

# **MONTGOMERY COUNTY TEXAS**

## **Comprehensive Annual Financial Report**



**For the Fiscal Year Ended  
September 30, 2011**



**MONTGOMERY COUNTY, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2011**

**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**  
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P. O. Box 539, Conroe, Texas 77305

Phyllis L. Martin  
County Auditor

Angela H. Blocker  
1<sup>st</sup> Assistant County Auditor

March 21, 2012

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

Honorable Judges and Commissioners:

The Comprehensive Annual Financial Report of Montgomery County (CAFR), Texas, for the year ended September 30, 2011, is submitted herewith. This report was prepared by the County Auditor in accordance with Generally Accepted Accounting Principles (GAAP) 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 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, 2011 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, 2011 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 and state 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 and state 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 on December 14, 1837 by an act of the Congress of the Republic of Texas. It is bisected by Interstate 45, and located approximately forty miles north of downtown Houston. Montgomery County is officially the birthplace of the Texas flag. The actual design of the Lone Star Flag remained a mystery until the Texas House of Representative passed House Resolution 1123 in 1997 commemorating Montgomery County as the flag's official birthplace. Dr. Charles B. Stewart is credited with creating the inspirational banner of the State of Texas. 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, elected at-large to a four-year term and four Commissioners, each of whom is elected from four geographical precincts to four-year staggered terms. The Commissioner's Court serves as the governing body of the County.

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. The most recent census reported the population of Montgomery County to be 455,746. At each census, the County has experienced growth in excess of 50%, with no signs of slowing down. At September 30, 2011 the estimated population was 462,144. Despite the turbulent economic times, the County's population continued to grow, albeit at a slower rate, during the past year and is 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. The governing body's active involvement in infrastructure improvements has been instrumental in this explosive growth 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 Funds, 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 30 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 industries have been energy, 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. A favorable taxing environment has drawn many companies to relocate corporate headquarters to Montgomery 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 2013. 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 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 offers immediate medical services for workers compensation injuries. A large percentage of workers compensation claims have been resolved at the clinic and the employee would be released back to work within a quick period of time. This method of service would allow for a reduction of workers compensation claim costs and workers compensation indemnity payments for the County.

Both components of the medical clinic have been implemented, putting the County on a path that should achieve substantial savings now and in the future.

**Energy innovations-** Various energy saving ventures have been planned for county owned facilities. Lighting retrofits and solar charging panels have been 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.

**New developments-** In March 2011, the County opened the Montgomery County Mental Health Treatment Facility in Conroe, Texas. The facility is a 100-bed private psychiatric hospital, licensed by the Texas Department of State Health Services and accredited by the Joint Commission. The County has engaged a private company to maintain and operate the hospital.

The County received funding for the operation of the hospital from the State of Texas as a part of a special appropriation aimed at providing treatment for certain individuals with mental health issues. Specifically, individuals who have been charged with a crime but found by a court to be incompetent to stand trial, are assigned to the custody of the State of Texas and transferred to the hospital to receive treatment geared toward restoring them to competency.

The agreement between the County and the State requires the County to accept patients from across the state. To date, the admissions have originated in over 24 counties, with the majority coming from Dallas, Tarrant, Harris and Travis Counties. As of September 30, 2011, the hospital had treated 223 patients, restoring approximately 86 percent of them to competency before discharge.

### **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 for the fiscal year ended September 30, 2010. This was the twenty-third 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 CAFR. 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, 2010

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.



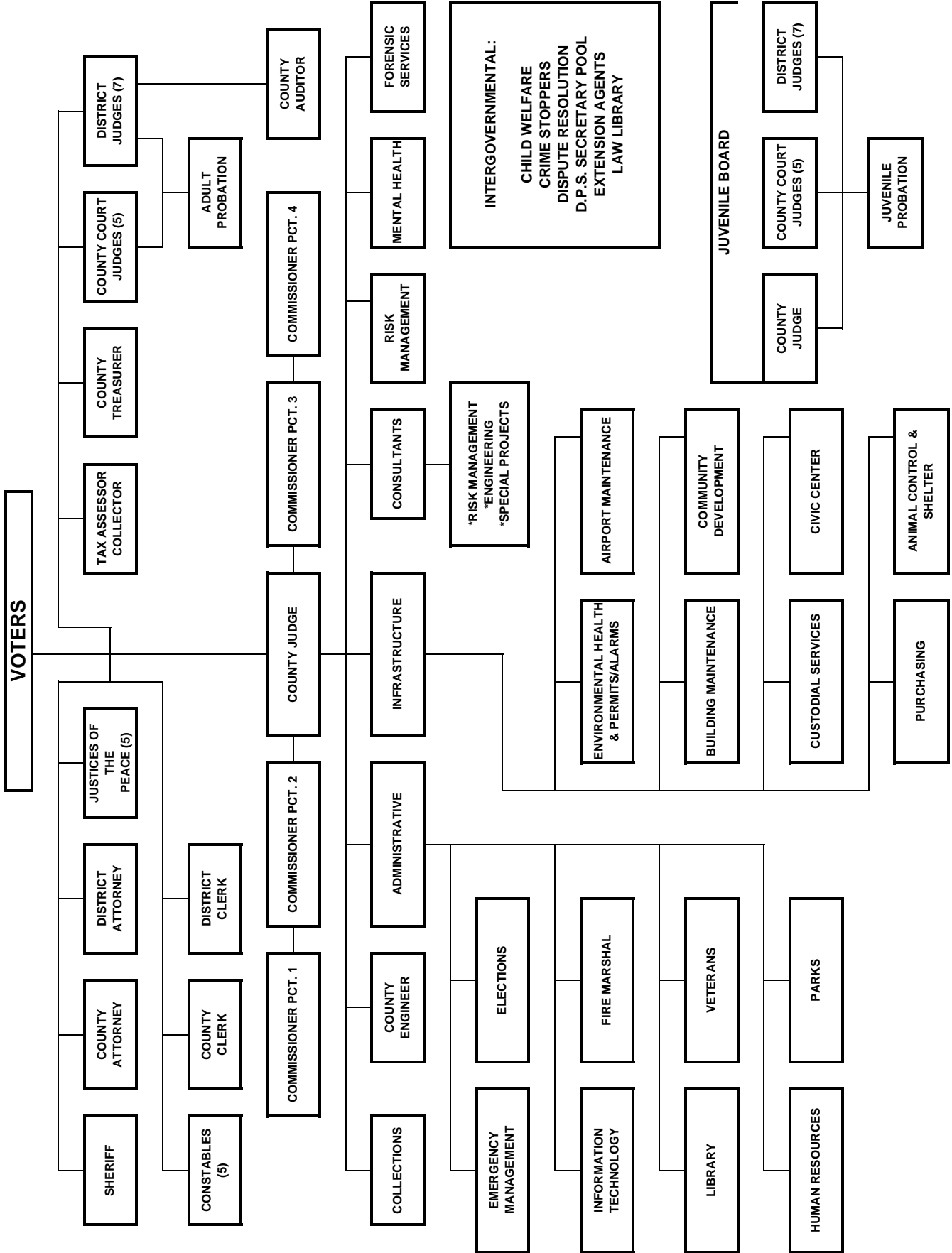
*Linda C. Sandison*

President

*Jeffrey R. Emer*

Executive Director

MONTGOMERY COUNTY, TEXAS ORGANIZATION CHART





MONTGOMERY COUNTY, TEXAS  
DIRECTORY OF OFFICIALS  
SEPTEMBER 30, 2011

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, 9<sup>th</sup> Judicial District  
Judge 221<sup>st</sup> Judicial District  
Judge 284<sup>th</sup> Judicial District  
Judge 359<sup>th</sup> Judicial District  
Judge, 410<sup>th</sup> Judicial District  
Judge, 418<sup>th</sup> Judicial District  
Judge, 435<sup>th</sup> Judicial District  
District Attorney  
District Clerk

COUNTY COURTS AT LAW:

Dennis Watson  
Claudia Laird  
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  
Darlou Zenor

Tax Assessor-Collector  
County Treasurer  
County Auditor<sup>1</sup>  
Purchasing Agent<sup>1</sup>

<sup>1</sup> Designates appointed official. All others are elected.



## FINANCIAL SECTION



# HLSK

*Hereford, Lynch, Sellars & Kirkham*

Certified Public Accountants • A Professional Corporation

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1406 Wilson Rd., Suite 100  
Conroe, Texas 77304  
Tel 936-756-8127  
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## INDEPENDENT AUDITORS' REPORT

Honorable County Judge and  
Commissioners' Court  
Montgomery County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montgomery County, Texas (the "County") as of and for the year then ended September 30, 2011, 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, 2011, 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 and schedule of funding progress for the Texas Municipal Retirement System as listed in the table of contents 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 fund statements and schedules, schedules of capital assets used in the operation of governmental funds, and statistical section tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules, and additional supplementary 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 and schedules of capital assets used in the operation of governmental funds 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 21, 2012**

## 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, 2011. 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 \$314,518,471 (net assets). Of this amount, \$9,360,962 is restricted for specific purposes. With the presentation of the investment in capital assets, unrestricted net assets becomes a negative \$75,320,823. 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 \$321,159,015 and expenses were \$336,821,003. Rapid growth in the county added to a decrease in net assets of \$15,661,988.
- At September 30, 2011, the County's governmental funds reported combined ending fund balances of \$133,889,264, an increase of \$10,903,747 in comparison with the prior year. From the ending fund balances, \$172,593 is nonspendable, \$76,922,024 is restricted, \$152,938 is committed for encumbrances and \$26,993,050 is assigned. Approximately 22% of the ending balance, \$29,648,659, is unassigned and available for spending at the government's discretion.
- At September 30, 2011, unassigned fund balance for the General Fund was \$29,648,659, or 18.4% of total General Fund expenditures.
- The County's total bonded debt increased by \$20,085,139 (4.2%) during the current fiscal year. This increase was brought about by the issuance of \$31,390,000 in Revenue Bonds.
- As of fiscal year 2011, the County reported other post-employment benefit obligations (OPEB) of \$19,571,942 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 Statement No. 34 in fiscal year 2003 and the portion of GASB Statement No. 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 Statement No. 34 in regards to interfund activity, payables and receivables.

The Statement of Net Assets presents information on all of Montgomery County's assets and liabilities, with the difference between the two being reported as net assets. This statement is similar to that of the balance sheet of a private-sector business (with primary sections in a business balance sheet being assets, liabilities, and equity). The GASB believes that, over time, increases or decreases in the net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents the County's revenues and expenses for the year, with the difference between the two resulting in the change in net assets for the fiscal year ended September 30, 2011. 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 three 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) Proprietary funds are utilized to account for internal service funds. These are an accounting device used to accumulate and allocate costs amongst the County's various functions.
- 3) 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 43 individual governmental funds during the fiscal year ended September 30, 2011. 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 and the Capital Projects Revenue/Toll Bonds Series 2010 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 30-39 of this report.

**Proprietary Funds** are utilized as an accounting device to accumulate and allocate costs internally among the County's various functions. The County maintains four Internal Service funds to account for its employee health benefits, accident and liability, workers compensation, and the County's Wellness Clinic. Since these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The internal service funds are also presented in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 41-43 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 44 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 45-70 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 72-83 of this report.

**Other supplementary information** includes combining financial statements for nonmajor governmental, proprietary 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 86-157 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 \$314,518,471 at September 30, 2011, as shown in the table below. This amount represents a decrease through governmental activities of \$15,661,988 from the net assets at September 30, 2010.

### Montgomery County, Texas Net Assets - Governmental Activities

	FY 2011	FY 2010
Current and other assets	\$ 212,745,536	\$ 197,818,608
Capital assets	688,420,488	697,161,850
Total assets	901,166,024	894,980,458
Long-term liabilities outstanding	560,467,911	532,075,714
Other liabilities	26,179,642	32,724,285
Total liabilities	586,647,553	564,799,999
Net assets:		
Invested in capital assets, net of related debt	380,478,332	353,407,141
Restricted	9,360,962	8,839,721
Unrestricted	(75,320,823)	(32,066,403)
Total net assets	\$ 314,518,471	\$ 330,180,459

The County's total assets of \$901,166,024 are largely comprised of investments of \$118,719,953, or 13.2%, and capital assets net of accumulated depreciation of \$688,420,488, or 76.4%. 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 \$560,467,911 comprises the largest portion of the County's total liabilities of \$586,647,553, at 95.6%. Of total long-term liabilities, \$26,877,506 is due within one year, with the remainder of \$533,590,405 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 \$314,518,471 (net assets) as of September 30, 2011. Roughly 3.0%, or \$9,360,962, of the County's net assets represents restricted net assets. These resources are subject to external restrictions on how they may be used. Restrictions include statutory requirements,

bond covenants, and granting conditions. Of those restricted net assets, \$6,211 is restricted for capital projects and \$9,354,751 is restricted for debt service. The most significant portion (\$380,478,332) 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 fund balances.

Montgomery County's governmental activities decreased net assets by \$15,661,988. The key components of this decrease are detailed on the following page.

**Montgomery County, Texas**  
**Governmental Activities**

	<b>FY 2011</b>	<b>FY 2010</b>
<b>Revenues:</b>		
<i>Program revenues:</i>		
Fees, fines, forfeitures, and charges for services	\$ 108,522,926	\$ 73,627,993
<i>Operating grants and contributions:</i>		
Federal	6,277,981	4,603,480
State	5,410,229	5,236,419
Other	1,093,718	1,606,591
<i>Capital grants and contributions:</i>		
Federal	10,336,867	6,825,965
State	197,295	1,119,253
Other	14,402,201	48,354,855
<i>General revenues:</i>		
Property taxes	161,327,007	156,397,865
Other taxes	1,785,343	1,824,262
Other general revenues	11,805,448	1,797,445
Total revenues	<u>321,159,015</u>	<u>301,394,128</u>
<b>Expenses:</b>		
General administration	56,850,436	15,339,911
Judicial	25,751,781	24,893,295
Legal services	2,893,028	2,824,360
Elections	1,723,583	1,827,247
Financial administration	6,111,643	6,358,514
Public facilities	50,133,665	43,618,780
Public safety	62,564,836	62,650,758
Health and welfare	14,924,434	9,085,174
Culture and recreation	9,061,639	7,456,924
Conservation	982,337	986,843
Public transportation	80,597,409	111,627,910
Miscellaneous	659,499	1,683,887
Debt service interest and fiscal charges	24,566,713	22,946,953
Total expenses	<u>336,821,003</u>	<u>311,300,556</u>
Change in net assets	(15,661,988)	(9,906,428)
Net assets - beginning	<u>330,180,459</u>	<u>340,086,887</u>
Net assets - ending	<u>\$ 314,518,471</u>	<u>\$ 330,180,459</u>

The County's total revenues of \$321,159,015 were all from governmental activities. Property tax revenue accounts for \$161,327,007, or 50%, and is an increase over last year of \$4,929,142. 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 \$108,522,926, or 33.8%; and grants and contributions encompass \$37,718,291, or 11.8% of total government-wide revenues. This represents an increase in program revenues of \$4,866,661. Federal Operating Grants and Contributions increased to \$6,277,981 from 2010, an increase of 1,674,501. This is due to continued funding for the

expansion of the Lone Star Executive Airport's runway to accommodate commercial airliner landings. Federal Capital Grants increased in 2011 largely due to the amount of grants received by federal agencies in connection with the American Recovery and Reinvestment Act (ARRA).

Expenses for the year totaled \$336,821,003. The Public Transportation function accounted for \$80,597,409, or 23.9% of the total government-wide expenses. The decrease in spending in the public transportation function (\$31,030,011) is due to several large road construction projects being completed by the County during the fiscal year. These projects are primarily for widening and improvement of State-owned roads, creating inflated expenditures, with no offsetting asset capitalization.

The General Administration function expenses increased to \$56,850,436. This significant increase of \$41,510,525 was due to the creation the County's internal service funds for the administration of the County's medical, workers' compensation plan, accident and liability plan and Wellness Clinic during fiscal year 2011. A comparable increase in fees, fines, forfeitures and charges for service (\$34,894,933) partially offsets this dramatic increase.

Expenses in the Health and Welfare function increased to \$14,924,434, a \$5,839,260 jump from 2010. This was primarily due to the opening of the Montgomery County Mental Health Facility during fiscal year 2011. The facility houses offenders that have been deemed incompetent to stand trial and are being treated until such time as they are competent to stand trial.

The Public Facilities function experienced an increase of \$6,514,885 in expenses over last year to \$50,133,665. Both detention facilities located in the County (Montgomery County Jail and the Joe Corley Detention Facility) operated at near capacity during the year.

The government's ending net assets of \$314,518,471 represent a decrease of \$15,661,988 from the prior year's net assets. The County's change in net assets is summarized by the following chart:

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

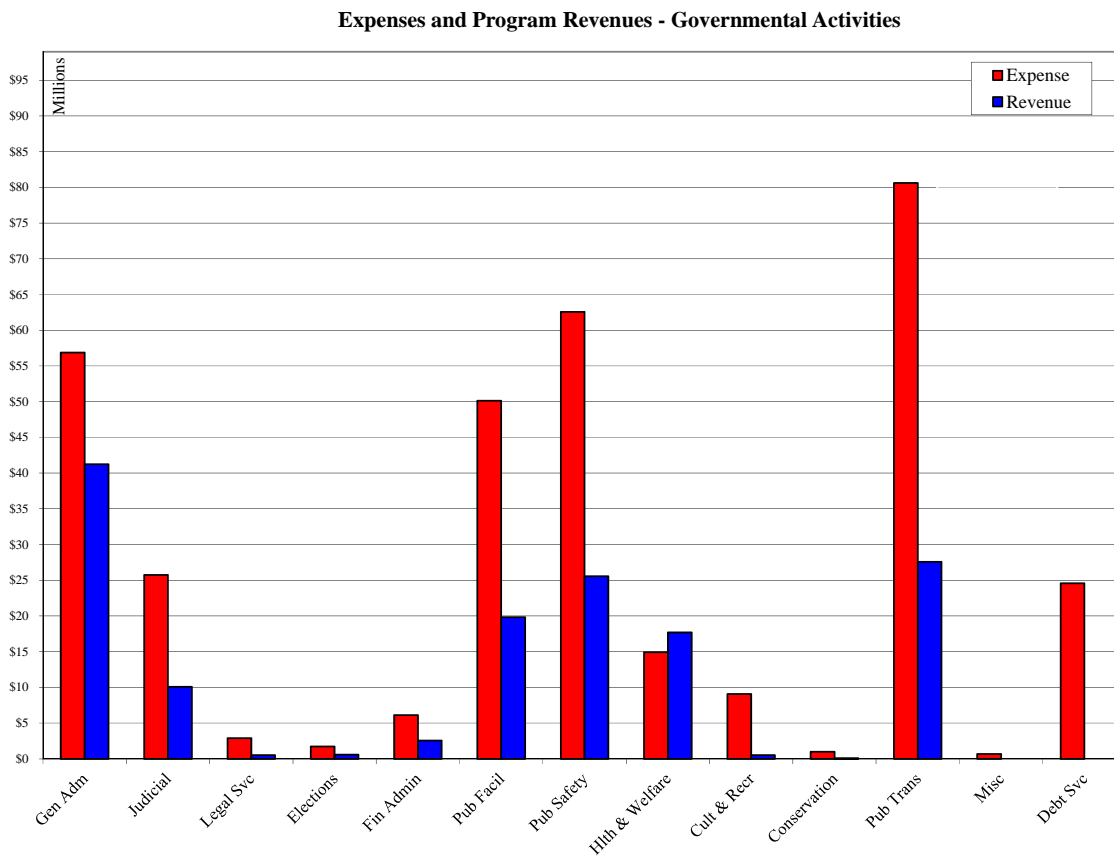
	<u>FY 2011</u>	<u>FY 2010</u>
<i>Governmental funds activity:</i>		
Total revenues	\$ 272,795,055	\$ 246,984,808
Total expenditures	<u>298,717,553</u>	<u>325,097,604</u>
Excess (Deficiency) of revenues over expenditures	(25,922,498)	(78,112,796)
Capital lease financing	1,197,802	3,125,403
Issuance of certificates of obligation	31,390,000	32,450,000
Issuance of refunding bonds	-	43,380,000
Payment to refunded bond escrow agent	-	(44,643,876)
Premiums on obligations, net	<u>4,238,443</u>	<u>1,474,437</u>
Net change in fund balance	10,903,747	(42,326,832)
<i>Government-wide activity:</i>		
Difference between current year's capital outlay expenditures and depreciation expense	(23,061,635)	11,557,171
Net effect of capital asset sales, donations, trade-ins, etc.	14,361,540	48,070,031
Revenues not reported in funds because they do not provide current-period financial resources	1,164,245	6,339,288
Internal Service Funds which are not reported in funds not affect the current period	5,333,872	-
Long-term debt not reported in funds because it does not affect the current period	(22,166,928)	(24,133,460)
Expenses not reported in the funds because they do not use current-period financial resources	<u>(2,196,829)</u>	<u>(9,412,626)</u>
Total change in net assets	<u><u>\$ (15,661,988)</u></u>	<u><u>\$ (9,906,428)</u></u>

This change in net assets begins with the current year's differences between governmental revenues and expenditures (\$25,922,498), along with other financing sources and uses (\$36,826,245). 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 (\$8,700,095) 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 (\$1,032,584). GASB Statement No.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 (\$22,166,928). 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 \$15,661,988. However, the increase of \$2,606,017 in the combined fund balance of Montgomery County's two major operating funds, the General Fund and the Road and Bridge Fund, 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 10 and 15 percent of annual operating costs.

The following chart depicts expenses and program revenues for the fiscal year ending September 30, 2011 for governmental activities.

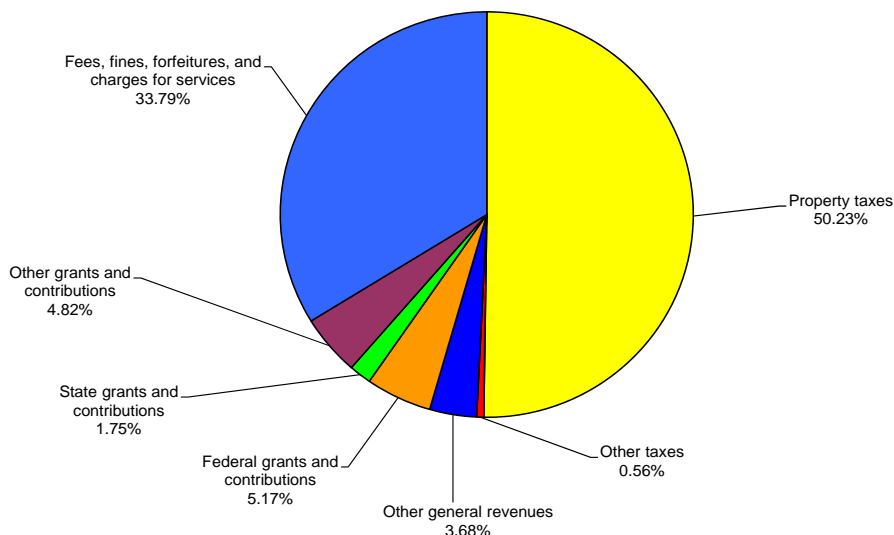


Key elements of the analysis of government-wide program revenues and expenses as they relate to each function reflect the following:

- Program revenues of \$146,241,217 are comprised in large part (28.2%) of general administration's revenues of \$41,240,818 and public transportation's revenues of \$27,565,878 (18.9%). The public safety function comprises 17.8% of program revenues with \$25,558,733, public facilities makes up 13.6% of program revenues with \$19,827,985, and the health and welfare function covers 12.1% of program revenues with \$17,689,361. The expenses of these functions account for 16.9%, 23.9%, 18.6%, 14.9%, and 4.4%, respectively. As expected, general revenues provided the required support and coverage in areas where expenses exceeded revenues.
- The general administration function experienced an increase in expenses of \$41,510,525 while also realizing an increase in revenues of \$35,098,259. These increases are the direct result of the creation of the new internal service funds, used to account for the County's medical/worker's compensation plans, property and casualty plans and the recently opened Wellness Clinic.

