners' Court enacted a small reduction in operating expenses in most departments in response to the depressed economic environment.
- Commissioners' Court approved allocating a 2% cost of living adjustment and a 2% merit increase in salary in fiscal year 2011.
- The Commissioners' Court approved budgeted revenues and expenditures of \$7,500,000 for operating a new Mental Health Facility for fiscal year 2011.
- The estimated debt service obligation increased by \$5,659,130 in fiscal year 2011 to \$28,850,831.

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.

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>.

BASIC FINANCIAL STATEMENTS

MONTGOMERY COUNTY, TEXAS

Statement of Net Assets

September 30, 2010

EXHIBIT I

ASSETS:	Governmental Activities
Cash	\$ 22,478,072
Investments, at Fair Value	106,167,521
Cash, Restricted	2,059,967
Cash, Restricted for Retainage	833,266
Receivables:	
Taxes (net)	6,115,257
Accounts (net)	27,273,576
Due from Other Governments	16,725,713
Inventory, at Cost	91,503
Deferred Charges	15,387,708
Prepaid Items	686,025
Capital Assets, net of accumulated depreciation	
Land	31,035,433
Buildings	154,398,947
Improvements	15,334,094
Equipment	26,439,647
Infrastructure	442,245,976
Construction in Progress	27,707,753
Total Assets	<u>894,980,458</u>
LIABILITIES:	
Accounts Payable	24,024,473
Retainage Payable	1,419,817
Accrued Interest Payable	2,894,870
Due to Other Governments	1,692,186
Unearned Revenue	2,692,939
Noncurrent Liabilities:	
Due within one year	23,732,856
Due in more than one year	508,342,858
Total Liabilities	<u>564,799,999</u>
NET ASSETS:	
Invested in Capital Assets, net of related debt	353,407,141
Restricted for:	
Capital Projects	45,673
Debt Service	8,794,048
Unrestricted	(32,066,403)
Total Net Assets	<u>\$ 330,180,459</u>

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS**Statement of Activities****Year Ended September 30, 2010**

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	\$ 15,339,911	\$ 5,948,735	\$ 193,824	\$ -	\$ (9,197,352)
Judicial	24,893,295	12,702,190	1,023,178	-	(11,167,927)
Legal Services	2,824,360	518,257	9,537	-	(2,296,566)
Elections	1,827,247	103,831	743,724	966	(978,726)
Financial Administration	6,358,514	2,244,114	-	-	(4,114,400)
Public Facilities	43,618,780	21,800,561	16,889	1,000,000	(20,801,330)
Public Safety	62,650,758	19,139,564	3,852,111	6,482,806	(33,176,277)
Health and Welfare	9,085,174	1,735,047	4,918,321	313,001	(2,118,805)
Culture and Recreation	7,456,924	316,855	254,232	-	(6,885,837)
Conservation	986,843	-	1,025	-	(985,818)
Public Transportation	111,627,910	9,118,839	433,649	48,503,300	(53,572,122)
Miscellaneous	1,683,887	-	-	-	(1,683,887)
Debt Service Interest and Fiscal Charges	22,946,953	-	-	-	(22,946,953)
Total Governmental Activities	<u>\$311,300,556</u>	<u>\$73,627,993</u>	<u>\$11,446,490</u>	<u>\$56,300,073</u>	<u>(169,926,000)</u>
General Revenues:					
Property Taxes					156,397,865
Other Taxes					260,187
Mixed Beverage Taxes					1,252,290
Bingo Taxes					153,557
Vehicle Weight Tax					158,228
Unrestricted Investment Earnings					790,693
Gain on Sale of Capital Assets					717,806
Insurance Recoveries for Prior Year Losses					288,946
Total General Revenues					<u>160,019,572</u>
Change in Net Assets					(9,906,428)
Net Assets - Beginning					340,086,887
Net Assets - Ending					<u>\$ 330,180,459</u>

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS

Balance Sheet

Governmental Funds

September 30, 2010

EXHIBIT III

	General	Road and Bridge
<u>ASSETS:</u>		
Cash	\$ 15,808,924	\$ 2,923,015
Investments, at Fair Value	47,434,669	7,132,781
Cash, Restricted	-	-
Cash, Restricted for Retainage	-	-
Receivables:		
Taxes (net)	4,603,380	586,418
Accounts (net)	3,181,762	220,557
Due from Other Funds	3,966,754	2,895,627
Due from Other Governments	8,892,946	693,455
Inventory, at Cost	-	91,503
Prepaid Items	614,103	-
<u>TOTAL ASSETS</u>	<u>\$ 84,502,538</u>	<u>\$ 14,543,356</u>
<u>LIABILITIES AND FUND BALANCES:</u>		
Liabilities:		
Accounts Payable	\$ 14,339,231	\$ 2,017,799
Retainage Payable	-	-
Due to Other Funds	17,795,270	630,734
Due to Other Governments	1,692,186	-
Deferred Revenue	6,735,343	606,462
Total liabilities	<u>40,562,030</u>	<u>3,254,995</u>
Fund Balances:		
Reserved for:		
Prepaid Items	614,103	-
Capital Projects	-	-
Inventory	-	91,503
Debt Service	-	-
Unreserved, designated for:		
General Fund Encumbrances	189,731	-
Special Revenue Fund Encumbrances	-	1,176
Capital Project Fund Encumbrances	-	-
OPEB Obligation	12,811,130	-
Unreserved, undesignated, reported in:		
General Fund	30,325,544	-
Special Revenue Funds	-	11,195,682
Total Fund Balances	<u>43,940,508</u>	<u>11,288,361</u>
<u>TOTAL LIABILITIES AND</u>		
<u>FUND BALANCES</u>	<u>\$ 84,502,538</u>	<u>\$ 14,543,356</u>

See accompanying notes to the financial statements.

Revenue/Tax Bonds Series 2009	Other Governmental Funds	Total Governmental Funds
\$ 1,546	\$ 3,744,587	\$ 22,478,072
19,422,114	32,177,957	106,167,521
-	2,059,967	2,059,967
-	833,266	833,266
-	925,459	6,115,257
-	242,493	3,644,812
-	17,957,074	24,819,455
-	7,139,312	16,725,713
-	-	91,503
-	71,922	686,025
<u>\$ 19,423,660</u>	<u>\$ 65,152,037</u>	<u>\$ 183,621,591</u>
\$ 1,865,361	\$ 5,802,082	\$ 24,024,473
-	1,419,817	1,419,817
32,319	6,361,132	24,819,455
-	-	1,692,186
-	1,338,338	8,680,143
<u>1,897,680</u>	<u>14,921,369</u>	<u>60,636,074</u>
-	42,762	656,865
17,525,980	17,729,076	35,255,056
-	-	91,503
-	10,761,380	10,761,380
-	-	189,731
-	60,119	61,295
-	38,306	38,306
-	-	12,811,130
-	-	30,325,544
-	21,599,025	32,794,707
<u>17,525,980</u>	<u>50,230,668</u>	<u>122,985,517</u>
<u>\$ 19,423,660</u>	<u>\$ 65,152,037</u>	<u>\$ 183,621,591</u>



MONTGOMERY COUNTY, TEXAS
Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Assets
September 30, 2010

Total fund balances - governmental funds (page 31)		\$ 122,985,517
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.		15,387,708
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	31,035,433	
Buildings	154,398,947	
Improvements	15,334,094	
Equipment	26,439,647	
Infrastructure	442,245,976	
Construction in Progress	27,707,753	
Total Capital Assets		697,161,850
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.		23,628,764
Property taxes earned that are not available to pay for current-period expenditures are deferred in the funds.		5,987,204
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	(2,894,870)	
Bonds and capital leases payable	(506,352,945)	
OPEB Liability	(12,811,130)	
Medical Obligation	(3,242,652)	
Worker's Comp Obligation	(874,939)	
Arbitrage payable	-	
Compensated absences	(8,794,048)	
Total future period liabilities		(534,970,584)
Net assets of governmental activities		\$ 330,180,459

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, 2010

EXHIBIT IV

	General	Road and Bridge
<u>REVENUES:</u>		
Taxes	\$ 119,050,409	\$ 15,188,608
Licenses and Permits	1,359,468	5,778,652
Fees	13,285,843	308,054
Intergovernmental	10,382,612	1,629,672
Charges for Services	521,482	-
Interest	431,308	22,456
Contract Reimbursements	13,410,617	2,797,225
Inmate Housing	21,085,088	-
Fines and Forfeitures	84,296	1,752,708
Miscellaneous	2,208,455	1,134,121
<u>TOTAL REVENUES</u>	<u>181,819,578</u>	<u>28,611,496</u>
<u>EXPENDITURES:</u>		
Current:		
General Administration	14,909,262	-
Judicial	14,791,453	-
Legal Services	2,260,429	-
Elections	1,410,441	-
Financial Administration	5,877,896	-
Public Facilities	43,495,733	500,000
Public Safety	57,954,496	-
Health and Welfare	5,760,072	53,157
Culture and Recreation	-	-
Conservation	531,627	368,022
Public Transportation	-	25,153,875
Miscellaneous	1,683,887	-
Capital Projects	-	-
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
Issuance Costs	-	-
<u>TOTAL EXPENDITURES</u>	<u>148,675,296</u>	<u>26,075,054</u>
Excess (Deficiency) Revenues Over Expenditures	<u>33,144,282</u>	<u>2,536,442</u>
<u>OTHER FINANCING SOURCES/(USES):</u>		
Transfers In	918,898	722,189
Transfers Out	(25,262,082)	(632,522)
Capital Lease Financing	125,403	-
Issuance of Refunding Bonds	-	-
Proceeds from Certificate of Obligation	-	-
Premium on Debt Issuance	-	-
Payment to Refunded Bonds Escrow Agent	-	-
Discounts on Debt Issuance	-	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>(24,217,781)</u>	<u>89,667</u>
Net Change in Fund Balances	8,926,501	2,626,109
Fund Balances at Beginning of Year	35,014,007	8,662,252
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 43,940,508</u>	<u>\$ 11,288,361</u>

See accompanying notes to the financial statements.

Revenue/Tax Bonds Series 2009	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 23,302,590	\$ 157,541,607
-	414,100	7,552,220
-	1,331,124	14,925,021
-	7,786,370	19,798,654
-	1,647,124	2,168,606
21,663	314,855	790,282
-	298,987	16,506,829
-	-	21,085,088
-	1,210,551	3,047,555
-	226,370	3,568,946
21,663	36,532,071	246,984,808
-	848,796	15,758,058
-	8,865,700	23,657,153
-	455,788	2,716,217
-	-	1,410,441
-	-	5,877,896
-	-	43,995,733
-	3,450,850	61,405,346
-	6,707,136	12,520,365
-	8,393,594	8,393,594
-	-	899,649
-	759,644	25,913,519
-	-	1,683,887
26,793,852	64,307,116	91,100,968
-	7,916,899	7,916,899
-	20,511,040	20,511,040
187	1,336,652	1,336,839
26,794,039	123,553,215	325,097,604
(26,772,376)	(87,021,144)	(78,112,796)
-	25,371,896	27,012,983
-	(1,118,379)	(27,012,983)
-	3,000,000	3,125,403
-	43,380,000	43,380,000
-	32,450,000	32,450,000
-	2,075,459	2,075,459
-	(44,643,876)	(44,643,876)
-	(601,022)	(601,022)
-	59,914,078	35,785,964
(26,772,376)	(27,107,066)	(42,326,832)
44,298,356	77,337,734	165,312,349
\$ 17,525,980	\$ 50,230,668	\$ 122,985,517



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, 2010

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)	\$ (42,326,832)
--	-----------------

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.	11,557,171
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, seizures, and donations) is to increase net assets.	48,070,031
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	6,339,288
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(24,133,460)
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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 changes in these expenditures are as follows:

Compensated absences	(488,824)	
Bond interest owed but not yet paid	527,798	
Amortization of debt service	(522,396)	
Agency fund receivables	31,160	
Medical Obligation	(3,242,652)	
Worker's Comp Obligation	(874,939)	
OPEB Obligation	(4,842,773)	
	(9,412,626)	

Change in net assets of governmental activities (page 29)	\$ (9,906,428)
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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, 2010

EXHIBIT V
Page 1 of 3

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Taxes	\$ 117,369,100	\$ 117,369,100	\$ 119,050,409	\$ 1,681,309
Licenses and Permits	1,124,936	1,138,156	1,359,468	221,312
Fees	10,920,002	11,125,159	13,285,843	2,160,684
Intergovernmental	140,561	12,081,781	10,382,612	(1,699,169)
Charges for Services	458,000	527,656	521,482	(6,174)
Interest	530,930	545,137	431,308	(113,829)
Contract Reimbursements	6,612,586	13,206,839	13,410,617	203,778
Inmate Housing	23,249,788	21,085,788	21,085,088	(700)
Fines and Forfeitures	140,000	140,000	84,296	(55,704)
Miscellaneous	677,300	1,100,898	2,208,455	1,107,557
<u>TOTAL REVENUES</u>	<u>161,223,203</u>	<u>178,320,514</u>	<u>181,819,578</u>	<u>3,499,064</u>
<u>EXPENDITURES:</u>				
Current:				
General Administration	19,756,791	27,604,589	14,909,262	12,695,327
Judicial	14,696,318	15,122,662	14,791,453	331,209
Legal Services	2,235,004	2,316,448	2,260,429	56,019
Elections	1,035,353	1,433,884	1,410,441	23,443
Financial Administration	6,086,679	6,129,029	5,877,896	251,133
Public Facilities	46,064,943	44,252,124	43,495,733	756,391
Public Safety	46,031,540	63,144,767	57,954,496	5,190,271
Health and Welfare	4,394,462	6,127,462	5,760,072	367,390
Conservation	532,262	540,055	531,627	8,428
Public Transportation	-	-	-	-
Miscellaneous	2,447,763	5,004,346	1,683,887	3,320,459
<u>TOTAL EXPENDITURES</u>	<u>143,281,115</u>	<u>171,675,366</u>	<u>148,675,296</u>	<u>23,000,070</u>
Excess (Deficiency) Revenues Over Expenditures	<u>17,942,088</u>	<u>6,645,148</u>	<u>33,144,282</u>	<u>26,499,134</u>
<u>OTHER FINANCING SOURCES/ (USES):</u>				
Transfers In	-	842,325	918,898	76,573
Transfers Out	-	(1,186,517)	(25,262,082)	(24,075,565)
Capital Lease Financing	-	125,403	125,403	-
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>-</u>	<u>(218,789)</u>	<u>(24,217,781)</u>	<u>(23,998,992)</u>
Net Change in Fund Balances	17,942,088	6,426,359	8,926,501	2,500,142
Fund Balances at Beginning of Year	35,014,007	35,014,007	35,014,007	-
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 52,956,095</u>	<u>\$ 41,440,366</u>	<u>\$ 43,940,508</u>	<u>\$ 2,500,142</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, 2010

EXHIBIT V
Page 2 of 3

	Road and Bridge Fund			Variance with
	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
<u>REVENUES:</u>				
Taxes	\$15,182,300	\$15,182,300	\$15,188,608	\$ 6,308
Licenses and Permits	6,033,500	6,033,500	5,778,652	(254,848)
Fees	-	308,054	308,054	-
Intergovernmental	140,000	3,183,355	1,629,672	(1,553,683)
Charges for Services	-	-	-	-
Interest	17,000	17,000	22,456	5,456
Contract Reimbursements	-	-	2,797,225	2,797,225
Inmate Housing	-	-	-	-
Fines and Forfeitures	1,000,000	1,000,000	1,752,708	752,708
Miscellaneous	-	6,415,105	1,134,121	(5,280,984)
<u>TOTAL REVENUES</u>	<u>22,372,800</u>	<u>32,139,314</u>	<u>28,611,496</u>	<u>(3,527,818)</u>
<u>EXPENDITURES:</u>				
Current:				
General Administration	-	-	-	-
Judicial	-	-	-	-
Legal Services	-	-	-	-
Elections	-	-	-	-
Financial Administration	-	-	-	-
Public Facilities	-	3,248,190	500,000	2,748,190
Public Safety	-	-	-	-
Health and Welfare	-	288,839	53,157	235,682
Conservation	-	506,928	368,022	138,906
Public Transportation	19,565,183	32,891,560	25,153,875	7,737,685
Miscellaneous	-	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>19,565,183</u>	<u>36,935,517</u>	<u>26,075,054</u>	<u>10,860,463</u>
Excess (Deficiency) Revenues Over Expenditures	<u>2,807,617</u>	<u>(4,796,203)</u>	<u>2,536,442</u>	<u>7,332,645</u>
<u>OTHER FINANCING SOURCES/ (USES):</u>				
Transfers In	-	722,189	722,189	-
Transfers Out	-	-	(632,522)	(632,522)
Capital Lease Financing	-	-	-	-
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>-</u>	<u>722,189</u>	<u>89,667</u>	<u>(632,522)</u>
Net Change in Fund Balances	2,807,617	(4,074,014)	2,626,109	6,700,123
Fund Balances at Beginning of Year	8,662,252	8,662,252	8,662,252	-
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$11,469,869</u>	<u>\$ 4,588,238</u>	<u>\$11,288,361</u>	<u>\$ 6,700,123</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, 2010

EXHIBIT V
Page 3 of 3

	Totals			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Taxes	\$132,551,400	\$132,551,400	\$134,239,017	\$ 1,687,617
Licenses and Permits	7,158,436	7,171,656	7,138,120	(33,536)
Fees	10,920,002	11,433,213	13,593,897	2,160,684
Intergovernmental	280,561	15,265,136	12,012,284	(3,252,852)
Charges for Services	458,000	527,656	521,482	(6,174)
Interest	547,930	562,137	453,764	(108,373)
Contract Reimbursements	6,612,586	13,206,839	16,207,842	3,001,003
Inmate Housing	23,249,788	21,085,788	21,085,088	(700)
Fines and Forfeitures	1,140,000	1,140,000	1,837,004	697,004
Miscellaneous	677,300	7,516,003	3,342,576	(4,173,427)
<u>TOTAL REVENUES</u>	<u>183,596,003</u>	<u>210,459,828</u>	<u>210,431,074</u>	<u>(28,754)</u>
<u>EXPENDITURES:</u>				
Current:				
General Administration	19,756,791	27,604,589	14,909,262	12,695,327
Judicial	14,696,318	15,122,662	14,791,453	331,209
Legal Services	2,235,004	2,316,448	2,260,429	56,019
Elections	1,035,353	1,433,884	1,410,441	23,443
Financial Administration	6,086,679	6,129,029	5,877,896	251,133
Public Facilities	46,064,943	47,500,314	43,995,733	3,504,581
Public Safety	46,031,540	63,144,767	57,954,496	5,190,271
Health and Welfare	4,394,462	6,416,301	5,813,229	603,072
Conservation	532,262	1,046,983	899,649	147,334
Public Transportation	19,565,183	32,891,560	25,153,875	7,737,685
Miscellaneous	2,447,763	5,004,346	1,683,887	3,320,459
<u>TOTAL EXPENDITURES</u>	<u>162,846,298</u>	<u>208,610,883</u>	<u>174,750,350</u>	<u>33,860,533</u>
Excess (Deficiency) Revenues Over Expenditures	<u>20,749,705</u>	<u>1,848,945</u>	<u>35,680,724</u>	<u>33,831,779</u>
<u>OTHER FINANCING SOURCES/ (USES):</u>				
Transfers In	-	1,564,514	1,641,087	76,573
Transfers Out	-	(1,186,517)	(25,894,604)	(24,708,087)
Capital Lease Financing	-	125,403	125,403	-
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>-</u>	<u>503,400</u>	<u>(24,128,114)</u>	<u>(24,631,514)</u>
Net Change in Fund Balances	20,749,705	2,352,345	11,552,610	9,200,265
Fund Balances at Beginning of Year	43,676,259	43,676,259	43,676,259	-
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 64,425,964</u>	<u>\$ 46,028,604</u>	<u>\$ 55,228,869</u>	<u>\$ 9,200,265</u>

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS
Statement of Assets and Liabilities
Fiduciary Funds
As of September 30, 2010

EXHIBIT VI

	<u>Agency Funds</u>
<u>ASSETS:</u>	
Cash	\$ 9,942,177
Investments, at Fair Value	656,594
Accounts Receivable	<u>26,729</u>
<u>TOTAL ASSETS</u>	<u>\$ 10,625,500</u>
<u>LIABILITIES:</u>	
Accounts Payable	\$ 5,341,864
Due to Other Governments	<u>5,283,636</u>
<u>TOTAL LIABILITIES</u>	<u>\$ 10,625,500</u>

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2010

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A) REPORTING ENTITY:

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

In 1991, GASB issued Statement No. 14, *The Financial Reporting Entity*, which established standards for defining and reporting on the financial reporting entity. The discussion that follows sets forth the guidelines for an entity's inclusion in the County's financial statements.

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

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

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

Montgomery County Jail Financing Corporation:

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

The Corporation's financial transactions have been reported in the Debt Service Funds and the Capital Project Funds of the County. Montgomery County does not issue separate financial statements for the Jail Financing Corporation.

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

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2010

Montgomery County Emergency Service Districts No. 1-14:

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

Montgomery County Housing Authority:

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

B) IMPLEMENTATION OF NEW STANDARD:

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

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which established accounting and financial reporting requirements for intangible assets to reduce inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, establishes accounting and reporting standards for derivative instruments.

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

Government-wide Statements

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are district and county clerk fees, justice of the peace fines,

MONTGOMERY COUNTY, TEXAS
Notes to the Financial Statements
September 30, 2010

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, 2009 that were due October 1, 2009, have been assessed to finance the budget of the fiscal year ending September 30, 2010. In accordance with the modified accrual basis of accounting, the balances outstanding at September 30, 2010, 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.

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*:

MONTGOMERY COUNTY, TEXAS
Notes to the Financial Statements
September 30, 2010

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

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

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital assets and infrastructure. Existing projects include construction of an administration building, parking garage, road construction, airport improvements, and various remodeling plans.

The County reports the following *fiduciary funds*:

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

D) ASSETS, LIABILITIES, AND FUND EQUITY:

1. Cash and Investment

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

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

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

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.

MONTGOMERY COUNTY, TEXAS
Notes to the Financial Statements
September 30, 2010

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

Receivables are shown net of an allowance for uncollectibles.

3. Inter-fund Transactions

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

4. Inventories and Prepaid Items

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

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

In the fund financial statements, reported inventories and prepaid items are offset by a reservation of fund balance, which indicates they do not represent “available spendable resources” even though they are a component of current assets.

5. Capital Assets

Capital assets, which include land, buildings, improvements, equipment, infrastructure, and construction in progress, are reported in the government-wide financial statements. By policy of the Commissioners’ Court, acquisitions are capitalized when they cost at least \$1,000 and have a useful life in excess of five years. Buildings and building improvements require a cost of at least \$5,000 and a useful life in excess of 5 years. The policy applied to infrastructure acquisitions requires a cost of at least \$10,000 and a useful life in excess of five years. Infrastructure assets include county-owned roads, drainage improvements, bridges, signals, and runways. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation.

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

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2010

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

8. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

9. Compensated Absences

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

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 2010.

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.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2010

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

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

12. Use of Estimates

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

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

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

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

Capital outlay	\$ 62,353,854
Depreciation expense	(50,796,683)
	<hr/>

Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	 \$ 11,557,171
	<hr/>

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

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

Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	 \$ 209,892
---	--------------------

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.	 47,860,139
	<hr/>

Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	 \$ 48,070,031
	<hr/>

“The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net

MONTGOMERY COUNTY, TEXAS
Notes to the Financial Statements
September 30, 2010

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 refunding bonds	\$ (43,380,000)
Issuance of certificates of obligation	(32,450,000)
Premium on bonds issues, net	(1,474,437)
Capital lease financing	(3,125,403)
Issuance Costs for new debt	365,160
Payment to Bond Escrow Agent for refunding debt	44,643,876
Principal repayments:	
General obligation debt	6,361,900
Certificates of obligation debt	1,555,000
Capital leases	3,370,444

Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	\$ (24,133,460)
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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	\$ (488,824)
Accrued interest	527,798
Amortization of gain on refunding bonds	196,162
Amortization of accrued interest on refunding bonds	(692,545)
Amortization of issuance costs	(475,088)
Amortization of bond discounts	(53,425)
Amortization of bond premiums	502,500
Increase of receivable for reimbursement of county expenditures	31,160
Claims and judgements	(4,117,591)
Increase of Other Post Employment Benefits	(4,842,773)
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	\$ (9,412,626)

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.”