The following chart depicts revenues of the governmental activities for the fiscal year ended September 30, 2011.

**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, 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, 2011, the County's governmental funds reported combined ending unassigned fund balances of \$29,647,659, and are available for spending at the County's discretion. The remainder of fund balances are categorized as nonspendable (\$172,593), restricted (\$76,922,024), committed (\$154,595) or assigned (\$26,993,050) to reflect the varying levels of liquidity.

Total assets in the General Fund amounted to \$106,914,393, accounting for 50.5% of total governmental fund assets. The total assets of other major funds include Road and Bridge Special Revenue Fund (\$10,813,075) and Capital Projects Revenue/Toll Bonds Series 2010 Fund (\$34,064,477). Together, all major funds account for \$151,791,945 (71.7%) of the County's \$211,969,364 in total assets.

The fund balance of the County's General Fund increased by \$5,413,291 during the current fiscal year. Key factors in this increase are as follows:

- An increase in the appraised value of real and personal property boosted ad valorem tax revenues \$1,513,762.
- The County spent \$15,808,119 for operating the Joe Corley Facility and was reimbursed \$18,958,951 during fiscal year 2011.

The Road and Bridge Special Revenue Fund has a total fund balance of \$8,481,087 which is reported as \$109,579 nonspendable, \$753 as committed for encumbrances, and \$8,370,755 as restricted. The fund balance decreased by \$2,807,274 during the current year due to focus by the Commissioners for various road maintenance projects that were paid through the operating budget.

The Revenue/Toll Bonds Series 2010 Fund has a fund balance of \$34,064,477 at the end of the fiscal year, an increase of \$34,035,317. This considerable increase reflects the issuance of the bonds during the fiscal year and the commencement of projects funded with the proceeds of the certificates.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The published budget of Montgomery County for fiscal 2011 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 \$167,561,351 and expenditures of \$148,331,831. The General Fund's final budget, as amended, contains revenues of \$182,261,503 and expenditures of \$177,384,352.

The following table presents the changes between the original adopted budget and the final budget for the General Fund as of September 30, 2011.

<b>General Fund Budget Variances Year Ended September 30, 2011</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Variance with Original Budget Positive (Negative)</b>
Revenues:			
Taxes	\$ 120,729,262	\$ 120,729,262	\$ -
Licenses and Permits	1,167,949	1,203,172	35,223
Fees	12,112,462	12,110,810	(1,652)
Intergovernmental	221,161	7,577,988	7,356,827
Charges for Services	811,400	811,400	-
Interest	228,960	258,198	29,238
Contract Reimbursements	8,004,538	14,879,668	6,875,130
Inmate Housing	23,649,788	23,649,788	-
Fines and Forfeitures	85,000	85,000	-
Miscellaneous	550,831	956,217	405,386
Total Revenues	167,561,351	182,261,503	14,700,152
Expenditures:			
General Administration	20,855,951	27,448,204	(6,592,253)
Judicial	15,634,406	16,526,660	(892,254)
Legal Services	2,378,403	2,446,942	(68,539)
Elections	1,064,095	1,556,498	(492,403)
Financial Administration	6,643,250	6,602,060	41,190
Public Facilities	45,306,486	46,120,227	(813,741)
Public Safety	49,652,705	67,565,132	(17,912,427)
Health and Welfare	5,510,718	6,657,437	(1,146,719)
Conservation	578,424	581,958	(3,534)
Miscellaneous	707,393	1,879,234	(1,171,841)
Total Expenditures	148,331,831	177,384,352	(29,052,521)
Excess Revenues Over Expenditures	19,229,520	4,877,151	(14,352,369)
Other Financing Sources/(Uses):			
Transfers In	-	889,448	889,448
Transfers Out	-	(1,011,897)	(1,011,897)
Capital Lease Financing	-	1,084,046	1,084,046
Total Other Financing Sources/(Uses)	-	961,597	961,597
Net Change in Fund Balances	19,229,520	5,838,748	(13,390,772)
Fund Balance - Beginning	43,940,508	43,940,508	-
Fund Balance - Ending	\$ 63,170,028	\$ 49,779,256	\$ (13,390,772)

Final budgeted revenues were higher than originally planned by \$14,700,152. Intergovernmental revenue contained \$7,356,827 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 \$6,875,130 more than the original budget. The increase in the anticipated revenue was primarily due to a \$4,729,890 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 for contract reimbursements.

The originally unanticipated revenue partially offset the expenditure differences of \$29,052,521 between the original budget and the final amended budget. The general administration function had a final expenditure budget that is \$6,592,253 higher than the original budget. 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.

Funds that were originally scheduled in prior fiscal years were not included in the original budget for fiscal year 2011. 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 \$17,912,427 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 \$1,171,841, due to sub-recipient agreements made after the original budget had been adopted.

The health and welfare function had final budgeted expenditures \$1,146,719 higher than the original budget. This function includes a grant for a vehicle emissions program that is managed by the Houston Galveston Area Council 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 \$13,390,772.

The following table presents the differences between the final amended budget and actual expenditures for the General Fund as of September 30, 2011.

<b>General Fund Budget Variances Year Ended September 30, 2011</b>			
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues:			
Taxes	\$ 120,729,262	\$ 120,637,981	\$ (91,281)
Licenses and Permits	1,203,172	1,401,073	197,901
Fees	12,110,810	13,679,687	1,568,877
Intergovernmental	7,577,988	9,803,506	2,225,518
Charges for Services	811,400	675,343	(136,057)
Interest	258,198	420,714	162,516
Contract Reimbursements	14,879,668	15,339,390	459,722
Inmate Housing	23,649,788	18,958,951	(4,690,837)
Fines and Forfeitures	85,000	94,106	9,106
Miscellaneous	956,217	1,312,465	356,248
Total Revenues	182,261,503	182,323,216	61,713
Expenditures:			
General Administration	27,448,204	25,556,027	1,892,177
Judicial	16,526,660	15,992,834	533,826
Legal Services	2,446,942	2,366,994	79,948
Elections	1,556,498	1,344,669	211,829
Financial Administration	6,602,060	5,983,660	618,400
Public Facilities	46,120,227	40,973,745	5,146,482
Public Safety	67,565,132	61,288,392	6,276,740
Health and Welfare	6,657,437	6,545,892	111,545
Conservation	581,958	542,138	39,820
Miscellaneous	1,879,234	659,499	1,219,735
Total Expenditures	177,384,352	161,253,850	16,130,502
Excess Revenues Over Expenditures	4,877,151	21,069,366	16,192,215
Other Financing Sources/(Uses):			
Transfers In	889,448	1,792,239	902,791
Transfers Out	(1,011,897)	(18,532,360)	(17,520,463)
Capital Lease Financing	1,084,046	1,084,046	-
Total Other Financing Sources/(Uses)	961,597	(15,656,075)	(16,617,672)
Net Change in Fund Balances	5,838,748	5,413,291	(425,457)
Fund Balance - Beginning	43,940,508	43,940,508	-
Fund Balance - Ending	\$ 49,779,256	\$ 49,353,799	\$ (425,457)

Actual revenues exceeded budgeted revenues by \$61,713. Fee increases approved by the state legislature and an increase in intergovernmental revenues comprise a share of the increase (\$3,794,395) and serve to offset the shortfall in inmate housing revenue (\$4,690,837).

Actual expenditures were \$16,130,502 lower than final budgeted expenditures. The general administration function contributed \$1,892,177 toward that amount. 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 \$2,123,994 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 \$6,276,740. 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 \$1,219,735. 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 \$425,457 less than anticipated with the final budget. This is the result of transfers to other funds. The Jury Special Revenue Fund and the Memorial Library Special Revenue Fund received \$4,357,122 and \$9,000,000, 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, 2011 amounted to \$688,420,488 (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 \$4,815,589 and included purchases of land for the Spring Creek Greenway. Also included in the additions was the purchase of 61 acres of land for the Montgomery County Mental Health Treatment Facility.
- Additions to the buildings category (less deletions) of \$26,886,442 consisted primarily of the completion of the Montgomery County Mental Health Treatment Facility.
- Vehicles, vehicle modifications, and other various equipment items were purchased at a cost of \$7,656,544.
- 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 2011 amounted to \$8,778,979.
- Montgomery County is the 24<sup>th</sup> fastest growing county in the United States and the fourth fastest growing in Texas<sup>1</sup>. 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 \$12,842,210.
- Projects that were capitalized from ongoing construction throughout the year, including the Montgomery County Mental Health Treatment Facility and the new forensics building, totaled \$35,521,381. Additional expenditures of \$10,806,788 were incurred for construction that was in progress throughout the year.
- Increases in assets were offset by depreciation expense of \$53,056,424.

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<sup>1</sup> <http://www.census.gov>

**Montgomery County, Texas**  
**Capital Assets**  
**(net of depreciation)**  
**September 30, 2011**  
**with Comparative Totals for September 30, 2010**

	<b>Value of Capital Asset Net of Accumulated Depreciation</b>		<b>Increase</b>
	<b>FY 2011</b>	<b>FY 2010</b>	<b>(Decrease)</b>
Land	\$ 35,851,022	\$ 31,035,433	\$ 4,815,589
Buildings	181,285,389	\$ 154,398,947	26,886,442
Improvements	15,973,170	\$ 15,334,094	639,076
Equipment	26,955,808	\$ 26,439,647	516,161
Infrastructure	427,739,782	\$ 442,245,976	(14,506,194)
Construction in Progress	615,317	\$ 27,707,753	(27,092,436)
Total	<u>\$ 688,420,488</u>	<u>\$ 697,161,850</u>	<u>\$ (8,741,362)</u>

Montgomery County completed a new mental health residential treatment facility. This new facility is equipped with over 100 beds and is treating those patients who are determined by the court system to be incompetent to proceed with trial. This facility is designed to restore those individuals to competency as quickly as possible so that they may be returned to court.

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 2011, the Commissioner's Court has met some of those challenges by completing the new forensic services building, previously referred to as the Montgomery County Mental Health Treatment Facility. The County is in the process of beginning a new Jail remodel that will allow for a new kitchen facility and an additional 48 beds.

The County has committed to multiple road construction projects in fiscal year 2011. 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 57 of this report.

***Long-Term Debt***

At September 30, 2011, Montgomery County had total bonded debt outstanding of \$497,486,840. 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, \$270,030,000 corresponds to general obligation debt, \$128,266,840 is in the form of revenue bonds and \$99,190,000 represents certificates of obligation. Montgomery County's total bonded debt had an increase of \$20,085,139 during 2011.

The following table represents the entire long-term debt of the County at September 30, 2011 on a comparative basis.

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

	<u>FY 2011</u>	<u>FY 2010</u>
General obligation bonds	\$ 270,030,000	\$ 276,375,000
Revenue bonds	128,266,840	98,446,701
Certificates of obligation	99,190,000	102,580,000
Capital Leases	15,336,959	17,164,115
Premiums, net of discounts	15,233,295	11,787,129
Compensated absences	9,354,751	8,794,048
Medical Obligation	2,579,400	3,242,652
Worker's Comp Obligation	904,724	874,939
OPEB Liability	19,571,942	12,811,130
Total	<u>\$ 560,467,911</u>	<u>\$ 532,075,714</u>

Debt activity in 2011 included an issue of Toll Revenue Bonds in the amount of \$31,390,000. The County retired \$11,304,861 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 \$8,365,538,617, which is significantly in excess of the County's outstanding debt obligation, despite the increases in debt issuance during 2011.

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

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

- The unemployment rate for the County is currently 7.6%<sup>2</sup>, which is a slight increase from a rate of 7.5% a year ago. This compares favorably to the State's average unemployment rate of 8.4%<sup>3</sup> and the national average rate of 8.9%<sup>4</sup>.
- Increased demand for law enforcement services propelled Commissioner's Court to bring the annualized budget in the Sheriff's department to \$68,810,654 in fiscal year 2012.
- The Commissioners' Court approved budgeted revenues and expenditures of \$15,000,000 for operating a new Mental Health Treatment Facility for fiscal year 2012.
- The estimated debt service obligation increased by \$7,397,100 in fiscal year 2012 to \$36,247,931.

All of these factors were considered in preparing the Adopted Budget of Montgomery County, Texas for the fiscal year ending September 30, 2012.

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

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

<sup>4</sup> U.S. Department of Labor, Bureau of Labor Statistics. <http://data.bls.gov/timeseries>.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Montgomery County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Montgomery County Auditor, P. O. Box 539, Conroe, Texas 77305-0539.

## **BASIC FINANCIAL STATEMENTS**

**MONTGOMERY COUNTY, TEXAS**

**Statement of Net Assets**

**September 30, 2011**

EXHIBIT I

<b>ASSETS:</b>	Governmental Activities
Cash	\$ 22,852,592
Investments, at Fair Value	118,719,954
Cash, Restricted	562,667
Cash, Restricted for Retainage	109,344
Receivables:	
Taxes (net)	6,541,779
Accounts (net)	28,557,297
Due from Other Governments	20,556,977
Inventory, at Cost	109,579
Deferred Charges	14,672,333
Prepaid Items	63,014
Capital Assets, net of accumulated depreciation	
Land	35,851,022
Buildings	181,285,389
Improvements	15,973,170
Equipment	26,955,808
Infrastructure	427,739,782
Construction in Progress	615,317
Total Assets	901,166,024
<b>LIABILITIES:</b>	
Accounts Payable	16,222,220
Retainage Payable	165,571
Accrued Interest Payable	2,457,943
Due to Other Governments	1,377,391
Unearned Revenue	5,956,517
Noncurrent Liabilities:	
Due within one year	26,877,506
Due in more than one year	533,590,405
Total Liabilities	586,647,553
<b>NET ASSETS:</b>	
Invested in Capital Assets, net of related debt	380,478,332
Restricted for:	
Capital Projects	6,211
Debt Service	9,354,751
Unrestricted	(75,320,823)
Total Net Assets	\$ 314,518,471

See accompanying notes to the financial statements.



**MONTGOMERY COUNTY, TEXAS**  
**Statement of Activities**  
**Year Ended September 30, 2011**

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	\$ 56,850,436	\$ 39,240,521	\$ 2,000,297	\$ -	\$ (15,609,618)
Judicial	25,751,781	8,713,071	1,389,835	-	(15,648,875)
Legal Services	2,893,028	503,400	19,861	-	(2,369,767)
Elections	1,723,583	177	384,274	203,693	(1,135,439)
Financial Administration	6,111,643	2,553,434	-	-	(3,558,209)
Public Facilities	50,133,665	19,812,950	15,035	-	(30,305,680)
Public Safety	62,564,836	17,542,034	3,762,537	4,254,162	(37,006,103)
Health and Welfare	14,924,434	10,628,153	4,741,930	2,319,278	2,764,927
Culture and Recreation	9,061,639	309,966	193,040	-	(8,558,633)
Conservation	982,337	-	87,691	-	(894,646)
Public Transportation	80,597,409	9,219,220	187,428	18,159,230	(53,031,531)
Miscellaneous	659,499	-	-	-	(659,499)
Debt Service Interest and Fiscal Charges	24,566,713	-	-	-	(24,566,713)
Total Governmental Activities	<u>\$ 336,821,003</u>	<u>\$ 108,522,926</u>	<u>\$ 12,781,928</u>	<u>\$ 24,936,363</u>	<u>(190,579,786)</u>
General Revenues:					
Property Taxes					161,327,007
Other Taxes					161,832
Mixed Beverage Taxes					1,302,418
Bingo Taxes					162,901
Vehicle Weight Tax					158,192
Grants & Contributions not restricted					8,364,557
Unrestricted Investment Earnings					540,642
Gain on Sale of Capital Assets					2,360,159
Special Item					540,090
Total General Revenues					<u>174,917,798</u>
Change in Net Assets					<u>(15,661,988)</u>
Net Assets - Beginning					<u>330,180,459</u>
Net Assets - Ending					<u>\$ 314,518,471</u>

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS**

**Balance Sheet**

**Governmental Funds**

**September 30, 2011**

EXHIBIT III

	General	Road and Bridge
<b><u>ASSETS:</u></b>		
Cash	\$ 19,457,808	\$ 286,715
Investments, at Fair Value	66,096,880	6,366,471
Cash, Restricted	-	-
Cash, Restricted for Retainage	96,139	-
Receivables:		
Taxes (net)	4,831,583	626,740
Accounts (net)	1,540,313	583,732
Due from Other Funds	6,605,362	2,695,883
Due from Other Governments	8,286,308	143,955
Inventory, at Cost	-	109,579
Prepaid Items	-	-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 106,914,393</u></b>	<b><u>\$ 10,813,075</u></b>
<b><u>LIABILITIES AND FUND BALANCES:</u></b>		
Liabilities:		
Accounts Payable	\$ 10,124,785	\$ 1,334,646
Retainage Payable	96,139	-
Due to Other Funds	38,564,346	367,906
Due to Other Governments	1,377,391	-
Deferred Revenue	7,397,933	629,436
Total liabilities	<u>57,560,594</u>	<u>2,331,988</u>
Fund Balances:		
Nonspendable		
Prepaid	-	-
Inventory	-	109,579
Restricted	-	8,370,755
Committed		
Encumbrances	133,198	753
Assigned	19,571,942	-
Unassigned	29,648,659	-
Total Fund Balances	<u>49,353,799</u>	<u>8,481,087</u>
<b><u>TOTAL LIABILITIES AND</u></b>		
<b><u>FUND BALANCES</u></b>	<b><u>\$ 106,914,393</u></b>	<b><u>\$ 10,813,075</u></b>

See accompanying notes to the financial statements.

Revenue/Toll Bonds Series 2010	Other Governmental Funds	Total Governmental Funds
\$ 13,690	\$ 2,601,332	\$ 22,359,545
31,860,700	14,395,903	118,719,954
-	562,667	562,667
-	13,205	109,344
-	1,083,456	6,541,779
252	272,470	2,396,767
2,189,835	29,071,025	40,562,105
-	12,114,347	20,544,610
-	-	109,579
-	63,014	63,014
<u>\$ 34,064,477</u>	<u>\$ 60,177,419</u>	<u>\$ 211,969,364</u>
\$ -	\$ 4,749,883	\$ 16,209,314
-	69,432	165,571
-	9,202,542	48,134,794
-	-	1,377,391
-	4,165,661	12,193,030
<u>-</u>	<u>18,187,518</u>	<u>78,080,100</u>
-	63,014	63,014
-	-	109,579
34,064,477	34,486,792	76,922,024
-	18,987	152,938
-	7,421,108	26,993,050
-	-	29,648,659
<u>34,064,477</u>	<u>41,989,901</u>	<u>133,889,264</u>
<u>\$ 34,064,477</u>	<u>\$ 60,177,419</u>	<u>\$ 211,969,364</u>



**MONTGOMERY COUNTY, TEXAS**  
**Reconciliation of the Balance Sheet of the Governmental Funds**  
**to the Statement of Net Assets**  
**September 30, 2011**

Total fund balances - governmental funds (page 31)		\$ 133,889,264
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.		14,672,333
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	35,851,022	
Buildings	180,372,516	
Improvements	15,971,254	
Equipment	26,804,471	
Infrastructure	427,739,782	
Construction in Progress	615,317	
Total Capital Assets		687,354,362
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.		25,366,461
Property taxes earned that are not available to pay for current-period expenditures are deferred in the funds.		6,236,516
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.		6,441,265
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	(2,457,943)	
Bonds and capital leases payable, net	(528,057,094)	
OPEB Liability	(19,571,942)	
Compensated absences	(9,354,751)	
Total future period liabilities		(559,441,730)
Net assets of governmental activities		\$ 314,518,471

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, 2011**

EXHIBIT IV

	General	Road and Bridge
<b><u>REVENUES:</u></b>		
Taxes	\$ 120,637,981	\$ 15,671,736
Licenses and Permits	1,401,073	5,797,396
Fees	13,679,687	328,713
Intergovernmental	9,803,506	321,381
Charges for Services	675,343	-
Interest	420,714	15,550
Contract Reimbursements	15,339,390	-
Inmate Housing	18,958,951	-
Fines and Forfeitures	94,106	2,076,002
Miscellaneous	1,312,465	3,375,586
<b><u>TOTAL REVENUES</u></b>	<b><u>182,323,216</u></b>	<b><u>27,586,364</u></b>
<b><u>EXPENDITURES:</u></b>		
Current:		
General Administration	25,556,027	-
Judicial	15,992,834	-
Legal Services	2,366,994	-
Elections	1,344,669	-
Financial Administration	5,983,660	-
Public Facilities	40,973,745	-
Public Safety	61,288,392	-
Health and Welfare	6,545,892	387,771
Culture and Recreation	-	-
Conservation	542,138	418,345
Public Transportation	-	29,775,330
Miscellaneous	659,499	-
Capital Projects	-	-
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
Issuance Costs	-	-
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>161,253,850</u></b>	<b><u>30,581,446</u></b>
Excess (Deficiency) Revenues Over Expenditures	<u>21,069,366</u>	<u>(2,995,082)</u>
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>		
Transfers In	1,792,239	654,144
Transfers Out	(18,532,360)	(580,092)
Capital Lease Financing	1,084,046	113,756
Proceeds from General Obligation Bonds	-	-
Premium on Debt Issuance	-	-
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<b><u>(15,656,075)</u></b>	<b><u>187,808</u></b>
Net Change in Fund Balances	5,413,291	(2,807,274)
Fund Balances at Beginning of Year	<u>43,940,508</u>	<u>11,288,361</u>
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$ 49,353,799</u></b>	<b><u>\$ 8,481,087</u></b>

See accompanying notes to the financial statements.