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2010

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 2010, formal budgets were adopted for the General Fund, the Special Revenue Funds, and the Debt Service Fund. Formal budgetary integration is not employed for Capital Project Funds, and legal budgets are not adopted, because budgetary control is achieved through legally binding construction contracts. All appropriations lapse at fiscal year end with the exception of grant awards and certain ongoing projects.

The Commissioners' Court may approve expenditures as an amendment to the budget to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention. Such expenditures would include the re-appropriation of approved but unexpended amounts for encumbrances, grants, and certain projects from the previous fiscal year. In fiscal 2010, budget amendments totaling \$28,299,230 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 2010, supplemental appropriations were approved in the amounts of \$28,843,945, \$10,594,252, and \$3,125,403 for grants received, intergovernmental contracts executed, and capital leases approved, respectively.

B) DEFICIT FUND EQUITY:

At September 30, 2010, the Attorney Administration Special Revenue Fund had deficit fund balance of \$1,627. Management anticipates that future revenues will replenish the Attorney Administration Special Revenue Fund.

MONTGOMERY COUNTY, TEXAS
Notes to the Financial Statements
September 30, 2010

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, 2010, the County's bank balance (collected funds) was \$36,998,050. 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, 2010, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (in years)</u>
Chase Business High Yield Savings	\$ 5,011,850	-
TexSTAR Investment Pool	11,022,178	0.13
State's Investment Pool (TEXPOOL)	16,701,530	0.21
Lone Star Investment Pool	12,867,345	0.24
Money Market Mutual Fund (ICT)	29,033,106	0.12
Money Market Mutual Fund (BPIF)	3,445,837	0.10
Money Market Mutual Fund (AIM)	28,742,269	0.11
Total Investments	<u>\$106,824,115</u>	

The County invested idle funds in a) the Government Portfolio of Investors' Cash Trust, b) the Trust for Federal Securities - FedFund with BlackRock Provident Institutional Funds, c) the Short-Term Investments Trust (STIT) Government and Agency Portfolio with AIM Funds, and d) a Chase business high yield savings account.

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.

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 separate advisory boards. Additional financial oversight for TexPool is provided by the Comptroller of Public Accounts of the State of Texas. 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,

MONTGOMERY COUNTY, TEXAS
Notes to the Financial Statements
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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 three investment pools and the three mutual funds AAAm.

Concentration of credit risk. The County's investment policy does not have any provisions regarding the amount that may be invested in any one issuer. However, the Investment Committee regularly reviews that saturation for anything in excess of 25%. At September 30, 2010, 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 \$111,937,803 in additional taxes from the present assessed valuation of \$35,400,949,559 before the limit is reached.

The thirty years' property taxes receivable at September 30, 2010, as reported by the Tax Assessor-Collector are presented as follows:

	Taxes Receivable	Less: Allowance for Uncollectibles	Net Taxes Receivable
General Fund	\$4,697,327	\$ 93,947	\$4,603,380
Road & Bridge Fund	598,386	11,968	586,418
Debt Service Funds	944,346	18,887	925,459
Total Receivable	<u>\$6,240,059</u>	<u>\$124,802</u>	<u>\$6,115,257</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.

MONTGOMERY COUNTY, TEXAS**Notes to the Financial Statements****September 30, 2010**

At September 30, 2010, the following amounts were recorded as due to the County:

	Federal	State	Local	Total
General Fund	\$6,836,294	\$ 667,335	\$1,389,317	\$8,892,946
Special Revenue Funds	6,412,291	956,116	454,484	7,822,891
Capital Project Funds	-	9,876		9,876
			-	
Total Due from Governments	<u>\$13,248,585</u>	<u>\$1,633,327</u>	<u>\$1,843,801</u>	<u>\$16,725,713</u>

NOTE 7- CAPITAL ASSETS:**A) CHANGES IN CAPITAL ASSETS FOR YEAR ENDED SEPTEMBER 30, 2010:**

Governmental Activities	Beginning Balance	Additions ⁽¹⁾	Deletions ⁽¹⁾	Ending Balance
Land	\$ 13,758,369	\$ 17,677,276 ⁽²⁾	\$ (400,212)	\$ 31,035,433
Construction in Progress	3,262,244	35,465,902	(11,020,393)	27,707,753
Total Capital Assets not being depreciated	<u>17,020,613</u>	<u>53,143,178</u>	<u>(11,420,605)</u>	<u>58,743,186</u>
Buildings	186,169,398	11,407,663	(235,781)	197,341,280
Improvements	21,634,823	2,522,845	(2,754)	24,154,914
Equipment	73,854,481	8,669,672	(10,031,290)	72,492,863
Infrastructure	<u>1,032,964,579</u>	<u>53,144,638</u>	<u>(4,328,588)</u>	<u>1,081,780,629</u>
Total Capital Assets being depreciated	<u>1,314,623,281</u>	<u>75,744,818</u>	<u>(14,598,413)</u>	<u>1,375,769,686</u>
Less accumulated depreciation for:				
Buildings	(38,027,364)	(4,808,853)	(106,116)	(42,942,333)
Improvements	(7,271,612)	(1,549,392)	184	(8,820,820)
Equipment	(44,730,596)	(8,684,380)	7,361,760	(46,053,216)
Infrastructure	<u>(604,079,672)</u>	<u>(35,754,058)</u>	<u>299,077</u>	<u>(639,534,653)</u>
Total Depreciation	<u>(694,109,244)</u>	<u>(50,796,683)</u>	<u>7,554,905</u>	<u>(737,351,022)</u>
Total Capital Assets, net of Accumulated depreciation	<u>\$637,534,650</u>	<u>\$ 78,091,313</u>	<u>\$(18,464,113)</u>	<u>\$697,161,850</u>

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

(2) As required by GASB 51, a new class of capital assets (intangibles) has been recorded beginning in FY2010. For Montgomery County, this classification consists exclusively of easements and is included with land.

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, 2010, the County charged depreciation expense to functions/programs as follows:

Governmental activities:	
General Administration	\$ 2,574,680
Judicial	174,352
Legal Services	93,715
Elections	401,412

MONTGOMERY COUNTY, TEXAS**Notes to the Financial Statements****September 30, 2010**

Financial Administration	26,516
Public Facilities	3,347,886
Public Safety	6,005,256
Health and Welfare	315,885
Culture and Recreation	1,095,971
Conservation	27,647
Public Transportation	36,733,363
Total depreciation expense-governmental activities	<u>\$50,796,683</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, 2010:

<u>Project</u>	<u>Status</u>	<u>Commitment</u>	<u>Paid to Date</u>
Various Road Projects	Under construction	\$344,393,109	\$239,220,442
Forensic Center	Under construction	1,770,281	993,864
Park Improvements	Under construction	14,169,825	13,617,518
Building Remodels	Underway	14,801,566	13,645,458
Mental Health Facility	Under construction	31,800,000	26,285,871
Alan B. Sadler			
Administration Building	Substantially complete	12,372,120	12,153,285
Parking Garage	Substantially complete	9,500,000	9,290,018
Total		<u>\$428,806,901</u>	<u>\$315,206,456</u>

NOTE 8- DISAGGREGATION OF PAYABLE BALANCES:**A) DUE TO OTHER GOVERNMENTS:**

The County records certain amounts due to other governments as a result of operating contracts and overpayment of certain grant funds. At September 30, 2010, the following amounts were due to other governments:

<u>Fund</u>	<u>Local</u>	<u>Total</u>
General	<u>\$1,692,186</u>	<u>\$ 1,692,186</u>

B) DEFERRED REVENUES:

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

At the end of September 2010, deferred revenues were presented as follows:

<u>Fund</u>	<u>Property Taxes</u>	<u>Unearned Fees</u>	<u>Total Deferred Revenues</u>
General	\$ 4,493,658	\$ 2,241,685	\$ 6,735,343
Road & Bridge	605,834	628	606,462
Other Nonmajor	887,712	450,626	1,338,338
Total	<u>\$ 5,987,204</u>	<u>\$ 2,692,939</u>	<u>\$ 8,680,143</u>

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2010

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, worker's compensation and medical claims and judgments, other post-employment benefit liability, and arbitrage due the federal government. Principal and interest payments on the County's bonded debt, in general, are secured by ad valorem property taxes levied on all taxable property within the County. 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, 2010 is presented:

	Interest Rate (%)	Issue Date	Maturity Date	Bonds Outstanding
GENERAL OBLIGATION BONDS:				
Road Bonds, Series 2002A	4.37-5.63	2002	2022	\$ 6,120,000
Refunding Bonds, Series 2002B	4.375	2002	2011	510,000
Road Bonds, Series 2003A	5.00	2003	2026	12,595,000
Library Bonds, Series 2003B	4.00-5.00	2003	2026	8,515,000
Refunding Bonds, Series 2005	5.00	2005	2020	41,035,000
Road Bonds Fixed Rate, Series 2006A	4.00-5.00	2006	2027	46,850,000
Road Bonds Fixed Rate, Series 2006B	4.75	2006	2028	20,195,000
Refunding Bonds, Series 2007	4.00-5.50	2007	2026	41,495,000
Road Bonds Fixed Rate, Series 2008A	3.50-5.25	2008	2030	11,825,000
Refunding Bonds, Series 2008	3.50-5.00	2008	2018	9,150,000
Road Bonds Fixed Rate, Series 2008B	5.12-5.25	2008	2032	34,705,000
Refunding Bonds, Series 2010	4.00-5.00	2010	2030	43,380,000
TOTAL GENERAL OBLIGATION BONDS				<u>\$276,375,000</u>
REVENUE BONDS:				
Lease Revenue Bonds, Series 2007	4.475	2007	2028	\$ 42,256,701
Pass Through Toll Revenue and Limited Tax Bonds, Series 2009	3.00-5.00	2009	2032	56,190,000
TOTAL REVENUE BONDS				<u>\$ 98,446,701</u>
CERTIFICATES OF OBLIGATION:				
Series 2001	4.65	2001	2011	\$ 305,000
Series 2003	4.00-5.00	2003	2026	9,730,000
Series 2004	3.75-4.60	2004	2020	1,895,000
Series 2006	4.00-5.00	2006	2027	25,345,000
Series 2007	4.00-4.63	2008	2027	9,110,000
Series 2008	3.50-5.25	2008	2027	23,745,000
Series 2010	3.00-5.40	2010	2039	32,450,000
TOTAL CERTIFICATES OF OBLIGATION				<u>\$102,580,000</u>
TOTAL BONDED DEBT				<u><u>\$477,401,701</u></u>

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

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2010

B) CHANGES IN LONG-TERM DEBT:

The following schedule illustrates changes in long-term debt for the year ended September 30, 2010. For each category, management has presented the portion that will be due within one year.

	Beginning			Ending	Due Within
<u>Governmental Activities:</u>	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Bonds payable:					
General Obligation	\$281,410,000	\$43,380,000	\$(48,415,000)	\$276,375,000	\$6,345,000
Revenue Bonds	99,948,601	-	(1,501,900)	98,446,701	1,569,862
Certificates of Obligation	71,685,000	32,450,000	(1,555,000)	102,580,000	3,390,000
Less deferred amounts:					
Issuance discounts	(356,272)	(601,022)	53,425	(903,869)	(50,529)
Unamort. Premiums ⁽¹⁾	11,118,039	2,075,459	(502,500)	12,690,998	830,377
Total bonds payable	463,805,368	77,304,437	(51,920,975)	489,188,830	12,084,710
Capital leases	17,409,156	3,125,403	(3,370,444)	17,164,115	2,791,490
Worker's Comp Obligation	960,523	578,636	(664,220)	874,939	874,939
Medical Obligation	3,446,666	15,554,201	(15,758,215)	3,242,652	3,242,652
OPEB Obligation	7,968,357	6,823,018	(1,980,245)	12,811,130	-
Compensated absences	8,305,224	5,030,797	(4,541,973)	8,794,048	4,739,065
Total Long-term Liabilities	\$501,895,294	\$108,416,492	\$(78,236,072)	\$532,075,714	\$23,732,856

⁽¹⁾ Beginning Balance for Unamortized premiums does not equal ending balance for prior year due to current year defeasance of debt.

At year end, \$1,254,799 of special revenue funds compensated absences are included in the above amounts. The remaining balance (\$7,539,249) will be liquidated by the general fund along with all medical/worker's compensation claims and judgments. 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.

	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>		<u>Certificates of Obligation</u>	
<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 6,345,000	\$ 13,254,053	\$ 1,569,862	\$ 4,401,907	\$ 3,390,000	\$ 3,998,792
2012	6,965,000	12,794,698	4,160,899	4,280,470	3,880,000	4,194,941
2013	7,280,000	12,477,466	5,485,150	4,099,268	4,035,000	4,051,566
2014	7,610,000	12,150,333	5,717,762	3,866,981	4,195,000	3,894,572
2015	7,965,000	11,794,074	5,968,886	3,617,158	4,370,000	3,724,716
2016-2020	46,520,000	52,558,715	34,305,739	13,619,576	24,700,000	15,550,975
2021-2025	62,720,000	39,435,267	19,816,021	7,390,103	27,960,000	9,212,965
2026-2030	96,265,000	20,984,847	17,617,383	2,712,886	15,990,000	3,467,874
2031-2035	34,705,000	1,825,113	3,805,000	192,625	7,260,000	1,848,542
2036-2039	-	-	-	-	6,800,000	487,890
Total	\$276,375,000	\$177,274,566	\$ 98,446,702	\$ 44,180,974	\$102,580,000	\$ 50,432,833

D) ADVANCE REFUNDING:

On August 31, 2010, to take advantage of lower interest rates and convert to a fixed rate on the 2006B Road Bonds, the County issued \$43,380,000 Unlimited Tax Refunding Bonds, Series 2010 with interest rates ranging from 4.0 percent to 5.0 percent to partially advance refund the following bond:

<u>Series</u>	<u>Interest Rate (%)</u>	<u>Amount</u>
Unlimited Tax Road Bonds, Series 2006B	5.00	\$43,555,000

MONTGOMERY COUNTY, TEXAS

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

The County advance refunded the above debt to reduce its total debt service payments over the next twenty years by \$5,171,450, and to obtain an economic gain (the difference between the present value of the debt service payments on the old and new debt) of \$3,455,657.

E) PRIOR YEAR DEFEASANCE OF DEBT:

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

As of September 30, 2010, defeased but outstanding debt from prior year refunding transactions consisted of the following:

Series	Amount
Library and Refunding Bonds, Series 1992	\$ 825,000
Certificates of Obligation, 1996	670,000
Certificates of Obligation, 1997	1,790,000
Refunding Bonds, 1997	3,700,588
Certificates of Obligation, 1997A	5,765,000
Certificates of Obligation, 1998	12,785,000
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	\$ 76,690,588

F) FUTURE BORROWING:

During the Budget Workshops for fiscal year ending September 30, 2011, the Commissioners' Court approved several renovation and construction projects with the understanding that funding for these projects would be provided by a future issuance of certificates of obligation. The projects included the purchase of land and improvements for use as a forensic services facility, remodel of the main courthouse to enhance energy savings, and an extension of one of the airport's runways. The funding needed for these projects is estimated at greater than \$6million, and certificates are anticipated to be issued in late 2011.

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, TEXAS

Notes to the Financial Statements

September 30, 2010

Montgomery County Industrial Development Corporation- The corporation issues industrial revenue bonds that promote and encourage employment and public welfare. As of September 30, 2010, there were fourteen series of bonds outstanding. The aggregate principal amount payable for the bonds issued prior to December 15, 1995, could not be determined; however, the original issues totaled \$44,895,000. The bonds will be repaid from sources defined in underlying financing agreements between the corporation and the entities for whose benefit the bonds were issued.

Harris County Health Facilities Development Corporation- The corporation issues bonds if there is a public benefit or purpose that is necessary or convenient for health care, research, or education. Its activity is included in this disclosure because its bonds have been issued for the benefit of organizations located in Montgomery County. As of September 30, 2010, there were forty (40) series of bonds outstanding with an aggregate principal payable of \$3,381,295,000. 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/construction of certain heavy road equipment, vehicles, and buildings. Acquisition of equipment with a value of \$125,403 and the construction of a building with a value of \$3,000,000 were financed during the current fiscal year under capital leases and recorded in the Capital Assets portion of the government-wide financial statements. Depreciation expense for these assets is included as part of the depreciation expense detailed in Note 7. The lease agreements are classified as capital leases because title passes to the County at the end of the lease term, and are included as leases payable in the Long-Term Debt portion of the government-wide statements. The present value of future minimum capital lease payments at September 30, 2010 and the funds from which they will be paid are as shown below:

	Year Ending	General Fund	Special Revenue Funds
	2011	\$2,694,551	\$ 762,972
	2012	1,908,513	728,149
	2013	1,798,997	641,794
	2014	1,798,997	482,172
	2015	1,798,997	386,629
	2016-2020	5,314,248	1,933,146
Total Minimum Lease Payments		15,314,303	4,934,862
Less: amount representing interest		2,141,696	943,354
Present value-minimum lease payments		<u>\$13,172,607</u>	<u>\$ 3,991,508</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.

MONTGOMERY COUNTY, TEXAS
Notes to the Financial Statements
September 30, 2010

The composition of inter-fund balances as of September 30, 2010 was as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 3,966,754	\$ 17,795,270
Road and Bridge Fund	2,895,627	630,734
Revenue/Tax Bonds, 2009	-	32,319
Non-major Governmental Funds	17,957,074	6,361,132
Total	<u>\$ 24,819,455</u>	<u>\$ 24,819,455</u>

B) TRANSFERS:

Transfers are used to a) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them, b) move receipts from bond refundings and residual balances from capital project funds to the Debt Service Fund to pay debt obligations, and c) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Inter-fund transfers for the year ended September 30, 2010 were:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 918,898	\$ 25,262,082
Road and Bridge Fund	722,189	632,522
Nonmajor Governmental Funds	25,371,896	1,118,379
Total	<u>\$ 27,012,983</u>	<u>\$ 27,012,983</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. Both parties have agreed to extend the lease on a month to month basis in anticipation of the District constructing a new building. The monthly rent of \$618 is recorded in the General Fund.

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 \$2,075,610, less accumulated depreciation of \$333,510.

MONTGOMERY COUNTY, TEXAS
Notes to the Financial Statements
September 30, 2010

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>	
2011	\$ 30,000
2012	30,000
2013	30,000
2014	22,500
Total Lease Payments Receivable	<u>\$112,500</u>

NOTE 12- RISK MANAGEMENT:

A) EMPLOYEE HEALTH BENEFITS:

Effective January, 1989, the County established a partially self-funded trust plan which offers medical, dental, vision, and life insurance coverage to employees and their dependents. The County maintains excess loss insurance, which limits annual claims paid from the plan to a maximum of \$175,000 per plan participant. This excess loss reinsurance policy includes a contract provision that eliminates a large claim run off liability. A third party administrator is employed by the plan to administer claims. A trustee has been engaged to receive employer and employee contributions and to disburse payments to the providers of the plan. Costs relating to the plan are recorded as expenditures in the General Fund. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

The plan is funded to discharge liabilities as they become due. Claims incurred and reported, but not paid at September 30, 2010, were \$344,811. Claims incurred but not reported (IBNR) at September 30, 2010, are estimated to be \$2,897,840. 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, 2010 and September 30, 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Unpaid claims, beginning of year	\$ 3,446,666	\$ 3,630,989
Incurred claims (including IBNR)	18,075,086	15,033,617
Claim payments	(18,279,100)	(15,217,940)
Unpaid claims, end of year	<u>\$ 3,242,652</u>	<u>\$ 3,446,666</u>

During the year ended September 30, 2010, the plan received contributions in the amounts of \$19,142,643 and \$1,892,610 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, \$12,098 was also received from the federal government as plan contributions. In addition to the claim payments made, the plan also expended \$724,209 in administrative costs and \$1,932,989 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

MONTGOMERY COUNTY, TEXAS
Notes to the Financial Statements
September 30, 2010

review. Excess loss insurance was purchased to limit the claims loss to the County to no more than \$250,000 per individual claim in 2010.

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, 2010, the County expended \$46,450 for administrative costs and \$220,411 for excess loss insurance premiums.

Changes in the workers' compensation liability for the two fiscal years ended September 30, 2010 and September 30, 2009 are detailed on the following page.

	<u>2010</u>	<u>2009</u>
Unpaid claims, beginning of year	\$ 960,523	\$1,138,992
Incurred claims (including IBNR)	587,818	212,916
Claim payments	<u>(673,402)</u>	<u>(391,385)</u>
Unpaid claims, end of year	<u>\$ 874,939</u>	<u>\$960,523</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 Heavy Equip. with less than 6 wheels \$ 10,000
- Vehicles above 6 wheels \$ 25,000
- Boilers and HVAC systems \$ 1,500

Total insured values exceed \$295,000,000 for the first three coverages listed above and an additional \$50,000,000 for boilers and HVAC systems.

The County paid \$437,483 in premiums in fiscal 2010, 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 2010.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2010

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 602 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, TX, 78768.

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

Benefit amounts are determined by the sum of the employee's deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the Commissioners' Court of the County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

B) FUNDING POLICY:

Montgomery County has elected the annually determined contribution rate (Variable Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 9.69% for the months of the accounting year in 2009, and 10.94% for the months of the accounting year in 2010.

The deposit rate payable by the employee members for calendar year 2010 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, 2010, the pension cost for the TCDRS plan was \$9,297,946, and the actual contributions were \$9,297,946.

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, 2007, and December 31, 2008, the basis for determining the contributions rates for calendar years 2008 and 2009. The December 31, 2009 actuarial valuation is the most recent valuation.

MONTGOMERY COUNTY, TEXAS**Notes to the Financial Statements****September 30, 2010****D) ACTUARIAL VALUATION INFORMATION:**

Actuarial valuation date	12/31/2007	12/31/2008	12/31/2009
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	15.4	14.9
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%	5.40%
Inflation	3.50%	3.50%	3.50%
Cost-of-living adjustments	0.00%	0.00%	0.00%

⁽¹⁾ Includes inflation at the stated rate.⁽²⁾ Subdivision Accumulation Fund.⁽³⁾ Employee Savings Fund.**E) TREND INFORMATION:**

Accounting Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/08	\$ 7,582,703	100%	\$ -
9/30/09	8,227,056	100%	-
9/30/10	9,297,946	100%	-

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll ⁽¹⁾	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
12/31/07	\$157,544	\$175,693	\$18,150	89.67%	\$72,914	24.89%
12/31/08	158,924	191,861	32,936	82.83%	79,617	41.37%
12/31/09	182,655	216,302	33,647	84.44%	89,010	37.80%

⁽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 under a single-employer defined benefit plan. 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

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2010

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 2010 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 was completed in 2010 for use in the fiscal year 2011 statements.

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 \$1,980,245 in health care claims for retirees and their dependents. For the year ended September 30, 2010, twenty-eight employees retired from service with the County. Eighteen of those retirees met the qualifications stated in Part A above. Currently, there are 154 retirees covered by this benefit. The actual cost recorded by the County is included in Note 12. Retiree contributions for 2010 were \$187,782, 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 in order to provide a long-term perspective of the OPEB plan. Assumptions made are as follows:

- Projected employee salary increases of 3.25% per annum
- Discount rate of 5.0%
- Age-neutral actual medical claim costs trended to valuation date and adjusted for risk characteristics of the group
- Stop-Loss premiums of average premium per enrollee per month based on actual premiums as of January 1, 2008.
- Expenses averaged as of January 1, 2008
- Contributions increase at the same rate as medical claims
- Retirement rates based on TCDRS pension plan retirement tables, adjusted to be consistent with expected first fiscal year retirements
- Turnover rates based on 2003 SOA Pension Turnover Study, adjusted to be consistent with recent County experience
- Mortality: UP-1994 (Male and Female)
- 67% participation of future eligible retirees
- Dependent status of current retirees persists
- 41% male/22% female future retirees to have covered spouses (two years younger than retiree)

The valuation will be updated every two years and actual results will be compared with past expectations. As a result of these comparisons, new estimates and assumptions will be made about future results of the plan. Valuations are made based on the benefits provided under the terms of the substantive plan in place at the time of the valuation and on the pattern of sharing of costs between the employer and plan members to that point. Any changes in the benefits offered

MONTGOMERY COUNTY, TEXAS
Notes to the Financial Statements
September 30, 2010

or the contribution rates would impact future valuations. Montgomery County does not prepare a separate financial report for the post-employment benefit plan.