Revenue/Toll Bonds Series 2010	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 26,407,239	\$ 162,716,956
-	299,700	7,498,169
-	2,396,432	16,404,832
-	21,985,481	32,110,368
-	958,330	1,633,673
12,188	92,164	540,616
-	8,874,469	24,213,859
-	-	18,958,951
-	1,492,340	3,662,448
-	367,132	5,055,183
12,188	62,873,287	272,795,055
-	589,313	26,145,340
-	9,554,613	25,547,447
-	615,868	2,982,862
-	-	1,344,669
-	-	5,983,660
-	1,065,236	42,038,981
-	3,800,532	65,088,924
-	16,606,701	23,540,364
-	8,480,049	8,480,049
-	-	960,483
-	3,971,153	33,746,483
-	-	659,499
1,012,963	25,793,756	26,806,719
-	11,304,861	11,304,861
-	23,757,714	23,757,714
329,248	250	329,498
1,342,211	105,540,046	298,717,553
(1,330,023)	(42,666,759)	(25,922,498)
-	18,463,452	20,909,835
-	(1,797,383)	(20,909,835)
-	-	1,197,802
31,126,897	263,103	31,390,000
4,238,443	-	4,238,443
35,365,340	16,929,172	36,826,245
34,035,317	(25,737,587)	10,903,747
29,160	67,727,488	122,985,517
\$ 34,064,477	\$ 41,989,901	\$ 133,889,264





**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, 2011**

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)	\$ 10,903,747
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.	(23,061,635)
The net effect of various miscellaneous transactions involving capital assets.	14,361,540
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	1,164,245
The issuance of long-term debt (e.g., bonds, leases) provide: 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.	(22,166,928)
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenues over expenditures of the internal service funds is reported with the governmental activities.	5,333,872
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	(560,703)
Bond interest owed but not yet paid	436,928
Amortization of deferred amounts	(252,594)
Agency fund receivables	822,761
Medical Obligation	3,242,652
Worker's Comp Obligation	874,939
OPEB Obligation	(6,760,812)
	(2,196,829)
Change in net assets of governmental activities (page 29)	<u><u>\$ (15,661,988)</u></u>

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**Major Governmental Funds**  
**Year Ended September 30, 2011**

EXHIBIT V  
Page 1 of 2

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Taxes	\$ 120,729,262	\$ 120,729,262	\$ 120,637,981	\$ (91,281)
Licenses and Permits	1,167,949	1,203,172	1,401,073	197,901
Fees	12,112,462	12,110,810	13,679,687	1,568,877
Intergovernmental	221,161	7,577,988	9,803,506	2,225,518
Charges for Services	811,400	811,400	675,343	(136,057)
Interest	228,960	258,198	420,714	162,516
Contract Reimbursements	8,004,538	14,879,668	15,339,390	459,722
Inmate Housing	23,649,788	23,649,788	18,958,951	(4,690,837)
Fines and Forfeitures	85,000	85,000	94,106	9,106
Miscellaneous	550,831	956,217	1,312,465	356,248
<b><u>TOTAL REVENUES</u></b>	<b><u>167,561,351</u></b>	<b><u>182,261,503</u></b>	<b><u>182,323,216</u></b>	<b><u>61,713</u></b>
<b><u>EXPENDITURES:</u></b>				
Current:				
General Administration	20,855,951	27,448,204	25,556,027	1,892,177
Judicial	15,634,406	16,526,660	15,992,834	533,826
Legal Services	2,378,403	2,446,942	2,366,994	79,948
Elections	1,064,095	1,556,498	1,344,669	211,829
Financial Administration	6,643,250	6,602,060	5,983,660	618,400
Public Facilities	45,306,486	46,120,227	40,973,745	5,146,482
Public Safety	49,652,705	67,565,132	61,288,392	6,276,740
Health and Welfare	5,510,718	6,657,437	6,545,892	111,545
Conservation	578,424	581,958	542,138	39,820
Miscellaneous	707,393	1,879,234	659,499	1,219,735
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>148,331,831</u></b>	<b><u>177,384,352</u></b>	<b><u>161,253,850</u></b>	<b><u>16,130,502</u></b>
Excess Revenues Over Expenditures	<b><u>19,229,520</u></b>	<b><u>4,877,151</u></b>	<b><u>21,069,366</u></b>	<b><u>16,192,215</u></b>
<b><u>OTHER FINANCING SOURCES/ (USES):</u></b>				
Transfers In	-	889,448	1,792,239	902,791
Transfers Out	-	(1,011,897)	(18,532,360)	(17,520,463)
Capital Lease Financing	-	1,084,046	1,084,046	-
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<b><u>-</u></b>	<b><u>961,597</u></b>	<b><u>(15,656,075)</u></b>	<b><u>(16,617,672)</u></b>
Net Change in Fund Balances	19,229,520	5,838,748	5,413,291	(425,457)
Fund Balances at Beginning of Year	43,940,508	43,940,508	43,940,508	-
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$ 63,170,028</u></b>	<b><u>\$ 49,779,256</u></b>	<b><u>\$ 49,353,799</u></b>	<b><u>\$ (425,457)</u></b>

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**Major Governmental Funds**  
**Year Ended September 30, 2011**

EXHIBIT V  
Page 2 of 2

	Road and Bridge Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Taxes	\$ 15,802,560	\$ 15,802,560	\$ 15,671,736	\$ (130,824)
Licenses and Permits	5,967,400	5,967,400	5,797,396	(170,004)
Fees	-	328,713	328,713	-
Intergovernmental	140,000	286,082	321,381	35,299
Charges for Services	-	-	-	-
Interest	13,500	13,500	15,550	2,050
Contract Reimbursements	-	-	-	-
Inmate Housing	-	-	-	-
Fines and Forfeitures	1,400,000	2,215,449	2,076,002	(139,447)
Miscellaneous	2,600,000	3,884,182	3,375,586	(508,596)
<b><u>TOTAL REVENUES</u></b>	<b><u>25,923,460</u></b>	<b><u>28,497,886</u></b>	<b><u>27,586,364</u></b>	<b><u>(911,522)</u></b>
<b><u>EXPENDITURES:</u></b>				
Current:				
General Administration	-	-	-	-
Judicial	-	-	-	-
Legal Services	-	-	-	-
Elections	-	-	-	-
Financial Administration	-	-	-	-
Public Facilities	-	2,250,000	-	2,250,000
Public Safety	-	-	-	-
Health and Welfare	-	442,371	387,771	54,600
Conservation	428,649	528,017	418,345	109,672
Public Transportation	23,026,172	33,351,101	29,775,330	3,575,771
Miscellaneous	-	-	-	-
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>23,454,821</u></b>	<b><u>36,571,489</u></b>	<b><u>30,581,446</u></b>	<b><u>5,990,043</u></b>
Excess (Deficiency) Revenues Over Expenditures	<u>2,468,639</u>	<u>(8,073,603)</u>	<u>(2,995,082)</u>	<u>5,078,521</u>
<b><u>OTHER FINANCING SOURCES/ (USES):</u></b>				
Transfers In	-	591,819	654,144	62,325
Transfers Out	-	(541,841)	(580,092)	(38,251)
Capital Lease Financing	-	113,756	113,756	-
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<b><u>-</u></b>	<b><u>163,734</u></b>	<b><u>187,808</u></b>	<b><u>24,074</u></b>
Net Change in Fund Balances	2,468,639	(7,909,869)	(2,807,274)	5,102,595
Fund Balances at Beginning of Year	11,288,361	11,288,361	11,288,361	-
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$ 13,757,000</u></b>	<b><u>\$ 3,378,492</u></b>	<b><u>\$ 8,481,087</u></b>	<b><u>\$ 5,102,595</u></b>

See accompanying notes to the financial statements.



**MONTGOMERY COUNTY, TEXAS**

**Statement of Net Assets**

**Internal Service Funds**

**Year Ended September 30, 2011**

EXHIBIT VI

**ASSETS:**

**Internal Service Funds**

Current Assets:

Cash and Cash Equivalents:

Cash

\$ 493,047

Receivables:

Accounts

794,068

Due from other funds

7,572,689

Due from other governments

12,367

Total Current Assets

8,872,171

Capital Assets (net of accumulated depreciation):

Buildings

912,872

Improvements

1,915

Equipment

151,337

Total Capital Assets

1,066,124

Total Assets

9,938,295

**LIABILITIES:**

Current Liabilities:

Accounts Payable

12,906

Claims Payable

3,484,124

Total Current Liabilities

3,497,030

Total Liabilities

3,497,030

**NET ASSETS:**

Invested in Capital Assets

1,066,124

Unrestricted

5,375,141

Total Net Assets

\$ 6,441,265

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Internal Service Funds**  
**Year Ended September 30, 2011**

EXHIBIT VII

	Internal Service Funds
<b><u>OPERATING REVENUES:</u></b>	
Charges for Service	\$ 32,899,810
Miscellaneous	119,394
Total Operating Revenues	<u>33,019,204</u>
<b><u>OPERATING EXPENSES:</u></b>	
Supplies	15,441
Services	27,628,622
Depreciation	41,269
Total Operating Expenses	<u>27,685,332</u>
Operating Income	<u>5,333,872</u>
Change in Net Assets	5,333,872
Total net assets - beginning	-
Change in Accounting Principle	<u>1,107,393</u>
Total net assets - ending	<u><u>\$ 6,441,265</u></u>

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS**

**Statement of Cash Flows**

**Internal Service Funds**

**Year Ended September 30, 2011**

EXHIBIT VIII

	Internal Service Funds
Cash flows from operating activities:	
Receipts from customers	\$ 32,093,375
Receipts from others	111,996
Insurance recovery	7,398
Benefits Paid	(24,147,033)
Net cash used by operating activities	<u>8,065,736</u>
Cash flows from capital financing activities:	
Transfers in (out)	(7,572,689)
Net cash used by capital financing activities	<u>(7,572,689)</u>
Net increase (decrease) in cash and cash equivalents	493,047
Cash and cash equivalents - October 1, 2010	<u>-</u>
Cash and cash equivalents - September 30, 2011	<u><u>\$ 493,047</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ 5,333,872
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	41,269
(Increase) decrease in intergovernmental receivable	(806,435)
Increase (decrease) in accounts payable	3,497,030
Total adjustments	<u>2,731,864</u>
Net Cash used in operating activities	<u><u>\$ 8,065,736</u></u>

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS**  
**Statement of Assets and Liabilities**  
**Fiduciary Funds**  
**As of September 30, 2011**

EXHIBIT IX

	<u>Agency Funds</u>
<b><u>ASSETS:</u></b>	
Cash	\$ 12,658,381
Investments, at Fair Value	1,031
Accounts Receivable	<u>22,905</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 12,682,317</u></b>
<b><u>LIABILITIES:</u></b>	
Accounts Payable	\$ 6,598,186
Due to Other Governments	<u>6,084,131</u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>\$ 12,682,317</u></b>

See accompanying notes to the financial statements.



**MONTGOMERY COUNTY, TEXAS**  
**Notes to the Financial Statements**  
**September 30, 2011**

**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

## **MONTGOMERY COUNTY, TEXAS**

### **Notes to the Financial Statements**

**September 30, 2011**

not extend beyond making such appointments, disclosure is made in the form of the relation between the County and such organization.

#### **Montgomery County Emergency Service Districts No. 1-14:**

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

#### **Montgomery County Housing Authority:**

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

#### **B) IMPLEMENTATION OF NEW STANDARD:**

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

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

GASB Statement No. 59, *Financial Instruments Omnibus*, updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice.

#### **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

**MONTGOMERY COUNTY, TEXAS**  
**Notes to the Financial Statements**  
**September 30, 2011**

requirements of a particular function. Taxes and other items not properly included in program revenues are reported as general revenues.

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

**Fund-level Statements**

Separate fund financial statements are provided for governmental funds, proprietary 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, 2010 that were due October 1, 2010, have been assessed to finance the budget of the fiscal year ending September 30, 2011. In accordance with the modified accrual basis of accounting, the balances outstanding at September 30, 2011, 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.

**Proprietary fund level financial statements** include funds which are classified into enterprise and internal service funds. The County has only internal service funds which are used to accumulate and allocate costs internally among the various functions. Montgomery County's internal service funds predominantly benefit governmental rather than business-type functions, therefore they have been included within governmental activities in the government-wide financial statements.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. All assets and liabilities are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets reports increases and decreases in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues.

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2011**

Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**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/Toll Bonds, Series 2010 Fund** is used to account for fixed rate road construction bonds approved in 2010 by the voters of the County. The \$31,390,000 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*:

**Non Major General Funds** are used to account for funds that no longer fulfill the qualifications to be considered special revenue funds as delineated in GASB Statement No. 54, but that management desires to see a separate presentation. These funds are managerial in nature, ensuring that both GAAP and management's wishes are followed.

**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.

**Internal Service Funds** are used to account for the costs of the County's medical plan, worker's compensation plan, accident and liability plan and the Wellness Clinic.

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2011**

**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 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 Investments**

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

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

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

**2. Receivables**

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

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

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

Receivables are shown net of an allowance for uncollectibles.

**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.

## **MONTGOMERY COUNTY, TEXAS**

### **Notes to the Financial Statements**

**September 30, 2011**

#### **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):

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

#### **6. Payables**

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

#### **7. Deferred Revenue**

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

## **MONTGOMERY COUNTY, TEXAS**

### **Notes to the Financial Statements**

**September 30, 2011**

#### **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. Fund Balances**

During fiscal year 2011, County Commissioners' Court established Fund Balance policies in accordance with GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions. The County strives to maintain a minimum Unassigned Fund Balance in the general operating fund of 10 to 15 percent of the annual operating revenues as presented in its annual financial report. The Commissioners' Court will endeavor to budget a \$2,000,000 increase to the Unassigned Fund Balance each year as necessary to maintain a minimum fund balance.

The County reports fund balances in five classifications:

**Nonspendable** – These balances represent amounts that are not spendable because of their form or are legally required to be maintained or intact, such as inventories.

**Restricted** - These balances represent that portion of fund balance that reflects resources that are subject to externally enforceable legal restrictions, typically imposed by parties outside of the government. Such parties may include creditors, grantors, contributors, or other governments. Fund balance on the debt service fund will be restricted for the payment of principal and interest on the debt service obligation. Fund balance on the Community Development fund will be restricted for eligible rehabilitation and preservation activities as allowable by Department of Housing and Urban Development.

**Committed** – This is the portion of fund balance that represents resources whose use is constrained by limitations that Commissioners' Court, the County's highest level of decision making authority, imposes on them. The Court will approve all commitments by quorum vote. The limitations imposed by the court require the same formal action to be removed.

**Assigned** – The Commissioners' Court delegates the responsibility of assigning funds to the County Auditor. Assignments may be necessary for items such as other post employment benefits, claims and judgements or transfers to special revenue funds.

**Unassigned** – This represents the residual amount in the general fund which has not been committed, restricted or assigned for other purposes.

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

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For any expenditure incurred for purposes for which multiple fund balance categories can be used, the County will utilize funds in the following order on a first-in-first-out basis: restricted, committed, assigned, unassigned.

**10. 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.

**11. Arbitrage**

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 2011.

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

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

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

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

**12. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and



**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2011**

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	\$ 29,994,789
Depreciation expense	<u>(53,056,424)</u>

Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (23,061,635)</u></u>
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*“The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, seizures, and donations) is to increase net assets.”* The details of this difference are as follows:

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

Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	\$ 272,892
-------------------------------------------------------------------------------------------------------------------	------------

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.	<u>14,088,648</u>
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Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ 14,361,540</u></u>
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*“The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”* The details of this difference are as follows:

Debt issued or incurred:

Issuance of Revenue Bonds	(31,390,000)
Premium on bonds issues, net	(4,238,443)

**MONTGOMERY COUNTY, TEXAS**  
**Notes to the Financial Statements**  
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Capital lease financing	(1,197,802)
Issuance Costs for new debt	329,498
Principal repayments:	
General Obligation debt	6,345,000
Revenue debt	1,569,861
Certificates of Obligation debt	3,390,000
Capital leases	3,024,958
	<hr/>
Net adjustment to decrease net changes in fund balances-total governmental	\$ (22,166,928)
	<hr/>

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

Compensated absences	\$ (560,703)
Accrued interest	436,928
Amortization of gain on refunding bonds	428,488
Amortization of accrued interest on refunding bonds	(1,209,399)
Amortization of issuance costs	(263,960)
Amortization of bond discounts	(45,315)
Amortization of bond premiums	837,592
Increase of receivable for reimbursement of county expenditures	822,761
Claims and judgements	4,117,591
Increase of Other Post Employment Benefits	(6,760,812)
	<hr/>
Net adjustment to decrease net changes in fund balances-	
total governmental funds to arrive at changes in net assets	
of governmental activities	\$ (2,196,829)
	<hr/>

**NOTE 3- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

**A) BUDGETS AND BUDGETARY ACCOUNTING:**

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

The budget is prepared by the County Auditor and adopted by the Commissioners’ Court following departmental budget reviews and a public hearing. A copy of the budget must be filed with the Clerk of the County Court and made available to the public. The Commissioners’ Court must provide for a public hearing on the budget on some date within 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

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2011**

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 2011, 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 2011, budget amendments totaling \$39,177,751 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 2011, supplemental appropriations were approved in the amounts of \$16,411,141, \$6,875,130, and \$1,197,802 for grants received, intergovernmental contracts executed, and capital leases approved, respectively.

**B) DEFICIT FUND EQUITY:**

At September 30, 2011, the Attorney Administration Special Revenue Fund had deficit fund balance of \$11,288 and the Certificates of Obligation Series 2012 Capital Project Fund had a deficit fund balance of \$1,356,987. Management anticipates that future revenues will replenish the Attorney Administration Special Revenue Fund and that proceeds from the issuance of the Certificates will restore the Capital Project Fund to positive balances.

**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, 2011, the County's bank balance (collected funds) was \$39,987,993. 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.

**MONTGOMERY COUNTY, TEXAS**  
**Notes to the Financial Statements**  
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B) **INVESTMENTS:**

As of September 30, 2011, the County had the following investments:

<b><u>Investment Type</u></b>	<b><u>Fair Value</u></b>	<b><u>Weighted Average Maturity (in years)</u></b>
Direct Investment – Fannie Mae	\$ 5,086,812	0.28
Chase Business High Yield Savings	18,043,218	-
TexSTAR Investment Pool	9,336,394	0.13
State's Investment Pool (TEXPOOL)	5,593,884	0.23
Lone Star Investment Pool	6,881,807	0.33
Money Market Mutual Fund (ICT)	27,219,699	0.13
Money Market Mutual Fund (BPIF)	16,830,496	0.15
Money Market Mutual Fund (AIM)	29,728,675	0.12
Total Investments	<u>\$118,720,985</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), TexSTAR Investment Pool 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, registered securities underlying the county's investments in a safekeeping account in the County's name.

**MONTGOMERY COUNTY, TEXAS**  
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*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, 2011, only \$5,086,811 was invested in the Federal National Mortgage Association.

**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, 2011, as reported by the Tax Assessor-Collector are presented as follows:

	<b><u>Taxes Receivable</u></b>	<b><u>Less: Allowance for Uncollectibles</u></b>	<b><u>Net Taxes Receivable</u></b>
General Fund	\$4,930,187	\$ 98,604	\$4,831,583
Road & Bridge Fund	639,531	12,791	626,740
Debt Service Funds	1,105,567	22,111	1,083,456
Total Receivable	<u>\$6,675,285</u>	<u>\$133,506</u>	<u>\$6,541,779</u>

**MONTGOMERY COUNTY, TEXAS****Notes to the Financial Statements****September 30, 2011****NOTE 6- DUE FROM OTHER GOVERNMENTS:**

At September 30, 2011, the following amounts were recorded as due to the County:

	<b>Federal</b>	<b>State</b>	<b>Local</b>	<b>Total</b>
General Fund	\$ 6,805,360	\$ 611,337	\$ 869,611	\$ 8,286,308
Road & Bridge Fund	51,883	89,506	2,566	143,955
Non Major General Funds	14,079	-	123,601	137,680
Special Revenue Funds	7,883,010	4,093,657	-	11,976,667
Internal Service Funds	-	-	12,367	12,367
Total Due from Governments	<u>\$14,754,332</u>	<u>\$4,794,500</u>	<u>\$1,008,145</u>	<u>\$ 20,556,977</u>

Amounts due from other governments arise from funding received from federal and state grants, as well as interlocal agreements with local governments.

**NOTE 7- CAPITAL ASSETS:****A) CHANGES IN CAPITAL ASSETS FOR YEAR ENDED SEPTEMBER 30, 2011:**

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions <sup>(1)</sup></b>	<b>Deletions <sup>(1)</sup></b>	<b>Ending Balance</b>
Land <sup>(2)</sup>	\$ 31,035,433	\$ 5,220,217 <sup>(2)</sup>	\$ (404,628)	\$ 35,851,022
Construction in Progress	<u>27,707,753</u>	<u>10,806,788</u>	<u>(37,899,224)</u>	<u>615,317</u>
Total Capital Assets not being depreciated	<u>58,743,186</u>	<u>16,027,005</u>	<u>(38,303,852)</u>	<u>36,466,339</u>
Buildings <sup>(3)</sup>	197,341,280	34,727,110	(2,099,638)	229,968,752
Improvements <sup>(3)</sup>	24,154,914	2,340,276	(4,789)	26,490,401
Equipment <sup>(3)</sup>	72,492,863	12,815,791	(4,966,673)	80,341,981
Infrastructure	<u>1,081,780,629</u>	<u>21,629,156</u>	<u>(7,967)</u>	<u>1,103,401,818</u>
Total Capital Assets being depreciated	<u>1,375,769,686</u>	<u>71,512,333</u>	<u>(7,079,067)</u>	<u>1,440,202,952</u>
Less accumulated depreciation for:				
Buildings	(42,942,333)	(5,720,830)	(20,200)	(48,683,363)
Improvements	(8,820,820)	(1,695,572)	(839)	(10,517,231)
Equipment	(46,053,216)	(9,512,639)	(2,179,682)	(53,386,173)
Infrastructure	<u>(639,534,653)</u>	<u>(36,127,383)</u>	<u>-</u>	<u>(675,662,036)</u>
Total Depreciation	<u>(737,351,022)</u>	<u>(53,056,424)</u>	<u>(2,158,643)</u>	<u>(788,248,803)</u>
Total Capital Assets, net of Accumulated depreciation	<u>\$697,161,850</u>	<u>\$ 34,482,914</u>	<u>\$(43,224,276)</u>	<u>\$ 688,420,488</u>

- (1) Amounts representing transfers between categories are included in the columns for both additions and deletions.  
(2) As required by GASB 51, this schedule reports intangible assets in the amount of \$11,855,989. For Montgomery County, this classification consists exclusively of easements and is included with land.  
(3) Internal service fund assets are included in these amounts.

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2011**

**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, 2011, the County charged depreciation expense to functions/programs as follows:

Governmental activities:	
General Administration	\$ 2,475,736
Judicial	230,593
Legal Services	98,377
Elections	392,320
Financial Administration	24,859
Public Facilities	3,409,763
Public Safety	6,675,999
Health and Welfare	1,543,822
Culture and Recreation	1,081,598
Conservation	28,318
Public Transportation	37,095,039
Total depreciation expense-governmental activities	<u>\$53,056,424</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, 2011:

<u>Project</u>	<u>Status</u>	<u>Commitment</u>	<u>Paid to Date</u>
Various Road Projects	Under construction	\$376,915,143	\$257,271,334
Park Improvements	Under construction	14,169,825	14,590,213
Building Remodels	Underway	14,801,566	14,956,869
	Total	<u>\$405,886,534</u>	<u>\$286,818,416</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, 2011, the following amounts were due to other governments:

<u>Fund</u>	<u>Local</u>	<u>Total</u>
General	<u>\$1,377,391</u>	<u>\$ 1,377,391</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 2011, deferred revenues are presented on the following page:

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2011**

<b>Fund</b>	<b>Property Taxes</b>	<b>Unearned Fees</b>	<b>Total Deferred Revenues</b>
General	\$ 4,592,171	\$ 2,805,762	\$ 7,397,933
Road & Bridge	629,436	-	629,436
Other Nonmajor	1,014,909	3,150,752	4,165,661
Total	<u>\$ 6,236,516</u>	<u>\$ 5,956,514</u>	<u>\$ 12,193,030</u>

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

General long-term debt consists of general obligation bonds, lease-revenue bonds, certificates of obligation, the County's accrued liability for compensated absences and compensatory time, capital leases, 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, 2011 is presented:

	<b>Interest Rate (%)</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Bonds Outstanding</b>
<b>GENERAL OBLIGATION BONDS:</b>				
Road Bonds, Series 2002A	4.37-5.63	2002	2022	\$ 5,880,000
Road Bonds, Series 2003A	5.00	2003	2026	12,595,000
Library Bonds, Series 2003B	4.00-5.00	2003	2026	8,140,000
Refunding Bonds, Series 2005	5.00	2005	2020	37,900,000
Road Bonds Fixed Rate, Series 2006A	4.00-5.00	2006	2027	46,395,000
Road Bonds Fixed Rate, Series 2006B	4.75	2006	2028	20,195,000
Refunding Bonds, Series 2007	4.00-5.50	2007	2026	40,960,000
Road Bonds Fixed Rate, Series 2008A	3.50-5.25	2008	2030	11,435,000
Refunding Bonds, Series 2008	3.50-5.00	2008	2018	8,445,000
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
<b>TOTAL GENERAL OBLIGATION BONDS</b>				<u>\$270,030,000</u>
<b>REVENUE BONDS:</b>				
Lease Revenue Bonds, Series 2007	4.475	2007	2028	\$ 40,686,840
Pass Through Toll Revenue and Limited Tax Bonds, Series 2009	3.00-5.00	2009	2032	56,190,000
Toll Revenue Bonds, Series 2010	3.00-5.00	2011	2021	31,390,000
<b>TOTAL REVENUE BONDS</b>				<u>\$128,266,840</u>
<b>CERTIFICATES OF OBLIGATION:</b>				
Series 2003	4.00-5.00	2003	2026	9,135,000
Series 2004	3.75-4.60	2004	2020	1,740,000
Series 2006	4.00-5.00	2006	2027	24,355,000
Series 2007	4.00-4.63	2008	2027	8,730,000
Series 2008	3.50-5.25	2008	2027	22,780,000
Series 2010	3.00-5.40	2010	2039	32,450,000
<b>TOTAL CERTIFICATES OF OBLIGATION</b>				<u>\$ 99,190,000</u>
<b>TOTAL BONDED DEBT</b>				<u><u>\$497,486,840</u></u>



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

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

The following schedule illustrates changes in long-term debt for the year ended September 30, 2011. For each category, management has presented the portion that will be due within one year.

	<b>Beginning</b>			<b>Ending</b>	<b>Due Within</b>
<b><u>Governmental Activities:</u></b>	<b><u>Balance</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Balance</u></b>	<b><u>One Year</u></b>
Bonds payable:					
General Obligation	\$ 276,375,000	\$ -	\$ (6,345,000)	\$270,030,000	\$ 6,965,000
Revenue Bonds	98,446,701	31,390,000	(1,569,861)	128,266,840	6,125,899
Certificates of Obligation	102,580,000	-	(3,390,000)	99,190,000	3,880,000
Less deferred amounts:					
Issuance discounts	(903,869)	-	45,316	(858,553)	(55,313)
Unamort. Premiums	12,690,998	4,272,526	(871,676)	16,091,848	1,433,962
Total bonds payable	489,188,830	35,662,526	(12,131,221)	512,720,135	18,349,548
Capital leases	17,164,115	1,197,802	(3,024,958)	15,336,959	2,324,367
Workers Comp Obligation <sup>1</sup>	874,939	904,724	(874,939)	904,724	-
Medical Obligation <sup>1</sup>	3,242,652	2,579,400	(3,242,652)	2,579,400	-
OPEB Obligation	12,811,130	9,130,314	(2,369,502)	19,571,942	-
Compensated absences	8,794,048	5,293,397	(4,732,694)	9,354,751	6,203,591
Total Long-term Liabilities	\$ 532,075,714	\$ 54,768,163	\$(26,375,966)	\$560,467,911	\$26,877,506

1. Workers Compensation claims and Medical Claims were recorded in the general fund in prior years. During fiscal year 2011, the County began recording them in Internal Service Funds.

Internal Service Funds predominantly serve the governmental funds. Accordingly, long term liabilities, including Workers Compensation and Medical, reported in those funds are included as part of the above totals for governmental activities. At year end, \$904,724 for Workers Compensation obligation and \$2,579,400 for Medical obligation were included in the above amounts.

At year end, \$1,322,196 of special revenue funds compensated absences is included in the above amounts. The remaining balance (\$8,032,555) will be liquidated by the general fund. The OPEB obligation balance will be liquidated by the general fund.

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

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

<b><u>Maturity</u></b>	<b><u>General Obligation Bonds</u></b>		<b><u>Revenue Bonds</u></b>		<b><u>Certificates of Obligation</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2012	\$ 6,965,000	\$ 12,794,698	\$ 6,125,899	\$ 5,710,796	\$ 3,880,000	\$ 4,184,666
2013	7,280,000	12,477,467	8,500,150	5,439,817	4,035,000	4,030,716
2014	7,610,000	12,150,333	8,872,762	5,068,355	4,195,000	3,873,047
2015	7,965,000	11,794,074	9,283,886	4,656,783	4,370,000	3,702,516
2016	8,365,000	11,399,928	9,718,680	4,224,537	4,560,000	3,514,644
2017-2021	49,180,000	50,215,442	48,150,858	22,757,980	25,540,000	14,225,205
2022-2026	66,430,000	36,312,253	20,706,295	6,501,761	28,690,000	7,779,499
2027-2031	98,620,000	11,240,324	14,958,310	2,927,786	11,210,000	2,904,029
2032-2036	17,615,000	462,394	1,950,000	48,750	7,520,000	1,589,153
2037-2039	-	-	-	-	5,190,000	277,466
<b>Total</b>	<b>\$270,030,000</b>	<b>\$158,846,913</b>	<b>\$128,266,840</b>	<b>\$ 57,336,565</b>	<b>\$ 99,190,000</b>	<b>\$ 46,080,941</b>

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

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

As of September 30, 2011, defeased but outstanding debt from prior year refunding transactions consisted of the following:

<b>Series</b>	<b>Amount</b>
Certificates of Obligation, 1997	1,530,000
Refunding Bonds, 1997	3,027,808
Certificates of Obligation, 1997A	5,180,000
Certificates of Obligation, 1998	9,715,000
Permanent Improvement Bonds, Series 2000	12,000,000
Road Bonds, Series 2002A	17,245,000
Road Bonds, Series 2003A	11,405,000
Road Bonds, Series 2004	10,205,000
<b>Total Defeased but Outstanding</b>	<b>\$ 70,307,808</b>

**E) 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 \$6 million, and certificates are anticipated to be issued in early 2012.

In September 2011, Commissioners Court approved an order calling for a \$200,000,000 Transportation Bond Issue to be placed on the November election ballot. The funds, if approved, would have been used to construct and/or improve sixteen roads throughout the County. The proposition failed by a narrow margin (53% against – 47% for). Commissioners Court will continue to deliberate ways to address the need for road improvements and seek appropriate funding methods for same.

Again, during the Budget Workshops for fiscal year ending September 30, 2012, the Commissioners Court approved several renovation and construction projects to be funded by a future issuance of certificates of obligation. An estimated \$15,000,000 of funding will be used to remodel various County buildings and to purchase two existing properties. The issuance of Certificates of Obligation, Series 2012 is discussed more thoroughly in Note 17, Subsequent Events.

**F) CONDUIT DEBT OBLIGATIONS:**

Montgomery County Industrial Development Corporation and Harris County Health Facilities

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

**Montgomery County Industrial Development Corporation-** The corporation issues industrial revenue bonds that promote and encourage employment and public welfare. As of September 30, 2011, 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, 2011, there were forty two (42) series of bonds outstanding with an aggregate principal payable of \$334,190,703. The bonds will be repaid from sources defined in the various underlying financing agreements between the corporation and the entities for whose benefit the bonds were issued.

**G) CAPITAL LEASES:**

The County has entered into capital lease agreements for the lease/purchase/construction of certain heavy road equipment, vehicles, and buildings. Acquisition of equipment with a value of \$1,197,802 was 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, 2011 and the funds from which they will be paid are as shown below:

<b>Year Ending</b>	<b>General Fund</b>	<b>Special Revenue Funds</b>
2012	\$ 2,140,435	\$ 765,524
2013	2,030,919	679,169
2014	2,013,714	502,673
2015	2,013,715	407,129
2016	1,771,416	385,977
2017-2021	3,542,832	1,543,908
Total Minimum Lease Payments	13,513,031	4,284,380
Less: amount representing interest	1,697,792	762,660
Present value-minimum lease payments	<u>\$11,815,239</u>	<u>\$ 3,521,720</u>

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

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

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

The composition of inter-fund balances as of September 30, 2011 was as follows:

	<b><u>Receivables</u></b>	<b><u>Payables</u></b>
General Fund	\$ 6,605,362	\$ 38,564,346
Road and Bridge Fund	2,695,883	367,906
Revenue/Toll Bonds, 2010	2,189,835	-
Non-major Governmental Funds	29,071,025	9,202,542
Internal Service Funds	7,572,689	-
Total	<u><u>\$ 48,134,794</u></u>	<u><u>\$ 48,134,794</u></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, 2011 were:

	<b><u>Transfers In</u></b>	<b><u>Transfers Out</u></b>
General Fund	\$ 1,792,239	\$ 18,532,360
Road and Bridge Fund	654,144	580,092
Nonmajor Governmental Funds	18,463,452	1,797,383
Total	<u><u>\$ 20,909,835</u></u>	<u><u>\$ 20,909,835</u></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 opted to exercise both available extensions setting the term of this lease to January 1, 2005 through December 31, 2010. In November 2011 both parties 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, for a period of seventy-two

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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 \$375,151.

Following is a schedule of lease payments receivable on office space leases through the ending dates of the agreements:

<b><u>Year Ending</u></b> <b><u>September 30,</u></b>	
2012	30,000
2013	30,000
2014	22,500
Total Lease Payments Receivable	<u>\$ 82,500</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 \$180,000 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 internal service fund. In prior years these costs were recorded 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, 2011, were \$133,084. Claims incurred but not reported (IBNR) at September 30, 2011, are estimated to be \$2,446,316. Estimates are not based on actuarial calculations, but rather on historical trends. Both amounts have been recorded as expenditures in the Self Insurance Medical Fund, an internal service fund, and a liability has been established.

Changes in the health claims liability for the two fiscal years ended September 30, 2011 and September 30, 2010 are as follows:

	<b><u>2011</u></b>	<b><u>2010</u></b>
Unpaid claims, beginning of year	\$ 3,242,652	\$ 3,446,666
Incurred claims (including IBNR)	19,051,852	18,075,086
Claim payments	<u>(19,715,104)</u>	<u>(18,279,100)</u>
Unpaid claims, end of year	<u>\$ 2,579,400</u>	<u>\$ 3,242,652</u>

During the year ended September 30, 2011, the plan received contributions in the amounts of \$21,249,637 and \$1,873,524 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, \$7,821 was also received from the federal government as plan contributions. In addition to the claim payments

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made, the plan also expended \$613,462 in administrative costs and \$2,456,116 for reinsurance and insurance premiums.

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

As of January 1, 2003, the County established a partially self-funded program to cover claims by employees arising from job related injuries. The program offers coverage at the statutorily required limits required by the State of Texas. A third party administrator has been engaged by the County to adjudicate claims, provide nurse case management, per-certification and bill review. Excess loss insurance was purchased to limit the claims loss to the County to no more than \$250,000 per individual claim in 2011.

Costs associated with this program are recorded as expenditures in the Self Insurance Worker's Compensation Fund. In prior years, these costs were recorded 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, 2011, the County expended \$34,920 for administrative costs and \$356,181 for excess loss insurance premiums.

Changes in the workers' compensation liability for the two fiscal years ended September 30, 2011 and September 30, 2010 are detailed on the following page.

	<b><u>2011</u></b>	<b><u>2010</u></b>
Unpaid claims, beginning of year	\$ 874,939	\$ 960,523
Incurred claims (including IBNR)	476,640	587,818
Claim payments	(446,855)	(673,402)
Unpaid claims, end of year	<u>\$ 904,724</u>	<u>\$874,939</u>

**C) PROPERTY, CASUALTY AND BOILER COVERAGE:**

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

- Buildings and Contents \$100,000
- Boats and Vehicles with less than 6 wheels \$ 10,000
- Vehicles Heavy Equipment 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 \$413,935 in premiums in fiscal 2011, and recorded the expenditure in the Accident Liability 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 is set to \$10,000,000.

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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 \$1,500,000 for the fiscal year. Note 15 describes the County's obligation under liability claims for 2011.

**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 618 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 10.94% for the months of the accounting year in 2010 and 2011.

The deposit rate payable by the employee members for calendar year 2011 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, 2011, the pension cost for the TCDRS plan was \$15,659,116, and the actual contributions were \$15,659,116.

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In December 31, 2010, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included (a) 8 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 21, 2010 was 17.5 years.

**D) FUNDED STATUS AND FUNDING PROGRESS:**

As of December 31, 2010, the most recent actuarial valuation date, the plan was 83.95 percent funded. The actuarial accrued liability for benefits was \$231,287,847, and the actuarial value of assets was \$194,161,444, resulting in an unfunded actuarial accrued liability (UAAL) of \$37,126,403. The covered payroll was \$88,993,627, and the ratio of the UAAL to the covered payroll was 41.72 percent.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**E) TREND INFORMATION:**

<u>Accounting Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/09	\$ 8,227,056	100%	\$ -
9/30/10	9,297,946	100%	-
9/30/11	15,659,116	100%	-

**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 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 2011 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 fiscal year 2011 for use in the fiscal year 2011 statements.



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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 \$2,369,502 in health care claims for retirees and their dependents. For the year ended September 30, 2011, forty employees retired from service with the County. Twenty eight of those retirees met the qualifications stated in Part A above. Currently, there are 185 retirees covered by this benefit. The actual cost recorded by the County is included in Note 12. Retiree contributions for 2011 were \$196,713, and the County paid the remaining amount of claims. The current ARC is 11.7 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%
- Expenses are assumed to increase with inflation at 3%
- The medical trend rates are 10% grading down to 5%
- 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: RP-2000 (Male and Female)
- 90% participation for participants eligible for the contribution subsidy and 10% for participants for those are not eligible
- Dependent status of current retirees persists
- 42% male/26% 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 or the contribution rates would impact future valuations. Montgomery County does not prepare a separate financial report for the post-employment benefit plan.

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For 2011, the County's net annual OPEB cost (expense) is \$6,760,812. The following table shows the calculation of the Net OPEB obligation:

	<b>September 30, 2010</b>	<b>September 30, 2011</b>
Annual OPEB Cost:		
Annual required contribution (ARC)	\$ 6,759,948	\$ 9,036,399
ARC Adjustment	(335,372)	(557,123)
Interest Adjustment to Net OPEB Obligation	398,442	651,038
Annual OPEB cost	6,823,018	9,130,314
Claims Paid	(1,980,245)	(2,369,502)
Net OPEB obligation	4,842,773	6,760,812
Net OPEB obligation – beginning of year	7,968,357	12,811,130
Net OPEB obligation – end of year	\$ 12,811,130	\$ 19,571,942
Percentage of annual OPEB cost contributed	29%	26%

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**NOTE 15- CONTINGENT LIABILITIES:**

**A) GENERAL LIABILITIES:**

For fiscal year 2011, the County participated in a public entity risk pool, to which certain losses arising from liability claims were transferred. The premium for this coverage, \$276,034, was recorded in the Accident Liability Fund, as part of the Internal Service Funds. In addition, the County expended \$43,816 for damages in connection with ten 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 \$73,764 for legal counsel to defend existing claims. These costs are accounted for in the Accident Liability Fund. The County intends to vigorously contest all the cases, and legal counsel is of the opinion that the County will prevail in all cases which may have a material effect on the financial position of the County. For additional information on the County's coverage amounts see Note 12-D.

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2011**

**NOTE 16- SPECIAL ITEM:**

The County reported a special item equal to \$540,090 for insurance recoveries from prior year losses.

**NOTE 17- 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. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, will address issues related to the use of alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. This statement will be effective for the County for the fiscal year ending September 30, 2012.

**NOTE 18- SUBSEQUENT EVENTS:**

On February 27, 2012, Commissioners Court approved the sale of \$14.925 million in Certificates of Obligation and \$30.885 million in Limited Tax Refunding Bonds. The Certificates will be amortized over 20 years, and will cost an average of 3.13%. The Refunding Bonds will be amortized over 15 years and have coupon rates ranging from 2% to 5%.

Proceeds from the Certificates will be used to construct, renovate, and equip various County buildings. Included in the projects will be water and sewer improvements for the Lone Star Executive Airport, a new kitchen facility and an additional 48 beds for the County Jail, and energy enhancements in approximately 22 buildings. The County will also use the funds to reimburse itself \$2.2 million previously expended to purchase and renovate a facility to be used for a forensic services department.

The proceeds from the Refunding Bonds will be used to refinance \$34.3 million in existing debt and to provide a \$5.2 million savings in future interest payments. Bonds to be refunded include Series 2002 and 2003 Road Bonds, Series 2003 Library Bonds, and Series 2003 and 2004 Certificates of Obligation.

## Required Supplementary Information

### Texas County and District Retirement System Schedule of Funding Progress

(Amounts expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll <sup>(1)</sup>	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b-a)	(a/b)	(c)	
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%
12/31/10	194,161	231,288	37,126	83.95%	88,994	41.72%

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

### Other Post Employment Benefits (OPEB) Schedule of Funding Progress

(Amounts expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll <sup>(1)</sup>	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b-a)	(a/b)	(c)	
10/01/08	\$ -	\$ 86,253	\$ 86,253	- %	\$62,670	137.6%
09/30/11	-	129,597	129,597	- %	78,297	165.5%

## **ADDITIONAL SUPPLEMENTARY INFORMATION**

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Revenues and Other Financing Sources**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

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	Original	Final		Variance with
	Budget	Budget	Actual	Final Budget
<b><u>TAXES:</u></b>				Positive (Negative)
Ad Valorem Current	\$ 117,463,722	\$ 117,463,722	\$ 116,395,144	\$ (1,068,578)
Ad Valorem Delinquent	1,067,570	1,067,570	1,220,774	153,204
Penalty and Interest	822,970	822,970	1,257,066	434,096
Mixed Beverage	1,175,000	1,175,000	1,302,418	127,418
Bingo Tax	150,000	150,000	162,901	12,901
Miscellaneous Taxes	50,000	50,000	299,678	249,678
Total Taxes	120,729,262	120,729,262	120,637,981	(91,281)

**LICENSES AND PERMITS:**

Beer Licenses	127,526	127,526	141,712	14,186
Trial Fees	5,000	5,000	4,064	(936)
Stenographer Fees	85,000	120,223	132,498	12,275
Health Permits	300,000	300,000	373,197	73,197
Park Permits	55,000	55,000	46,927	(8,073)
Animal Control Fees	7,500	7,500	11,590	4,090
Food Service Permits	425,000	425,000	463,874	38,874
Alarm Permits	147,923	147,923	207,149	59,226
Hazardous Waste Mgmt Fees	15,000	15,000	20,062	5,062
Total Licenses and Permits	1,167,949	1,203,172	1,401,073	197,901

**FEES:**

County Judge	11,000	11,000	13,432	2,432
County Sheriff	250,000	250,000	276,449	26,449
County Attorney	70,000	70,000	80,663	10,663
County Clerk	3,368,113	3,000,000	3,190,603	190,603
Tax Assessor-Collector	1,301,784	1,329,900	2,553,434	1,223,534
District Clerk	1,386,143	1,546,045	1,152,583	(393,462)
Justice of the Peace	4,165,184	4,241,102	4,695,118	454,016
Constable	600,000	626,384	611,103	(15,281)
Voter Registration	600	600	177	(423)
Criminal Justice Fees	959,638	1,035,779	1,106,125	70,346
Total Fees	12,112,462	12,110,810	13,679,687	1,568,877

**INTERGOVERNMENTAL:**

Federal Grants:

Department of Agriculture	60,000	37,223	46,855	9,632
Dept Health/Human Services	16,161	16,161	48,136	31,975
Department of Homeland Security	-	4,285,543	3,954,247	(331,296)
Department of Justice	145,000	513,459	632,271	118,812
Department of Transportation	-	120,589	112,646	(7,943)
Office of National Drug Control Policy	-	16,460	22,711	6,251
General Services Administration	-	203,693	203,693	-
Department of Energy	-	-	2,000,297	2,000,297
National Endowment for Humanities	-	-	266	266
Total Federal Grants	221,161	5,193,128	7,021,122	1,827,994

**MONTGOMERY COUNTY, TEXAS****General Fund****Schedule of Revenues and Other Financing Sources****Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>INTERGOVERNMENTAL(cont'd)</b>				
State Grants:				
Auto Theft Prevention Authority	-	384,416	357,745	(26,671)
Department of Health Services	-	-	76,354	76,354
Office of the Attorney General	-	30,710	40,710	10,000
Tx Comm on Environmental Quality	-	1,519,142	1,583,935	64,793
Total State Grants	-	1,934,268	2,058,744	124,476
Other:				
U.S. Marshal Transportation	-	-	15,035	15,035
Prosecutor Salary Supplement	-	-	114,597	114,597
Intergovernmental Contracts	-	419,101	562,517	143,416
Voter Registration	-	31,491	31,491	-
Total Other	-	450,592	723,640	273,048
Total Intergovernmental	221,161	7,577,988	9,803,506	2,225,518
<b><u>CHARGES FOR SERVICES</u></b>	811,400	811,400	675,343	(136,057)
<b><u>INTEREST</u></b>	228,960	258,198	420,714	162,516
<b><u>CONTRACT REIMBURSEMENTS</u></b>	8,004,538	14,879,668	15,339,390	459,722
<b><u>INMATE HOUSING</u></b>	23,649,788	23,649,788	18,958,951	(4,690,837)
<b><u>FINES AND FORFEITURES</u></b>	85,000	85,000	94,106	9,106
<b><u>MISCELLANEOUS:</u></b>				
Lease of Facility	19,800	19,800	30,546	10,746
Commissions	445,000	603,918	735,985	132,067
Other	86,031	332,499	545,934	213,435
Total Miscellaneous	550,831	956,217	1,312,465	356,248
<b><u>TOTAL REVENUES</u></b>	167,561,351	182,261,503	182,323,216	61,713
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers In	-	889,448	1,792,239	902,791
Capital Lease Financing	-	1,084,046	1,084,046	-
<b><u>TOTAL OTHER FINANCING SOURCES</u></b>	-	1,973,494	2,876,285	902,791
<b><u>TOTAL REVENUES AND OTHER FINANCING SOURCES</u></b>	\$ 167,561,351	\$ 184,234,997	\$ 185,199,501	\$ 964,504