For 2010, the County's net annual OPEB cost (expense) is \$4,842,773. The following table shows the calculation of the Net OPEB obligation:

	September 30, 2009	September 30, 2010
Annual OPEB Cost:		
Annual required contribution (ARC)	\$ 6,759,947	\$ 6,759,948
ARC Adjustment	-	(335,372)
Interest Adjustment to Net OPEB Obligation	-	398,442
Other Adjustment to ARC	2,695,245	-
Annual OPEB cost	9,455,192	6,823,018
Claims Paid	(1,486,835)	(1,980,245)
Net OPEB obligation	7,968,357	4,842,773
Net OPEB obligation – beginning of year	-	7,968,357
Net OPEB obligation – end of year	<u>\$ 7,968,357</u>	<u>\$12,811,130</u>
Percentage of annual OPEB cost contributed	16%	29%
Funding Progress:		
Actuarial valuation date	October 1, 2008	
Actuarial value of assets	\$ 6,000,000	
Actuarial accrued liability (AAL)	\$86,252,694	
Funded ratio	7%	
Unfunded AAL (UAAL)	\$80,252,694	
Actuarial Cost Method	Entry-Age Normal	
Amortization Method	Level % of Payroll	
Annual covered payroll	\$62,670,379	
UAAL as a percentage of covered payroll	128.1%	
Amortization Period	30 Years - Closed	

NOTE 15- CONTINGENT LIABILITIES:

A) GENERAL LIABILITIES:

For fiscal year 2010, the County participated in a public entity risk pool, to which certain losses arising from liability claims were transferred. The premium for this coverage, \$303,247, was recorded in the General Fund. In addition, the County expended \$112,071 for damages in connection with twenty-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, 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 \$117,751 for legal counsel to defend existing claims. The County intends to

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2010

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. 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:

Retrofit of Montgomery County's forensic center near the Criminal Justice Complex began in early 2011. The estimated \$800,000 for remodeling and various equipment needs will be funded through certificates of obligation to be issued in 2011.

Also in early 2011, Montgomery County opened a new mental health treatment facility designed to treat patients who are determined by the court system to be incompetent to proceed with trial. The County has entered into a contract with the State of Texas for the housing of a mental health forensic population with a bi-annual reimbursement of \$30,000,000. The County has also signed a management contract with GEO Care effective through August 31, 2011 with unlimited two-year renewal option periods.

The Lone Star Executive Airport expects to enter into an agreement in mid-2011 to lease fifteen acres of Montgomery County land to an aviation development company. The lease contract will require prepayment of the forty year lease in the amount of \$3.1 million during 2011. Funds received through this arrangement will be reserved for the expansion and upkeep of airport facilities.

ADDITIONAL SUPPLEMENTARY INFORMATION

MONTGOMERY COUNTY, TEXAS

General Fund

Schedule of Revenues and Other Financing Sources

Budget (GAAP Basis) and Actual Year Ended September 30, 2010

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>TAXES:</u>				
Ad Valorem Current	\$ 113,978,800	\$ 113,978,800	\$ 114,773,864	\$ 795,064
Ad Valorem Delinquent	1,101,300	1,101,300	1,206,937	105,637
Penalty and Interest	849,000	849,000	1,378,420	529,420
Mixed Beverage	1,250,000	1,250,000	1,252,290	2,290
Bingo Tax	150,000	150,000	153,557	3,557
Miscellaneous Taxes	40,000	40,000	285,341	245,341
Total Taxes	117,369,100	117,369,100	119,050,409	1,681,309
<u>LICENSES AND PERMITS:</u>				
Beer Licenses	133,000	133,000	140,029	7,029
Trial Fees	6,000	6,000	4,680	(1,320)
Stenographer Fees	125,000	138,220	133,402	(4,818)
Health Permits	250,000	250,000	345,175	95,175
Park Permits	55,000	55,000	57,960	2,960
Animal Control Fees	7,500	7,500	10,700	3,200
Food Service Permits	390,000	390,000	440,185	50,185
Alarm Permits	146,436	146,436	192,365	45,929
Hazardous Waste Mgmt Fees	12,000	12,000	34,972	22,972
Total Licenses and Permits	1,124,936	1,138,156	1,359,468	221,312
<u>FEES:</u>				
County Judge	11,000	11,000	11,950	950
County Sheriff	250,000	250,000	286,515	36,515
County Attorney	65,000	65,000	77,277	12,277
County Clerk	3,000,000	3,000,000	3,119,981	119,981
Records Management Fees	214,350	214,350	-	(214,350)
Tax Assessor-Collector	1,303,985	1,304,451	2,244,114	939,663
District Clerk	850,000	850,000	1,532,975	682,975
Justice of the Peace	3,804,021	3,927,204	4,352,239	425,035
Constable	565,000	588,533	634,521	45,988
Voter Registration	900	900	563	(337)
Criminal Justice Fees	855,746	913,721	1,025,708	111,987
Total Fees	10,920,002	11,125,159	13,285,843	2,160,684
<u>INTERGOVERNMENTAL:</u>				
Federal Grants:				
Department of Agriculture	60,000	60,000	62,263	2,263
Dept Health/Human Services	14,561	55,049	78,927	23,878
Department of Homeland Security	-	4,394,733	5,812,589	1,417,856
Department of Justice	66,000	1,232,110	990,139	(241,971)
Department of Transportation	-	148,109	131,913	(16,196)
Office of National Drug Control Policy	-	24,460	8,960	(15,500)
General Services Administration	-	966	966	-
Department of Energy	-	3,259,800	193,824	(3,065,976)
National Endowment for Humanities	-	6,000	5,734	(266)
Total Federal Grants	140,561	9,181,227	7,285,315	(1,895,912)

MONTGOMERY COUNTY, TEXAS**General Fund****Schedule of Revenues and Other Financing Sources****Budget (GAAP Basis) and Actual Year Ended September 30, 2010**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
INTERGOVERNMENTAL(cont'd)				
State Grants:				
Auto Theft Prevention Authority	-	405,437	434,353	28,916
Department of Health Services	-	147,952	84,819	(63,133)
Governor's Division of Criminal Justice	-	146,367	157,139	10,772
Office of the Attorney General	-	40,108	30,108	(10,000)
Tx Comm on Environmental Quality	-	1,535,588	1,416,195	(119,393)
Total State Grants	-	2,275,452	2,122,614	(152,838)
Other:				
U.S. Marshal Transportation	-	-	16,889	16,889
Prosecutor Salary Supplement	-	91,237	105,540	14,303
Intergovernmental Contracts	-	56,716	108,530	51,814
Voter Registration	-	477,149	743,724	266,575
Total Other	-	625,102	974,683	349,581
Total Intergovernmental	140,561	12,081,781	10,382,612	(1,699,169)
<u>CHARGES FOR SERVICES</u>	458,000	527,656	521,482	(6,174)
<u>INTEREST</u>	530,930	545,137	431,308	(113,829)
<u>CONTRACT REIMBURSEMENTS</u>	6,612,586	13,206,839	13,410,617	203,778
<u>INMATE HOUSING</u>	23,249,788	21,085,788	21,085,088	(700)
<u>FINES AND FORFEITURES</u>	140,000	140,000	84,296	(55,704)
<u>MISCELLANEOUS:</u>				
Lease of Facility	17,300	17,300	24,349	7,049
Commissions	560,000	630,143	625,610	(4,533)
Other	100,000	453,455	1,558,496	1,105,041
Total Miscellaneous	677,300	1,100,898	2,208,455	1,107,557
<u>TOTAL REVENUES</u>	161,223,203	178,320,514	181,819,578	3,499,064
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	842,325	918,898	76,573
Capital Lease Financing	-	125,403	125,403	-
<u>TOTAL OTHER FINANCING SOURCES</u>	-	967,728	1,044,301	76,573
<u>TOTAL REVENUES AND OTHER FINANCING SOURCES</u>	\$ 161,223,203	\$ 179,288,242	\$ 182,863,879	\$ 3,575,637

MONTGOMERY COUNTY, TEXAS

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Schedule of Expenditures and Other Financing Uses

Budget (GAAP Basis) and Actual Year Ended September 30, 2010

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>GENERAL ADMINISTRATION:</u>				
County Judge:				
Salaries	\$ 301,868	\$ 302,821	\$ 302,798	\$ 23
Employee Benefits	99,640	97,971	95,732	2,239
Supplies	6,450	9,062	7,906	1,156
Contract Services	13,500	36,100	28,901	7,199
Total County Judge	421,458	445,954	435,337	10,617
Human Resources:				
Salaries	277,116	277,966	277,939	27
Employee Benefits	117,345	117,345	113,312	4,033
Supplies	11,831	12,326	11,513	813
Contract Services	76,929	76,979	37,139	39,840
Total Human Resources	483,221	484,616	439,903	44,713
Risk Management:				
Salaries	308,825	310,025	310,012	13
Employee Benefits	123,142	123,142	121,973	1,169
Supplies	16,035	16,035	14,853	1,182
Contract Services	2,324,704	6,585,623	1,847,616	4,738,007
Total Risk Management	2,772,706	7,034,825	2,294,454	4,740,371
County Clerk:				
Salaries	1,377,392	1,342,392	1,337,483	4,909
Employee Benefits	674,226	654,226	646,437	7,789
Supplies	69,500	77,749	55,804	21,945
Contract Services	29,390	29,840	25,565	4,275
Total County Clerk	2,150,508	2,104,207	2,065,289	38,918
Collections:				
Salaries	508,112	508,112	499,400	8,712
Employee Benefits	237,418	237,418	221,814	15,604
Supplies	41,458	41,258	38,044	3,214
Contract Services	47,305	74,128	57,079	17,049
Capital Outlay	-	2,464	2,464	-
Total Collections	834,293	863,380	818,801	44,579

MONTGOMERY COUNTY, TEXAS

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Budget (GAAP Basis) and Actual Year Ended September 30, 2010

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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	126,833	126,751	82
Employee Benefits	56,439	56,439	55,952	487
Supplies	2,052	2,566	2,466	100
Contract Services	1,854	2,404	2,300	104
Total Veterans' Service	186,678	188,242	187,469	773
Information Technology:				
Salaries	1,677,942	1,662,942	1,656,522	6,420
Employee Benefits	584,634	579,634	576,404	3,230
Supplies	450,287	716,060	560,047	156,013
Contract Services	769,332	1,727,892	1,583,920	143,972
Capital Outlay	102,648	339,464	278,903	60,561
Total Information Technology	3,584,843	5,025,992	4,655,796	370,196
Purchasing Agent:				
Salaries	935,680	1,335,211	1,080,276	254,935
Employee Benefits	359,988	482,357	377,689	104,668
Supplies	21,243	34,239	23,197	11,042
Contract Services	138,637	2,971,856	256,450	2,715,406
Capital Outlay	-	12,174	12,174	-
Total Purchasing Agent	1,455,548	4,835,837	1,749,786	3,086,051
County-Wide:				
Supplies	735,000	735,000	718,820	16,180
Contract Services	7,132,536	5,886,536	1,543,607	4,342,929
Total County-Wide	7,867,536	6,621,536	2,262,427	4,359,109
<u>TOTAL GENERAL ADM</u>	19,756,791	27,604,589	14,909,262	12,695,327
<u>JUDICIAL:</u>				
County Court No1:				
Salaries	191,475	192,475	186,225	6,250
Employee Benefits	80,914	80,914	78,354	2,560
Supplies	4,774	5,999	5,029	970
Contract Services	5,625	4,725	2,881	1,844
Total County Court No1	282,788	284,113	272,489	11,624
County Court No2:				
Salaries	349,484	351,484	345,086	6,398
Employee Benefits	143,735	143,735	140,834	2,901
Supplies	6,966	5,730	5,163	567
Contract Services	5,946	7,752	7,555	197
Total County Court No2	506,131	508,701	498,638	10,063

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Budget (GAAP Basis) and Actual Year Ended September 30, 2010

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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	214,518	207,766	6,752
Employee Benefits	95,950	95,950	93,143	2,807
Supplies	11,000	11,000	9,227	1,773
Contract Services	10,400	12,588	7,200	5,388
Total County Court No3	330,283	334,056	317,336	16,720
County Court No4:				
Salaries	225,314	226,542	220,194	6,348
Employee Benefits	98,213	98,213	95,617	2,596
Supplies	8,655	9,660	8,821	839
Contract Services	6,080	7,354	6,891	463
Total County Court No4	338,262	341,769	331,523	10,246
County Court No5:				
Salaries	204,432	204,463	195,298	9,165
Employee Benefits	94,397	94,397	90,293	4,104
Supplies	8,830	8,830	7,426	1,404
Contract Services	7,200	8,802	4,163	4,639
Total County Court No2	314,859	316,492	297,180	19,312
District Attorney:				
Salaries	4,807,811	5,134,248	5,040,480	93,768
Employee Benefits	1,845,822	1,828,809	1,802,840	25,969
Supplies	94,295	124,774	114,774	10,000
Contract Services	106,186	131,259	127,497	3,762
Capital Outlay	-	1,108	1,108	-
Total District Attorney	6,854,114	7,220,198	7,086,699	133,499
District Clerk:				
Salaries	1,915,807	1,840,807	1,837,351	3,456
Employee Benefits	1,006,231	951,231	938,270	12,961
Supplies	82,759	89,403	84,452	4,951
Contract Services	46,132	66,690	47,411	19,279
Capital Outlay	14,761	-	-	-
Total District Clerk	3,065,690	2,948,131	2,907,484	40,647

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Budget (GAAP Basis) and Actual Year Ended September 30, 2010

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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	371,287	372,787	372,634	153
Employee Benefits	156,878	156,878	156,001	877
Supplies	10,500	11,206	10,618	588
Contract Services	14,819	33,107	28,525	4,582
Total Justice of Peace Pct 1	553,484	573,978	567,778	6,200
Justice of Peace Pct 2:				
Salaries	281,342	281,342	269,241	12,101
Employee Benefits	118,162	118,162	113,717	4,445
Supplies	8,935	8,935	7,271	1,664
Contract Services	20,130	23,572	20,918	2,654
Capital Outlay	-	1,098	1,098	-
Total Justice of Peace Pct 2	428,569	433,109	412,245	20,864
Justice of Peace Pct 3:				
Salaries	572,536	587,196	578,557	8,639
Employee Benefits	271,424	273,015	261,029	11,986
Supplies	16,191	14,691	14,401	290
Contract Services	13,625	17,756	15,202	2,554
Total Justice of Peace Pct 3	873,776	892,658	869,189	23,469
Justice of Peace Pct 4:				
Salaries	507,916	507,916	501,496	6,420
Employee Benefits	248,451	248,451	234,323	14,128
Supplies	9,603	12,535	12,458	77
Contract Services	18,405	88,838	86,886	1,952
Capital Outlay	-	1,814	1,814	-
Total Justice of Peace Pct 4	784,375	859,554	836,977	22,577
Justice of Peace Pct 5:				
Salaries	247,804	248,804	248,756	48
Employee Benefits	100,871	100,872	100,017	855
Supplies	9,362	16,918	15,013	1,905
Contract Services	5,950	41,320	28,144	13,176
Capital Outlay	-	1,989	1,985	4
Total Justice of Peace Pct 5	363,987	409,903	393,915	15,988
<u>TOTAL JUDICIAL</u>	14,696,318	15,122,662	14,791,453	331,209

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Budget (GAAP Basis) and Actual Year Ended September 30, 2010

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>LEGAL:</u>				
County Attorney:				
Salaries	1,589,731	1,628,002	1,601,349	26,653
Employee Benefits	590,693	590,693	573,878	16,815
Supplies	31,530	54,697	47,118	7,579
Contract Services	23,050	43,056	38,084	4,972
<u>TOTAL LEGAL</u>	<u>2,235,004</u>	<u>2,316,448</u>	<u>2,260,429</u>	<u>56,019</u>
<u>ELECTIONS:</u>				
Salaries	698,045	799,443	790,619	8,824
Employee Benefits	225,082	226,377	223,112	3,265
Supplies	48,576	69,954	68,630	1,324
Contract Services	63,650	297,983	287,992	9,991
Capital Outlay	-	40,127	40,088	39
<u>TOTAL ELECTIONS</u>	<u>1,035,353</u>	<u>1,433,884</u>	<u>1,410,441</u>	<u>23,443</u>
<u>FINANCIAL ADMINISTRATION:</u>				
County Auditor:				
Salaries	1,043,214	978,214	970,622	7,592
Employee Benefits	413,034	398,034	383,985	14,049
Supplies	19,670	33,968	27,822	6,146
Contract Services	40,771	31,909	29,143	2,766
Capital Outlay	3,100	-	-	-
Total County Auditor	<u>1,519,789</u>	<u>1,442,125</u>	<u>1,411,572</u>	<u>30,553</u>
County Treasurer:				
Salaries	410,719	403,719	403,261	458
Employee Benefits	163,996	155,996	154,717	1,279
Supplies	12,031	14,403	14,392	11
Contract Services	19,543	20,154	20,039	115
Capital Outlay	-	1,304	1,304	-
Total County Treasurer	<u>606,289</u>	<u>595,576</u>	<u>593,713</u>	<u>1,863</u>
Tax Assessor-Collector:				
Salaries	2,403,495	2,460,666	2,424,669	35,997
Employee Benefits	1,161,393	1,121,430	1,112,699	8,731
Supplies	138,564	136,547	93,578	42,969
Contract Services	183,929	238,465	135,421	103,044
Capital Outlay	73,220	134,220	106,244	27,976
Total Tax Assessor-Collector	<u>3,960,601</u>	<u>4,091,328</u>	<u>3,872,611</u>	<u>218,717</u>
<u>TOTAL FINANCIAL ADM</u>	<u>6,086,679</u>	<u>6,129,029</u>	<u>5,877,896</u>	<u>251,133</u>

MONTGOMERY COUNTY, TEXAS

General Fund

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Budget (GAAP Basis) and Actual Year Ended September 30, 2010

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>PUBLIC FACILITIES:</u>				
Custodial Services:				
Salaries	1,615,663	1,603,663	1,544,608	59,055
Employee Benefits	741,000	741,000	715,989	25,011
Supplies	316,570	328,970	325,041	3,929
Contract Services	74,690	74,914	70,515	4,399
Capital Outlay	-	2,143	2,143	-
Total Custodial Services	<u>2,747,923</u>	<u>2,750,690</u>	<u>2,658,296</u>	<u>92,394</u>
Building Maintenance:				
Salaries	1,714,655	1,769,520	1,767,597	1,923
Employee Benefits	769,130	744,033	738,343	5,690
Supplies	911,756	861,093	836,333	24,760
Contract Services	275,188	1,108,676	1,095,766	12,910
Capital Outlay	-	14,547	14,547	-
Total Building Maintenance	<u>3,670,729</u>	<u>4,497,869</u>	<u>4,452,586</u>	<u>45,283</u>
Jail:				
Salaries	10,481,177	9,973,477	9,936,078	37,399
Employee Benefits	4,872,392	4,607,684	4,518,092	89,592
Supplies	2,299,201	2,345,670	2,164,531	181,139
Contract Services	1,010,861	952,018	766,771	185,247
Capital Outlay	-	207,855	197,215	10,640
Total Jail	<u>18,663,631</u>	<u>18,086,704</u>	<u>17,582,687</u>	<u>504,017</u>
Joe Corley Detention Facility:				
Supplies	1,200,000	140,000	139,402	598
Contract Services	18,606,307	17,452,307	17,444,303	8,004
Capital Outlay	-	50,000	49,401	599
Total Joe Corley Detention Facility	<u>19,806,307</u>	<u>17,642,307</u>	<u>17,633,106</u>	<u>9,201</u>
Civic Center:				
Salaries	367,520	378,909	378,571	338
Employee Benefits	167,214	167,214	153,147	14,067
Supplies	117,266	135,620	121,052	14,568
Contract Services	347,650	404,433	339,202	65,231
Total Civic Center	<u>999,650</u>	<u>1,086,176</u>	<u>991,972</u>	<u>94,204</u>

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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	106,278	6,273
Employee Benefits	42,805	42,805	39,487	3,318
Supplies	3,100	5,316	5,078	238
Contract Services	18,247	27,405	25,942	1,463
Capital Outlay	-	301	301	-
Total Parks	176,703	188,378	177,086	11,292
<u>TOTAL PUBLIC FACILITIES</u>	<u>46,064,943</u>	<u>44,252,124</u>	<u>43,495,733</u>	<u>756,391</u>
<u>PUBLIC SAFETY:</u>				
Fire Marshal:				
Salaries	681,324	681,324	647,674	33,650
Employee Benefits	235,736	235,736	223,480	12,256
Supplies	19,500	18,547	17,613	934
Contract Services	24,238	27,613	26,431	1,182
Total Fire Marshal	960,798	963,220	915,198	48,022
Constable Pct 1:				
Salaries	1,823,556	1,870,958	1,870,958	-
Employee Benefits	700,126	699,885	696,979	2,906
Supplies	141,613	132,137	132,137	-
Contract Services	48,064	77,924	76,072	1,852
Capital Outlay	2,224	6,774	6,774	-
Total Constable Pct 1	2,715,583	2,787,678	2,782,920	4,758
Constable Pct 2:				
Salaries	935,884	914,806	914,728	78
Employee Benefits	326,773	317,962	317,451	511
Supplies	32,173	32,818	31,492	1,326
Contract Services	20,000	37,128	31,885	5,243
Capital Outlay	-	78,917	-	78,917
Total Constable Pct 2	1,314,830	1,381,631	1,295,556	86,075
Constable Pct 3:				
Salaries	1,715,336	1,730,127	1,729,632	495
Employee Benefits	635,930	577,805	574,463	3,342
Supplies	35,700	58,559	52,252	6,307
Contract Services	37,219	41,215	36,992	4,223
Capital Outlay	-	9,177	9,177	-
Total Constable Pct 3	2,424,185	2,416,883	2,402,516	14,367

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Budget (GAAP Basis) and Actual Year Ended September 30, 2010

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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	1,225,457	1,358,433	1,358,420	13
Employee Benefits	446,303	492,367	483,968	8,399
Supplies	13,900	30,585	30,431	154
Contract Services	15,957	18,307	12,460	5,847
Capital Outlay	-	81,825	81,825	-
Total Constable Pct 4	1,701,617	1,981,517	1,967,104	14,413
Constable Pct 5:				
Salaries	1,438,914	1,349,035	1,348,837	198
Employee Benefits	540,941	493,606	493,567	39
Supplies	28,735	39,184	38,731	453
Contract Services	38,855	35,158	29,593	5,565
Capital Outlay	-	49,122	1,160	47,962
Total Constable Pct 5	2,047,445	1,966,105	1,911,888	54,217
Sheriff:				
Salaries	17,627,817	19,045,876	18,560,501	485,375
Employee Benefits	7,312,519	7,773,194	7,469,050	304,144
Supplies	1,732,924	2,088,456	1,800,931	287,525
Contract Services	2,319,863	2,800,688	2,325,636	475,052
Capital Outlay	503,841	2,573,514	2,144,542	428,972
Total Sheriff	29,496,964	34,281,728	32,300,660	1,981,068
Juvenile Services:				
Salaries	3,162,381	3,301,931	3,138,711	163,220
Employee Benefits	1,449,306	1,496,027	1,447,067	48,960
Supplies	63,315	93,010	74,767	18,243
Contract Services	332,945	352,863	261,726	91,137
Total Juvenile Services	5,007,947	5,243,831	4,922,271	321,560
Adult Services:				
Salaries	-	4,001,638	4,001,638	-
Employee Benefits	-	736,917	736,916	1
Supplies	5,004	2,604	1,766	838
Contract Services	16,143	28,543	26,900	1,643
Total Adult Services	21,147	4,769,702	4,767,220	2,482

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Budget (GAAP Basis) and Actual Year Ended September 30, 2010

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>PUBLIC SAFETY(cont'd)</u>				
Emergency Management:				
Salaries	151,636	728,141	282,592	445,549
Employee Benefits	49,949	185,644	98,404	87,240
Supplies	2,889	2,653	1,970	683
Contract Services	41,456	771,087	228,015	543,072
Capital Outlay	-	5,569,353	3,982,897	1,586,456
Total Emergency Management	245,930	7,256,878	4,593,878	2,663,000
Department of Public Safety:				
Salaries	61,223	61,473	61,458	15
Employee Benefits	33,421	33,171	33,167	4
Supplies	450	450	449	1
Contract Services	-	500	211	289
Total Dept of Public Safety	95,094	95,594	95,285	309
<u>TOTAL PUBLIC SAFETY</u>	<u>46,031,540</u>	<u>63,144,767</u>	<u>57,954,496</u>	<u>5,190,271</u>
<u>HEALTH AND WELFARE:</u>				
Vehicle Emissions Program:				
Contract Services	-	1,389,616	1,389,616	-
LIRAP-Local Initiative				
Contract Services	-	1,553	-	1,553
Medical:				
Salaries	-	13,090	13,090	-
Employee Benefits	-	2,602	2,589	13
Supplies	-	11,086	11,086	-
Contract Services	90,000	239,749	169,115	70,634
Total Medical	90,000	266,527	195,880	70,647
Mental Health:				
Contract Services	429,688	429,688	244,039	185,649
Environmental Health:				
Salaries	1,419,953	1,419,953	1,388,623	31,330
Employee Benefits	570,772	570,772	549,709	21,063
Supplies	45,959	45,419	36,425	8,994
Contract Services	42,629	68,350	67,735	615
Capital Outlay	3,000	3,000	-	3,000
Total Environmental Health	2,082,313	2,107,494	2,042,492	65,002