**MONTGOMERY COUNTY, TEXAS****General Fund****Schedule of Expenditures and Other Financing Uses****Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>GENERAL ADMINISTRATION:</u></b>				
County Judge:				
Salaries	\$ 313,195	\$ 342,175	\$ 339,241	\$ 2,934
Employee Benefits	104,889	115,033	110,295	4,738
Supplies	6,450	6,450	5,528	922
Contract Services	13,500	44,044	30,231	13,813
Total County Judge	438,034	507,702	485,295	22,407
Human Resources:				
Salaries	331,821	332,747	332,746	1
Employee Benefits	131,683	131,683	130,847	836
Supplies	9,600	10,494	10,163	331
Contract Services	80,722	80,434	37,175	43,259
Total Human Resources	553,826	555,358	510,931	44,427
Risk Management:				
Salaries	374,583	373,657	361,286	12,371
Employee Benefits	151,300	151,300	137,523	13,777
Supplies	19,115	17,619	16,867	752
Contract Services	1,319,490	245,469	191,245	54,224
Total Risk Management	1,864,488	788,045	706,921	81,124
County Clerk:				
Salaries	1,432,487	1,432,487	1,369,611	62,876
Employee Benefits	710,000	710,000	675,643	34,357
Supplies	59,350	65,369	45,233	20,136
Contract Services	28,710	29,245	21,470	7,775
Total County Clerk	2,230,547	2,237,101	2,111,957	125,144
Collections:				
Salaries	446,851	498,268	467,522	30,746
Employee Benefits	211,400	236,391	214,344	22,047
Supplies	21,589	34,416	29,645	4,771
Contract Services	29,686	64,119	52,863	11,256
Total Collections	709,526	833,194	764,374	68,820
Environmental Health/Alarm Division:				
Salaries	80,605	29,188	21,074	8,114
Employee Benefits	38,506	13,515	11,583	1,932
Supplies	19,869	7,390	1,839	5,551
Contract Services	12,619	2,465	-	2,465
Total Collections	151,599	52,558	34,496	18,062



**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>GENERAL ADMINISTRATION(cont'd)</u></b>				
Veterans' Service:				
Salaries	131,132	131,617	131,617	-
Employee Benefits	59,377	58,892	58,817	75
Supplies	2,052	1,807	1,612	195
Contract Services	1,854	2,780	2,343	437
Total Veterans' Service	194,415	195,096	194,389	707
Information Technology:				
Salaries	1,730,285	1,737,041	1,737,041	-
Employee Benefits	613,509	613,509	608,738	4,771
Supplies	1,185,436	1,338,595	1,220,021	118,574
Contract Services	1,298,245	1,241,856	1,169,975	71,881
Capital Outlay	50,000	177,626	164,275	13,351
Total Information Technology	4,877,475	5,108,627	4,900,050	208,577
Purchasing Agent:				
Salaries	1,054,094	1,339,763	1,191,350	148,413
Employee Benefits	394,285	498,329	430,807	67,522
Supplies	14,742	18,957	15,737	3,220
Contract Services	140,506	2,820,754	1,959,262	861,492
Capital Outlay	-	122,709	121,078	1,631
Total Purchasing Agent	1,603,627	4,800,512	3,718,234	1,082,278
County-Wide:				
Employee Benefits	1,586,500	5,591,054	5,591,054	-
Supplies	901,500	901,500	663,227	238,273
Contract Services	5,744,414	5,877,457	5,875,099	2,358
Total County-Wide	8,232,414	12,370,011	12,129,380	240,631
<b><u>TOTAL GENERAL ADM</u></b>	<b><u>20,855,951</u></b>	<b><u>27,448,204</u></b>	<b><u>25,556,027</u></b>	<b><u>1,892,177</u></b>
<b><u>JUDICIAL:</u></b>				
County Court No1:				
Salaries	206,409	207,410	201,160	6,250
Employee Benefits	86,150	85,150	83,308	1,842
Supplies	4,774	5,148	4,177	971
Contract Services	5,625	5,725	5,534	191
Total County Court No1	302,958	303,433	294,179	9,254
County Court No2:				
Salaries	382,636	391,042	377,843	13,199
Employee Benefits	154,100	155,663	149,787	5,876
Supplies	4,304	4,552	4,167	385
Contract Services	5,946	7,023	6,381	642
Capital Outlay	-	1,265	1,265	-
Total County Court No2	546,986	559,545	539,443	20,102

**MONTGOMERY COUNTY, TEXAS****General Fund****Schedule of Expenditures and Other Financing Uses****Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>JUDICIAL(cont'd)</u></b>				
County Court No3:				
Salaries	225,844	226,524	220,252	6,272
Employee Benefits	101,432	100,773	94,816	5,957
Supplies	11,000	11,000	6,766	4,234
Contract Services	10,400	11,687	10,155	1,532
Capital Outlay	-	1,098	1,098	-
Total County Court No3	348,676	351,082	333,087	17,995
County Court No4:				
Salaries	237,076	238,751	231,957	6,794
Employee Benefits	103,519	102,388	100,765	1,623
Supplies	8,655	8,639	7,123	1,516
Contract Services	6,080	8,568	7,630	938
Total County Court No4	355,330	358,346	347,475	10,871
County Court No5:				
Salaries	225,428	226,808	220,228	6,580
Employee Benefits	101,354	100,304	95,941	4,363
Supplies	8,830	12,355	6,323	6,032
Contract Services	7,200	7,275	3,170	4,105
Total County Court No2	342,812	346,742	325,662	21,080
District Attorney:				
Salaries	5,166,720	5,679,199	5,547,183	132,016
Employee Benefits	1,974,903	2,061,248	1,973,533	87,715
Supplies	113,765	162,063	145,436	16,627
Contract Services	119,895	171,280	168,143	3,137
Capital Outlay	54,658	45,398	45,398	-
Total District Attorney	7,429,941	8,119,188	7,879,693	239,495
District Clerk:				
Salaries	1,992,018	1,992,018	1,951,474	40,544
Employee Benefits	1,059,578	1,059,579	1,013,044	46,535
Supplies	77,503	76,618	73,303	3,315
Contract Services	45,632	63,042	59,315	3,727
Total District Clerk	3,174,731	3,191,257	3,097,136	94,121
Sheriff/VOCA Grant:				
Salaries	-	36,429	-	36,429
Employee Benefits	-	18,672	-	18,672
Contract Services	-	700	-	700
Total District Clerk	-	55,801	-	55,801

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>JUDICIAL(cont'd)</u></b>				
Justice of Peace Pct 1:				
Salaries	387,968	389,552	389,511	41
Employee Benefits	165,643	165,198	164,402	796
Supplies	10,500	10,500	8,761	1,739
Contract Services	16,135	31,213	27,295	3,918
Total Justice of Peace Pct 1	580,246	596,463	589,969	6,494
Justice of Peace Pct 2:				
Salaries	290,108	290,108	281,016	9,092
Employee Benefits	123,929	123,929	119,961	3,968
Supplies	8,060	12,250	10,247	2,003
Contract Services	21,005	22,793	21,052	1,741
Capital Outlay	-	1,098	1,098	-
Total Justice of Peace Pct 2	443,102	450,178	433,374	16,804
Justice of Peace Pct 3:				
Salaries	596,969	596,016	587,432	8,584
Employee Benefits	285,972	285,972	268,963	17,009
Supplies	15,291	16,015	14,912	1,103
Contract Services	14,525	14,410	13,110	1,300
Capital Outlay	-	1,098	1,098	-
Total Justice of Peace Pct 3	912,757	913,511	885,515	27,996
Justice of Peace Pct 4:				
Salaries	523,815	523,815	522,251	1,564
Employee Benefits	260,518	260,518	251,889	8,629
Supplies	9,603	13,352	12,136	1,216
Contract Services	18,405	67,270	66,348	922
Capital Outlay	-	16,541	16,539	2
Total Justice of Peace Pct 4	812,341	881,496	869,163	12,333
Justice of Peace Pct 5:				
Salaries	261,156	262,109	262,109	-
Employee Benefits	106,691	106,691	105,915	776
Supplies	9,362	10,329	9,881	448
Contract Services	5,950	18,962	18,711	251
Capital Outlay	1,367	1,527	1,522	5
Total Justice of Peace Pct 5	384,526	399,618	398,138	1,480
<b><u>TOTAL JUDICIAL</u></b>	15,634,406	16,526,660	15,992,834	533,826

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>LEGAL:</u></b>				
County Attorney:				
Salaries	1,684,251	1,692,745	1,689,380	3,365
Employee Benefits	639,572	653,828	602,727	51,101
Supplies	31,530	40,676	39,516	1,160
Contract Services	23,050	59,693	35,371	24,322
<b><u>TOTAL LEGAL</u></b>	<b><u>2,378,403</u></b>	<b><u>2,446,942</u></b>	<b><u>2,366,994</u></b>	<b><u>79,948</u></b>
<b><u>ELECTIONS:</u></b>				
Salaries	719,441	863,510	759,804	103,706
Employee Benefits	232,428	244,421	224,342	20,079
Supplies	48,576	101,761	89,120	12,641
Contract Services	63,650	219,690	212,026	7,664
Capital Outlay	-	127,116	59,377	67,739
<b><u>TOTAL ELECTIONS</u></b>	<b><u>1,064,095</u></b>	<b><u>1,556,498</u></b>	<b><u>1,344,669</u></b>	<b><u>211,829</u></b>
<b><u>FINANCIAL ADMINISTRATION:</u></b>				
County Auditor:				
Salaries	1,111,982	1,111,982	1,038,459	73,523
Employee Benefits	451,712	451,712	414,812	36,900
Supplies	23,200	29,575	27,605	1,970
Contract Services	40,715	39,626	38,484	1,142
Total County Auditor	<u>1,627,609</u>	<u>1,632,895</u>	<u>1,519,360</u>	<u>113,535</u>
County Treasurer:				
Salaries	427,146	427,146	412,112	15,034
Employee Benefits	172,549	172,549	160,502	12,047
Supplies	12,031	12,620	11,383	1,237
Contract Services	19,543	19,137	18,129	1,008
Capital Outlay	4,355	4,539	4,539	-
Total County Treasurer	<u>635,624</u>	<u>635,991</u>	<u>606,665</u>	<u>29,326</u>
Tax Assessor-Collector:				
Salaries	2,718,827	2,616,102	2,464,860	151,242
Employee Benefits	1,299,503	1,263,405	1,121,606	141,799
Supplies	165,925	165,925	92,888	73,037
Contract Services	195,762	243,762	156,353	87,409
Capital Outlay	-	43,980	21,928	22,052
Total Tax Assessor-Collector	<u>4,380,017</u>	<u>4,333,174</u>	<u>3,857,635</u>	<u>475,539</u>
<b><u>TOTAL FINANCIAL ADM</u></b>	<b><u>6,643,250</u></b>	<b><u>6,602,060</u></b>	<b><u>5,983,660</u></b>	<b><u>618,400</u></b>

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>PUBLIC FACILITIES:</u></b>				
Custodial Services:				
Salaries	1,713,889	1,688,889	1,686,498	2,391
Employee Benefits	790,561	790,561	760,365	30,196
Supplies	351,810	369,837	365,881	3,956
Contract Services	78,690	87,126	85,419	1,707
Capital Outlay	4,100	55,497	55,477	20
Total Custodial Services	2,939,050	2,991,910	2,953,640	38,270
Building Maintenance:				
Salaries	1,949,051	1,942,589	1,848,899	93,690
Employee Benefits	875,272	875,272	782,110	93,162
Supplies	939,750	925,346	898,641	26,705
Contract Services	323,319	1,185,337	1,150,436	34,901
Capital Outlay	82,500	123,549	95,558	27,991
Total Building Maintenance	4,169,892	5,052,093	4,775,644	276,449
Jail:				
Salaries	10,364,809	10,328,870	10,112,231	216,639
Employee Benefits	5,076,284	5,097,087	4,670,741	426,346
Supplies	1,738,571	1,735,984	1,668,557	67,427
Contract Services	1,028,711	932,920	813,356	119,564
Capital Outlay	-	86,764	83,165	3,599
Total Jail	18,208,375	18,181,625	17,348,050	833,575
Joe Corley Detention Facility:				
Supplies	1,200,000	1,200,000	-	1,200,000
Contract Services	18,606,307	18,605,407	15,807,219	2,798,188
Capital Outlay	-	900	900	-
Total Joe Corley Detention Facility	19,806,307	19,806,307	15,808,119	3,998,188
Parks:				
Salaries	116,521	56,186	56,186	-
Employee Benefits	44,994	21,079	21,079	-
Supplies	3,100	743	743	-
Contract Services	18,247	10,284	10,284	-
Total Parks	182,862	88,292	88,292	-
<b><u>TOTAL PUBLIC FACILITIES</u></b>	45,306,486	46,120,227	40,973,745	5,146,482

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

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Page 7 of 10

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>PUBLIC SAFETY:</u></b>				
Fire Marshal:				
Salaries	673,204	679,736	679,736	-
Employee Benefits	242,002	242,002	237,177	4,825
Supplies	19,500	19,295	19,103	192
Contract Services	24,238	26,874	26,205	669
Total Fire Marshal	958,944	967,907	962,221	5,686
Constable Pct 1:				
Salaries	1,881,985	1,933,403	1,929,695	3,708
Employee Benefits	734,664	735,710	726,110	9,600
Supplies	129,693	128,863	127,593	1,270
Contract Services	41,308	73,439	65,926	7,513
Capital Outlay	21,800	21,095	21,095	-
Total Constable Pct 1	2,809,450	2,892,510	2,870,419	22,091
Constable Pct 2:				
Salaries	965,047	939,397	912,971	26,426
Employee Benefits	354,400	350,350	315,357	34,993
Supplies	33,573	34,412	30,427	3,985
Contract Services	26,408	40,852	34,344	6,508
Capital Outlay	-	78,548	78,548	-
Total Constable Pct 2	1,379,428	1,443,559	1,371,647	71,912
Constable Pct 3:				
Salaries	1,811,324	1,880,726	1,844,307	36,419
Employee Benefits	675,192	694,216	649,255	44,961
Supplies	35,700	59,208	57,260	1,948
Contract Services	37,219	21,008	16,390	4,618
Capital Outlay	-	50,812	5,455	45,357
Total Constable Pct 3	2,559,435	2,705,970	2,572,667	133,303
Constable Pct 4:				
Salaries	1,418,625	1,455,447	1,455,447	-
Employee Benefits	520,195	539,556	537,572	1,984
Supplies	32,821	39,851	39,439	412
Contract Services	26,275	26,982	26,471	511
Capital Outlay	-	42,404	16,771	25,633
Total Constable Pct 4	1,997,916	2,104,240	2,075,700	28,540

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

A-2

Page 8 of 10

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>PUBLIC SAFETY(cont'd)</u></b>				
Constable Pct 5:				
Salaries	1,436,155	1,421,771	1,369,475	52,296
Employee Benefits	535,120	535,120	503,152	31,968
Supplies	28,735	42,556	36,962	5,594
Contract Services	38,855	37,086	33,989	3,097
Capital Outlay	-	46,523	46,523	-
Total Constable Pct 5	<u>2,038,865</u>	<u>2,083,056</u>	<u>1,990,101</u>	<u>92,955</u>
Sheriff:				
Salaries	18,557,801	20,232,852	19,666,097	566,755
Employee Benefits	8,019,298	8,657,673	8,056,529	601,144
Supplies	1,690,181	2,470,890	1,754,094	716,796
Contract Services	2,471,341	2,810,126	2,600,151	209,975
Capital Outlay	1,664,730	4,001,370	3,360,602	640,768
Total Sheriff	<u>32,403,351</u>	<u>38,172,911</u>	<u>35,437,473</u>	<u>2,735,438</u>
Juvenile Services:				
Salaries	3,210,352	3,178,180	3,103,041	75,139
Employee Benefits	1,518,829	1,523,167	1,476,327	46,840
Supplies	63,315	76,090	75,210	880
Contract Services	332,945	521,168	293,286	227,882
Total Juvenile Services	<u>5,125,441</u>	<u>5,298,605</u>	<u>4,947,864</u>	<u>350,741</u>
Adult Services:				
Salaries	-	3,984,369	3,984,369	-
Employee Benefits	-	735,521	735,521	-
Supplies	4,960	4,960	4,277	683
Contract Services	16,143	26,143	21,820	4,323
Total Adult Services	<u>21,103</u>	<u>4,750,993</u>	<u>4,745,987</u>	<u>5,006</u>
Emergency Management:				
Salaries	161,083	498,412	305,223	193,189
Employee Benefits	53,279	170,228	110,678	59,550
Supplies	2,889	7,544	6,986	558
Contract Services	41,456	922,966	337,246	585,720
Capital Outlay	-	5,445,666	3,454,184	1,991,482
Total Emergency Management	<u>258,707</u>	<u>7,044,816</u>	<u>4,214,317</u>	<u>2,830,499</u>

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

A-2

Page 9 of 10

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>PUBLIC SAFETY(cont'd)</u></b>				
Department of Public Safety:				
Salaries	64,324	64,560	64,560	-
Employee Benefits	35,291	35,055	34,987	68
Supplies	450	450	449	1
Contract Services	-	500	-	500
Total Dept of Public Safety	100,065	100,565	99,996	569
<b><u>TOTAL PUBLIC SAFETY</u></b>	<b>49,652,705</b>	<b>67,565,132</b>	<b>61,288,392</b>	<b>6,276,740</b>
<b><u>HEALTH AND WELFARE:</u></b>				
Vehicle Emissions Program:				
Contract Services	-	1,417,350	1,417,350	-
Medical:				
Contract Services	90,000	173,854	173,854	-
Total Medical	90,000	173,854	173,854	-
Mental Health:				
Contract Services	304,688	304,688	263,009	41,679
Environmental Health:				
Salaries	1,459,009	1,464,450	1,464,450	-
Employee Benefits	597,890	597,889	593,257	4,632
Supplies	36,500	30,076	19,081	10,995
Contract Services	67,519	78,738	61,038	17,700
Total Environmental Health	2,160,918	2,171,153	2,137,826	33,327
Forensic Services:				
Salaries	487,704	438,263	437,660	603
Employee Benefits	138,060	113,060	112,314	746
Supplies	206,352	67,452	58,301	9,151
Contract Services	361,582	78,039	74,324	3,715
Total Forensic Services	1,193,698	696,814	682,599	14,215
Animal Control:				
Salaries	462,371	450,503	445,783	4,720
Employee Benefits	237,617	237,617	228,387	9,230
Supplies	60,050	87,133	80,270	6,863
Contract Services	34,645	39,872	38,361	1,511
Capital Outlay	-	49,422	49,422	-
Total Animal Control	794,683	864,547	842,223	22,324



**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

A-2

Page 10 of 10

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>HEALTH/WELFARE(cont'd)</u></b>				
Welfare:				
Contract Services	966,731	1,029,031	1,029,031	-
<b><u>TOTAL HEALTH/WELFARE</u></b>	<b><u>5,510,718</u></b>	<b><u>6,657,437</u></b>	<b><u>6,545,892</u></b>	<b><u>111,545</u></b>
 <b><u>CONSERVATION:</u></b>				
Extension Agent:				
Salaries	327,387	327,387	318,774	8,613
Employee Benefits	166,049	166,049	137,655	28,394
Supplies	19,780	24,868	24,091	777
Contract Services	65,208	63,654	61,618	2,036
<b><u>TOTAL CONSERVATION</u></b>	<b><u>578,424</u></b>	<b><u>581,958</u></b>	<b><u>542,138</u></b>	<b><u>39,820</u></b>
 <b><u>MISCELLANEOUS:</u></b>				
Contingency	707,393	1,879,234	659,499	1,219,735
<b><u>TOTAL MISCELLANEOUS</u></b>	<b><u>707,393</u></b>	<b><u>1,879,234</u></b>	<b><u>659,499</u></b>	<b><u>1,219,735</u></b>
 <b><u>TOTAL EXPENDITURES</u></b>	<b><u>148,331,831</u></b>	<b><u>177,384,352</u></b>	<b><u>161,253,850</u></b>	<b><u>16,130,502</u></b>
 <b><u>OTHER FINANCING USES:</u></b>				
Transfers Out:				
To Civic Center	-	16,777	16,777	-
To Memorial Library	-	31,049	9,031,049	(9,000,000)
To Animal Shelter	-	-	234,711	(234,711)
To Child Welfare	-	-	56,000	(56,000)
To Airport Maintenance	-	9,000	9,000	-
To FEMA Disaster Grants	-	76,755	76,755	-
To Jury	-	162,878	4,520,000	(4,357,122)
To Road and Bridge	-	591,819	654,144	(62,325)
To Memorial Library Special Projects	-	-	23,371	(23,371)
To Juvenile Probation	-	14,604	14,604	-
To Airport Grants	-	56,147	399,601	(343,454)
To Mont Co Jail Financing Debt Service	-	-	3,443,480	(3,443,480)
To Certificates of Obligation 2006	-	41,165	41,165	-
To Debt Service	-	11,703	11,703	-
<b><u>TOTAL OTHER FINANCING USES</u></b>	<b><u>-</u></b>	<b><u>1,011,897</u></b>	<b><u>18,532,360</u></b>	<b><u>(17,520,463)</u></b>
 <b><u>TOTAL EXPENDITURES AND OTHER FINANCING USES</u></b>	<b><u>\$ 148,331,831</u></b>	<b><u>\$ 178,396,249</u></b>	<b><u>\$ 179,786,210</u></b>	<b><u>\$ (1,389,961)</u></b>



**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**September 30, 2011**

B-1

	Non Major General	Special Revenue	Debt Service	Capital Projects	Total
<b><u>ASSETS:</u></b>					
Cash	\$ 111,059	\$ 1,841,018	\$ 38,212	\$ 611,043	\$ 2,601,332
Investments, at Fair Value	608,098	1,347,441	548,204	11,892,160	14,395,903
Cash, Restricted	-	562,667	-	-	562,667
Cash, Restricted for Retainage	-	-	-	13,205	13,205
Receivables:					-
Taxes (net)	-	-	1,083,456	-	1,083,456
Accounts (net)	14,053	258,339	-	78	272,470
Due from Other Funds	6,926,020	8,168,499	13,584,133	392,373	29,071,025
Due from Other Governments	137,680	11,976,667	-	-	12,114,347
Prepaid Items	-	63,014	-	-	63,014
<b><u>TOTAL ASSETS</u></b>	<b><u>7,796,910</u></b>	<b><u>\$ 24,217,645</u></b>	<b><u>\$ 15,254,005</u></b>	<b><u>\$ 12,908,859</u></b>	<b><u>\$ 60,177,419</u></b>

**LIABILITIES AND FUND BALANCES:**

<b><u>LIABILITIES:</u></b>					
Accounts Payable	477,345	\$ 2,325,375	\$ -	\$ 1,947,163	\$ 4,749,883
Retainage Payable	-	-	-	69,432	69,432
Due to Other Funds	46,038	7,611,660	-	1,544,844	9,202,542
Due to Other Governments	-	-	-	-	-
Deferred Revenue	245,000	2,905,752	1,014,909	-	4,165,661
Total Liabilities	<u>768,383</u>	<u>12,842,787</u>	<u>1,014,909</u>	<u>3,561,439</u>	<u>18,187,518</u>

**FUND BALANCES:**

Nonspendable					
Prepaid	-	63,014	-	-	63,014
Restricted	11,488	10,888,788	14,239,096	9,347,420	34,486,792
Committed					
Encumbrances	3,707	15,280	-	-	18,987
Assigned	7,013,332	407,776	-	-	7,421,108
Unassigned	-	-	-	-	-
Total Fund Balances	<u>7,028,527</u>	<u>11,374,858</u>	<u>14,239,096</u>	<u>9,347,420</u>	<u>41,989,901</u>

**TOTAL LIABILITIES AND**

<b><u>FUND BALANCES</u></b>	<b><u>\$ 7,796,910</u></b>	<b><u>\$ 24,217,645</u></b>	<b><u>\$ 15,254,005</u></b>	<b><u>\$ 12,908,859</u></b>	<b><u>\$ 60,177,419</u></b>
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**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended September 30, 2011**

B-2

	Non Major General	Special Revenue	Debt Service	Capital Projects	Totals
<b><u>REVENUES:</u></b>					
Taxes	\$ -	\$ -	\$ 26,407,239	\$ -	\$ 26,407,239
Licenses and Permits	244,765	54,935	-	-	299,700
Fees	1,076,254	1,320,178	-	-	2,396,432
Intergovernmental	500,970	13,119,954	8,364,557	-	21,985,481
Charges for Services	248,603	709,727	-	-	958,330
Interest	2,872	14,274	62,162	12,856	92,164
Contract Reimbursements	-	8,874,469	-	-	8,874,469
Fines and Forfeitures	159,425	1,332,915	-	-	1,492,340
Miscellaneous	109,857	257,275	-	-	367,132
<b><u>TOTAL REVENUES</u></b>	<b><u>2,342,746</u></b>	<b><u>25,683,727</u></b>	<b><u>34,833,958</u></b>	<b><u>12,856</u></b>	<b><u>62,873,287</u></b>
<b><u>EXPENDITURES:</u></b>					
Current:					
General Administration	-	589,313	-	-	589,313
Judicial	-	9,554,613	-	-	9,554,613
Legal Services	161,948	453,920	-	-	615,868
Public Facilities	1,065,236				1,065,236
Public Safety	-	3,800,532	-	-	3,800,532
Health and Welfare	2,170,181	14,436,520	-	-	16,606,701
Culture and Recreation	8,389,181	90,868	-	-	8,480,049
Public Transportation	531,937	3,439,216	-	-	3,971,153
Capital Projects	-	-	-	25,793,756	25,793,756
Debt Service:					
Principal Retirement	-	-	11,304,861	-	11,304,861
Interest and Fiscal Charges	-	-	23,757,714	-	23,757,714
Issuance Costs	-	-	250	-	250
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>12,318,483</u></b>	<b><u>32,364,982</u></b>	<b><u>35,062,825</u></b>	<b><u>25,793,756</u></b>	<b><u>105,540,046</u></b>
Excess (Deficiency) Revenues Over Expenditures	<u>(9,975,737)</u>	<u>(6,681,255)</u>	<u>(228,867)</u>	<u>(25,780,900)</u>	<u>(42,666,759)</u>
<b><u>OTHER FINANCING SOURCES/(USES)</u></b>					
Transfers In	9,441,980	5,525,124	3,443,480	52,868	18,463,452
Transfers Out	(1,542,477)	(66,156)	-	(188,750)	(1,797,383)
Issuance of Certificates of Obligation	-	-	263,103	-	263,103
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<b><u>7,899,503</u></b>	<b><u>5,458,968</u></b>	<b><u>3,706,583</u></b>	<b><u>(135,882)</u></b>	<b><u>16,929,172</u></b>
Net Change in Fund Balances	(2,076,234)	(1,222,287)	3,477,716	(25,916,782)	(25,737,587)
Fund Balances at Beginning of Year	-	21,701,906	10,761,380	35,264,202	67,727,488
Change in Accounting Principle	<u>9,104,761</u>	<u>(9,104,761)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$ 7,028,527</u></b>	<b><u>\$ 11,374,858</u></b>	<b><u>\$ 14,239,096</u></b>	<b><u>\$ 9,347,420</u></b>	<b><u>\$ 41,989,901</u></b>



## **NONMAJOR GENERAL 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.

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

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

**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.

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

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

**MONTGOMERY COUNTY, TEXAS**

**Nonmajor General Funds**

**Combining Balance Sheet**

**Year Ended September 30, 2011**

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	Civic Center Complex	Memorial Library	Animal Shelter
<b><u>ASSETS:</u></b>			
Cash	\$ -	\$ 620	\$ -
Investments, at Fair Value	-	-	-
Receivables:			
Accounts	66	782	-
Due from Other Funds	1,040,817	682,545	106,687
Due from Other Governments	123,601	-	-
<b><u>TOTAL ASSETS</u></b>	<u>1,164,484</u>	<u>683,947</u>	<u>106,687</u>

**LIABILITIES AND FUND BALANCES:**

**LIABILITIES:**

Accounts Payable	64,832	290,360	65,583
Due to Other Funds	-	-	-
Deferred Revenue	-	-	-
Total Liabilities	<u>64,832</u>	<u>290,360</u>	<u>65,583</u>

**FUND BALANCES:**

Restricted	-	-	-
Committed			
Encumbrances	-	753	2,607
Assigned	1,099,652	392,834	38,497
Total Fund Balances	<u>1,099,652</u>	<u>393,587</u>	<u>41,104</u>

**TOTAL LIABILITIES AND  
FUND BALANCES**

<u>1,164,484</u>	<u>683,947</u>	<u>106,687</u>
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Historical Commission	Alternate Dispute Resolution	Child Welfare	Airport Maintenance	Totals
\$ -	\$ 24,122	\$ 13,918	\$ 72,399	\$ 111,059
-	-	-	608,098	608,098
-	13,205	-	-	14,053
28,600	-	-	5,067,371	6,926,020
-	-	14,079	-	137,680
28,600	37,327	27,997	5,747,868	7,796,910
-	25,839	9,664	21,067	477,345
28,600	-	17,438	-	46,038
-	-	-	245,000	245,000
28,600	25,839	27,102	266,067	768,383
-	11,488	-	-	11,488
-	-	11	336	3,707
-	-	884	5,481,465	7,013,332
-	11,488	895	5,481,801	7,028,527
28,600	37,327	27,997	5,747,868	7,796,910

**MONTGOMERY COUNTY, TEXAS**

**Nonmajor General Funds**

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

**Year Ended September 30, 2011**

C-2

	Civic Center Complex	Memorial Library	Animal Shelter
<b><u>REVENUES:</u></b>			
Licenses and Permits	\$ -	\$ -	\$ 244,765
Fees	410,994	-	519,629
Intergovernmental	395,251	89,072	-
Charges for Services	-	-	-
Interest	-	-	-
Fines and Forfeitures	-	159,425	-
Miscellaneous	-	2,269	107,588
<b><u>TOTAL REVENUES</u></b>	<b><u>806,245</u></b>	<b><u>250,766</u></b>	<b><u>871,982</u></b>
<b><u>EXPENDITURES:</u></b>			
Legal Services	-	-	-
Public Facilities	1,065,236	-	-
Health and Welfare	-	-	2,095,442
Culture and Recreation	-	8,360,581	-
Public Transportation	-	-	-
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>1,065,236</u></b>	<b><u>8,360,581</u></b>	<b><u>2,095,442</u></b>
Excess (Deficiency) Revenues Over Expenditures	<u>(258,991)</u>	<u>(8,109,815)</u>	<u>(1,223,460)</u>
<b><u>OTHER FINANCING SOURCES/ (USES):</u></b>			
Transfers In	16,777	9,032,067	237,211
Transfers Out	-	(651,475)	(324)
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<b><u>16,777</u></b>	<b><u>8,380,592</u></b>	<b><u>236,887</u></b>
Net Change in Fund Balances	(242,214)	270,777	(986,573)
Fund Balances at Beginning of Year	-	-	-
Change in Accounting Principle	<u>1,341,866</u>	<u>122,810</u>	<u>1,027,677</u>
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$ 1,099,652</u></b>	<b><u>\$ 393,587</u></b>	<b><u>\$ 41,104</u></b>

Historical Commission	Alternate Dispute Resolution	Child Welfare	Airport Maintenance	Totals
\$ -	\$ -	\$ -	\$ -	\$ 244,765
-	145,631	-	-	1,076,254
-	-	16,647	-	500,970
-	-	-	248,603	248,603
-	247	-	2,625	2,872
-	-	-	-	159,425
-	-	-	-	109,857
-	145,878	16,647	251,228	2,342,746
-	161,948	-	-	161,948
-	-	-	-	1,065,236
-	-	74,739	-	2,170,181
28,600	-	-	-	8,389,181
-	-	-	531,937	531,937
28,600	161,948	74,739	531,937	12,318,483
(28,600)	(16,070)	(58,092)	(280,709)	(9,975,737)
28,600	-	56,000	71,325	9,441,980
-	-	-	(890,678)	(1,542,477)
28,600	-	56,000	(819,353)	7,899,503
-	(16,070)	(2,092)	(1,100,062)	(2,076,234)
-	-	-	-	-
-	27,558	2,987	6,581,863	9,104,761
\$ -	\$ 11,488	\$ 895	\$ 5,481,801	\$ 7,028,527

**MONTGOMERY COUNTY, TEXAS**  
**Civic Center Complex - Nonmajor General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

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Page 1 of 7

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Fees	\$ 380,000	\$ 380,000	\$ 410,994	\$ 30,994
Intergovernmental	275,000	275,000	395,251	120,251
Total Revenues	655,000	655,000	806,245	151,245
<b><u>EXPENDITURES:</u></b>				
Facilities:				
Salaries	379,455	396,398	395,348	1,050
Employee Benefits	175,538	177,277	176,501	776
Supplies	117,266	150,095	147,385	2,710
Contract Services	347,650	381,927	344,820	37,107
Capital Outlay	-	1,182	1,182	-
Total Expenditures	1,019,909	1,106,879	1,065,236	41,643
Excess (Deficiency) Revenues Over Expenditures	(364,909)	(451,879)	(258,991)	192,888
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers In	-	16,777	16,777	-
Net Change in Fund Balance	(364,909)	(435,102)	(242,214)	192,888
Fund Balance at Beginning of Year	-	-	-	-
Change in Accounting Principle	1,341,866	1,341,866	1,341,866	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 976,957</u>	<u>\$ 906,764</u>	<u>\$ 1,099,652</u>	<u>\$ 192,888</u>

**MONTGOMERY COUNTY, TEXAS**  
**Memorial Library - Nonmajor General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Fines	\$ -	\$ 140,000	\$ 159,425	\$ 19,425
Intergovernmental	-	89,072	89,072	-
Miscellaneous	-	-	2,269	2,269
Total Revenues	-	229,072	250,766	21,694
<b><u>EXPENDITURES:</u></b>				
Culture & Recreation:				
Salaries	4,824,259	4,636,259	4,635,674	585
Employee Benefits	2,269,448	2,110,448	2,109,852	596
Supplies	644,247	740,637	678,384	62,253
Contract Services	708,848	629,293	628,270	1,023
Capital Outlay	264,759	321,809	308,401	13,408
Total Expenditures	8,711,561	8,438,446	8,360,581	77,865
Excess (Deficiency) Revenues Over Expenditures	(8,711,561)	(8,209,374)	(8,109,815)	99,559
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers In	-	32,067	9,032,067	9,000,000
Transfers Out	-	(651,475)	(651,475)	-
Total Other Financing Sources /(Uses)	-	(619,408)	8,380,592	9,000,000
Net Change in Fund Balance	(8,711,561)	(8,828,782)	270,777	9,099,559
Fund Balance at Beginning of Year	-	-	-	-
Change in Accounting Principle	122,810	122,810	122,810	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<b><u>\$ (8,588,751)</u></b>	<b><u>\$ (8,705,972)</u></b>	<b><u>\$ 393,587</u></b>	<b><u>\$ 9,099,559</u></b>

**MONTGOMERY COUNTY, TEXAS**  
**Animal Shelter - Nonmajor General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Licenses	\$ 65,000	218,115	\$ 244,765	\$ 26,650
Fees	-	519,629	519,629	-
Miscellaneous	-	107,588	107,588	-
Total Revenues	65,000	845,332	871,982	26,650
<b><u>EXPENDITURES:</u></b>				
Health & Welfare:				
Salaries	687,123	687,123	682,515	4,608
Employee Benefits	454,395	401,263	401,262	1
Supplies	47,000	895,277	860,226	35,051
Contract Services	91,576	169,832	151,439	18,393
Total Expenditures	1,280,094	2,153,495	2,095,442	58,053
Excess (Deficiency) Revenues Over Expenditures	(1,215,094)	(1,308,163)	(1,223,460)	84,703
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>				
Transfers In	-	2,500	237,211	234,711
Transfers Out	-	(324)	(324)	-
Total Other Financing Sources /(Uses)	-	2,176	236,887	234,711
Net Change in Fund Balance	(1,215,094)	(1,305,987)	(986,573)	319,414
Fund Balance at Beginning of Year	-	-	-	-
Change in Accounting Principle	1,027,677	1,027,677	1,027,677	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<b>\$ (187,417)</b>	<b>\$ (278,310)</b>	<b>\$ 41,104</b>	<b>\$ 319,414</b>

**MONTGOMERY COUNTY, TEXAS**  
**Historical Commission - Nonmajor General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>EXPENDITURES:</u></b>				
Culture & Recreation:				
Contract Services	\$ -	\$ -	\$ 28,600	\$ (28,600)
Total Expenditures	-	-	28,600	(28,600)
Excess (Deficiency) Revenues Over Expenditures	-	-	(28,600)	(28,600)
<b><u>OTHER FINANCING</u></b>				
<b><u>SOURCES:</u></b>				
Transfers In	-	-	28,600	28,600
Net Change in Fund Balance	-	-	-	-
Fund Balance at Beginning of Year	-	-	-	-
Change in Accounting Principle	-	-	-	-
<b><u>FUND BALANCE AT</u></b>				
<b><u>END OF YEAR</u></b>	\$ -	\$ -	\$ -	\$ -

**MONTGOMERY COUNTY, TEXAS**  
**Alternate Dispute Resolution - Nonmajor General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Fees	\$ 189,285	\$ 189,285	\$ 145,631	\$ (43,654)
Interest	-	-	247	247
Total Revenues	<u>189,285</u>	<u>189,285</u>	<u>145,878</u>	<u>(43,407)</u>
<b><u>EXPENDITURES:</u></b>				
Legal Services:				
Contract Services	189,285	189,285	161,948	27,337
Total Expenditures	<u>189,285</u>	<u>189,285</u>	<u>161,948</u>	<u>27,337</u>
Excess (Deficiency) Revenues Over Expenditures	-	-	(16,070)	(16,070)
Net Change in Fund Balance	-	-	(16,070)	(16,070)
Fund Balance at Beginning of Year	-	-	-	-
Change in Accounting Principle	<u>27,558</u>	<u>27,558</u>	<u>27,558</u>	
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 27,558</u>	<u>\$ 27,558</u>	<u>\$ 11,488</u>	<u>\$ (16,070)</u>



**MONTGOMERY COUNTY, TEXAS**  
**Child Welfare - Nonmajor General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Intergovernmental	\$ -	\$ 15,696	\$ 16,647	\$ 951
Total Revenues	-	15,696	16,647	951
<b><u>EXPENDITURES:</u></b>				
Health and Welfare:				
Salaries	-	57,314	11,613	45,701
Supplies	34,600	48,550	44,170	4,380
Contract Services	43,850	36,400	18,956	17,444
Total Expenditures	78,450	142,264	74,739	67,525
Excess (Deficiency) Revenues Over Expenditures	(78,450)	(126,568)	(58,092)	68,476
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers In	-	-	56,000	56,000
Net Change in Fund Balance	(78,450)	(126,568)	(2,092)	124,476
Fund Balance at Beginning of Year	-	-	-	-
Change in Accounting Principle	2,987	2,987	2,987	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<b><u>\$ (75,463)</u></b>	<b><u>\$ (123,581)</u></b>	<b><u>\$ 895</u></b>	<b><u>\$ 124,476</u></b>

**MONTGOMERY COUNTY, TEXAS**  
**Airport Maintenance - Nonmajor General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Charges for Service	\$ 195,000	\$ 195,000	\$ 248,603	\$ 53,603
Interest	-	-	2,625	2,625
Total Revenues	195,000	195,000	251,228	56,228
<b><u>EXPENDITURES:</u></b>				
Public Transportation:				
Salaries	266,786	267,986	267,963	23
Employee Benefits	96,639	96,639	95,909	730
Supplies	31,075	31,965	31,264	701
Contract Services	82,917	153,190	136,801	16,389
Capital Outlay	50,000	-	-	-
Total Expenditures	527,417	549,780	531,937	17,843
Excess (Deficiency) Revenues Over Expenditures	(332,417)	(354,780)	(280,709)	74,071
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers In	-	381	71,325	70,944
Transfers Out	-	-	(890,678)	(890,678)
Total Other Financing Sources /(Uses)	-	381	(819,353)	(819,734)
Net Change in Fund Balance	(332,417)	(354,399)	(1,100,062)	(745,663)
Fund Balance at Beginning of Year	-	-	-	-
Change in Accounting Principle	6,581,863	6,581,863	6,581,863	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<b><u>\$ 6,249,446</u></b>	<b><u>\$ 6,227,464</u></b>	<b><u>\$ 5,481,801</u></b>	<b><u>\$ (745,663)</u></b>

## **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.

**FEMA Disaster Grants Fund** – to account for grants from the Federal Emergency Management Agency. In fiscal year ending September 30, 2011, the purpose of these grants is to assist the County in recovering from Hurricane Ike and the devastating fires in the southern part of the County.

**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 donations from patrons of the Library.

**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.

**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.

**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.

**Airport Grants Fund** - to account for operations of the County airport. Funding is provided by grant revenue.

**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, 2011**

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	Attorney Administration	Forfeitures	Civic Center Complex	FEMA Disaster Grants
<b><u>ASSETS:</u></b>				
Cash	\$ 4,078	\$ 753,210	\$ -	\$ -
Investments, at Fair Value	-	-	-	-
Cash, Restricted	-	-	-	-
Receivables:				
Accounts	562	-	-	-
Due from Other Funds	-	8,460	-	-
Due from Other Governments	-	-	-	5,993,917
Prepaid Items	-	-	-	-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 4,640</u></b>	<b><u>\$ 761,670</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 5,993,917</u></b>

**LIABILITIES AND FUND BALANCES:**

**LIABILITIES:**

Accounts Payable	\$ 5,146	\$ 133,802	\$ -	\$ 1,318
Due to Other Funds	9,782	-	-	5,902,326
Deferred Revenue	-	-	-	-
Total Liabilities	<u>14,928</u>	<u>133,802</u>	<u>-</u>	<u>5,903,644</u>

**FUND BALANCES:**

Nonspendable				
Prepaid	-	-	-	-
Restricted	-	627,868	-	90,273
Committed				
Encumbrances	-	-	-	-
Assigned	(10,288)	-	-	-
Total Fund Balances	<u>(10,288)</u>	<u>627,868</u>	<u>-</u>	<u>90,273</u>

**TOTAL LIABILITIES AND**

<b><u>FUND BALANCES</u></b>	<b><u>\$ 4,640</u></b>	<b><u>\$ 761,670</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 5,993,917</u></b>
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Jury	Sheriff Commissary	Memorial Library	Memo Totals from Page 107	Totals
\$ 162,517	\$ 226,026	\$ -	\$ 695,187	\$ 1,841,018
-	-	-	1,347,441	1,347,441
-	-	-	562,667	562,667
150,756	-	-	107,021	258,339
369,213	-	229,181	7,561,645	8,168,499
313,781	-	-	5,668,969	11,976,667
-	-	-	63,014	63,014
<u>\$ 996,267</u>	<u>\$ 226,026</u>	<u>\$ 229,181</u>	<u>\$ 16,005,944</u>	<u>\$ 24,217,645</u>
\$ 561,089	\$ 33,856	\$ 3,234	\$ 1,586,930	\$ 2,325,375
-	929	-	1,698,623	7,611,660
1,834	-	-	2,903,918	2,905,752
<u>562,923</u>	<u>34,785</u>	<u>3,234</u>	<u>6,189,471</u>	<u>12,842,787</u>
-	-	-	63,014	63,014
-	191,241	225,947	9,753,459	10,888,788
15,280	-	-	-	15,280
418,064	-	-	-	407,776
<u>433,344</u>	<u>191,241</u>	<u>225,947</u>	<u>9,816,473</u>	<u>11,374,858</u>
<u>\$ 996,267</u>	<u>\$ 226,026</u>	<u>\$ 229,181</u>	<u>\$ 16,005,944</u>	<u>\$ 24,217,645</u>

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2011**

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Page 2 of 2

	Community Development	Animal Shelter	Law Library	Alternate Dispute Resolution	Juvenile Probation
<b><u>ASSETS:</u></b>					
Cash	\$ -		\$ 46,679	\$ -	\$ 561,124
Investments, at Fair Value	-		655,161	-	-
Cash, Resticted	562,667		-	-	-
Receivables:					
Accounts	473		25,406	-	-
Due from Other Funds	199,017		86	-	1,174,258
Due from Other Governments	1,812,317		-	-	49,949
Prepaid Items	-		-	-	-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 2,574,474</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 727,332</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,785,331</u></b>

**LIABILITIES AND FUND BALANCES:**

<b><u>LIABILITIES:</u></b>					
Accounts Payable	\$ 369,327		\$ 21,509	\$ -	\$ 126,062
Due to Other Funds	1,654,997		-	-	-
Deferred Revenue	-		-	-	170,395
Total Liabilities	<u>2,024,324</u>	<u>-</u>	<u>21,509</u>	<u>-</u>	<u>296,457</u>

**FUND BALANCES:**

Nonspendable					
Prepaid	-	-	-	-	-
Restricted	550,150	-	705,823	-	1,488,874
Total Fund Balances	<u>550,150</u>	<u>-</u>	<u>705,823</u>	<u>-</u>	<u>1,488,874</u>

**TOTAL LIABILITIES AND**

<b><u>FUND BALANCES</u></b>	<b><u>\$ 2,574,474</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 727,332</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,785,331</u></b>
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Records Management and Preservation	Pre-Trial Diversion	Child Welfare	Airport Grants	Mental Health Facility	Federal ARRA Fund	Memo Totals to Page 105
\$ 87,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 695,187
-	-	-	692,280	-	-	1,347,441
-	-	-	-	-	-	562,667
81,142	-	-	-	-	-	107,021
4,558,599	61,060	-	244,897	1,194,763	128,965	7,561,645
-	-	-	49,703	3,750,000	7,000	5,668,969
-	-	-	63,014	-	-	63,014
<u>\$ 4,727,125</u>	<u>\$ 61,060</u>	<u>\$ -</u>	<u>\$ 1,049,894</u>	<u>\$ 4,944,763</u>	<u>\$ 135,965</u>	<u>\$ 16,005,944</u>
\$ 10,280	\$ -	\$ -	\$ 2,677	\$ 1,043,678	\$ 13,397	\$ 1,586,930
-	-	-	-	-	43,626	1,698,623
-	-	-	-	2,733,523	-	2,903,918
<u>10,280</u>	<u>-</u>	<u>-</u>	<u>2,677</u>	<u>3,777,201</u>	<u>57,023</u>	<u>6,189,471</u>
-	-	-	63,014	-	-	63,014
4,716,845	61,060	-	984,203	1,167,562	78,942	9,753,459
<u>4,716,845</u>	<u>61,060</u>	<u>-</u>	<u>1,047,217</u>	<u>1,167,562</u>	<u>78,942</u>	<u>9,816,473</u>
<u>\$ 4,727,125</u>	<u>\$ 61,060</u>	<u>\$ -</u>	<u>\$ 1,049,894</u>	<u>\$ 4,944,763</u>	<u>\$ 135,965</u>	<u>\$ 16,005,944</u>