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Budget (GAAP Basis) and Actual Year Ended September 30, 2010

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>HEALTH/WELFARE(cont'd)</u>				
Animal Control:				
Salaries	477,103	442,341	442,048	293
Employee Benefits	253,932	223,351	221,192	2,159
Supplies	60,050	66,367	64,800	1,567
Contract Services	34,645	39,593	39,476	117
Capital Outlay	-	184,201	143,798	40,403
Total Animal Control	825,730	955,853	911,314	44,539
Welfare:				
Contract Services	966,731	976,731	976,731	-
<u>TOTAL HEALTH/WELFARE</u>	4,394,462	6,127,462	5,760,072	367,390
<u>CONSERVATION:</u>				
Extension Agent:				
Salaries	315,486	315,486	314,229	1,257
Employee Benefits	131,788	135,588	135,509	79
Supplies	19,780	16,807	16,805	2
Contract Services	65,208	69,565	62,475	7,090
Capital Outlay	-	2,609	2,609	-
<u>TOTAL CONSERVATION</u>	532,262	540,055	531,627	8,428
<u>MISCELLANEOUS:</u>				
Contingency	2,447,763	5,004,346	1,683,887	3,320,459
<u>TOTAL MISCELLANEOUS</u>	2,447,763	5,004,346	1,683,887	3,320,459
<u>TOTAL EXPENDITURES</u>	143,281,115	171,675,366	148,675,296	23,000,070

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>OTHER FINANCING USES:</u>				
Transfers Out:				
To Forfeitures		60,866	60,866	-
To Jury	-	90,478	7,180,000	(7,089,522)
To Road and Bridge	-	722,189	722,189	-
To Memorial Library	-	30,000	8,030,000	(8,000,000)
To Community Development	-	14,207	14,207	-
To Animal Shelter	-	465	2,000,465	(2,000,000)
To Alternative Dispute Res.	-	150	150	-
To Juvenile Probation	-	194,914	194,914	-
To Child Welfare	-	-	60,000	(60,000)
To Airport Maintenance	-	73,248	8,395	64,853
To Mont Co Jail Financing Debt Service	-	-	3,443,480	(3,443,480)
To Revenue Toll Bonds 2010	-	-	2,543,218	(2,543,218)
To Certificates of Obligation 2011	-	-	1,004,198	(1,004,198)
<u>TOTAL OTHER FINANCING USES</u>	<u>-</u>	<u>1,186,517</u>	<u>25,262,082</u>	<u>(24,075,565)</u>
<u>TOTAL EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ 143,281,115</u>	<u>\$ 172,861,883</u>	<u>\$ 173,937,378</u>	<u>\$ (1,075,495)</u>

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

MONTGOMERY COUNTY, TEXAS

Nonmajor Governmental Funds

Combining Balance Sheet

September 30, 2010

B-1

	Special Revenue	Debt Service	Capital Projects	Total
<u>ASSETS:</u>				
Cash	\$ 2,369,236	\$ 1,353,042	\$ 22,309	\$ 3,744,587
Investments, at Fair Value	804,893	9,510,373	21,862,691	32,177,957
Cash, Restricted	2,059,967	-	-	2,059,967
Cash, Restricted for Retainage	-	-	833,266	833,266
Receivables:				
Taxes (net)	-	925,459	-	925,459
Accounts (net)	242,493	-	-	242,493
Due from Other Funds	17,071,023	-	886,051	17,957,074
Due from Other Governments	7,129,436	-	9,876	7,139,312
Prepaid Items	42,762	-	29,160	71,922
<u>TOTAL ASSETS</u>	<u>\$ 29,719,810</u>	<u>\$ 11,788,874</u>	<u>\$ 23,643,353</u>	<u>\$ 65,152,037</u>

LIABILITIES AND FUND BALANCE

LIABILITIES:

Accounts Payable	\$ 1,334,937	\$ 11,289	\$ 4,455,856	\$ 5,802,082
Retainage Payable	-	-	1,419,817	1,419,817
Due to Other Funds	6,232,341	128,493	298	6,361,132
Deferred Revenue	450,626	887,712	-	1,338,338
Total Liabilities	<u>8,017,904</u>	<u>1,027,494</u>	<u>5,875,971</u>	<u>14,921,369</u>

FUND BALANCES:

Reserved for:

Prepaid Items	42,762	-	-	42,762
Capital Projects	-	-	17,729,076	17,729,076
Debt Service	-	10,761,380	-	10,761,380

Unreserved, designated for encumbrances,
reported in:

Special Revenue Funds	60,119	-	38,306	98,425
Unreserved, undesignated	21,599,025	-	-	21,599,025
Total Fund Balances	<u>21,701,906</u>	<u>10,761,380</u>	<u>17,767,382</u>	<u>50,230,668</u>

TOTAL LIABILITIES AND

<u>FUND BALANCES</u>	<u>\$ 29,719,810</u>	<u>\$ 11,788,874</u>	<u>\$ 23,643,353</u>	<u>\$ 65,152,037</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, 2010**

B-2

	Special Revenue	Debt Service	Capital Projects	Totals
<u>REVENUES:</u>				
Taxes	\$ -	\$ 23,302,590	\$ -	\$ 23,302,590
Licenses and Permits	414,100	-	-	414,100
Fees	1,331,124	-	-	1,331,124
Intergovernmental	7,786,370	-	-	7,786,370
Charges for Services	1,647,124	-	-	1,647,124
Interest	19,598	270,461	24,796	314,855
Contract Reimbursements	298,987	-	-	298,987
Fines and Forfeitures	1,210,551	-	-	1,210,551
Miscellaneous	226,370	-	-	226,370
<u>TOTAL REVENUES</u>	<u>12,934,224</u>	<u>23,573,051</u>	<u>24,796</u>	<u>36,532,071</u>
<u>EXPENDITURES:</u>				
Current:				
General Administration	848,796	-	-	848,796
Judicial	8,865,700	-	-	8,865,700
Legal Services	455,788	-	-	455,788
Public Safety	3,450,850	-	-	3,450,850
Health and Welfare	6,707,136	-	-	6,707,136
Culture and Recreation	8,393,594	-	-	8,393,594
Public Transportation	759,644	-	-	759,644
Capital Projects	-	-	64,307,116	64,307,116
Debt Service:				
Principal Retirement	-	7,916,899	-	7,916,899
Interest and Fiscal Charges	-	20,511,040	-	20,511,040
Issuance Costs	-	896,344	440,308	1,336,652
<u>TOTAL EXPENDITURES</u>	<u>29,481,508</u>	<u>29,324,283</u>	<u>64,747,424</u>	<u>123,553,215</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(16,547,284)</u>	<u>(5,751,232)</u>	<u>(64,722,628)</u>	<u>(87,021,144)</u>
<u>OTHER FINANCING SOURCES/(USES)</u>				
Transfers In	17,571,396	3,885,758	3,914,742	25,371,896
Transfers Out	(676,101)	-	(442,278)	(1,118,379)
Capital Lease Financing	3,000,000	-	-	3,000,000
Issuance of Refunding Bonds	-	43,380,000	-	43,380,000
Issuance of Certificates of Obligation	-	1,167,562	31,282,438	32,450,000
Premium on Debt Issuance	-	1,117,534	957,925	2,075,459
Payment to Refunded Bond Escrow Agent	-	(44,643,876)	-	(44,643,876)
Discount on Debt Issuance	-	(601,022)	-	(601,022)
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>19,895,295</u>	<u>4,305,956</u>	<u>35,712,827</u>	<u>59,914,078</u>
Net Change in Fund Balances	3,348,011	(1,445,276)	(29,009,801)	(27,107,066)
Fund Balances at Beginning of Year	18,353,895	12,206,656	46,777,183	77,337,734
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 21,701,906</u>	<u>\$ 10,761,380</u>	<u>\$ 17,767,382</u>	<u>\$ 50,230,668</u>



NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

FEMA Disaster Grants Fund - to account for grants from the Federal Emergency Management Agency. In fiscal year ending September 30, 2010, the purpose of these grants is to assist the County in recovering from Hurricane Ike.

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

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

Memorial Library Fund - to account for the operations of a countywide library system. Financing includes ad valorem taxes and user fees.

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

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

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

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

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

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

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

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

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.

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

MONTGOMERY COUNTY, TEXAS
Nonmajor Special Revenue Funds
Combining Balance Sheet
September 30, 2010

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Page 1 of 2

	<u>Attorney Administration</u>	<u>Forfeitures</u>	<u>Civic Center Complex</u>	<u>FEMA Disaster Grants</u>
<u>ASSETS:</u>				
Cash	\$ 3,922	\$ 1,001,686	\$ -	\$ -
Investments, at Fair Value	-	-	-	-
Cash, Restricted	-	-	-	-
Receivables:				
Accounts	920	18,738	211	-
Due from Other Funds	250	60,842	1,266,770	-
Due from Other Governments	-	-	75,440	5,797,711
Prepaid Items	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 5,092</u>	<u>\$ 1,081,266</u>	<u>\$ 1,342,421</u>	<u>\$ 5,797,711</u>

LIABILITIES AND FUND BALANCES:

<u>LIABILITIES:</u>				
Accounts Payable	\$ 6,719	\$ 15,179	\$ 555	\$ -
Due to Other Funds	-	-	-	5,718,790
Deferred Revenue	-	-	-	-
Total Liabilities	<u>6,719</u>	<u>15,179</u>	<u>555</u>	<u>5,718,790</u>

FUND BALANCES:

Reserved for:				
Prepaid Items	-	-	-	-
Unreserved, designated for encumbrances, reported in:				
Special Revenue Funds	-	-	-	-
Unreserved, undesignated	(1,627)	1,066,087	1,341,866	78,921
Total Fund Balances	<u>(1,627)</u>	<u>1,066,087</u>	<u>1,341,866</u>	<u>78,921</u>

**TOTAL LIABILITIES AND
FUND BALANCES**

<u>\$ 5,092</u>	<u>\$ 1,081,266</u>	<u>\$ 1,342,421</u>	<u>\$ 5,797,711</u>
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Jury	Sheriff Commissary	Memorial Library	Memo Totals from Page 89	Totals
\$ 60,766	\$ 228,121	\$ 620	\$ 1,074,121	\$ 2,369,236
-	-	-	804,893	804,893
-	-	-	2,059,967	2,059,967
82,945	-	2,715	136,964	242,493
2,251,766	-	344,107	13,147,288	17,071,023
592,352	-	74,431	589,502	7,129,436
-	-	-	42,762	42,762
<u>\$ 2,987,829</u>	<u>\$ 228,121</u>	<u>\$ 421,873</u>	<u>\$ 17,855,497</u>	<u>\$ 29,719,810</u>
\$ 376,526	\$ 23,494	\$ 299,063	\$ 613,401	\$ 1,334,937
-	-	-	513,551	6,232,341
1,831	-	-	448,795	450,626
<u>378,357</u>	<u>23,494</u>	<u>299,063</u>	<u>1,575,747</u>	<u>8,017,904</u>
-	-	-	42,762	42,762
2,736	-	25,256	32,127	60,119
2,606,736	204,627	97,554	16,204,861	21,599,025
<u>2,609,472</u>	<u>204,627</u>	<u>122,810</u>	<u>16,279,750</u>	<u>21,701,906</u>
<u>\$ 2,987,829</u>	<u>\$ 228,121</u>	<u>\$ 421,873</u>	<u>\$ 17,855,497</u>	<u>\$ 29,719,810</u>

MONTGOMERY COUNTY, TEXAS
Nonmajor Special Revenue Funds
Combining Balance Sheet
September 30, 2010

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Page 2 of 2

	Community Development	Animal Shelter	Law Library	Historical Commission	Alternate Dispute Resolution
<u>ASSETS:</u>					
Cash	\$ -	\$ -	\$ 65,313	\$ -	\$ 26,462
Investments, at Fair Value	-	-	804,893	-	-
Cash, Resticted	2,059,967	-	-	-	-
Receivables:					
Accounts	5,280	7,770	28,239	-	14,428
Due from Other Funds	95,033	1,082,909	2,875	-	151
Due from Other Governments	447,459	-	-	-	-
Prepaid Items	-	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 2,607,739</u>	<u>\$ 1,090,679</u>	<u>\$ 901,320</u>	<u>\$ -</u>	<u>\$ 41,041</u>

LIABILITIES AND FUND BALANCES:

<u>LIABILITIES:</u>					
Accounts Payable	\$ 146,720	\$ 63,002	\$ 19,283	\$ -	\$ 13,483
Due to Other Funds	421,911	-	-	-	-
Deferred Revenue	164	-	-	-	-
Total Liabilities	<u>568,795</u>	<u>63,002</u>	<u>19,283</u>	<u>-</u>	<u>13,483</u>

FUND BALANCES:

Reserved for:					
Prepaid Items	-	-	-	-	-
Unreserved, designated for encumbrances, reported in:					
Special Revenue Funds	29,490	1,977	281	-	-
Unreserved, undesignated	<u>2,009,454</u>	<u>1,025,700</u>	<u>881,756</u>	<u>-</u>	<u>27,558</u>
Total Fund Balances	<u>2,038,944</u>	<u>1,027,677</u>	<u>882,037</u>	<u>-</u>	<u>27,558</u>

TOTAL LIABILITIES AND

<u>FUND BALANCES</u>	<u>\$ 2,607,739</u>	<u>\$ 1,090,679</u>	<u>\$ 901,320</u>	<u>\$ -</u>	<u>\$ 41,041</u>
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Juvenile Probation	Records Management and Preservation	Pre-Trial Diversion	Child Welfare	Airport Maintenance	Federal ARRA Fund	Memo Totals to Page 87
\$ 481,949	\$ 49,919	\$ -	\$ 12,469	\$ 438,009	\$ -	\$ 1,074,121
-	-	-	-	-	-	804,893
-	-	-	-	-	-	2,059,967
-	81,247	-	-	-	-	136,964
1,441,737	4,128,824	10,380	-	6,385,379	-	13,147,288
79,851	-	-	12,753	49,439	-	589,502
-	-	-	-	42,762	-	42,762
<u>\$ 2,003,537</u>	<u>\$ 4,259,990</u>	<u>\$ 10,380</u>	<u>\$ 25,222</u>	<u>\$ 6,915,589</u>	<u>\$ -</u>	<u>\$ 17,855,497</u>

\$ 335,850	\$ 15,363	\$ -	\$ 4,423	\$ 15,277	\$ -	\$ 613,401
-	5,379	-	17,812	68,449	-	513,551
198,631	-	-	-	250,000	-	448,795
<u>534,481</u>	<u>20,742</u>	<u>-</u>	<u>22,235</u>	<u>333,726</u>	<u>-</u>	<u>1,575,747</u>

-	-	-	-	42,762	-	42,762
-	-	-	-	379	-	32,127
1,469,056	4,239,248	10,380	2,987	6,538,722	-	16,204,861
<u>1,469,056</u>	<u>4,239,248</u>	<u>10,380</u>	<u>2,987</u>	<u>6,581,863</u>	<u>-</u>	<u>16,279,750</u>

<u>\$ 2,003,537</u>	<u>\$ 4,259,990</u>	<u>\$ 10,380</u>	<u>\$ 25,222</u>	<u>\$ 6,915,589</u>	<u>\$ -</u>	<u>\$ 17,855,497</u>
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MONTGOMERY COUNTY, TEXAS

Nonmajor Special Revenue Funds

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

Year Ended September 30, 2010

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	Attorney Administration	Forfeitures	Civic Center Complex	FEMA Disaster Grants
<u>REVENUES:</u>				
Licenses and Permits	\$ -	\$ -	\$ -	\$ -
Fees	-	-	-	-
Intergovernmental	-	-	304,881	17,169
Charges for Services	67,853	-	347,928	-
Interest	-	6,097	-	-
Contract Reimbursements	-	-	-	-
Fines and Forfeitures	-	597,972	-	-
Miscellaneous	-	-	-	-
<u>TOTAL REVENUES</u>	<u>67,853</u>	<u>604,069</u>	<u>652,809</u>	<u>17,169</u>
<u>EXPENDITURES:</u>				
General Administration	73,168	-	-	-
Judicial	-	-	-	-
Legal Services	-	-	-	-
Public Safety	-	935,507	-	-
Health and Welfare	-	-	-	17,169
Culture and Recreation	-	-	-	-
Public Transportation	-	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>73,168</u>	<u>935,507</u>	<u>-</u>	<u>17,169</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(5,315)</u>	<u>(331,438)</u>	<u>652,809</u>	<u>-</u>
<u>OTHER FINANCING SOURCES/ (USES):</u>				
Transfers In	-	60,866	-	-
Transfers Out	-	(45,965)	-	-
Capital Lease Financing	-	-	-	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>-</u>	<u>14,901</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(5,315)	(316,537)	652,809	-
Fund Balances at Beginning of Year	<u>3,688</u>	<u>1,382,624</u>	<u>689,057</u>	<u>78,921</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ (1,627)</u>	<u>\$ 1,066,087</u>	<u>\$ 1,341,866</u>	<u>\$ 78,921</u>

Jury	Sheriff Commissary	Memorial Library	Memo Totals from Page 93	Totals
\$ 207,042	\$ -	\$ -	\$ 207,058	\$ 414,100
-	-	-	1,331,124	1,331,124
1,142,444	-	112,341	6,209,535	7,786,370
-	394,681	157,971	678,691	1,647,124
754	1,049	-	11,698	19,598
298,987	-	-	-	298,987
612,579	-	-	-	1,210,551
12	-	142,329	84,029	226,370
2,261,818	395,730	412,641	8,522,135	12,934,224
-	-	-	775,628	848,796
8,865,700	-	-	-	8,865,700
-	-	-	455,788	455,788
-	354,384	-	2,160,959	3,450,850
-	-	-	6,689,967	6,707,136
-	-	8,373,695	19,899	8,393,594
-	-	-	759,644	759,644
8,865,700	354,384	8,373,695	10,861,885	29,481,508
(6,603,882)	41,346	(7,961,054)	(2,339,750)	(16,547,284)
7,180,000	-	8,032,500	2,298,030	17,571,396
(3,292)	-	(275)	(626,569)	(676,101)
-	-	-	3,000,000	3,000,000
7,176,708	-	8,032,225	4,671,461	19,895,295
572,826	41,346	71,171	2,331,711	3,348,011
2,036,646	163,281	51,639	13,948,039	18,353,895
\$ 2,609,472	\$ 204,627	\$ 122,810	\$ 16,279,750	\$ 21,701,906

MONTGOMERY COUNTY, TEXAS**Nonmajor Special Revenue Funds****Combining Statement of Revenues, Expenditures, and Changes in Fund Balances****Year Ended September 30, 2010**

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Page 2 of 2

	Community Development	Animal Shelter	Law Library	Historical Commission	Alternate Dispute Resolution
<u>REVENUES:</u>					
Licenses and Permits	\$ -	\$ 207,058	\$ -	\$ -	\$ -
Fees	-	-	290,189	-	150,692
Intergovernmental	3,578,273	-	-	-	-
Charges for Services	-	386,703	-	-	286
Interest	153	-	808	-	-
Contract Reimbursements	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	-	83,900	99	-	-
<u>TOTAL REVENUES</u>	<u>3,578,426</u>	<u>677,661</u>	<u>291,096</u>	<u>-</u>	<u>150,978</u>
<u>EXPENDITURES:</u>					
General Administration	-	-	-	-	-
Judicial	-	-	-	-	-
Legal Services	-	-	289,230	-	166,558
Public Safety	-	-	-	-	-
Health and Welfare	4,882,525	1,733,676	-	-	-
Culture and Recreation	-	-	-	19,899	-
Public Transportation	-	-	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>4,882,525</u>	<u>1,733,676</u>	<u>289,230</u>	<u>19,899</u>	<u>166,558</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(1,304,099)</u>	<u>(1,056,015)</u>	<u>1,866</u>	<u>(19,899)</u>	<u>(15,580)</u>
<u>OTHER FINANCING SOURCES/ (USES):</u>					
Transfers In	14,207	2,000,465	-	19,899	150
Transfers Out	(76,573)	(496,800)	-	-	-
Capital Lease Financing	3,000,000	-	-	-	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>2,937,634</u>	<u>1,503,665</u>	<u>-</u>	<u>19,899</u>	<u>150</u>
Net Change in Fund Balances	1,633,535	447,650	1,866	-	(15,430)
Fund Balances at Beginning of Year	<u>405,409</u>	<u>580,027</u>	<u>880,171</u>	<u>-</u>	<u>42,988</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 2,038,944</u>	<u>\$ 1,027,677</u>	<u>\$ 882,037</u>	<u>\$ -</u>	<u>\$ 27,558</u>

Juvenile Probation	Records Management and Preservation	Pre-Trial Diversion	Child Welfare	Airport Maintenance	Federal ARRA Grants	Memo Totals to Page 91
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 207,058
-	879,863	10,380	-	-	-	1,331,124
2,340,791	-	-	16,372	274,099	-	6,209,535
25,751	-	-	-	265,951	-	678,691
820	7,563	-	-	2,354	-	11,698
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	30	-	84,029
2,367,362	887,426	10,380	16,372	542,434	-	8,522,135
-	775,628	-	-	-	-	775,628
-	-	-	-	-	-	-
-	-	-	-	-	-	455,788
2,160,959	-	-	-	-	-	2,160,959
-	-	-	73,766	-	-	6,689,967
-	-	-	-	-	-	19,899
-	-	-	-	759,644	-	759,644
2,160,959	775,628	-	73,766	759,644	-	10,861,885
206,403	111,798	10,380	(57,394)	(217,210)	-	(2,339,750)
194,914	-	-	60,000	8,395	-	2,298,030
-	(53,000)	-	-	(196)	-	(626,569)
-	-	-	-	-	-	3,000,000
194,914	(53,000)	-	60,000	8,199	-	4,671,461
401,317	58,798	10,380	2,606	(209,011)	-	2,331,711
1,067,739	4,180,450	-	381	6,790,874	-	13,948,039
\$ 1,469,056	\$ 4,239,248	\$ 10,380	\$ 2,987	\$ 6,581,863	\$ -	\$ 16,279,750

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, 2010

C-3

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Charges for Service	\$ 81,917	\$ 67,853	\$ 67,853	\$ -
Total Revenues	81,917	67,853	67,853	-
<u>EXPENDITURES:</u>				
General Administration:				
Salaries	57,663	51,438	51,438	-
Employee Benefits	21,702	19,044	19,044	-
Supplies	1,027	2,571	2,571	-
Contract Services	1,525	115	115	-
Total Expenditures	81,917	73,168	73,168	-
Excess (Deficiency) Revenues Over Expenditures	-	(5,315)	(5,315)	-
Fund Balance at Beginning of Year	3,688	3,688	3,688	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 3,688</u>	<u>\$ (1,627)</u>	<u>\$ (1,627)</u>	<u>\$ -</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, 2010

C-4

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Interest	\$ -	\$ -	\$ 6,097	\$ 6,097
Fines and Forfeitures	225,252	729,041	597,972	(131,069)
Total Revenues	225,252	729,041	604,069	(124,972)
<u>EXPENDITURES:</u>				
Public Safety:				
Salaries	94,169	7,029	6,757	272
Employee Benefits	20,478	3,401	3,401	-
Supplies	89,166	244,927	238,625	6,302
Contract Services	21,439	128,506	128,462	44
Capital Outlay	-	558,305	558,262	43
Total Expenditures	225,252	942,168	935,507	6,661
Excess Revenues Over Expenditures	-	(213,127)	(331,438)	(118,311)
<u>OTHER FINANCING SOURCES/(USES):</u>				
Transfer In	-	-	60,866	60,866
Transfers Out	-	(45,965)	(45,965)	-
Total Other Financing Sources/(Uses):	-	(45,965)	14,901	60,866
Net Change in Fund Balance	-	(259,092)	(316,537)	(57,445)
Fund Balance at Beginning of Year	1,382,624	1,382,624	1,382,624	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 1,382,624</u>	<u>\$ 1,123,532</u>	<u>\$ 1,066,087</u>	<u>\$ (57,445)</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, 2010

C-5

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental	\$ 275,000	\$ 275,000	\$ 304,881	\$ 29,881
Charges for Services	475,000	475,000	347,928	(127,072)
Total Revenues	<u>750,000</u>	<u>750,000</u>	<u>652,809</u>	<u>(97,191)</u>
 Net Change in Fund Balance	 750,000	 750,000	 652,809	 (97,191)
 Fund Balance at Beginning of Year	 <u>689,057</u>	 <u>689,057</u>	 <u>689,057</u>	 <u>-</u>
 <u>FUND BALANCE AT END OF YEAR</u>	 <u><u>\$1,439,057</u></u>	 <u><u>\$1,439,057</u></u>	 <u><u>\$1,341,866</u></u>	 <u><u>\$ (97,191)</u></u>

MONTGOMERY COUNTY, TEXAS
FEMA Disaster Grants Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2010

C-6

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>REVENUES:</u>				
Intergovernmental	\$ -	\$ 17,169	\$ 17,169	\$ -
Total Revenues	<u>-</u>	<u>17,169</u>	<u>17,169</u>	<u>-</u>
<u>EXPENDITURES:</u>				
Health and Welfare:				
Contract Services	-	17,169	17,169	-
Total Expenditures	<u>-</u>	<u>17,169</u>	<u>17,169</u>	<u>-</u>
Excess (Deficiency) Revenues Over Expenditures	-	-	-	-
Fund Balance at Beginning of Year	<u>78,921</u>	<u>78,921</u>	<u>78,921</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 78,921</u>	<u>\$ 78,921</u>	<u>\$ 78,921</u>	<u>\$ -</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, 2010

C-7

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Fees	\$ 60,000	\$ 85,000	\$ 207,042	\$ 122,042
Intergovernmental:				
Federal Grants	75,000	79,967	81,310	1,343
State Grants	175,000	175,000	793,121	618,121
Other	125,000	125,000	268,013	143,013
Charges for Services	110,000	88,403	-	(88,403)
Interest	300	300	754	454
Contract Reimbursements	412,240	-	298,987	298,987
Fines and Forfeitures	415,000	510,543	612,579	102,036
Miscellaneous	-	412,240	12	(412,228)
Total Revenues	<u>1,372,540</u>	<u>1,476,453</u>	<u>2,261,818</u>	<u>785,365</u>
<u>EXPENDITURES:</u>				
Judicial:				
Salaries	1,937,625	1,930,591	1,843,443	87,148
Employee Benefits	821,060	792,651	684,862	107,789
Supplies	54,505	91,701	79,577	12,124
Contract Services	6,399,163	6,617,610	6,242,861	374,749
Capital Outlay	10,597	15,938	14,957	981
Total Expenditures	<u>9,222,950</u>	<u>9,448,491</u>	<u>8,865,700</u>	<u>582,791</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(7,850,410)</u>	<u>(7,972,038)</u>	<u>(6,603,882)</u>	<u>1,368,156</u>
<u>OTHER FINANCING SOURCES/(USES):</u>				
Transfers In	-	90,478	7,180,000	7,089,522
Transfers Out	-	(3,292)	(3,292)	-
Total Other Financing Sources /(Uses)	<u>-</u>	<u>87,186</u>	<u>7,176,708</u>	<u>7,089,522</u>
Net Change in Fund Balance	(7,850,410)	(7,884,852)	572,826	8,457,678
Fund Balance at Beginning of Year	<u>2,036,646</u>	<u>2,036,646</u>	<u>2,036,646</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (5,813,764)</u>	<u>\$ (5,848,206)</u>	<u>\$ 2,609,472</u>	<u>\$ 8,457,678</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, 2010

C-8

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Charges for Services	\$ 105,080	\$ 363,280	\$ 394,681	\$ 31,401
Interest	-	-	1,049	1,049
Total Revenues	<u>105,080</u>	<u>363,280</u>	<u>395,730</u>	<u>32,450</u>
<u>EXPENDITURES:</u>				
Public Safety:				
Salaries	22,080	23,780	17,336	6,444
Employee Benefits	-	500	447	53
Supplies	73,000	253,000	251,395	1,605
Contract Services	10,000	44,000	43,223	777
Capital Outlay	-	42,000	41,983	17
Total Expenditures	<u>105,080</u>	<u>363,280</u>	<u>354,384</u>	<u>8,896</u>
Excess (Deficiency) Revenues Over Expenditures	-	-	41,346	41,346
Fund Balance at Beginning of Year	<u>163,281</u>	<u>163,281</u>	<u>163,281</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 163,281</u>	<u>\$ 163,281</u>	<u>\$ 204,627</u>	<u>\$ 41,346</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, 2010

C-9

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental	\$ -	\$ 112,341	\$ 112,341	\$ -
Charges for Service	130,000	130,000	157,971	27,971
Miscellaneous	-	128,011	142,329	14,318
Total Revenues	<u>130,000</u>	<u>370,352</u>	<u>412,641</u>	<u>42,289</u>
<u>EXPENDITURES:</u>				
Culture and Recreation:				
Salaries	4,630,961	4,630,961	4,569,020	61,941
Employee Benefits	2,137,747	2,137,747	2,082,312	55,435
Supplies	566,598	918,392	790,733	127,659
Contract Services	709,169	733,386	630,752	102,634
Capital Outlay	261,247	302,655	300,878	1,777
Total Expenditures	<u>8,305,722</u>	<u>8,723,141</u>	<u>8,373,695</u>	<u>349,446</u>
Excess/ (Deficiency) Revenues Over Expenditures	<u>(8,175,722)</u>	<u>(8,352,789)</u>	<u>(7,961,054)</u>	<u>391,735</u>
<u>OTHER FINANCING SOURCES/(USES):</u>				
Transfers In	-	32,500	8,032,500	8,000,000
Transfers Out	-	(275)	(275)	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>32,225</u>	<u>8,032,225</u>	<u>8,000,000</u>
Net Change in Fund Balance	<u>(8,175,722)</u>	<u>(8,320,564)</u>	<u>71,171</u>	<u>8,391,735</u>
Fund Balance at Beginning of Year	<u>51,639</u>	<u>51,639</u>	<u>51,639</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (8,124,083)</u>	<u>\$ (8,268,925)</u>	<u>\$ 122,810</u>	<u>\$ 8,391,735</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, 2010

C-10

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental	\$ 2,346,724	\$ 9,262,261	\$ 3,578,273	\$ (5,683,988)
Interest	-	-	153	153
Total Revenues	<u>2,346,724</u>	<u>9,262,261</u>	<u>3,578,426</u>	<u>(5,683,835)</u>
<u>EXPENDITURES:</u>				
Health and Welfare:				
Salaries	262,797	754,455	472,285	282,170
Employee Benefits	93,845	184,182	114,237	69,945
Supplies	44,563	286,846	20,199	266,647
Contract Services	1,276,435	3,321,964	1,799,135	1,522,829
Capital Outlay	669,084	12,370,998	2,476,669	9,894,329
Total Expenditures	<u>2,346,724</u>	<u>16,918,445</u>	<u>4,882,525</u>	<u>12,035,920</u>
Excess (Deficiency) Revenues Over Expenditures	-	(7,656,184)	(1,304,099)	6,352,085
<u>OTHER FINANCING SOURCES/ (USES):</u>				
Transfers In	-	14,207	14,207	-
Transfers Out	-	-	(76,573)	(76,573)
Capital Lease Financing	-	3,000,000	3,000,000	-
Total Other Financing Sources/(Uses):	<u>-</u>	<u>3,014,207</u>	<u>2,937,634</u>	<u>(76,573)</u>
Net Change in Fund Balance	-	(4,641,977)	1,633,535	6,275,512
Fund Balance at Beginning of Year	<u>405,409</u>	<u>405,409</u>	<u>405,409</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 405,409</u>	<u>\$ (4,236,568)</u>	<u>\$ 2,038,944</u>	<u>\$ 6,275,512</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, 2010

C-11

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Licenses and Permits	\$ 55,000	\$ 171,510	\$ 207,058	\$ 35,548
Charges for Service	-	386,953	386,703	(250)
Miscellaneous	-	83,900	83,900	-
Total Revenues	<u>55,000</u>	<u>642,363</u>	<u>677,661</u>	<u>35,298</u>
<u>EXPENDITURES:</u>				
Health and Welfare:				
Salaries	721,618	693,883	669,355	24,528
Employee Benefits	939,916	418,116	351,763	66,353
Supplies	47,000	657,368	592,424	64,944
Contract Services	91,576	115,859	92,399	23,460
Capital Outlay	-	27,735	27,735	-
Total Expenditures	<u>1,800,110</u>	<u>1,912,961</u>	<u>1,733,676</u>	<u>179,285</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(1,745,110)</u>	<u>(1,270,598)</u>	<u>(1,056,015)</u>	<u>214,583</u>
<u>OTHER FINANCING SOURCES/(USES):</u>				
Transfers In	-	465	2,000,465	2,000,000
Transfers Out	-	(496,800)	(496,800)	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(496,335)</u>	<u>1,503,665</u>	<u>2,000,000</u>
Net Change in Fund Balance	<u>(1,745,110)</u>	<u>(1,766,933)</u>	<u>447,650</u>	<u>2,214,583</u>
Fund Balance at Beginning of Year	<u>580,027</u>	<u>580,027</u>	<u>580,027</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (1,165,083)</u>	<u>\$ (1,186,906)</u>	<u>\$ 1,027,677</u>	<u>\$ 2,214,583</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, 2010

C-12

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Fees	\$ 348,885	\$ 348,885	\$ 290,189	\$ (58,696)
Interest	-	-	808	808
Miscellaneous	-	-	99	99
Total Revenues	<u>348,885</u>	<u>348,885</u>	<u>291,096</u>	<u>(57,789)</u>
<u>EXPENDITURES:</u>				
Legal Services:				
Salaries	57,790	57,790	36,572	21,218
Employee Benefits	32,246	32,246	17,262	14,984
Supplies	63,749	113,749	36,290	77,459
Contract Services	75,100	75,100	63,483	11,617
Capital Outlay	<u>120,000</u>	<u>338,000</u>	<u>135,623</u>	<u>202,377</u>
Total Expenditures	<u>348,885</u>	<u>616,885</u>	<u>289,230</u>	<u>327,655</u>
Excess (Deficiency) Revenues Over Expenditures	-	(268,000)	1,866	269,866
Fund Balance at Beginning of Year	<u>880,171</u>	<u>880,171</u>	<u>880,171</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 880,171</u>	<u>\$ 612,171</u>	<u>\$ 882,037</u>	<u>\$ 269,866</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, 2010

C-13

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>EXPENDITURES:</u>				
Culture and Recreation:				
Contract Services	\$ 10,000	\$ 20,000	\$ 19,899	\$ 101
Total Expenditures	10,000	20,000	19,899	101
Excess (Deficiency) Revenues Over Expenditures	(10,000)	(20,000)	(19,899)	101
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers In	-	-	19,899	19,899
Net Change in Fund Balance	(10,000)	(20,000)	-	20,000
Fund Balance at Beginning of Year	-	-	-	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (10,000)</u>	<u>\$ (20,000)</u>	<u>\$ -</u>	<u>\$ 20,000</u>

MONTGOMERY COUNTY, TEXAS
Alternate Dispute Resolution Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2010

C-14

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Fees	\$ 142,743	\$ 142,743	\$ 150,692	\$ 7,949
Charges for Services	44,484	44,484	286	(44,198)
Total Revenues	<u>187,227</u>	<u>187,227</u>	<u>150,978</u>	<u>(36,249)</u>
<u>EXPENDITURES:</u>				
Legal Services:				
Salaries	130,100	49,605	36,319	13,286
Employee Benefits	57,127	25,127	17,763	7,364
Contract Services	-	112,645	112,476	169
Total Expenditures	<u>187,227</u>	<u>187,377</u>	<u>166,558</u>	<u>20,819</u>
Excess (Deficiency) Revenues Over Expenditures	-	(150)	(15,580)	(15,430)
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers In	<u>-</u>	<u>150</u>	<u>150</u>	<u>-</u>
Net Change in Fund Balance	-	-	(15,430)	(15,430)
Fund Balance at Beginning of Year	<u>42,988</u>	<u>42,988</u>	<u>42,988</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 42,988</u>	<u>\$ 42,988</u>	<u>\$ 27,558</u>	<u>\$ (15,430)</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, 2010

C-15

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental:				
Dept Health/Human Services Grant	\$ -	\$ 9,682	\$ 63,657	\$ 53,975
Texas Juvenile Prob Comm Grants	-	2,136,984	2,277,134	140,150
Charges for Services	-	10,521	25,751	15,230
Interest	-	316	820	504
Total Revenues	-	2,157,503	2,367,362	209,859
<u>EXPENDITURES:</u>				
Public Safety:				
Salaries	-	2,161,494	1,035,251	1,126,243
Benefits	-	923,217	438,365	484,852
Supplies	-	220,342	77,604	142,738
Contract Services	-	1,177,973	604,239	573,734
Capital Outlay	-	59,500	5,500	54,000
Total Expenditures	-	4,542,526	2,160,959	2,381,567
Excess (Deficiency) Revenues Over Expenditures	-	(2,385,023)	206,403	2,591,426
<u>OTHER FINANCING SOURCES/(USES):</u>				
Transfers In	-	194,914	194,914	-
Net Change in Fund Balance	-	(2,190,109)	401,317	2,591,426
Fund Balance at Beginning of Year	-	1,067,739	1,067,739	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ -</u>	<u>\$ (1,122,370)</u>	<u>\$ 1,469,056</u>	<u>\$ 2,591,426</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, 2010

C-16

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Fees	\$ 431,055	\$ 963,420	\$ 879,863	\$ (83,557)
Investment Earnings	-	-	7,563	7,563
Total Revenues	<u>431,055</u>	<u>963,420</u>	<u>887,426</u>	<u>(75,994)</u>
<u>EXPENDITURES:</u>				
General Administration:				
Salaries	188,794	248,532	247,323	1,209
Employee Benefits	67,901	73,949	69,941	4,008
Supplies	2,000	30,414	28,522	1,892
Contract Services	92,200	443,605	386,032	57,573
Capital Outlay	10,399	44,159	43,810	349
Total Expenditures	<u>361,294</u>	<u>840,659</u>	<u>775,628</u>	<u>65,031</u>
Excess (Deficiency) Revenues Over Expenditures	69,761	122,761	111,798	(10,963)
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers Out	<u>-</u>	<u>(53,000)</u>	<u>(53,000)</u>	<u>-</u>
Net Change in Fund Balance	69,761	69,761	58,798	(10,963)
Fund Balance at Beginning of Year	<u>4,180,450</u>	<u>4,180,450</u>	<u>4,180,450</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 4,250,211</u>	<u>\$ 4,250,211</u>	<u>\$ 4,239,248</u>	<u>\$ (10,963)</u>

MONTGOMERY COUNTY, TEXAS

Pre-Trial Diversion Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2010

C-17

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Fees	\$ -	\$ -	\$ 10,380	\$ 10,380
Total Revenues	-	-	10,380	10,380
Net Change in Fund Balance	-	-	10,380	10,380
Fund Balance at Beginning of Year	-	-	-	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,380</u>	<u>\$ 10,380</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, 2010

C-18

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental	\$ -	\$ 9,104	\$ 16,372	\$ 7,268
Total Revenues	-	9,104	16,372	7,268
<u>EXPENDITURES:</u>				
Health and Welfare:				
Salaries	-	51,117	11,062	40,055
Supplies	34,600	43,100	37,587	5,513
Contract Services	43,850	42,050	25,117	16,933
Total Expenditures	78,450	136,267	73,766	62,501
Excess (Deficiency) Revenues Over Expenditures	(78,450)	(127,163)	(57,394)	69,769
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers In	-	-	60,000	60,000
Net Change in Fund Balance	(78,450)	(127,163)	2,606	129,769
Fund Balance at Beginning of Year	381	381	381	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (78,069)</u>	<u>\$ (126,782)</u>	<u>\$ 2,987</u>	<u>\$ 129,769</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, 2010

C-19

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental:				
Federal Grants	\$ -	\$ 224,661	\$ 224,661	\$ -
State Grants	-	50,000	49,438	(562)
Charges for Services	190,000	190,000	265,951	75,951
Interest	-	-	2,354	2,354
Miscellaneous	-	-	30	30
Total Revenues	<u>190,000</u>	<u>464,661</u>	<u>542,434</u>	<u>77,773</u>
<u>EXPENDITURES:</u>				
Public Transportation:				
Salaries	247,259	249,404	249,404	-
Employee Benefits	85,084	89,938	89,937	1
Supplies	26,150	48,189	47,809	380
Contract Services	47,800	51,300	49,423	1,877
Capital Outlay	50,000	324,193	323,071	1,122
Total Expenditures	<u>456,293</u>	<u>763,024</u>	<u>759,644</u>	<u>3,380</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(266,293)</u>	<u>(298,363)</u>	<u>(217,210)</u>	<u>81,153</u>
<u>OTHER FINANCING SOURCES/(USES):</u>				
Transfers In	-	73,248	8,395	(64,853)
Transfers Out	<u>-</u>	<u>(196)</u>	<u>(196)</u>	<u>-</u>
Total Other Financing Sources/(Uses)	<u>-</u>	<u>73,052</u>	<u>8,199</u>	<u>(64,853)</u>
Net Change in Fund Balance	(266,293)	(225,311)	(209,011)	16,300
Fund Balance at Beginning of Year	<u>6,790,874</u>	<u>6,790,874</u>	<u>6,790,874</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 6,524,581</u>	<u>\$ 6,565,563</u>	<u>\$ 6,581,863</u>	<u>\$ 16,300</u>

MONTGOMERY COUNTY, TEXAS

Federal ARRA Grant Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2010

C-20

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental:				
Federal Grants	\$ -	\$ 2,552,850	\$ -	\$ (2,552,850)
Miscellaneous	-	87,634	-	(87,634)
Total Revenues	-	2,640,484	-	(2,640,484)
<u>EXPENDITURES:</u>				
Public Transportation:				
Supplies	-	87,634	-	87,634
Capital Outlay	-	2,552,850	-	2,552,850
Total Expenditures	-	2,640,484	-	2,640,484
Excess (Deficiency) Revenues Over Expenditures	-	-	-	-
Fund Balance at Beginning of Year	-	-	-	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2010

D-1

	Debt Service Fund	Jail Financing Corporation Debt Service Fund	Totals
<u>ASSETS:</u>			
Cash	\$ 1,353,042	\$ -	\$ 1,353,042
Investments, at Fair Value	9,510,373	-	9,510,373
Receivables:			
Taxes (net)	925,459	-	925,459
<u>TOTAL ASSETS</u>	<u>\$ 11,788,874</u>	<u>\$ -</u>	<u>\$ 11,788,874</u>

LIABILITIES AND FUND BALANCES:

LIABILITIES:

Accounts Payable	\$ 11,289	\$ -	\$ 11,289
Due to Other Funds	128,493	-	128,493
Deferred Revenue	887,712	-	887,712
Total Liabilities	<u>1,027,494</u>	<u>-</u>	<u>1,027,494</u>

FUND BALANCES:

Reserved for Debt Service	<u>10,761,380</u>	<u>-</u>	<u>10,761,380</u>
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TOTAL LIABILITIES AND

<u>FUND BALANCES</u>	<u>\$ 11,788,874</u>	<u>\$ -</u>	<u>\$ 11,788,874</u>
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MONTGOMERY COUNTY, TEXAS
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2010

D-2

	Debt Service Fund	Jail Financing Corporation Debt Service Fund	Totals
<u>REVENUES:</u>			
Taxes	\$ 23,302,590	\$ -	\$ 23,302,590
Interest	270,461	-	270,461
<u>TOTAL REVENUES</u>	<u>23,573,051</u>	<u>-</u>	<u>23,573,051</u>
<u>EXPENDITURES:</u>			
Debt Service			
Principal Retirement	6,415,000	1,501,899	7,916,899
Interest and Fiscal Charges	18,569,459	1,941,581	20,511,040
Issuance Costs	896,344	-	896,344
<u>TOTAL EXPENDITURES</u>	<u>25,880,803</u>	<u>3,443,480</u>	<u>29,324,283</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(2,307,752)</u>	<u>(3,443,480)</u>	<u>(5,751,232)</u>
<u>OTHER FINANCING SOURCES/(USES):</u>			
Transfers In	442,278	3,443,480	3,885,758
Transfers Out	-	-	-
Issuance of Refunding Bonds	43,380,000	-	43,380,000
Issuance of Certificates of Obligation	1,167,562	-	1,167,562
Premium on Debt Issuance	1,117,534	-	1,117,534
Payment Refunding Bond Escrow Agent	(44,643,876)	-	(44,643,876)
Discount on Debt Issuance	(601,022)	-	(601,022)
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>862,476</u>	<u>3,443,480</u>	<u>4,305,956</u>
Net Change in Fund Balance	(1,445,276)	-	(1,445,276)
Fund Balances at Beginning of Year	<u>12,206,656</u>	<u>-</u>	<u>12,206,656</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 10,761,380</u>	<u>\$ -</u>	<u>\$ 10,761,380</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, 2010

D-3

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Taxes	\$ 22,867,850	\$ 23,192,850	\$ 23,302,590	\$ 109,740
Interest	323,851	323,851	270,461	(53,390)
<u>TOTAL REVENUES</u>	<u>23,191,701</u>	<u>23,516,701</u>	<u>23,573,051</u>	<u>56,350</u>
<u>EXPENDITURES:</u>				
Debt Service:				
Principal Retirement	6,415,000	6,415,000	6,415,000	-
Interest and Fiscal Charges	16,776,701	19,936,898	18,569,459	1,367,439
Issuance Costs	-	-	896,344	(896,344)
<u>TOTAL EXPENDITURES</u>	<u>23,191,701</u>	<u>26,351,898</u>	<u>25,880,803</u>	<u>471,095</u>
Excess (Deficiency) Revenues Over Expenditures	<u>-</u>	<u>(2,835,197)</u>	<u>(2,307,752)</u>	<u>527,445</u>
<u>OTHER FINANCING SOURCES/ (USES):</u>				
Transfers In	-	-	442,278	442,278
Issuance of Refunding Bonds	-	43,380,000	43,380,000	-
Issuance of Certificates of Obligation	-	1,167,562	1,167,562	-
Premium on Debt Issuance	-	1,117,534	1,117,534	-
Payment Refunding Bond Escrow Agent	-	-	(44,643,876)	(44,643,876)
Discount on Debt Issuance	-	-	(601,022)	(601,022)
<u>TOTAL OTHER FINANCING SOURCES/ (USES)</u>	<u>-</u>	<u>45,665,096</u>	<u>862,476</u>	<u>(44,802,620)</u>
Net Change in Fund Balance	-	42,829,899	(1,445,276)	(44,275,175)
Fund Balance at Beginning of Year	<u>12,206,656</u>	<u>12,206,656</u>	<u>12,206,656</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 12,206,656</u>	<u>\$ 55,036,555</u>	<u>\$ 10,761,380</u>	<u>\$ (44,275,175)</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, 2010

D-4

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>EXPENDITURES:</u>				
Debt Service:				
Principal Retirement	\$ 1,501,899	\$ 1,501,899	\$ 1,501,899	\$ -
Interest and Fiscal Charges	1,941,581	1,941,581	1,941,581	-
<u>TOTAL EXPENDITURES</u>	<u>3,443,480</u>	<u>3,443,480</u>	<u>3,443,480</u>	<u>-</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(3,443,480)</u>	<u>(3,443,480)</u>	<u>(3,443,480)</u>	<u>-</u>
<u>OTHER FINANCING SOURCES/ (USES):</u>				
Transfers In	<u>-</u>	<u>3,443,480</u>	<u>3,443,480</u>	<u>-</u>
Net Change in Fund Balance	<u>(3,443,480)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (3,443,480)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



NONMAJOR CAPITAL PROJECT FUNDS

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

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

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

Certificates of Obligation, Series 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.

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

Certificates of Obligation, Series 2010 - to account for the construction of a new mental health treatment facility. The issuance of approximately \$32.45 million in certificates of obligation will provide the funding.

Certificates of Obligation, Series 2011 - to account for the remodel of an existing building to house the future Montgomery County Forensic Center. The County intends to reimburse itself for these current expenditures upon issuance of certificates of obligation in late 2011.

Revenue Toll Bonds, Series 2010 - to account for the County's issuance of \$36.1 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.