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended September 30, 2011**

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	Attorney Administration	Forfeitures	Civic Center Complex	FEMA Disaster Grants
<b><u>REVENUES:</u></b>				
Licenses and Permits	\$ -	\$ -	\$ -	\$ -
Fees	-	-	-	-
Intergovernmental	-	-	-	196,206
Charges for Services	59,840	-	-	-
Interest	14	5,102	-	-
Contract Reimbursements	-	-	-	-
Fines and Forfeitures	-	590,181	-	-
Miscellaneous	-	-	-	-
<b><u>TOTAL REVENUES</u></b>	<u>59,854</u>	<u>595,283</u>	<u>-</u>	<u>196,206</u>
<b><u>EXPENDITURES:</u></b>				
General Administration	68,515	-	-	-
Judicial	-	-	-	-
Legal Services	-	-	-	-
Public Safety	-	972,636	-	-
Health and Welfare	-	-	-	261,609
Culture and Recreation	-	-	-	-
Public Transportation	-	-	-	-
<b><u>TOTAL EXPENDITURES</u></b>	<u>68,515</u>	<u>972,636</u>	<u>-</u>	<u>261,609</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(8,661)</u>	<u>(377,353)</u>	<u>-</u>	<u>(65,403)</u>
<b><u>OTHER FINANCING SOURCES/ (USES):</u></b>				
Transfers In	-	-	-	76,755
Transfers Out	-	(60,866)	-	-
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<u>-</u>	<u>(60,866)</u>	<u>-</u>	<u>76,755</u>
Net Change in Fund Balances	(8,661)	(438,219)	-	11,352
Fund Balances at Beginning of Year	(1,627)	1,066,087	1,341,866	78,921
Change in Accounting Principle	-	-	(1,341,866)	-
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<u>\$ (10,288)</u>	<u>\$ 627,868</u>	<u>\$ -</u>	<u>\$ 90,273</u>



Jury	Sheriff Commissary	Memorial Library	Memo Totals from Page 111	Totals
\$ 54,935	\$ -	\$ -	\$ -	\$ 54,935
-	-	-	1,320,178	1,320,178
1,367,719	-	-	11,556,029	13,119,954
200,319	430,206	-	19,362	709,727
383	1,037	-	7,738	14,274
357,992	-	-	8,516,477	8,874,469
742,734	-	-	-	1,332,915
136,850	-	103,969	16,456	257,275
2,860,932	431,243	103,969	21,436,240	25,683,727
-	-	-	520,798	589,313
9,554,613	-	-	-	9,554,613
-	-	-	453,920	453,920
-	444,629	-	2,383,267	3,800,532
-	-	-	14,174,911	14,436,520
-	-	90,868	-	90,868
-	-	-	3,439,216	3,439,216
9,554,613	444,629	90,868	20,972,112	32,364,982
(6,693,681)	(13,386)	13,101	464,128	(6,681,255)
4,520,000	-	212,846	715,523	5,525,124
(2,447)	-	-	(2,843)	(66,156)
4,517,553	-	212,846	712,680	5,458,968
(2,176,128)	(13,386)	225,947	1,176,808	(1,222,287)
2,609,472	204,627	122,810	16,279,750	21,701,906
-	-	(122,810)	(7,640,085)	(9,104,761)
\$ 433,344	\$ 191,241	\$ 225,947	\$ 9,816,473	\$ 11,374,858

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended September 30, 2011**

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Page 2 of 2

	Community Development	Animal Shelter	Law Library	Alternate Dispute Resolution	Juvenile Probation
<b><u>REVENUES:</u></b>					
Fees	\$ -	\$ -	\$ 277,046	\$ -	\$ -
Intergovernmental	5,337,074	-	-	-	2,368,053
Charges for Services	-	-	-	-	19,362
Interest	128	-	601	-	1,066
Contract Reimbursements	-	-	-	-	-
Miscellaneous	-	-	59	-	-
<b><u>TOTAL REVENUES</u></b>	<u>5,337,202</u>	<u>-</u>	<u>277,706</u>	<u>-</u>	<u>2,388,481</u>
<b><u>EXPENDITURES:</u></b>					
General Administration	-	-	-	-	-
Legal Services	-	-	453,920	-	-
Public Safety	-	-	-	-	2,383,267
Health and Welfare	6,825,996	-	-	-	-
Public Transportation	-	-	-	-	-
<b><u>TOTAL EXPENDITURES</u></b>	<u>6,825,996</u>	<u>-</u>	<u>453,920</u>	<u>-</u>	<u>2,383,267</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(1,488,794)</u>	<u>-</u>	<u>(176,214)</u>	<u>-</u>	<u>5,214</u>
<b><u>OTHER FINANCING SOURCES/ (USES):</u></b>					
Transfers In	-	-	-	-	14,604
Transfers Out	-	-	-	-	-
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,604</u>
Net Change in Fund Balances	(1,488,794)	-	(176,214)	-	19,818
Fund Balances at Beginning of Year	2,038,944	1,027,677	882,037	27,558	1,469,056
Change in Accounting Principle	-	(1,027,677)	-	(27,558)	-
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<u>\$ 550,150</u>	<u>\$ -</u>	<u>\$ 705,823</u>	<u>\$ -</u>	<u>\$ 1,488,874</u>

Records Management and Preservation	Pre-Trial Diversion	Child Welfare	Airport Grants	Mental Health Facility	Federal ARRA Grants	Memo Totals to Page 109
\$ 985,763	\$ 57,369	\$ -	\$ -	\$ -	\$ -	\$ 1,320,178
-	-	-	1,310,986	-	2,539,916	11,556,029
-	-	-	-	-	-	19,362
5,943	-	-	-	-	-	7,738
-	-	-	-	8,516,477	-	8,516,477
-	-	-	-	-	16,397	16,456
991,706	57,369	-	1,310,986	8,516,477	2,556,313	21,436,240
514,109	6,689	-	-	-	-	520,798
-	-	-	-	-	-	453,920
-	-	-	-	-	-	2,383,267
-	-	-	-	7,348,915	-	14,174,911
-	-	-	849,277	-	2,589,939	3,439,216
514,109	6,689	-	849,277	7,348,915	2,589,939	20,972,112
477,597	50,680	-	461,709	1,167,562	(33,626)	464,128
-	-	-	588,351	-	112,568	715,523
-	-	-	(2,843)	-	-	(2,843)
-	-	-	585,508	-	112,568	712,680
477,597	50,680	-	1,047,217	1,167,562	78,942	1,176,808
4,239,248	10,380	2,987	6,581,863	-	-	16,279,750
-	-	(2,987)	(6,581,863)	-	-	(7,640,085)
\$ 4,716,845	\$ 61,060	\$ -	\$ 1,047,217	\$ 1,167,562	\$ 78,942	\$ 9,816,473

**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, 2011**

D-3

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Charges for Service	\$ 85,530	\$ 85,530	\$ 59,840	\$ (25,690)
Interest	-	-	14	14
Total Revenues	<u>85,530</u>	<u>85,530</u>	<u>59,854</u>	<u>(25,676)</u>
<b><u>EXPENDITURES:</u></b>				
General Administration:				
Salaries	59,974	59,974	46,795	13,179
Employee Benefits	23,004	23,004	19,411	3,593
Supplies	-	2,302	2,161	141
Contract Services	-	250	148	102
Total Expenditures	<u>82,978</u>	<u>85,530</u>	<u>68,515</u>	<u>17,015</u>
Excess (Deficiency) Revenues Over Expenditures	2,552	-	(8,661)	(8,661)
Fund Balance at Beginning of Year	<u>(1,627)</u>	<u>(1,627)</u>	<u>(1,627)</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 925</u>	<u>\$ (1,627)</u>	<u>\$ (10,288)</u>	<u>\$ (8,661)</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, 2011**

D-4

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Interest	\$ -	\$ 5,091	\$ 5,102	\$ 11
Fines and Forfeitures	69,412	677,625	590,181	(87,444)
Total Revenues	69,412	682,716	595,283	(87,433)
<b><u>EXPENDITURES:</u></b>				
Public Safety:				
Salaries	-	13,238	13,238	-
Employee Benefits	-	3,944	3,932	12
Supplies	47,973	218,658	223,679	(5,021)
Contract Services	21,439	119,089	124,772	(5,683)
Capital Outlay	-	597,288	607,015	(9,727)
Total Expenditures	69,412	952,217	972,636	(20,419)
Excess Revenues Over Expenditures	-	(269,501)	(377,353)	(107,852)
<b><u>OTHER FINANCING (USES):</u></b>				
Transfers Out	-	(60,866)	(60,866)	-
Net Change in Fund Balance	-	(330,367)	(438,219)	(107,852)
Fund Balance at Beginning of Year	1,066,087	1,066,087	1,066,087	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 1,066,087</u>	<u>\$ 735,720</u>	<u>\$ 627,868</u>	<u>\$ (107,852)</u>

**MONTGOMERY COUNTY, TEXAS**  
**Civic Center Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

D-5

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Fund Balance at Beginning of Year	1,341,866	1,341,866	1,341,866	-
Change in Accounting Principle	<u>(1,341,866)</u>	<u>(1,341,866)</u>	<u>(1,341,866)</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</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, 2011**

D-6

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>REVENUES:</u></b>				
Intergovernmental	\$ -	\$ 230,264	\$ 196,206	\$ (34,058)
Total Revenues	<u>-</u>	<u>230,264</u>	<u>196,206</u>	<u>(34,058)</u>
<b><u>EXPENDITURES:</u></b>				
Health and Welfare:				
Salaries	-	186,263	186,263	-
Employee Benefits	-	74,028	74,028	-
Supplies	-	148	148	-
Contract Services	-	46,579	1,170	45,409
Total Expenditures	<u>-</u>	<u>307,018</u>	<u>261,609</u>	<u>45,409</u>
Excess (Deficiency) Revenues Over Expenditures	-	(76,754)	(65,403)	11,351
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers In	<u>-</u>	<u>-</u>	<u>76,755</u>	<u>76,755</u>
Net Change in Fund Balance	-	(76,754)	11,352	88,106
Fund Balance at Beginning of Year	<u>78,921</u>	<u>78,921</u>	<u>78,921</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 78,921</u>	<u>\$ 2,167</u>	<u>\$ 90,273</u>	<u>\$ 88,106</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, 2011**

D-7

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Fees	\$ 150,000	\$ 45,000	\$ 54,935	\$ 9,935
Intergovernmental:				
Federal Grants	-	260,928	264,772	3,844
State Grants	947,410	1,233,882	977,947	(255,935)
Other	125,000	125,000	125,000	-
Charges for Services	-	177,265	200,319	23,054
Interest	300	300	383	83
Contract Reimbursements	462,795	462,795	357,992	(104,803)
Fines and Forfeitures	490,000	585,543	742,734	157,191
Miscellaneous	-	136,850	136,850	-
Total Revenues	<u>2,175,505</u>	<u>3,027,563</u>	<u>2,860,932</u>	<u>(166,631)</u>
<b><u>EXPENDITURES:</u></b>				
Judicial:				
Salaries	2,188,447	2,336,134	2,137,024	199,110
Employee Benefits	897,660	935,417	763,593	171,824
Supplies	59,767	94,069	84,175	9,894
Contract Services	6,733,481	7,518,743	6,387,336	1,131,407
Capital Outlay	-	184,482	182,485	1,997
Total Expenditures	<u>9,879,355</u>	<u>11,068,845</u>	<u>9,554,613</u>	<u>1,514,232</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(7,703,850)</u>	<u>(8,041,282)</u>	<u>(6,693,681)</u>	<u>1,347,601</u>
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>				
Transfers In	-	-	4,520,000	4,520,000
Transfers Out	-	(2,447)	(2,447)	-
Total Other Financing Sources /(Uses)	<u>-</u>	<u>(2,447)</u>	<u>4,517,553</u>	<u>4,520,000</u>
Net Change in Fund Balance	(7,703,850)	(8,043,729)	(2,176,128)	5,867,601
Fund Balance at Beginning of Year	<u>2,609,472</u>	<u>2,609,472</u>	<u>2,609,472</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ (5,094,378)</u>	<u>\$ (5,434,257)</u>	<u>\$ 433,344</u>	<u>\$ 5,867,601</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, 2011**

D-8

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Charges for Services	\$ 83,000	\$ 445,110	\$ 430,206	\$ (14,904)
Interest	-	-	1,037	1,037
Total Revenues	<u>83,000</u>	<u>445,110</u>	<u>431,243</u>	<u>(13,867)</u>
<b><u>EXPENDITURES:</u></b>				
Public Safety:				
Salaries	-	33,000	32,908	92
Employee Benefits	-	11,100	10,799	301
Supplies	73,000	291,710	291,709	1
Contract Services	10,000	58,200	58,177	23
Capital Outlay	-	51,100	51,036	64
Total Expenditures	<u>83,000</u>	<u>445,110</u>	<u>444,629</u>	<u>481</u>
Excess (Deficiency) Revenues Over Expenditures	-	-	(13,386)	(13,386)
Fund Balance at Beginning of Year	<u>204,627</u>	<u>204,627</u>	<u>204,627</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 204,627</u>	<u>\$ 204,627</u>	<u>\$ 191,241</u>	<u>\$ (13,386)</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, 2011**

D-9

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Miscellaneous	\$ -	\$ 88,370	\$ 103,969	\$ 15,599
Total Revenues	-	88,370	103,969	15,599
<b><u>EXPENDITURES:</u></b>				
Culture and Recreation:				
Supplies	-	123,472	65,856	57,616
Contract Services	-	16,855	16,855	-
Capital Outlay	-	179,722	8,157	171,565
Total Expenditures	-	320,049	90,868	229,181
Excess (Deficiency) Revenues Over Expenditures	-	(231,679)	13,101	244,780
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>				
Transfers In	-	189,475	212,846	23,371
Net Change in Fund Balance	-	(42,204)	225,947	268,151
Fund Balance at Beginning of Year	122,810	122,810	122,810	-
Change in Accounting Principle	(122,810)	(122,810)	(122,810)	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	\$ -	\$ (42,204)	\$ 225,947	\$ 268,151

**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, 2011**

D-10

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Intergovernmental	\$ 2,517,991	\$ 2,604,229	\$ 5,337,074	\$ 2,732,845
Interest	-	-	128	128
Total Revenues	<u>2,517,991</u>	<u>2,604,229</u>	<u>5,337,202</u>	<u>2,732,973</u>
<b><u>EXPENDITURES:</u></b>				
Health and Welfare:				
Salaries	270,420	840,684	495,415	345,269
Employee Benefits	98,559	188,576	119,180	69,396
Supplies	7,000	15,061	8,482	6,579
Contract Services	1,409,329	2,782,033	1,279,607	1,502,426
Capital Outlay	732,683	10,826,031	4,923,312	5,902,719
Total Expenditures	<u>2,517,991</u>	<u>14,652,385</u>	<u>6,825,996</u>	<u>7,826,389</u>
Excess (Deficiency) Revenues Over Expenditures	-	(12,048,156)	(1,488,794)	10,559,362
Net Change in Fund Balance	-	(12,048,156)	(1,488,794)	10,559,362
Fund Balance at Beginning of Year	<u>2,038,944</u>	<u>2,038,944</u>	<u>2,038,944</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 2,038,944</u>	<u>\$ (10,009,212)</u>	<u>\$ 550,150</u>	<u>\$ 10,559,362</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, 2011**

D-11

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balance at Beginning of Year	1,027,677	1,027,677	1,027,677	-
Change in Accounting Principle	(1,027,677)	(1,027,677)	(1,027,677)	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

**MONTGOMERY COUNTY, TEXAS**  
**Law Library Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

D-12

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Fees	\$ 348,634	\$ 348,634	\$ 277,046	\$ (71,588)
Interest	600	600	601	1
Miscellaneous	-	-	59	59
Total Revenues	<u>349,234</u>	<u>349,234</u>	<u>277,706</u>	<u>(71,528)</u>
<b><u>EXPENDITURES:</u></b>				
Legal Services:				
Salaries	56,541	70,326	70,292	34
Employee Benefits	33,844	32,563	24,635	7,928
Supplies	63,749	63,749	50,789	12,960
Contract Services	75,100	75,100	68,039	7,061
Capital Outlay	120,000	247,350	240,165	7,185
Total Expenditures	<u>349,234</u>	<u>489,088</u>	<u>453,920</u>	<u>35,168</u>
Excess (Deficiency) Revenues Over Expenditures	-	(139,854)	(176,214)	(36,360)
Fund Balance at Beginning of Year	<u>882,037</u>	<u>882,037</u>	<u>882,037</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 882,037</u>	<u>\$ 742,183</u>	<u>\$ 705,823</u>	<u>\$ (36,360)</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, 2011**

D-13

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balance at Beginning of Year	27,558	27,558	27,558	-
Change in Accounting Principle	<u>(27,558)</u>	<u>(27,558)</u>	<u>(27,558)</u>	<u>-</u>
<b><u>FUND BALANCE AT</u></b>				
<b><u>END OF YEAR</u></b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2011**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>REVENUES:</u></b>				
Intergovernmental:				
Dept Health/Human Services Grant \$	-	\$ 16,007	\$ 24,314	\$ 8,307
Texas Juvenile Prob Comm Grants	-	2,524,261	2,343,739	(180,522)
Charges for Services	-	-	19,362	19,362
Interest	-	-	1,066	1,066
Total Revenues	<u>-</u>	<u>2,540,268</u>	<u>2,388,481</u>	<u>(151,787)</u>
<b><u>EXPENDITURES:</u></b>				
Public Safety:				
Salaries	-	2,075,287	1,098,982	976,305
Benefits	-	926,901	451,187	475,714
Supplies	-	475,812	155,404	320,408
Contract Services	-	1,357,145	587,699	769,446
Capital Outlay	-	140,679	89,995	50,684
Total Expenditures	<u>-</u>	<u>4,975,824</u>	<u>2,383,267</u>	<u>2,592,557</u>
Excess (Deficiency) Revenues Over Expenditures	-	(2,435,556)	5,214	2,440,770
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>				
Transfers In	<u>-</u>	<u>14,604</u>	<u>14,604</u>	<u>-</u>
Net Change in Fund Balance	-	(2,420,952)	19,818	2,440,770
Fund Balance at Beginning of Year	<u>1,469,056</u>	<u>1,469,056</u>	<u>1,469,056</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 1,469,056</u>	<u>\$ (951,896)</u>	<u>\$ 1,488,874</u>	<u>\$ 2,440,770</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, 2011**

D-15

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Fees	\$ 528,446	\$ 991,299	\$ 985,763	\$ (5,536)
Investment Earnings	-	-	5,943	5,943
Total Revenues	<u>528,446</u>	<u>991,299</u>	<u>991,706</u>	<u>407</u>
<b><u>EXPENDITURES:</u></b>				
General Administration:				
Salaries	194,254	213,361	190,572	22,789
Employee Benefits	71,299	73,653	65,852	7,801
Supplies	32,442	52,328	36,383	15,945
Contract Services	88,516	134,153	118,262	15,891
Capital Outlay	105,334	113,090	103,040	10,050
Total Expenditures	<u>491,845</u>	<u>586,585</u>	<u>514,109</u>	<u>72,476</u>
Excess (Deficiency) Revenues Over Expenditures	36,601	404,714	477,597	72,883
Fund Balance at Beginning of Year	<u>4,239,248</u>	<u>4,239,248</u>	<u>4,239,248</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 4,275,849</u>	<u>\$ 4,643,962</u>	<u>\$ 4,716,845</u>	<u>\$ 72,883</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, 2011**

D-16

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Fees	\$ -	\$ 12,850	\$ 57,369	\$ 44,519
Total Revenues	-	12,850	57,369	44,519
<b><u>EXPENDITURES:</u></b>				
General Administration:				
Supplies	-	20,570	5,802	14,768
Contract Services	-	2,660	887	1,773
Total Expenditures	-	23,230	6,689	16,541
Excess (Deficiency) Revenues Over Expenditures	-	(10,380)	50,680	61,060
Fund Balance at Beginning of Year	10,380	10,380	10,380	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 10,380</u>	<u>\$ -</u>	<u>\$ 61,060</u>	<u>\$ 61,060</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, 2011**

D-17

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balance at Beginning of Year	2,987	2,987	2,987	-
Change in Accounting Principle	(2,987)	(2,987)	(2,987)	-
<b><u>FUND BALANCE AT</u></b>				
<b><u>END OF YEAR</u></b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MONTGOMERY COUNTY, TEXAS**  
**Airport Grants Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

D-18

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Intergovernmental:				
Federal Grants	\$ -	\$ 569,146	\$ 1,261,283	\$ 692,137
State Grants	-	50,000	49,703	(297)
Total Revenues	-	619,146	1,310,986	691,840
<b><u>EXPENDITURES:</u></b>				
Public Transportation:				
Capital Outlay	-	956,477	849,277	107,200
Total Expenditures	-	956,477	849,277	107,200
Excess (Deficiency) Revenues Over Expenditures	-	(337,331)	461,709	799,040
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>				
Transfers In	-	244,897	588,351	343,454
Transfers Out	-	-	(2,843)	(2,843)
Total Other Financing Sources/(Uses)	-	244,897	585,508	340,611
Net Change in Fund Balance	-	(92,434)	1,047,217	1,139,651
Fund Balance at Beginning of Year	6,581,863	6,581,863	6,581,863	-
Change in Accounting Principle	(6,581,863)	(6,581,863)	(6,581,863)	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ -</u>	<u>\$ (92,434)</u>	<u>\$ 1,047,217</u>	<u>\$ 1,139,651</u>

**MONTGOMERY COUNTY, TEXAS**

**Mental Health Facility Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2011**

D-19

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Contract Reimbursement	\$ 7,500,000	\$ 7,500,000	\$ 8,516,477	\$ 1,016,477
Miscellaneous	-	-	-	-
Total Revenues	7,500,000	7,500,000	8,516,477	1,016,477
<b><u>EXPENDITURES:</u></b>				
Health and Welfare:				
Supplies	-	97,091	-	97,091
Contract Services	7,500,000	7,402,909	7,348,915	53,994
Total Expenditures	7,500,000	7,500,000	7,348,915	151,085
Excess (Deficiency) Revenues Over Expenditures	-	-	1,167,562	1,167,562
Net Change in Fund Balance	-	-	1,167,562	1,167,562
Fund Balance at Beginning of Year	-	-	-	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,167,562</u>	<u>\$ 1,167,562</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, 2011**

D-20

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Intergovernmental:				
Federal Grants	\$ -	\$ 7,000	\$ 2,539,916	\$ 2,532,916
Miscellaneous	-	3,000	16,397	13,397
Total Revenues	-	10,000	2,556,313	2,546,313
<b><u>EXPENDITURES:</u></b>				
Public Transportation:				
Contract Services	-	90,634	16,397	74,237
Capital Outlay	-	2,672,418	2,573,542	98,876
Total Expenditures	-	2,763,052	2,589,939	173,113
Excess (Deficiency) Revenues Over Expenditures	-	(2,753,052)	(33,626)	2,719,426
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>				
Transfers In	-	112,568	112,568	-
Net Change in Fund Balance	-	(2,640,484)	78,942	2,719,426
Fund Balance at Beginning of Year	-	-	-	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	\$ -	\$ (2,640,484)	\$ 78,942	\$ 2,719,426