MONTGOMERY COUNTY, TEXAS
Nonmajor Capital Project Funds
Combining Balance Sheet
September 30, 2010

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Page 1 of 3

	Library Construction	Road Bonds Series 2003A	Road Bonds Series 2004	Certificates Obligation Series 2004	Certificates Obligation Series 2006
<u>ASSETS:</u>					
Cash	\$ -	\$ 1,083	\$ 1,295	\$ 6,179	\$ -
Investments, at Fair Value	-	187,342	760,090	-	2,971,888
Cash, Restricted for Retainage	-	-	-	-	3,242
Due from Other Funds	-	-	-	-	367,180
Due from Other Governments	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-
<u>TOTAL ASSETS</u>	<u>-</u>	<u>188,425</u>	<u>761,385</u>	<u>6,179</u>	<u>3,342,310</u>
<u>LIABILITIES AND FUND BALANCES:</u>					
<u>LIABILITIES:</u>					
Accounts Payable	-	-	-	-	344,263
Retainage Payable	-	-	-	-	214,166
Due to Other Funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>558,429</u>
<u>FUND BALANCES:</u>					
Reserved for Capital Projects	-	188,425	761,385	6,179	2,775,026
Unreserved, designated for:					
Encumbrances	-	-	-	-	8,855
Total Fund Balances	<u>-</u>	<u>188,425</u>	<u>761,385</u>	<u>6,179</u>	<u>2,783,881</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ -</u>	<u>\$ 188,425</u>	<u>\$ 761,385</u>	<u>\$ 6,179</u>	<u>\$ 3,342,310</u>

Certificates Obligation Series 2007	Certificates Obligation Series 2008	Road Bonds Series 2006A	Road Bonds Series 2006B	Road Bonds Series 2008A	Memo Totals from Page 123	Totals
\$ -	\$ 4,427	\$ 711	\$ 2,448	\$ -	\$ 6,166	\$ 22,309
-	1,854,082	461,856	575,280	4,085,965	10,966,188	21,862,691
-	-	-	-	10,147	819,877	833,266
-	-	-	-	190,901	327,970	886,051
-	-	9,876	-	-	-	9,876
-	-	-	-	-	29,160	29,160
-	1,858,509	472,443	577,728	4,287,013	12,149,361	23,643,353
-	16,346	8,682	34,653	1,490,719	2,561,193	4,455,856
-	-	-	-	94,847	1,110,804	1,419,817
-	298	-	-	-	-	298
-	16,644	8,682	34,653	1,585,566	3,671,997	5,875,971
-	1,841,865	463,761	543,075	2,671,996	8,477,364	17,729,076
-	-	-	-	29,451	-	38,306
-	1,841,865	463,761	543,075	2,701,447	8,477,364	17,767,382
\$ -	\$ 1,858,509	\$ 472,443	\$ 577,728	\$ 4,287,013	\$ 12,149,361	\$ 23,643,353



	Road Bonds Series 2008B	Certificates Obligation Series 2010	Certificates Obligation Series 2011	Revenue Toll Bonds Series 2010	Memo Totals to Page 121
<u>ASSETS:</u>					
Cash	\$ 6,166	\$ -	\$ -	\$ -	\$ 6,166
Investments, at Fair Value	3,366,188	7,600,000	-	-	10,966,188
Cash, Restricted for Retainage	-	819,877	-	-	819,877
Due from Other Funds	32,319	37,877	10,334	247,440	327,970
Due from Other Governments	-	-	-	-	-
Prepaid Expenses	-	-	-	29,160	29,160
<u>TOTAL ASSETS</u>	<u>3,404,673</u>	<u>8,457,754</u>	<u>10,334</u>	<u>276,600</u>	<u>12,149,361</u>
<u>LIABILITIES AND FUND BALANCES:</u>					
<u>LIABILITIES:</u>					
Accounts Payable	481,382	1,832,371	-	247,440	2,561,193
Retainage Payable	-	1,110,804	-	-	1,110,804
Due to Other Funds	-	-	-	-	-
Total Liabilities	<u>481,382</u>	<u>2,943,175</u>	<u>-</u>	<u>247,440</u>	<u>3,671,997</u>
<u>FUND BALANCES:</u>					
Reserved for Capital Projects	2,923,291	5,514,579	10,334	29,160	8,477,364
Unreserved, designated for:					
Encumbrances	-	-	-	-	-
Total Fund Balances	<u>2,923,291</u>	<u>5,514,579</u>	<u>10,334</u>	<u>29,160</u>	<u>8,477,364</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 3,404,673</u>	<u>\$ 8,457,754</u>	<u>\$ 10,334</u>	<u>\$ 276,600</u>	<u>\$ 12,149,361</u>

MONTGOMERY COUNTY, TEXAS
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2010

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Page 1 of 3

	Library Construction	Road Bonds Series 2003A	Road Bonds Series 2004	Certificates Obligation Series 2004	Certificates Obligation Series 2006
<u>REVENUES:</u>					
Interest	\$ 153	\$ 415	\$ 765	\$ 40	\$ 4,189
<u>TOTAL REVENUES</u>	<u>153</u>	<u>415</u>	<u>765</u>	<u>40</u>	<u>4,189</u>
<u>EXPENDITURES:</u>					
Capital Outlay	114,050	105,784	164,578	-	3,616,395
Issuance Costs	-	-	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>114,050</u>	<u>105,784</u>	<u>164,578</u>	<u>-</u>	<u>3,616,395</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(113,897)</u>	<u>(105,369)</u>	<u>(163,813)</u>	<u>40</u>	<u>(3,612,206)</u>
<u>OTHER FINANCING SOURCES/(USES):</u>					
Transfers In	-	-	-	-	367,326
Transfers Out	(40,058)	-	-	-	-
Issuance of Cert of Obligation	-	-	-	-	-
Premium on Debt Issuance	-	-	-	-	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>(40,058)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>367,326</u>
Net Change in Fund Balance	(153,955)	(105,369)	(163,813)	40	(3,244,880)
Fund Balances at Beginning of Year	<u>153,955</u>	<u>293,794</u>	<u>925,198</u>	<u>6,139</u>	<u>6,028,761</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ -</u>	<u>\$ 188,425</u>	<u>\$ 761,385</u>	<u>\$ 6,179</u>	<u>\$ 2,783,881</u>

Certificates Obligation Series 2007	Certificates Obligation Series 2008	Road Bonds Series 2006A	Road Bonds Series 2006B	Road Bonds Series 2008A	Memo Totals from Page 127	Totals
\$ 410	\$ 2,595	\$ 819	\$ 749	\$ 5,492	\$ 9,169	\$ 24,796
410	2,595	819	749	5,492	9,169	24,796
47,424	2,251,127	850,094	436,156	7,229,372	49,492,136	64,307,116
-	-	-	-	-	440,308	440,308
47,424	2,251,127	850,094	436,156	7,229,372	49,932,444	64,747,424
(47,014)	(2,248,532)	(849,275)	(435,407)	(7,223,880)	(49,923,275)	(64,722,628)
-	-	-	-	-	3,547,416	3,914,742
(402,220)	-	-	-	-	-	(442,278)
-	-	-	-	-	-	-
-	-	-	-	-	957,925	957,925
(402,220)	-	-	-	-	35,787,779	35,712,827
(449,234)	(2,248,532)	(849,275)	(435,407)	(7,223,880)	(14,135,496)	(29,009,801)
449,234	4,090,397	1,313,036	978,482	9,925,327	22,612,860	46,777,183
\$ -	\$ 1,841,865	\$ 463,761	\$ 543,075	\$ 2,701,447	\$ 8,477,364	\$ 17,767,382

	Road Bonds Series 2008B	Certificates Obligation Series 2010	Certificates Obligation Series 2011	Revenue Toll Bonds Series 2010	Memo Totals to Page 125
<u>REVENUES:</u>					
Interest	\$ 8,774	\$ 395	\$ -	\$ -	\$ 9,169
<u>TOTAL REVENUES</u>	<u>8,774</u>	<u>395</u>	<u>-</u>	<u>-</u>	<u>9,169</u>
<u>EXPENDITURES:</u>					
Capital Outlay	19,698,343	26,285,871	993,864	2,514,058	49,492,136
Issuance Costs	-	440,308	-	-	440,308
<u>TOTAL EXPENDITURES</u>	<u>19,698,343</u>	<u>26,726,179</u>	<u>993,864</u>	<u>2,514,058</u>	<u>49,932,444</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(19,689,569)</u>	<u>(26,725,784)</u>	<u>(993,864)</u>	<u>(2,514,058)</u>	<u>(49,923,275)</u>
<u>OTHER FINANCING SOURCES/(USES):</u>					
Transfers In	-	-	1,004,198	2,543,218	3,547,416
Transfers Out	-	-	-	-	-
Issuance of Cert of Obligation	-	31,282,438	-	-	31,282,438
Premium on Debt Issuance	-	957,925	-	-	957,925
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>-</u>	<u>32,240,363</u>	<u>1,004,198</u>	<u>2,543,218</u>	<u>35,787,779</u>
Net Change in Fund Balance	(19,689,569)	5,514,579	10,334	29,160	(14,135,496)
Fund Balances at Beginning of Year	<u>22,612,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,612,860</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 2,923,291</u>	<u>\$ 5,514,579</u>	<u>\$ 10,334</u>	<u>\$ 29,160</u>	<u>\$ 8,477,364</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, 2010

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	Restitution Center	County Officials	Totals
<u>ASSETS:</u>			
Cash	\$ 3,643	\$ 9,938,534	\$ 9,942,177
Investments, at Fair Value	-	656,594	656,594
Accounts Receivable	-	26,729	26,729
<u>TOTAL ASSETS</u>	<u>\$ 3,643</u>	<u>\$ 10,621,857</u>	<u>\$ 10,625,500</u>
<u>LIABILITIES:</u>			
Accounts Payable	\$ 3,643	\$ 5,338,221	\$ 5,341,864
Due to Other Governments	-	5,283,636	5,283,636
<u>TOTAL LIABILITIES</u>	<u>\$ 3,643</u>	<u>\$ 10,621,857</u>	<u>\$ 10,625,500</u>

MONTGOMERY COUNTY, TEXAS
Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year Ended September 30, 2010

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	Balance October 1, 2009	Additions	Deductions	Balance September 30, 2010
<u>RESTITUTION CENTER:</u>				
Assets:				
Cash	\$ 5,018	\$ 504,803	\$ 506,178	\$ 3,643
Liabilities:				
Accounts Payable	\$ 5,018	\$ 504,803	\$ 506,178	\$ 3,643
<u>COUNTY OFFICIALS:</u>				
Assets:				
Cash	\$ 14,817,431	\$ 1,181,369,909	\$ 1,186,248,806	\$ 9,938,534
Investments, at Fair Value	848,772	881,094	1,073,272	656,594
Accounts Receivable	85,210	11,679	70,160	26,729
Total Assets	\$ 15,751,413	\$ 1,182,262,682	\$ 1,187,392,238	\$ 10,621,857
Liabilities:				
Accounts Payable	\$ 10,800,356	\$ 18,140,284	\$ 23,602,419	\$ 5,338,221
Due to Other Funds	-	511,480,750	511,480,750	-
Due to Other Governments	4,951,057	652,642,648	652,310,069	5,283,636
Total Liabilities	\$ 15,751,413	\$ 1,182,263,682	\$ 1,187,393,238	\$ 10,621,857
<u>TOTALS - ALL AGENCY FUNDS:</u>				
Assets:				
Cash	\$ 14,822,449	\$ 1,181,874,712	\$ 1,186,754,984	\$ 9,942,177
Investments, at Fair Value	848,772	881,094	1,073,272	656,594
Accounts Receivable	85,210	11,679	70,160	26,729
Total Assets	\$ 15,756,431	\$ 1,182,767,485	\$ 1,187,898,416	\$ 10,625,500
Liabilities:				
Accounts Payable	\$ 10,805,374	\$ 18,645,087	\$ 24,108,597	\$ 5,341,864
Due to Other Funds	-	511,480,750	511,480,750	-
Due to Other Governments	4,951,057	652,642,648	652,310,069	5,283,636
Total Liabilities	\$ 15,756,431	\$ 1,182,768,485	\$ 1,187,899,416	\$ 10,625,500

**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, 2010

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GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 31,035,433
Buildings	197,341,280
Improvements Other than Buildings	24,154,914
Equipment	72,492,863
Infrastructure	1,081,780,629
Construction in Progress	27,707,753

<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>\$ 1,434,512,872</u>
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INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS
BY SOURCE:

General Fund	\$ 248,151,928
Special Revenue Funds	1,158,653,191
Capital Project Funds	27,707,753

<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>\$ 1,434,512,872</u>
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MONTGOMERY COUNTY, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
September 30, 2010

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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	\$ 13,809	\$ -	\$ -	\$ -	\$ 13,809
Human Resources	8,580	-	-	-	8,580
Risk Management	1,172,177	-	945,575	2,394	224,208
County Clerk	659,662	-	-	-	659,662
Collections	17,064	-	-	-	17,064
Purchasing Agent	719,839	-	-	-	719,839
Commns/Info Services	3,293,727	-	86,900	1,061,451	2,145,376
County Buildings	95,982,309	-	95,486,864	495,445	-
County Land	6,498,691	6,378,778	-	119,913	-
<u>TOTAL GENERAL ADM</u>	<u>108,365,858</u>	<u>6,378,778</u>	<u>96,519,339</u>	<u>1,679,203</u>	<u>3,788,538</u>
<u>FINANCIAL ADMINISTRATION:</u>					
County Auditor	60,523	-	-	-	60,523
County Treasurer	23,494	-	-	-	23,494
Tax Assessor/Collector	192,915	7,500	-	-	185,415
<u>TOTAL FINANCIAL ADM</u>	<u>276,932</u>	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>269,432</u>
<u>CONSERVATION:</u>					
Extension Agents	846,107	1,682	815,958	15,520	12,947
Recycling Stations	165,203	-	66,318	24,047	74,838
<u>TOTAL CONSERVATION</u>	<u>1,011,310</u>	<u>1,682</u>	<u>882,276</u>	<u>39,567</u>	<u>87,785</u>
<u>ELECTIONS:</u>					
Elections Administrator	3,413,038	3,000	493,239	70,469	2,846,330
<u>TOTAL ELECTIONS ADM</u>	<u>3,413,038</u>	<u>3,000</u>	<u>493,239</u>	<u>70,469</u>	<u>2,846,330</u>
<u>FACILITIES:</u>					
Custodial Services	684,782	-	168,473	6,155	510,154
Building Maintenance	1,005,231	-	171,407	5,668	828,156
Parks	26,090,422	7,582,505	4,159,329	14,259,094	89,494
Jail	3,898,210	-	3,353,964	15,125	529,121
Joe Corley Detention Facility	43,953,660	819,217	37,314,360	4,592,890	1,227,193
Civic Center	16,499,475	88,216	14,551,294	1,487,085	372,880
<u>TOTAL FACILITIES</u>	<u>92,131,780</u>	<u>8,489,938</u>	<u>59,718,827</u>	<u>20,366,017</u>	<u>3,556,998</u>
<u>HEALTH AND WELFARE:</u>					
Public Health	4,292,782	49,211	3,904,540	53,368	285,663
Child Welfare	-	-	-	-	-
Community Development	6,860,060	348,641	6,130,272	-	381,147
<u>TOTAL HEALTH/WELFARE</u>	<u>11,152,842</u>	<u>397,852</u>	<u>10,034,812</u>	<u>53,368</u>	<u>666,810</u>

MONTGOMERY COUNTY, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
September 30, 2010

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Page 2 of 2

Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Equipment	Infrastructure
<u>JUDICIAL:</u>						
Courts	346,355	-	-	924	345,431	-
District Attorney	294,419	-	-	-	294,419	-
District Clerk	395,147	-	-	-	395,147	-
Justice of Peace	2,394,798	-	2,268,998	4,930	120,870	-
<u>TOTAL JUDICIAL</u>	<u>3,430,719</u>	<u>-</u>	<u>2,268,998</u>	<u>5,854</u>	<u>1,155,867</u>	<u>-</u>
<u>LEGAL SERVICES:</u>						
County Attorney	40,224	-	-	-	40,224	-
Law Library	1,201,025	-	-	-	1,201,025	-
<u>TOTAL LEGAL SERVICES</u>	<u>1,241,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,241,249</u>	<u>-</u>
<u>PUBLIC SAFETY:</u>						
Emergency Management	8,098,620	-	546,765	410,406	7,141,449	-
Fire Marshall	32,053	-	-	-	32,053	-
Department of Public Safety	1,213	-	-	-	1,213	-
Constables	1,641,362	-	102,970	3,440	1,534,952	-
Sheriff	30,041,013	217,709	1,959,313	630,232	27,233,759	-
District Attorney Forfeitures	272,783	-	-	8,900	263,883	-
Juvenile Probation	1,665,365	-	1,347,769	-	317,596	-
Adult Probation	14,551	-	-	-	14,551	-
<u>TOTAL PUBLIC SAFETY</u>	<u>41,766,960</u>	<u>217,709</u>	<u>3,956,817</u>	<u>1,052,978</u>	<u>36,539,456</u>	<u>-</u>
<u>PUBLIC TRANSPORTATION:</u>						
Engineer	57,727	-	-	-	57,727	-
Commissioners' Operations	1,091,157,322	10,295,747	4,169,201	220,743	13,875,303	1,062,596,328
Airport	25,897,799	1,611,168	4,113,655	616,021	372,654	19,184,301
<u>TOTAL PUBLIC TRANSPORTATION</u>	<u>1,117,112,848</u>	<u>11,906,915</u>	<u>8,282,856</u>	<u>836,764</u>	<u>14,305,684</u>	<u>1,081,780,629</u>
<u>CULTURE AND RECREATION:</u>						
Memorial Library	26,901,583	3,632,059	15,184,116	50,694	8,034,714	-
<u>TOTAL CULTURE/REC</u>	<u>26,901,583</u>	<u>3,632,059</u>	<u>15,184,116</u>	<u>50,694</u>	<u>8,034,714</u>	<u>-</u>
<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>1,406,805,119</u>	<u>\$ 31,035,433</u>	<u>\$ 197,341,280</u>	<u>\$ 24,154,914</u>	<u>\$ 72,492,863</u>	<u>\$ 1,081,780,629</u>
Construction In Progress	<u>27,707,753</u>					
<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>\$ 1,434,512,872</u>					

MONTGOMERY COUNTY, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
Year Ended September 30, 2010

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Page 1 of 2

Function and Activity	Govtl Funds Capital Assets October 1, 2009	Additions	Deletions	Govtl Funds Capital Assets September 30, 2010
<u>GENERAL ADMINISTRATION:</u>				
County Judge	\$ 11,859	\$ 1,950	\$ -	\$ 13,809
Human Resources	8,580	-	-	8,580
Risk Management	39,254	1,132,923	-	1,172,177
County Clerk	669,792	41,935	52,065	659,662
Collections	17,148	2,464	2,548	17,064
Purchasing Agent	478,282	1,950,244	1,708,687	719,839
Commns/Info Services	1,859,329	1,610,919	176,521	3,293,727
County Buildings	91,765,477	4,425,891	209,059	95,982,309
County Land	6,481,240	32,930	15,479	6,498,691
<u>TOTAL GENERAL ADM</u>	<u>101,330,961</u>	<u>9,199,256</u>	<u>2,164,359</u>	<u>108,365,858</u>
<u>FINANCIAL ADMINISTRATION:</u>				
County Auditor	66,073	5,231	10,781	60,523
County Treasurer	26,149	1,304	3,959	23,494
Tax Assessor/Collector	172,334	40,472	19,891	192,915
<u>TOTAL FINANCIAL ADM</u>	<u>264,556</u>	<u>47,007</u>	<u>34,631</u>	<u>276,932</u>
<u>CONSERVATION:</u>				
Extension Agents	648,629	211,340	13,862	846,107
Recycling Stations	161,878	3,325	-	165,203
<u>TOTAL CONSERVATION</u>	<u>810,507</u>	<u>214,665</u>	<u>13,862</u>	<u>1,011,310</u>
<u>ELECTIONS:</u>				
Elections Administrator	3,383,449	40,088	10,499	3,413,038
<u>TOTAL ELECTIONS</u>	<u>3,383,449</u>	<u>40,088</u>	<u>10,499</u>	<u>3,413,038</u>
<u>FACILITIES:</u>				
Custodial Services	705,444	31,511	52,173	684,782
Building Maintenance	970,891	43,595	9,255	1,005,231
Parks	22,523,185	3,573,928	6,691	26,090,422
Jail	1,245,493	2,665,030	12,313	3,898,210
Joe Corley Detention Facility	43,904,260	49,400	-	43,953,660
Civic Center	16,451,175	55,000	6,700	16,499,475
<u>TOTAL FACILITIES</u>	<u>85,800,448</u>	<u>6,418,464</u>	<u>87,132</u>	<u>92,131,780</u>
<u>HEALTH AND WELFARE:</u>				
Public Health	4,155,715	263,268	126,201	4,292,782
Child Welfare	2,583	-	2,583	-
Community Development	6,225,584	634,476	-	6,860,060
<u>TOTAL HEALTH & WELFARE</u>	<u>10,383,882</u>	<u>897,744</u>	<u>128,784</u>	<u>11,152,842</u>

MONTGOMERY COUNTY, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
Year Ended September 30, 2010

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Page 2 of 2

Function and Activity	Govtl Funds Capital Assets October 1, 2009	Additions	Deletions	Govtl Funds Capital Assets September 30, 2010
<u>JUDICIAL:</u>				
Courts	350,863	13,571	18,079	346,355
District Attorney	319,597	1,108	26,286	294,419
District Clerk	412,778	-	17,631	395,147
Justice of Peace	2,392,532	7,652	5,386	2,394,798
<u>TOTAL JUDICIAL</u>	<u>3,475,770</u>	<u>22,331</u>	<u>67,382</u>	<u>3,430,719</u>
<u>LEGAL SERVICES:</u>				
County Attorney	37,646	2,578	-	40,224
Law Library	1,103,268	99,762	2,005	1,201,025
<u>TOTAL LEGAL SERVICES</u>	<u>1,140,914</u>	<u>102,340</u>	<u>2,005</u>	<u>1,241,249</u>
<u>PUBLIC SAFETY:</u>				
Emergency Management	5,344,587	2,774,568	20,535	8,098,620
Fire Marshal	33,326	-	1,273	32,053
Department of Public Safety	1,213	-	-	1,213
Constables	1,737,084	314,102	409,824	1,641,362
Sheriff	29,202,218	2,611,920	1,773,125	30,041,013
District Attorney Forfeitures	209,357	93,720	30,294	272,783
Juvenile Probation	1,674,958	9,233	18,826	1,665,365
Adult Probation	18,604	-	4,053	14,551
<u>TOTAL PUBLIC SAFETY</u>	<u>38,221,347</u>	<u>5,803,543</u>	<u>2,257,930</u>	<u>41,766,960</u>
<u>PUBLIC TRANSPORTATION:</u>				
Engineer	57,727	-	-	57,727
Commissioners' Operations	1,030,304,492	65,856,921	5,004,091	1,091,157,322
Airport	23,975,901	1,930,591	8,693	25,897,799
<u>TOTAL PUBLIC TRANS</u>	<u>1,054,338,120</u>	<u>67,787,512</u>	<u>5,012,784</u>	<u>1,117,112,848</u>
<u>CULTURE & RECREATION:</u>				
Memorial Library	29,231,696	2,889,143	5,219,256	26,901,583
<u>TOTAL CULTURE/REC</u>	<u>29,231,696</u>	<u>2,889,143</u>	<u>5,219,256</u>	<u>26,901,583</u>
Construction In Progress	3,262,244	35,465,903	11,020,394	27,707,753
<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>\$ 1,331,643,894</u>	<u>\$ 128,887,996</u>	<u>\$ 26,019,018</u>	<u>\$ 1,434,512,872</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 Eight Fiscal Years

(accrual basis of accounting)

TABLE I

Governmental Activities:

	Invested in Capital Assets, Net of Related Debt	Restricted for:		Unrestricted	Total Net Assets
		Capital Projects	Debt Service		
2003	\$ 70,953,418	\$ 9,716,809	\$ 3,998,299	\$ (50,153,484)	\$ 34,515,042
2004	78,432,519	82,619	4,221,760	(41,868,121)	40,868,777
2005	122,477,741	7,138	5,212,724	(52,123,132)	75,574,471
2006	314,159,873	139,009	5,870,959	(41,607,384)	278,562,457
2007	368,993,046	77,208	6,993,506	(59,096,992)	316,966,768
2008	399,738,541	38,463	7,617,667	(61,641,311)	345,753,360
2009	377,016,683	6,139	8,305,224	(45,241,159)	340,086,887
2010	353,407,141	45,673	8,794,048	(32,066,403)	330,180,459

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 Eight Fiscal Years

(accrual basis of accounting)

TABLE II

	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental Activities:								
General Administration	\$ 11,648,705	\$ 11,020,255	\$ 11,228,147	\$ 13,416,534	\$ 11,780,620	\$ 16,822,168	\$ 22,046,369	\$ 15,339,911
Judicial	12,773,623	14,196,220	14,787,696	16,761,386	17,042,393	15,894,641	22,794,440	24,893,295
Legal	1,535,772	1,688,226	1,823,681	2,101,795	2,233,072	2,445,787	2,678,359	2,824,360
Elections	578,472	741,325	460,869	1,086,378	1,466,229	1,947,963	1,694,067	1,827,247
Financial Administration	3,545,228	3,775,200	4,398,998	4,791,906	4,981,536	5,088,713	5,917,962	6,358,514
Public Facilities	6,756,690	6,351,995	16,611,013	20,768,370	20,208,449	19,887,748	41,255,267	43,618,780
Public Safety	39,426,821	41,783,788	38,293,859	41,162,610	44,725,170	51,558,472	55,941,218	62,650,758
Health and Welfare	4,735,049	5,679,181	6,253,621	8,958,511	7,637,646	16,301,079	29,039,919	9,085,174
Culture and Recreation	4,207,762	4,746,828	6,257,162	7,051,403	8,460,806	8,697,389	9,981,330	7,456,924
Conservation	595,714	565,941	721,238	721,982	760,370	825,476	341,910	986,843
Public Transportation	1,447,670	14,662,727	23,780,503	58,874,891	69,455,834	76,212,732	95,536,899	111,627,910
Miscellaneous	4,589,512	7,234,220	4,519,314	3,009,024	2,846,822	1,070,696	1,156,114	1,683,887
Debt Service	8,229,368	8,062,860	7,464,112	10,553,741	11,701,725	15,998,167	21,121,081	22,946,953
Total Governmental Activities Expenses	100,070,386	120,508,766	136,600,213	189,258,531	203,300,672	232,751,031	309,504,935	311,300,556
Total Primary Government Expenses	\$ 100,070,386	\$ 120,508,766	\$ 136,600,213	\$ 189,258,531	\$ 203,300,672	\$ 232,751,031	309,504,935	\$ 311,300,556
Program Revenues								
Governmental Activities:								
Fees, Fines, Forfeitures and Charges for Services								
General Administration	4,698,737	4,860,689	5,063,830	6,445,057	7,393,470	5,797,753	5,402,968	5,948,735
Judicial	4,493,874	4,882,789	9,276,673	7,800,759	7,440,711	8,712,572	10,475,877	12,702,190
Legal	413,579	415,324	399,053	471,138	527,537	483,018	501,896	518,257
Elections	1,942	14,777	1,548	30,500	1,569	2,081	1,131	103,831
Financial Administration	606,035	677,703	1,167,804	1,325,948	1,459,788	2,101,194	2,268,952	2,244,114

MONTGOMERY COUNTY, TEXAS

Changes in Net Assets

Last Eight Fiscal Years

(accrual basis of accounting)

TABLE II

	2003	2004	2005	2006	2007	2008	2009	2010
Public Facilities	563,663	498,226	567,862	843,224	1,000,092	4,548,064	24,717,702	21,800,561
Public Safety	9,530,150	10,994,274	10,794,828	13,425,676	14,774,292	14,255,517	15,388,348	19,139,564
Health and Welfare	867,358	1,008,941	1,058,085	1,276,884	1,266,457	1,495,403	1,478,897	1,735,047
Culture and Recreation	163,108	226,038	230,775	246,400	258,398	294,045	323,520	316,855
Public Transportation	7,016,563	7,720,244	7,382,918	7,725,846	7,987,128	7,714,365	8,442,985	9,118,839
Operating Grants and Contributions	6,205,454	5,787,485	8,238,497	8,343,395	8,288,928	15,376,235	29,439,925	11,446,490
Capital Grants and Contributions	319,745	1,032,241	27,335,093	41,591,644	65,322,295	60,429,833	55,848,681	56,300,073
Total Governmental Activities Program Revenue	34,880,208	38,118,731	71,516,966	89,526,471	115,720,665	121,210,080	154,290,882	141,374,556
Total Primary Government Program Revenues	\$ 34,880,208	\$ 38,118,731	\$ 71,516,966	\$ 89,526,471	\$ 115,720,665	\$ 121,210,080	154,290,882	\$ 141,374,556
Net (Expense) Revenue	\$ (65,190,178)	\$ (82,390,035)	\$ (65,083,247)	\$ (99,732,060)	\$ (87,580,007)	\$ (111,540,951)	(155,214,053)	\$ (169,926,000)
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Taxes								
Property Taxes	78,482,657	86,767,811	\$ 95,927,528	105,410,635	115,740,129	131,600,844	145,696,133	156,397,865
Other Taxes	730,506	929,853	1,077,680	1,142,888	1,381,764	1,610,605	1,719,903	1,824,262
Unrestricted Grants and Contributions	1,016,103	-	-	-	-	-	-	-
Investment Earnings	1,168,435	785,873	2,007,229	3,582,630	8,442,457	5,680,817	1,667,591	790,693
Miscellaneous	130,806	260,233	776,504	160,887	419,968	1,435,277	463,953	1,006,752
Total Governmental Activities	81,528,507	88,743,770	99,788,941	110,297,040	125,984,318	140,327,543	149,547,580	160,019,572
Total Primary Government	\$ 81,528,507	\$ 88,743,770	\$ 99,788,941	\$ 110,297,040	\$ 125,984,318	\$ 140,327,543	149,547,580	\$ 160,019,572
Change in Net Assets	\$ 16,338,329	\$ 6,353,735	\$ 34,705,694	\$ 10,564,980	\$ 38,404,311	\$ 28,786,592	(5,666,473)	\$ (9,906,428)

MONTGOMERY COUNTY, TEXAS
Governmental Fund Balances
Last Ten Fiscal Years

	Fiscal Year			
	2001	2002	2003	2004
General Fund				
Reserved for:				
Prepaid items	\$ -	\$ -	\$ 25,209	\$ 186,540
Unreserved	1,097,068	1,452,802	3,111,416	4,597,977
Total General Fund	<u>\$ 1,097,068</u>	<u>\$ 1,452,802</u>	<u>\$ 3,136,625</u>	<u>\$ 4,784,517</u>
All Other Governmental Funds				
Reserved for:				
Prepaid items	\$ 10,468	\$ 293,686	\$ 44,865	\$ 56,219
Capital projects	13,836,579	23,390,216	42,881,808	40,717,540
Inventory	49,274	59,883	72,409	77,008
Debt service	2,860,746	1,580,961	2,043,861	2,160,259
Unreserved, reported in:				
Special revenue funds	4,987,601	4,390,626	2,466,223	1,774,849
Total All Other Governmental Funds	<u>\$ 21,744,668</u>	<u>\$ 29,715,372</u>	<u>\$ 47,509,166</u>	<u>\$ 44,785,875</u>

TABLE III

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ -	\$ 355,284	\$ 405,442	\$ 226,088	\$ 1,209,368	\$ 614,103
9,818,012	16,496,456	20,357,618	25,621,544	33,804,639	43,326,405
<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>	<u>\$ 43,940,508</u>
\$ 1,799,127	\$ 1,464,625	\$ 3,183,467	\$ 769,559	\$ 1,533	\$ 42,762
25,183,317	124,460,927	119,067,943	109,016,095	91,075,383	35,255,056
80,227	71,186	66,617	67,641	85,034	91,503
2,142,695	2,246,764	2,633,600	4,561,190	12,206,656	10,761,379
500,665	4,228,581	3,908,678	21,832,516	26,929,735	32,894,308
<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>	<u>\$ 79,045,008</u>

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

(modified accrual basis of accounting)

	2001	2002	2003	2004
Revenues				
Taxes	\$ 61,792,434	\$ 69,165,276	\$ 79,235,180	\$ 87,999,696
Licenses and Permits	6,134,638	6,848,251	6,774,170	7,391,938
Fees	7,866,591	8,661,726	9,704,730	10,355,267
Intergovernmental	6,031,959	8,493,436	7,528,351	7,780,777
Charges for Services	948,496	1,078,794	1,126,189	1,159,017
Interest	2,135,375	1,201,707	888,724	785,873
Contract Reimbursements	6,160,532	7,351,963	6,952,378	7,587,085
Inmate Housing	375,313	448,159	479,399	118,818
Fines and Forfeitures	1,636,656	1,570,219	1,586,335	2,421,254
Miscellaneous	2,404,469	1,864,084	2,143,431	1,706,620
Total Revenues	95,486,463	106,683,615	116,418,887	127,306,345
Expenditures				
General Administration	7,967,743	12,629,952	10,299,486	9,656,917
Judicial	9,078,900	10,294,847	12,775,232	14,135,706
Legal Services	1,468,205	1,452,800	1,560,404	1,712,325
Elections	450,201	588,836	562,397	730,253
Financial Administration	3,151,028	3,464,350	3,520,998	3,737,425
Public Facilities	5,055,180	5,418,380	6,093,188	6,376,545
Public Safety	33,238,674	37,018,409	39,615,733	42,296,886
Health and Welfare	6,985,594	6,312,253	6,590,080	6,426,018
Culture and Recreation	4,253,302	4,281,759	4,390,872	4,473,911
Conservation	379,251	609,646	712,160	755,853
Public Transportation	16,353,845	19,224,885	16,860,588	18,210,470
Miscellaneous	3,937,048	6,427,786	5,594,822	7,234,220
Capital Projects	10,129,605	15,460,863	17,544,646	14,361,966
Debt Service:				
Principal Retirement	3,355,000	3,685,806	9,700,493	3,237,591
Interest and Fiscal Charges	3,191,279		6,169,771	8,831,163
Issuance Costs	276,020	438,436	760,392	262,523
Total Expenditures	109,270,875	127,309,008	142,751,262	142,439,772
(Deficiency) Revenues over Expenditures	(13,784,412)	(20,625,393)	(26,332,375)	(15,133,427)
Other Financing Sources/(Uses)				
Transfers In	11,554,566	13,891,059	19,849,875	14,571,754
Transfers Out	(11,554,566)	(13,891,059)	(19,849,875)	(14,571,754)
Capital Lease Financing	2,397,596	8,230,514	151,948	581,915
Issuance of Refunding Bonds	-	3,800,000	-	-
	-	(3,702,752)	-	-
Issuance of Other Bonds	17,500,000	25,000,000	45,699,907	12,805,000
Discounts/Premiums on Debt Issuance	-	-	-	671,113
Total Other Financing Sources/(Uses)	19,897,596	33,327,762	45,851,855	14,058,028
Prior Period Adjustment	-	(1,754,649)	-	-
Net Change in Fund Balances	\$ 6,113,184	\$ 10,947,720	\$ 19,519,480	\$ (1,075,399)
Debt Service as a percentage of noncapital expenditures	6.9%	3.7%	13.3%	9.6%

TABLE IV

2005	2006	2007	2008	2008	2010
\$ 96,881,886	\$ 106,734,347	\$ 117,303,468	\$ 132,652,213	\$ 147,492,907	\$ 157,541,607
7,090,124	7,705,191	7,903,148	7,813,929	8,116,936	7,552,220
11,245,253	13,965,850	14,919,639	14,702,564	14,027,489	14,925,021
9,753,650	12,928,979	16,939,038	25,176,883	34,078,838	19,798,654
1,208,604	1,479,104	1,683,063	1,927,909	2,094,454	2,168,606
2,007,225	3,582,649	8,580,033	5,898,574	1,312,224	790,282
8,026,103	9,105,696	10,385,885	11,138,260	12,126,654	16,506,829
50,430	1,356,977	1,607,241	3,566,886	23,895,939	21,085,088
2,338,177	2,010,036	1,933,374	2,026,564	3,192,219	3,047,555
2,477,813	2,421,395	2,084,903	3,802,795	2,741,345	3,568,946
141,079,265	161,290,224	183,339,792	208,706,577	249,079,005	246,984,808
11,956,474	12,249,238	12,293,414	13,532,419	17,048,371	15,758,058
14,533,798	16,621,754	17,179,832	18,504,705	21,795,715	23,657,153
1,820,797	2,113,773	2,228,239	2,397,829	2,550,211	2,716,217
650,970	3,144,556	1,373,213	1,606,046	1,258,713	1,410,441
4,359,609	4,751,654	4,966,523	5,251,827	5,624,961	5,877,896
15,795,553	20,439,889	22,477,341	25,448,843	44,144,809	43,995,733
39,990,719	41,794,370	45,184,624	64,484,699	55,809,351	61,405,346
6,979,121	8,969,704	8,883,225	17,851,636	30,236,637	12,520,365
6,102,610	6,948,700	7,812,017	7,314,312	8,008,564	8,393,594
707,684	646,202	745,767	803,808	845,288	899,649
16,857,418	17,390,668	17,161,732	18,991,837	20,469,397	25,913,518
4,519,314	3,009,024	2,846,822	1,070,696	1,156,114	1,683,887
16,092,056	41,126,282	69,694,164	93,906,202	71,212,681	91,100,968
3,034,930	3,830,069	5,305,000	4,598,741	6,557,918	7,916,895
8,087,980	8,285,966	13,929,488	16,024,292	18,713,749	20,511,045
618,647	-	1,356,675	1,443,423	1,265,496	1,336,839
152,107,680	191,321,849	233,438,076	293,231,315	306,697,975	325,097,604
(11,028,415)	(30,031,625)	(50,098,284)	(84,524,738)	(57,618,970)	(78,112,796)
16,324,181	15,894,991	46,199,570	21,663,686	24,812,746	27,012,983
(16,324,181)	(15,894,991)	(46,199,570)	(21,663,686)	(24,812,746)	(27,012,983)
1,264,452	262,529	3,953,897	16,599,021	1,133,148	3,125,403
45,850,000	-	41,495,000	9,855,000	-	43,380,000
(49,904,606)	-	(41,706,307)	(10,211,444)	-	(44,643,876)
-	137,870,000	44,834,989	79,885,000	56,190,000	1,167,562
3,772,220	3,650,574	820,247	1,868,429	3,513,538	32,756,874
982,066	141,783,103	49,397,826	97,996,006	60,836,686	35,785,963
-	-	-	-	-	-
\$ (10,046,349)	\$ 111,751,478	\$ (700,458)	\$ 13,471,268	\$ 3,217,716	\$ (42,326,833)
8.6%	8.1%	12.6%	11.1%	11.3%	13.4%



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⁾
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
2010	24,800,379	4,128,872	5,112,274	5,799,186	(2,714,954)	37,125,757	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.

Source: Montgomery Central Appraisal District

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

	2001	2002	2003	2004
<u>MONTGOMERY COUNTY, TEXAS:</u>				
General Fund	\$ 0.3446	\$ 0.3509	\$ 0.3568	\$ 0.3627
Special Revenue Funds	0.0746	0.0746	0.0525	0.0523
Debt Service Fund	0.0555	0.0455	0.0617	0.0678
Total Montgomery County, Texas	0.4747	0.4710	0.4710	0.4828
<u>OVERLAPPING GOVERNMENTS:</u>				
Special Districts:				
Chateau Woods M.U.D.	0.5019	0.2500	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	0.7987	0.7987
East Montgomery County M.U.D. #1	0.4000	0.3800	0.3800	0.3800
East Montgomery County M.U.D. #3	-	-	0.5000	0.5000
East Montgomery County M.U.D. #4	-	-	-	-
East Plantation U.D.	0.7300	0.7300	0.7300	0.7300
Far Hills U.D.	0.5650	0.4950	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.	0.6300	0.5000	0.5000	0.5000
Lazy River I.D.	0.7848	0.7500	0.7200	0.7200
Montgomery County D.D. #6	0.3052	0.3052	0.2922	0.2922
Montgomery County D.D. #10	-	-	-	-
Montgomery County F.W.S.D. #6	0.4200	0.3924	0.3774	0.3774
Montgomery County Hospital Dist	0.1378	0.1338	0.1082	0.1082
Montgomery County M.U.D. #6	0.5550	0.5000	0.3000	0.3000
Montgomery County M.U.D. #7	0.4400	0.4200	0.3800	0.3800
Montgomery County M.U.D. #8	0.2682	0.2263	0.2263	0.2263
Montgomery County M.U.D. #9	0.9700	0.8600	0.7000	0.7000

TABLE VI

Page 1 of 4

2005	2006	2007	2008	2009	2010
\$ 0.3822	\$ 0.3869	\$ 0.3611	\$ 0.3630	\$ 0.3647	\$ 0.3576
0.0528	0.0528	0.0478	0.0478	0.0464	0.0464
0.0613	0.0566	0.0824	0.0780	0.0727	0.0798
0.4963	0.4963	0.4913	0.4888	0.4838	0.4838
0.2332	0.1939	0.1939	0.1847	0.1793	0.2016
1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
-	-	-	0.6000	0.6000	0.6000
0.7694	0.7222	0.7122	0.6066	0.5587	0.5487
0.3800	0.3600	0.3692	0.3569	0.3543	0.3857
0.7500	0.9500	0.9500	0.9500	0.9500	0.9500
-	-	-	1.3500	1.3500	-
0.7700	0.8100	0.8000	0.7600	0.0729	0.7090
0.4800	0.4800	0.4700	0.4700	0.4700	0.4700
-	1.3500	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	1.2000	1.0000	0.8800	0.8600	0.8600
0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
0.6339	-	0.6050	0.5623	0.5544	0.5547
0.2800	0.2733	0.2733	0.2666	0.2641	0.2641
0.4580	0.4580	0.4580	0.4580	0.4470	0.4470
0.3945	0.3945	0.3945	0.3945	0.3945	0.3945
0.0999	0.0850	0.0781	0.0777	0.0760	0.0755
0.2500	0.2200	0.1100	0.1100	0.1100	0.1000
0.3400	0.3000	0.2000	0.2000	0.1750	0.1750
0.2171	0.2012	0.2272	0.2118	0.2179	0.2332
0.6000	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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Special Districts (continued):				
Montgomery County M.U.D. #15	2.1442	2.0800	1.6000	1.6000
Montgomery County M.U.D. #16	5.0800	4.8300	3.9600	3.9600
Montgomery County M.U.D. #18	0.6400	0.5860	0.5600	0.5600
Montgomery County M.U.D. #19	0.4500	0.4500	0.4500	0.4500
Montgomery County M.U.D. #24	1.5900	1.5900	1.5900	1.5900
Montgomery County M.U.D. #36	0.3900	0.3600	0.3600	0.3600
Montgomery County M.U.D. #39	0.7200	0.7200	0.7200	0.7200
Montgomery County M.U.D. #40	0.4050	0.3650	0.3200	0.3200
Montgomery County M.U.D. #42	1.5000	1.5000	1.4800	1.4800
Montgomery County M.U.D. #46	0.6950	0.6300	0.6000	0.6000
Montgomery County M.U.D. #47	0.4200	0.3950	0.3700	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	0.5500	0.4500	0.4200	0.4200
Montgomery County M.U.D. #67	0.4700	0.4700	0.4700	0.4700
Montgomery County M.U.D. #83	0.9880	1.0000	1.2500	1.2500
Montgomery County M.U.D. #84	-	-	-	-
Montgomery County M.U.D. #88	-	-	-	-
Montgomery County M.U.D. #89	-	-	1.3900	1.3900
Montgomery County M.U.D. #90	-	-	-	-
Montgomery County M.U.D. #92	-	-	-	-
Montgomery County M.U.D. #94	-	-	1.2200	1.2200
Montgomery County M.U.D. #95	-	-	1.2500	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	0.6800	0.6000	0.5900	0.5900
Montgomery County U.D. #3	0.5765	0.5765	0.5765	0.5765
Montgomery County U.D. #4	0.3800	0.3800	0.3800	0.3800
Montgomery County W.C.I.D. #1	0.8500	0.8200	0.8200	0.8200
New Caney M.U.D.	0.5076	0.5076	0.5076	0.5076

TABLE VI
Page 2 of 4

2005	2006	2007	2008	2009	2010
1.5000	1.4500	1.3268	1.2937	1.2450	1.2400
2.4600	1.5800	1.3600	1.2300	1.2100	1.3000
0.5100	0.5100	0.5000	0.4900	0.4500	0.4400
0.4000	0.3500	No Tax	0.3243	0.3243	0.3243
1.5700	1.4900	No Tax	1.4000	1.2800	1.2800
0.3600	0.3230	0.1200	0.1200	0.1100	0.1000
0.7000	0.5800	0.4800	0.4700	0.4400	0.4300
0.2800	0.2500	0.2100	0.2100	0.1900	0.1800
1.3800	1.3500	1.3200	1.2500	1.2400	1.2400
0.5800	0.5000	0.4200	0.3800	0.3100	0.2850
0.3600	0.3100	0.2800	0.2800	0.2600	0.2500
Annexed	Annexed	Annexed	Annexed	Annexed	Annexed
1.2500	1.2500	1.2500	1.2500	1.2500	1.0000
Annexed	Annexed	Annexed	Annexed	Annexed	Annexed
0.4200	0.3500	0.3000	0.2900	0.2650	0.2400
0.4500	0.4300	0.3400	0.3300	0.3200	0.3200
1.2500	1.2500	1.2500	No Tax	1.2500	1.2500
-	1.2500	1.2500	No Tax	1.2500	1.2500
-	No Tax	No Tax	1.3900	1.3900	1.3900
1.3900	1.3900	1.3900	1.3700	1.3000	1.2500
-	0.6000	0.6000	0.6000	0.6000	0.6000
-	0.6000	0.6000	0.6000	0.6000	0.6000
1.2200	1.2200	1.2200	1.2100	1.2000	1.1600
1.2500	1.2500	No Tax	No Tax	No Tax	-
-	1.2500	No Tax	No Tax	1.2300	1.2300
-	-	1.0400	1.0400	1.0400	1.0400
-	-	0.6000	0.6000	0.6000	0.7000
-	-	No Tax	No Tax	No Tax	-
-	-	-	No Tax	1.1000	1.1000
-	-	-	-	1.1000	1.1000
-	-	-	1.3500	1.3500	1.3500
-	-	-	-	1.4500	1.4500
0.5700	0.5700	0.5700	0.5700	0.5700	0.5700
0.4516	0.4516	0.4516	0.4516	0.4516	0.4412
0.3300	0.3800	0.4200	0.5200	0.5002	0.4952
0.8200	0.8200	0.8200	0.7750	0.7750	0.7750
0.5076	0.5376	0.5376	0.5862	0.5862	0.6200

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

	2001	2002	2003	2004
Special Districts (continued):				
No Harris/Mont. Comm. College	0.1100	0.1055	0.1145	0.1145
Oak Ridge M.U.D.	Annexed	Annexed	Annexed	Annexed
Point Aquarius M.U.D.	0.6666	0.5877	0.5558	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.	0.5357	0.5026	0.4895	0.4895
Roman Forest Cons. M.U.D.	0.6100	0.5900	0.5800	0.5800
Roman Forest P.U.D. #3	1.8900	1.2500	1.2500	1.2500
Roman Forest P.U.D. #4	1.2500	1.1500	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	1.0100	1.0100
Stanley Lake M.U.D.	0.6345	0.6345	0.6000	0.6000
Texas National M.U.D.	1.1400	1.1200	1.1100	1.1100
Valley Ranch M.U.D. #1	-	-	-	-
Wood Trace M.U.D. #1	-	1.5000	1.2500	1.2500
Woodlands Metro-Center M.U.D.	0.4000	0.3200	0.3000	0.3000
Woodlands M.U.D. #2	0.4600	0.4400	0.4100	0.4100
Woodlands R.U.D. #1	0.5000	0.5000	0.5000	0.5000
Emergency Service District #1	0.1000	0.1000	0.1000	0.1000
Emergency Service District #2	0.1000	0.1000	0.1000	0.1000
Emergency Service District #3	0.1000	0.1000	0.1000	0.1000
Emergency Service District #4	0.0893	0.0820	0.1000	0.1000
Emergency Service District #5	0.1000	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	0.0646	0.0545	0.0562	0.0562
Emergency Service District #9	0.1000	0.1000	0.0620	0.0620
Emergency Service District #10	0.1000	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	42.2598	41.2545	43.5173	43.5173

TABLE VI

Page 3 of 4

2005	2006	2007	2008	2009	2010
0.1145	0.1207	0.1167	0.1144	0.1101	0.1101
Annexed	Annexed	Annexed	Annexed	Annexed	Annexed
0.5347	0.5132	0.6777	0.7463	0.7275	0.7015
0.5150	0.5150	0.5150	0.5150	0.5150	0.5150
0.7620	0.7620	0.7020	0.6420	0.6020	0.5920
0.4812	0.4504	0.3387	0.3156	0.3112	0.3101
0.5650	0.4760	0.3974	0.3708	0.3183	0.3000
1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
1.1500	1.1500	1.1500	1.1500	1.1500	1.1500
0.2326	0.2200	0.2200	0.2200	0.2200	0.2200
1.0100	1.0000	1.0000	1.0000	1.0000	1.0000
0.5800	0.5800	0.5800	0.5000	0.4900	0.5200
0.9022	0.8918	0.8966	0.9190	0.9040	1.0959
-	-	1.4000	1.4000	1.4000	1.4000
1.2500	1.0000	No Tax	0.7500	0.7500	0.7500
0.3000	0.2700	0.2300	0.2100	0.1900	0.1900
0.3750	0.3350	0.2700	0.2400	0.1900	0.2300
0.5000	0.4817	0.4800	0.4800	0.4738	0.4491
0.1000	0.1000	0.0973	0.1000	0.1000	0.0975
0.1000	0.1000	0.1000	0.1000	0.1000	0.0940
0.1000	0.1000	0.0968	0.1000	0.1000	0.0972
0.0980	0.0908	0.0843	0.1000	0.0984	0.1000
0.1000	0.1000	0.1000	0.1000	0.1000	0.0982
0.1000	0.1000	0.1000	0.1000	0.1000	0.0988
0.1000	0.0983	0.1000	0.1000	0.1000	0.1000
0.0722	0.0713	0.0725	0.0736	0.0722	0.0762
0.0981	-	0.0998	0.0948	0.0974	0.1000
0.1000	0.1000	0.1000	0.1000	0.1000	0.0950
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	0.1000
41.4957	43.8165	40.6722	44.6022	50.3512	49.7166

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

	2001	2002	2003	2004
Cities:				
Conroe	0.4200	0.4165	0.4335	0.4335
Magnolia	0.4603	0.4052	0.4186	0.4186
Montgomery	0.3620	0.3869	0.3869	0.3869
Oak Ridge North	0.8950	0.7710	0.7579	0.7579
Panorama Village	0.6633	0.6663	0.6586	0.6586
Patton Village	0.2673	0.2779	0.4340	0.4340
Roman Forest	0.4845	0.5000	0.5000	0.5000
Shenandoah Village	0.5000	0.4187	0.4099	0.4099
Splendora	0.3000	0.3000	0.3000	0.3000
Stagecoach	0.5176	0.5316	0.5330	0.5330
Willis	0.5310	0.5647	0.5784	0.5784
Woodbranch Village	0.5214	0.4986	0.4919	0.4919
Woodloch	0.8187	0.7642	0.7186	0.7186
Houston (County Line City)	0.6550	0.6550	0.6550	0.6500
Total Cities	7.3961	7.1566	7.2763	7.2713
School Districts:				
Cleveland I.S.D.	1.5750	1.6000	1.7000	1.7000
Conroe I.S.D.	1.7025	1.7225	1.7325	1.7325
Magnolia I.S.D.	1.6900	1.6900	1.6800	1.6800
Montgomery I.S.D.	1.6600	1.6600	1.6600	1.6600
New Caney I.S.D.	1.6554	1.7100	1.7700	1.7700
Richards I.S.D.	1.4600	1.4629	1.5000	1.5000
Splendora I.S.D.	1.5700	1.6500	1.7300	1.7300
Tomball I.S.D.	1.6800	1.7500	1.7300	1.7300
Willis I.S.D.	1.7200	1.7300	1.7100	1.7100
Total School Districts	14.7129	14.9754	15.2125	15.2125
<u>TOTAL PROPERTY TAX RATES -</u>				
<u>DIRECT AND OVERLAPPING</u>				
<u>GOVERNMENTS</u>	<u>\$64.8435</u>	<u>\$63.8575</u>	<u>\$66.4771</u>	<u>\$66.4839</u>

⁽¹⁾ Per \$100 of assessed valuation.

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

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

TABLE VI

Page 4 of 4

2005	2006	2007	2008	2009	2010
0.4335	0.4335	0.4300	0.4250	0.4200	0.4200
0.4963	0.4935	0.4847	0.4914	0.4914	0.4914
0.3869	0.5605	0.5605	0.5423	0.4523	0.4450
0.7579	0.7300	0.7300	0.7000	0.6431	0.6389
0.6653	0.6653	0.6608	0.6694	0.6474	0.6517
0.4585	0.5000	0.5000	0.4851	0.4366	0.4091
0.5198	0.5000	0.4697	0.4697	0.4750	0.4706
0.4010	0.4010	0.3610	0.3470	0.3470	0.3282
0.3000	0.3000	0.3000	0.2955	0.2984	0.2978
0.5520	0.5373	0.5775	0.5675	0.5525	0.5400
0.5903	0.5934	0.5442	0.5431	0.5376	0.5808
0.4775	0.4179	0.4031	0.3719	0.3537	0.3448
0.6884	0.6300	0.5954	0.5953	0.6257	0.5468
0.6500	0.6475	0.6450	0.6438	0.6388	0.6388
7.3774	7.4099	7.2619	7.1470	6.9195	6.8039
1.7000	1.7400	1.5850	1.3150	1.3150	1.3150
1.7325	1.7600	1.5900	1.2400	1.2700	1.2850
1.6800	1.7900	1.6600	1.4200	1.4000	1.3800
1.6600	1.6600	1.5419	1.3500	1.3500	1.3400
1.7700	1.7900	1.6400	1.4150	1.4400	1.4800
1.5000	1.5000	1.3700	1.0400	1.0400	1.0400
1.7300	1.6900	1.5447	1.3173	1.5100	1.3200
1.7300	1.7100	1.5800	1.2750	1.3600	1.3600
1.7350	1.7350	1.6020	1.3060	1.3700	1.3700
15.2375	15.3750	14.1136	11.6783	12.0550	11.8900
<u>\$64.6069</u>	<u>\$67.0977</u>	<u>\$62.5390</u>	<u>\$63.9163</u>	<u>\$69.8095</u>	<u>\$68.4105</u>

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

<u>2010 Taxpayer</u>	<u>Type of Business</u>	<u>2010 Assessed Valuation ⁽¹⁾</u>	<u>Percentage of Total Assessed Valuation ⁽²⁾</u>
Wal-Mart Real Estate Bus Trust	Retail	\$ 260,204,465	0.81 %
Entergy Texas Inc	Electric Utility	190,463,010	0.60
Woodlands Land Development, LP	Land Development	181,874,150	0.57
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	111,556,710	0.35
The Woodlands Mall Association	Retail	61,956,137	0.19
Canrig Drilling Tech Ltd	Oil & Gas	117,655,660	0.37
Wapiti Operating LLC	Oil & Gas	57,864,730	0.18
Hughes Christensen Company	Oil & Gas	68,046,920	0.21
		<u>\$ 1,273,883,892</u>	<u>3.98 %</u>
<u>2001 Taxpayer</u>	<u>Type of Business</u>	<u>2001 Assessed Valuation ⁽¹⁾</u>	<u>Percentage of Total Assessed Valuation ⁽³⁾</u>
The Woodlands Companies	Land Development	\$ 303,935,359	2.71 %
Gulf States Utilities	Electric Utility	149,768,280	1.34
Huntsman Petrochemical Corp.	Oil Properties	75,373,855	0.67
Columbia Regional Medical Center/ Plaza	Medical	83,444,344	0.74
TXU Communications Telephone	Telephone Utility	85,626,501	0.76
Eckerd Distribution	Retail Drug Distribution	53,569,557	0.48
Southwestern Bell Telephone		65,415,360	0.58
Exxon Corporation	Oil Properties	47,020,666	0.42
Mitchell Energy Mitchell Resorts	Oil Properties/Land	85,081,835	0.76
Wal Mart Stores	Retail	80,500,143	0.72
		<u>\$ 1,029,735,900</u>	<u>9.18 %</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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes
2001	\$59,831,094	\$ 58,384,869	97.6 %	\$ 1,547,076	\$ 59,931,945	1.0 %	\$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
2010	155,635,330	153,508,163	98.6 %	1,627,672	155,135,835	99.7 %	6,240,058

⁽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⁾
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
2010	332,565,000	42,256,701	102,580,000	17,164,115	494,565,816	N/A	1,079.44

⁽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, 2009 and 2010 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				
2001	\$42,686,392	-	\$42,630,000	#####	\$2,860,746	\$82,455,646	0.66 %	\$ 280.68
2002	65,821,669	-	41,775,000	#####	1,580,961	106,015,708	0.74 %	336.70
2003	97,746,800	-	52,540,000	#####	2,043,861	148,242,939	0.91 %	431.12
2004	97,515,414	-	54,270,000	#####	2,160,259	149,625,155	0.85 %	415.14
2005	122,050,678	-	25,860,000	#####	2,142,695	145,767,983	0.77 %	388.18
2006	231,795,605	-	50,155,000	#####	2,264,764	279,685,841	1.46 %	743.64
2007	234,277,478	44,834,989	46,660,000	#####	2,633,600	323,138,867	1.38 %	819.07
2008	285,396,527	44,834,989	73,180,000	#####	4,561,190	398,850,326	1.49 %	925.92
2009	337,600,000	43,758,601	71,685,000	#####	12,206,657	440,836,944	1.45 %	1,012.48
2010	332,565,000	42,256,701	102,580,000	#####	10,761,379	466,640,322	1.26 %	1,018.49

⁽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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Assessed value ⁽²⁾	\$ 10,671,089	\$ 12,252,007	\$ 14,154,934	\$ 15,380,063
Debt limit ⁽³⁾	2,667,772	3,063,002	3,538,734	3,845,016
Debt applicable to limit				
Total bonded debt	85,316	107,597	150,287	159,631
Less: Assets in Debt				
Service Funds available				
for payment of principal	<u>(2,860)</u>	<u>(1,581)</u>	<u>(2,044)</u>	<u>(2,160)</u>
Total debt applicable				
to limit	<u>82,456</u>	<u>106,016</u>	<u>148,243</u>	<u>157,471</u>
Legal debt margin	<u>\$ 2,585,316</u>	<u>\$ 2,956,986</u>	<u>\$ 3,390,491</u>	<u>\$ 3,687,545</u>
Total debt applicable				
to the limit as a				
percent of debt limit	3.09%	3.46%	4.19%	4.10%

⁽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

2005	2006	2007	2008	2009	2010
\$ 16,586,307	\$ 16,655,256	\$ 20,531,197	\$ 23,665,820	\$ 26,960,161	\$ 37,125,757
4,146,577	4,163,814	5,132,799	5,916,455	6,740,041	9,281,439
155,043	288,685	329,114	403,661	453,044	477,402
(2,143)	(2,247)	(2,631)	(4,561)	(12,207)	(10,761)
152,900	286,438	326,483	399,100	440,837	466,640
<u>\$ 3,993,677</u>	<u>\$ 3,877,376</u>	<u>\$ 4,806,316</u>	<u>\$ 5,517,355</u>	<u>\$ 6,299,204</u>	<u>\$ 8,814,799</u>
3.69%	6.88%	6.36%	6.75%	6.54%	5.03%

MONTGOMERY COUNTY, TEXAS**Direct and Overlapping Debt****September 30, 2010****TABLE XII**

	Debt Outstanding	Percentage Applicable to Montgomery County ⁽¹⁾	Amount Applicable to Montgomery County
Montgomery County, Texas	\$ 466,535,000	100.00	\$ 466,535,000
TOTAL DIRECT DEBT	466,535,000		466,535,000

OVERLAPPING GOVERNMENTS:

Special Districts:

Clovercreek M.U.D.	1,530,000	100.00	1,530,000
Corinthian Point M.U.D. #2	800,000	100.00	800,000
East Montgomery Co M.U.D #3	7,585,000	100.00	7,585,000
East Plantation U.D.	3,325,000	100.00	3,325,000
Far Hills U.D.	2,585,000	100.00	2,585,000
Grand Oaks M.U.D.	1,935,000	100.00	1,935,000
Kings Manor M.U.D.	16,595,000	64.76	10,746,922
Lazy River I.D.	970,000	100.00	970,000
Lone Star College System	528,395,000	24.27	128,241,467
Montgomery Co. D.D. #6	59,182	100.00	59,182
Montgomery Co. D.D. #10	9,380,000	100.00	9,380,000
Montgomery Co. M.U.D. #7	7,350,000	100.00	7,350,000
Montgomery Co. M.U.D. #9	6,644,200	100.00	6,644,200
Montgomery Co. M.U.D. #15	7,275,000	100.00	7,275,000
Montgomery Co. M.U.D. #18	23,940,000	100.00	23,940,000
Montgomery Co. M.U.D. #24	200,000	100.00	200,000
Montgomery Co. M.U.D. #39	17,475,000	100.00	17,475,000
Montgomery Co. M.U.D. #40	3,410,000	100.00	3,410,000
Montgomery Co. M.U.D. #42	1,550,000	100.00	1,550,000
Montgomery Co. M.U.D. #46	110,095,000	100.00	110,095,000
Montgomery Co. M.U.D. #47	34,730,000	100.00	34,730,000
Montgomery Co. M.U.D. #56	2,387,880	100.00	2,387,880
Montgomery Co. M.U.D. #60	25,000,000	100.00	25,000,000
Montgomery Co. M.U.D. #67	18,690,000	100.00	18,690,000
Montgomery Co. M.U.D. #83	17,430,000	100.00	17,430,000
Montgomery Co. M.U.D. #84	10,180,000	100.00	10,180,000
Montgomery Co. M.U.D. #89	27,510,000	100.00	27,510,000
Montgomery Co. M.U.D. #90	5,680,000	100.00	5,680,000
Montgomery Co. M.U.D. #92	1,785,000	100.00	1,785,000
Montgomery Co. M.U.D. #94	32,455,000	100.00	32,455,000
Montgomery Co. M.U.D. #98	3,795,000	100.00	3,795,000
Montgomery Co. M.U.D. #99	3,200,000	100.00	3,200,000
	9,370,000	100.00	9,370,000

MONTGOMERY COUNTY, TEXAS**Direct and Overlapping Debt****September 30, 2010****TABLE XII**

	Debt	Percentage	Amount Applicable
	Outstanding	Applicable to	to Montgomery
		Montgomery County ⁽¹⁾	County
Special Districts:(Continued)			
Montgomery Co. M.U.D. #115	6,260,000	100.00	6,260,000
Montgomery Co. U.D. #2	6,545,000	100.00	6,545,000
Montgomery Co. U.D. #3	685,000	100.00	685,000
Montgomery Co. U.D. #4	1,565,000	100.00	1,565,000
Montgomery Co. W.C.I.D. #1	6,040,000	100.00	6,040,000
New Caney M.U.D.	19,630,000	100.00	19,630,000
Point Aquarius M.U.D.	11,310,000	100.00	11,310,000
Porter M.U.D.	12,760,000	100.00	12,760,000
Rayford Road M.U.D.	28,145,000	100.00	28,145,000
Roman Forest Cons. M.U.D.	1,775,000	100.00	1,775,000
Roman Forest P.U.D. #4	765,000	100.00	765,000
Harris-Montgomery Co MUD #386	51,005,000	8.24	4,202,812
Spring Creek U.D.	31,655,000	100.00	31,655,000
Stanley Lake M.U.D.	10,855,000	100.00	10,855,000
Southern Montgomery County MUD	10,510,000	100.00	10,510,000
Texas National M.U.D.	965,000	100.00	965,000
Valley Ranch M.U.D. #1	6,650,000	100.00	6,650,000
Woodlands Metro-Center M.U.D.	18,060,000	100.00	18,060,000
Woodlands M.U.D. #2	710,000	100.00	710,000
Woodlands R.U.D. #1	67,485,000	100.00	67,485,000
The Woodlands Township	34,800,000	52.36	18,221,280
Emergency Service District #3	384,602	100.00	384,602 ⁽²⁾
Emergency Service District #4	1,123,375	100.00	1,123,375 ⁽²⁾
Emergency Service District #7	224,462	100.00	224,462 ⁽²⁾
Emergency Service District #9	242,664	100.00	242,664 ⁽²⁾
Emergency Service District #12	126,752	100.00	126,752 ⁽²⁾
Total Special Districts	1,273,588,117		804,205,598
Cities:			
Cleveland	8,045,000	0.14	11,263
Conroe	92,090,000	100.00	92,090,000

MONTGOMERY COUNTY, TEXAS**Direct and Overlapping Debt****September 30, 2010****TABLE XII**

	Debt Outstanding	Percentage Applicable to Montgomery County ⁽¹⁾	Amount Applicable to Montgomery County
Cities:(Continued)			
Magnolia	2,065,000	100.00	2,065,000
Montgomery	3,840,000	100.00	3,840,000
Oak Ridge North	6,655,000	100.00	6,655,000
Panorama Village	3,795,000	100.00	3,795,000
Shenandoah	26,350,000	100.00	26,350,000
Splendor	3,170,000	100.00	3,170,000
Willis	6,799,080	100.00	6,799,080
Woodbranch Village	128,000	100.00	128,000
Houston	3,295,675,000	0.22	7,250,485
Total Cities	3,448,612,080		152,153,828
School Districts			
Cleveland I.S.D.	39,010,792	1.84	717,799
Conroe I.S.D.	830,720,000	100.00	830,720,000
Magnolia I.S.D.	167,139,472	100.00	167,139,472
Montgomery I.S.D.	137,028,671	100.00	137,028,671
New Caney I.S.D.	202,104,257	94.47	190,927,892
Richards I.S.D.	100,000	25.32	25,320
Splendor I.S.D.	44,094,457	100.00	44,094,457
Tomball I.S.D.	275,350,000	9.11	25,084,385
Willis I.S.D.	79,873,926	97.40	77,797,204
Total School Districts	1,775,421,575		1,473,535,199
TOTAL OVERLAPPING DEBT	6,497,621,772		2,429,894,625
TOTAL DIRECT AND OVERLAPPING DEBT	\$ 6,964,156,772		\$ 2,896,429,625

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

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

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

TABLE XIII

Year	Lease Revenue Bonds ⁽¹⁾			Debt Service		Coverage
	Lease Payments	Less: Operating Expenses	Net: Available Revenue	Principal	Interest	
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
2010	19,587,421	17,633,106	1,954,315	1,501,900	1,941,581	0.57

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. The County is lease purchasing the facility from the Jail Financing Corporation in fiscal year 2010. 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>
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 %
2010	458,171	N/A	N/A	92,490	86,689	7.4 %

⁽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, 2009 and 2010 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 2001 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

2010 Employer ⁽¹⁾	Employees	Percentage of Total County Employment ⁽²⁾
Conroe Independent School District	6,030	2.96 %
Anadarko Petroleum	2,532	1.24
Montgomery County, Texas	1,914	0.94
Hewitt Associates	1,500	0.74
Magnolia Independent School District	1,616	0.79
New Caney Independent School District	1,332	0.65
Memorial Hermann - The Woodlands	1,381	0.68
Lone Star Community College	1,011	0.50
Willis Independent School District	850	0.42
Huntsman Company LLC	750	0.37
	<u>18,916</u>	<u>9.29 %</u>
2001 Employer ⁽³⁾	Employees	Percentage of Total County Employment ⁽²⁾
Conroe Independent School District	2,775	1.79 %
Montgomery County, Texas	1,347	0.87
Hewitt Associates	1,300	0.84
Hughes Christensen	900	0.58
Anadarko Petroleum	600	0.39
Memorial Herman- The Woodlands	560	0.36
Magnolia Independent School District	537	0.35
Maersk Sealand	500	0.32
New Caney Independent School District	484	0.31
Mitchell Entergy & Development	410	0.27
	<u>9,413</u>	<u>6.09 %</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 2010.

⁽²⁾ Total County Employment for 2010 and 2001:

204,024 and 154,621 respectively

Source: <http://www.gcec.org/dyncat.cfm?catid=95>

⁽³⁾ <http://ritter.tea.state.tx.us/perfreport/aeis/2001/district.srch.html>

<http://www.edpartnership.net>



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

<u>Function</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005 ⁽²⁾⁽³⁾</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Administration	85	90	94	100	101	104	111	111	116	118
Judicial	151	168	190	190	201	205	213	213	231	265
Legal Services	33	23	23	25	26	25	29	28	30	29
Elections	5	6	5	6	6	8	9	9	10	10
Financial Administration	80	82	83	85	87	88	89	90	93	93
Public Facilities	50	57	65	69	238	261	334	348	357	372
Public Safety	671	666	647	670	498	502	529	565	612	611
Health and Welfare	28	40	43	48	49	52	55	57	57	71
Culture and Recreation	82	86	90	87	89	124	136	148	148	153
Conservation	10	9	11	12	14	13	15	13	17	18
Public Transportation	167	159	156	162	162	164	163	161	165	174
	<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>	<u>1,914</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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Government				
Construction permits issued ⁽¹⁾	3,792	4,747	5,569	6,569
Estimated value of construction ^{(1) (2)}	696,631	818,130	1,284,674	1,145,750
Health inspections performed ⁽³⁾	5,847	5,805	5,774	7,616
Birth certificates filed ⁽⁴⁾	4,720	4,440	5,044	5,544
Death certificates filed ⁽⁴⁾	1,781	1,755	1,898	1,859
Marriage license applications ⁽⁴⁾	2,742	2,830	2,755	2,892
Registered voters ⁽⁵⁾	186,295	192,951	197,626	214,098
Number of voting precincts ⁽⁵⁾	85	85	85	85
Public Safety - Sheriff				
Total arrests ⁽⁶⁾	15,104	16,503	16,335	18,960
Average number of inmates ⁽⁶⁾	558	593	640	726
Calls for service ⁽⁶⁾	276,576	273,439	225,576	212,919
Number of accidents investigated ⁽⁶⁾	2,139	2,159	1,965	1,898
Miles patrolled ⁽⁶⁾	2,860,529	2,847,347	2,932,365	2,812,515
Gallons of gas used ⁽⁶⁾	254,863	248,517	272,922	263,816
Culture and Recreation - Libraries (tentative)				
Number of items checked out ⁽⁷⁾	1,062,826	1,094,744	1,193,392	1,196,770
Number of libraries ⁽⁷⁾	6	6	6	6
Volumes in collection ⁽⁷⁾	389,716	418,369	446,221	478,205
Number of library visits ⁽⁷⁾	878,619	993,045	990,066	1,011,056
Library programs attendance ⁽⁷⁾	66,937	83,527	90,591	85,220

⁽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					
2005	2006	2007	2008	2009	2010
5,565	6,592	5,304	3,699	2,455	2,598
1,088,171	1,276,959	1,203,248	1,206,874	1,085,532	719,797
7,882	11,077	11,338	11,194	11,234	11,281
4,453	4,809	5,233	5,343	5,674	5,419
1,520	1,849	1,766	1,994	2,017	2,087
2,122	2,282	2,417	2,324	2,432	2,160
213,414	225,184	223,157	237,299	239,246	249,620
85	85	85	85	85	85
19,036	19,222	21,098	19,676	18,229	19,402
815	977	1,093	1,025	881	964
240,844	292,929	239,492	265,255	285,098	259,486
6,438	12,242	2,838	3,588	1,621	1,485
2,795,393	2,619,133	2,752,276	2,582,405	3,224,282	2,615,320
229,864	201,058	296,675	364,159	362,958	281,746
1,210,339	1,451,208	1,628,139	1,697,999	1,924,198	2,035,605
6	7	7	7	7	7
586,668	477,681	523,000	580,378	655,756	652,426
1,026,802	1,089,855	1,099,870	1,202,297	1,402,326	132,916
84,228	99,788	127,971	100,655	141,744	132,916

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

<u>Function</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Government				
Office Buildings/Courthouses ⁽¹⁾	23	24	24	24
Public Safety - Sheriff				
Sheriff's Vehicles ⁽²⁾	247	257	271	256
Academy Square Footage ⁽¹⁾	13,800	13,800	13,800	13,800
Public Transportation				
County Roads (miles) ⁽³⁾	2,127	2,219	2,283	2,319
Bridges ⁽³⁾	124	126	126	144
Public Facilities				
Park Acreage ⁽⁴⁾	208	228	228	228
Convention Center Square Footage ⁽⁵⁾	56,000	56,000	56,000	56,000
Community Centers ⁽²⁾	13	16	16	17
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;

⁶⁾ Montgomery County Memorial Library System Annual Report.

TABLE XVIII

2005	2006	2007	2008	2009	2010
25	25	31	34	35	39
269	273	278	382	351	374
13,800	13,800	13,800	13,800	13,800	13,800
2,342	2,391	2,475	2,525	2,589	2,636
140	157	157	157	157	158
228	228	1,657	1,748	1,974	1,870
56,000	56,000	56,000	56,000	56,000	56,000
17	17	17	17	18	17
138,516	145,395	169,776	169,776	169,776	169,776