## **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, 2011**

E-1

	Debt Service Fund	Jail Financing Corporation Debt Service Fund	Totals
<b><u>ASSETS:</u></b>			
Cash	\$ 38,212	\$ -	\$ 38,212
Investments, at Fair Value	548,204	-	548,204
Receivables:			
Taxes (net)	1,083,456	-	1,083,456
Due from Other Funds	13,584,133	-	13,584,133
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 15,254,005</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 15,254,005</u></b>

**LIABILITIES AND FUND BALANCES:**

**LIABILITIES:**

Deferred Revenue	\$ 1,014,909	\$ -	\$ 1,014,909
Total Liabilities	<u>1,014,909</u>	<u>-</u>	<u>1,014,909</u>

**FUND BALANCES:**

Restricted	<u>14,239,096</u>	<u>-</u>	<u>14,239,096</u>
Total Fund Balances	<u>14,239,096</u>	<u>-</u>	<u>14,239,096</u>

**TOTAL LIABILITIES AND  
FUND BALANCES**

<b><u>\$ 15,254,005</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 15,254,005</u></b>
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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, 2011**

E-2

	Debt Service Fund	Jail Financing Corporation Debt Service Fund	Totals
<b><u>REVENUES:</u></b>			
Taxes	\$ 26,407,239	\$ -	\$ 26,407,239
Intergovernmental-State	8,364,557	-	8,364,557
Interest	62,162	-	62,162
<b><u>TOTAL REVENUES</u></b>	<b><u>34,833,958</u></b>	<b><u>-</u></b>	<b><u>34,833,958</u></b>
<b><u>EXPENDITURES:</u></b>			
Debt Service			
Principal Retirement	9,735,000	1,569,861	11,304,861
Interest and Fiscal Charges	21,884,095	1,873,619	23,757,714
Issuance Costs	250	-	250
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>31,619,345</u></b>	<b><u>3,443,480</u></b>	<b><u>35,062,825</u></b>
Excess (Deficiency) Revenues Over Expenditures	3,214,613	(3,443,480)	(228,867)
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>			
Transfers In	-	3,443,480	3,443,480
Issuance of Certificates of Obligation	263,103	-	263,103
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<b><u>263,103</u></b>	<b><u>3,443,480</u></b>	<b><u>3,706,583</u></b>
Net Change in Fund Balance	3,477,716	-	3,477,716
Fund Balances at Beginning of Year	10,761,380	-	10,761,380
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$ 14,239,096</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 14,239,096</u></b>

**MONTGOMERY COUNTY, TEXAS**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**  
**Year Ended September 30, 2011**

E-3

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Taxes	\$ 26,177,400	\$ 26,177,400	\$ 26,407,239	\$ 229,839
Intergovernmental	-	4,773,147	8,364,557	3,591,410
Charges for Services	2,528,288	-	-	-
Interest	145,143	145,143	62,162	(82,981)
<b><u>TOTAL REVENUES</u></b>	<b><u>28,850,831</u></b>	<b><u>31,095,690</u></b>	<b><u>34,833,958</u></b>	<b><u>3,738,268</u></b>
<b><u>EXPENDITURES:</u></b>				
Debt Service:				
Principal Retirement	9,746,686	9,746,686	9,735,000	11,686
Interest and Fiscal Charges	19,104,145	21,612,107	21,884,095	(271,988)
Issuance Costs	-	-	250	(250)
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>28,850,831</u></b>	<b><u>31,358,793</u></b>	<b><u>31,619,345</u></b>	<b><u>(260,552)</u></b>
Excess (Deficiency) Revenues Over Expenditures	-	(263,103)	3,214,613	3,477,716
<b><u>OTHER FINANCING SOURCES/ (USES):</u></b>				
Transfers In	-	-	-	-
Issuance of General Obligation Bond	-	263,103	263,103	-
<b><u>TOTAL OTHER FINANCING SOURCES/ (USES)</u></b>	<b><u>-</u></b>	<b><u>263,103</u></b>	<b><u>263,103</u></b>	<b><u>-</u></b>
Net Change in Fund Balance	-	-	3,477,716	3,477,716
Fund Balance at Beginning of Year	10,761,380	10,761,380	10,761,380	-
<b><u>FUND BALANCE AT END OF YE</u></b>	<b><u>\$ 10,761,380</u></b>	<b><u>\$ 10,761,380</u></b>	<b><u>\$ 14,239,096</u></b>	<b><u>\$ 3,477,716</u></b>

**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, 2011**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>EXPENDITURES:</u></b>				
Debt Service:				
Principal Retirement	\$ 1,569,548	\$ 1,569,862	\$ 1,569,861	\$ 1
Interest and Fiscal Charges	1,873,619	1,873,619	1,873,619	-
<b><u>TOTAL EXPENDITURES</u></b>	<u>3,443,167</u>	<u>3,443,481</u>	<u>3,443,480</u>	<u>1</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(3,443,167)</u>	<u>(3,443,481)</u>	<u>(3,443,480)</u>	<u>1</u>
<b><u>OTHER FINANCING SOURCES/ (USES):</u></b>				
Transfers In	<u>-</u>	<u>-</u>	<u>3,443,480</u>	<u>3,443,480</u>
Net Change in Fund Balance	<u>(3,443,167)</u>	<u>(3,443,481)</u>	<u>-</u>	<u>3,443,481</u>
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ (3,443,167)</u>	<u>\$ (3,443,481)</u>	<u>\$ -</u>	<u>\$ 3,443,481</u>



## **NONMAJOR CAPITAL PROJECT FUNDS**

**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.

**Revenue Tax Bonds, Series 2009** - to account for the County's issuance of \$56,190,000 in bonds that are being used to finance improvements to four specific state-owned roads, as well as direct connectors to two additional roads of the state highway system. 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.

**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 2012** - 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.

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Capital Project Funds**  
**Combining Balance Sheet**  
**September 30, 2011**

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Page 1 of 3

	Road Bonds Series 2003A	Road Bonds Series 2004	Certificates Obligation Series 2004	Certificates Obligation Series 2006
<b><u>ASSETS:</u></b>				
Cash	\$ 90,108	\$ 87,689	\$ 6,211	\$ 54,720
Investments, at Fair Value	87,436	660,482	-	1,284,755
Cash, Restricted for Retainage	-	-	-	-
Receivables:				
Accounts (net)	-	-	-	-
Due from Other Funds	10,001	-	-	239,795
<b><u>TOTAL ASSETS</u></b>	<u>187,545</u>	<u>748,171</u>	<u>6,211</u>	<u>1,579,270</u>
<b><u>LIABILITIES AND FUND BALANCES:</u></b>				
<b><u>LIABILITIES:</u></b>				
Accounts Payable	18,682	-	-	19,051
Retainage Payable	-	-	-	-
Due to Other Funds	3,000	-	-	188,750
Total Liabilities	<u>21,682</u>	<u>-</u>	<u>-</u>	<u>207,801</u>
<b><u>FUND BALANCES:</u></b>				
Restricted	165,863	748,171	6,211	1,371,469
Total Fund Balances	<u>165,863</u>	<u>748,171</u>	<u>6,211</u>	<u>1,371,469</u>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<u>\$ 187,545</u>	<u>\$ 748,171</u>	<u>\$ 6,211</u>	<u>\$ 1,579,270</u>

Certificates Obligation Series 2008	Road Bonds Series 2006A	Road Bonds Series 2006B	Road Bonds Series 2008A	Memo Totals from Page 139	Totals
\$ -	\$ 156,171	\$ 66,417	\$ 5,106	\$ 144,621	\$ 611,043
1,154,775	454,082	353,532	1,831,967	6,065,131	11,892,160
13,205	-	-	-	-	13,205
4	-	-	8	66	78
-	-	-	10,805	131,772	392,373
1,167,984	610,253	419,949	1,847,886	6,341,590	12,908,859
83,396	-	-	20,325	1,805,709	1,947,163
47,842	-	-	-	21,590	69,432
-	212,299	-	-	1,140,795	1,544,844
131,238	212,299	-	20,325	2,968,094	3,561,439
1,036,746	397,954	419,949	1,827,561	3,373,496	9,347,420
1,036,746	397,954	419,949	1,827,561	3,373,496	9,347,420
\$ 1,167,984	\$ 610,253	\$ 419,949	\$ 1,847,886	\$ 6,341,590	\$ 12,908,859





**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Capital Project Funds**  
**Combining Balance Sheet**  
**September 30, 2011**

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	Road Bonds Series 2008B	Revenue Tax Bonds Series 2009	Certificates Obligation Series 2010	Certificates Obligation Series 2012	Memo Totals to Page 137
<b><u>ASSETS:</u></b>					
Cash	\$ 99,143	\$ 97	\$ 45,381	\$ -	\$ 144,621
Investments, at Fair Value	820,001	3,748,474	1,496,656	-	6,065,131
Cash, Restricted for Retainage	-	-	-	-	-
Receivables:					
Accounts (net)	6	43	17	-	66
Due from Other Funds	-	131,772	-	-	131,772
<b><u>TOTAL ASSETS</u></b>	<u>919,150</u>	<u>3,880,386</u>	<u>1,542,054</u>	<u>-</u>	<u>6,341,590</u>
<b><u>LIABILITIES AND FUND BALANCES:</u></b>					
<b><u>LIABILITIES:</u></b>					
Accounts Payable	96,577	173,483	1,341,047	194,602	1,805,709
Retainage Payable	-	-	-	21,590	21,590
Due to Other Funds	-	-	-	1,140,795	1,140,795
Total Liabilities	<u>96,577</u>	<u>173,483</u>	<u>1,341,047</u>	<u>1,356,987</u>	<u>2,968,094</u>
<b><u>FUND BALANCES:</u></b>					
Restricted	<u>822,573</u>	<u>3,706,903</u>	<u>201,007</u>	<u>(1,356,987)</u>	<u>3,373,496</u>
Total Fund Balances	<u>822,573</u>	<u>3,706,903</u>	<u>201,007</u>	<u>(1,356,987)</u>	<u>3,373,496</u>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<u>\$ 919,150</u>	<u>\$ 3,880,386</u>	<u>\$ 1,542,054</u>	<u>\$ -</u>	<u>\$ 6,341,590</u>

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Capital Project Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended September 30, 2011**

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Page 1 of 3

	Road Bonds Series 2003A	Road Bonds Series 2004	Certificates Obligation Series 2004	Certificates Obligation Series 2006
<b><u>REVENUES:</u></b>				
Interest	\$ 99	\$ 397	\$ 32	\$ 1,263
<b><u>TOTAL REVENUES</u></b>	<u>99</u>	<u>397</u>	<u>32</u>	<u>1,263</u>
<b><u>EXPENDITURES:</u></b>				
Professional Services	-	-	-	-
Capital Outlay	22,661	13,611	-	1,266,090
<b><u>TOTAL EXPENDITURES</u></b>	<u>22,661</u>	<u>13,611</u>	<u>-</u>	<u>1,266,090</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(22,562)</u>	<u>(13,214)</u>	<u>32</u>	<u>(1,264,827)</u>
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>				
Transfers In	-	-	-	41,165
Transfers Out	-	-	-	(188,750)
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(147,585)</u>
Net Change in Fund Balance	(22,562)	(13,214)	32	(1,412,412)
Fund Balances at Beginning of Year	<u>188,425</u>	<u>761,385</u>	<u>6,179</u>	<u>2,783,881</u>
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<u>\$ 165,863</u>	<u>\$ 748,171</u>	<u>\$ 6,211</u>	<u>\$ 1,371,469</u>

Certificates Obligation Series 2008	Road Bonds Series 2006A	Road Bonds Series 2006B	Road Bonds Series 2008A	Memo Totals from Page 143	Totals
\$ 721	\$ 661	\$ 289	\$ 1,072	\$ 8,322	\$ 12,856
721	661	289	1,072	8,322	12,856
-	-	-	-	32,115	32,115
805,840	66,468	123,415	874,958	22,588,598	25,761,641
805,840	66,468	123,415	874,958	22,620,713	25,793,756
(805,119)	(65,807)	(123,126)	(873,886)	(22,612,391)	(25,780,900)
-	-	-	-	11,703	52,868
-	-	-	-	-	(188,750)
-	-	-	-	11,703	(135,882)
(805,119)	(65,807)	(123,126)	(873,886)	(22,600,688)	(25,916,782)
1,841,865	463,761	543,075	2,701,447	25,974,184	35,264,202
\$ 1,036,746	\$ 397,954	\$ 419,949	\$ 1,827,561	\$ 3,373,496	\$ 9,347,420



**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Capital Project Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended September 30, 2011**

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Page 3 of 3

	Road Bonds Series 2008B	Revenue Tax Bonds Series 2009	Certificates Obligation Series 2010	Certificates Obligation Series 2012	Memo Totals to page 141
<b><u>REVENUES:</u></b>					
Interest	\$ 833	\$ 4,488	\$ 3,001	\$ -	\$ 8,322
<b><u>TOTAL REVENUES</u></b>	<u>833</u>	<u>4,488</u>	<u>3,001</u>	<u>-</u>	<u>8,322</u>
<b><u>EXPENDITURES:</u></b>					
Professional Services	-	-	-	32,115	32,115
Capital Outlay	2,101,551	13,835,268	5,316,573	1,335,206	22,588,598
<b><u>TOTAL EXPENDITURES</u></b>	<u>2,101,551</u>	<u>13,835,268</u>	<u>5,316,573</u>	<u>1,367,321</u>	<u>22,620,713</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(2,100,718)</u>	<u>(13,830,780)</u>	<u>(5,313,572)</u>	<u>(1,367,321)</u>	<u>(22,612,391)</u>
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>					
Transfers In	-	11,703	-	-	11,703
Transfers Out	-	-	-	-	-
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<u>-</u>	<u>11,703</u>	<u>-</u>	<u>-</u>	<u>11,703</u>
Net Change in Fund Balance	(2,100,718)	(13,819,077)	(5,313,572)	(1,367,321)	(22,600,688)
Fund Balances at Beginning of Year	<u>2,923,291</u>	<u>17,525,980</u>	<u>5,514,579</u>	<u>10,334</u>	<u>25,974,184</u>
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<u>\$ 822,573</u>	<u>\$ 3,706,903</u>	<u>\$ 201,007</u>	<u>\$ (1,356,987)</u>	<u>\$ 3,373,496</u>



## **INTERNAL SERVICE FUNDS**

**Self-Insurance Medical Fund** - to account for the health benefits provided to County employees, retirees, and their dependents. Contributions to the fund are made as charges to the department for all full-time employees and contributions from employees and retirees.

**Self-Insurance Worker's Compensation Fund** - to account for employer contributions set aside to cover claims from an on-the-job injury sustained by a County employee.

**Self-Insurance Accident and Liability Fund** - to account for the receipt of insurance premiums from other funds as well as expenses for claims of the County's accident and liability program.

**Wellness Clinic Fund** - to account for the operations of the County's Wellness Clinic, funded through employee co-pays and County funding.

**MONTGOMERY COUNTY, TEXAS**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**September 30, 2011**

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<b>ASSETS:</b>	<u>Medical</u>	<u>Workers Compensation</u>	<u>Accident Liability</u>	<u>Wellness Clinic</u>	<u>Total</u>
Current Assets:					
Cash and Cash Equivalents:					
Cash	\$ 489,440	\$ 3,607	\$ -	\$ -	\$ 493,047
Receivables:					
Accounts	24,804	757,097	12,167	-	794,068
Due from other funds	3,330,532	3,274,335	922,175	45,647	7,572,689
Due from other governments	-	12,367	-	-	12,367
Total Current Assets	<u>3,844,776</u>	<u>4,047,406</u>	<u>934,342</u>	<u>45,647</u>	<u>8,872,171</u>
Capital assets (net of accumulated depreciation):					
Buildings	-	-	-	912,872	912,872
Improvements	-	-	-	1,915	1,915
Equipment	-	-	-	151,337	151,337
Total Capital assets	-	-	-	1,066,124	1,066,124
Total Assets	<u>3,844,776</u>	<u>4,047,406</u>	<u>934,342</u>	<u>1,111,771</u>	<u>9,938,295</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
Accounts Payable	-	-	12,827	79	12,906
Claims Payable	2,579,400	904,724	-	-	3,484,124
Total Current Liabilities	<u>2,579,400</u>	<u>904,724</u>	<u>12,827</u>	<u>79</u>	<u>3,497,030</u>
Total Liabilities	<u>2,579,400</u>	<u>904,724</u>	<u>12,827</u>	<u>79</u>	<u>3,497,030</u>
<b>NET ASSETS:</b>					
Invested in Capital Assets, net of related debt	-	-	-	1,066,124	1,066,124
Unrestricted	1,265,376	3,142,682	921,515	45,568	5,375,141
Total Net Assets	<u>\$ 1,265,376</u>	<u>\$ 3,142,682</u>	<u>\$ 921,515</u>	<u>\$ 1,111,692</u>	<u>\$ 6,441,265</u>



**MONTGOMERY COUNTY, TEXAS**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Internal Service Funds**  
**September 30, 2011**

G-2

<b>OPERATING REVENUES:</b>	Medical	Workers Compensation	Accident Liability	Wellness Clinic	Total
Charges for Services	\$ 25,378,217	\$ 4,508,182	\$ 1,909,071	\$ 1,104,340	\$ 32,899,810
Miscellaneous	7,398	-	111,996	-	119,394
Total Operating Revenues	<u>25,385,615</u>	<u>4,508,182</u>	<u>2,021,067</u>	<u>1,104,340</u>	<u>33,019,204</u>
<b>OPERATING EXPENSES:</b>					
Supplies	-	-	-	15,441	15,441
Services	24,120,239	1,365,500	1,099,552	1,043,331	27,628,622
Depreciation	-	-	-	41,269	41,269
Total Operating Expenses	<u>24,120,239</u>	<u>1,365,500</u>	<u>1,099,552</u>	<u>1,100,041</u>	<u>27,685,332</u>
Operating Income	1,265,376	3,142,682	921,515	4,299	5,333,872
Change in Net Assets	<u>1,265,376</u>	<u>3,142,682</u>	<u>921,515</u>	<u>4,299</u>	<u>5,333,872</u>
Total net assets - beginning	-	-	-	-	-
Change in Accounting Principle	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,107,393</u>	<u>1,107,393</u>
Total net assets - ending	<u>\$ 1,265,376</u>	<u>\$ 3,142,682</u>	<u>\$ 921,515</u>	<u>\$ 1,111,692</u>	<u>\$ 6,441,265</u>

**MONTGOMERY COUNTY, TEXAS**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**September 30, 2011**

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	Medical	Workers Compensation	Accident Liability	Wellness Clinic	Total
Cash flows from operating activities:					
Receipts from customers	\$ 25,353,413	\$ 3,738,718	\$ 1,896,904	\$ 1,104,340	\$ 32,093,375
Receipts from others	-	-	111,996	-	111,996
Insurance recovery	7,398	-	-	-	7,398
Benefits Paid	(21,540,839)	(460,776)	(1,086,725)	(1,058,693)	(24,147,033)
Net cash used by operating activities	<u>3,819,972</u>	<u>3,277,942</u>	<u>922,175</u>	<u>45,647</u>	<u>8,065,736</u>
Cash flows from noncapital financing activities:					
Transfers in (out)	<u>(3,330,532)</u>	<u>(3,274,335)</u>	<u>(922,175)</u>	<u>(45,647)</u>	<u>(7,572,689)</u>
Net cash used by capital financing activities	<u>(3,330,532)</u>	<u>(3,274,335)</u>	<u>(922,175)</u>	<u>(45,647)</u>	<u>(7,572,689)</u>
Net increase (decrease) in cash and cash equivalents	<u>489,440</u>	<u>3,607</u>	<u>-</u>	<u>-</u>	<u>493,047</u>
Cash and cash equivalents - October 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents - September 30, 2011	<u>\$ 489,440</u>	<u>\$ 3,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 493,047</u>
Reconciliation of operating income (loss) to net cash provided (used) in operating activities:					
Operating income (loss)	\$ 1,265,376	\$ 3,142,682	\$ 921,515	\$ 4,299	\$ 5,333,872
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	-	-	-	41,269	41,269
(Increase) decrease in intergovernmental receivables	(24,804)	(769,464)	(12,167)	-	(806,435)
Increase (decrease) in accounts payable	2,579,400	904,724	12,827	79	3,497,030
Total adjustments	<u>2,554,596</u>	<u>135,260</u>	<u>660</u>	<u>41,348</u>	<u>2,731,864</u>
Net Cash used in operating activities	<u>\$ 3,819,972</u>	<u>\$ 3,277,942</u>	<u>\$ 922,175</u>	<u>\$ 45,647</u>	<u>\$ 8,065,736</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, 2011**

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	Restitution Center	County Officials	Totals
<b><u>ASSETS:</u></b>			
Cash	\$ -	\$ 12,658,381	\$ 12,658,381
Investments, at Fair Value	-	1,031	1,031
Accounts Receivable	-	22,905	22,905
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 12,682,317</u></b>	<b><u>\$ 12,682,317</u></b>
<b><u>LIABILITIES:</u></b>			
Accounts Payable	\$ -	\$ 6,598,186	\$ 6,598,186
Due to Other Governments	-	6,084,131	6,084,131
<b><u>TOTAL LIABILITIES</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 12,682,317</u></b>	<b><u>\$ 12,682,317</u></b>

**MONTGOMERY COUNTY, TEXAS**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**Year Ended September 30, 2011**

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	Balance October 1, 2010	Additions	Deductions	Balance September 30, 2011
<b><u>RESTITUTION CENTER:</u></b>				
<b>Assets:</b>				
Cash	\$ 3,643	\$ 314,861	\$ 318,504	\$ -

<b>Liabilities:</b>				
Accounts Payable	\$ 3,643	\$ 314,861	\$ 318,504	\$ -

**COUNTY OFFICIALS:**

<b>Assets:</b>				
Cash	\$ 9,938,534	\$ 1,231,579,534	\$ 1,228,859,687	\$ 12,658,381
Investments, at Fair Value	656,594	1,020,583	1,676,146	1,031
Accounts Receivable	26,729	11,586	15,410	22,905
Due from Other Funds	-	334,292	334,292	-
Total Assets	<u>\$ 10,621,857</u>	<u>\$ 1,232,945,995</u>	<u>\$ 1,230,885,535</u>	<u>\$ 12,682,317</u>

<b>Liabilities:</b>				
Accounts Payable	\$ 5,338,221	\$ 20,108,243	\$ 18,848,278	\$ 6,598,186
Due to Other Funds	-	533,363,049	533,363,049	-
Due to Other Government:	5,283,636	679,474,703	678,674,208	6,084,131
Total Liabilities	<u>\$ 10,621,857</u>	<u>\$ 1,232,945,995</u>	<u>\$ 1,230,885,535</u>	<u>\$ 12,682,317</u>

**TOTALS - ALL AGENCY FUNDS:**

<b>Assets:</b>				
Cash	\$ 9,942,177	\$ 1,231,894,395	\$ 1,229,178,191	\$ 12,658,381
Investments, at Fair Value	656,594	1,020,583	1,676,146	1,031
Accounts Receivable	26,729	11,586	15,410	22,905
Due from Other Funds	-	334,292	334,292	-
Total Assets	<u>\$ 10,625,500</u>	<u>\$ 1,233,260,856</u>	<u>\$ 1,231,204,039</u>	<u>\$ 12,682,317</u>

<b>Liabilities:</b>				
Accounts Payable	\$ 5,341,864	\$ 20,423,104	\$ 19,166,782	\$ 6,598,186
Due to Other Funds	-	533,363,049	533,363,049	-
Due to Other Government:	5,283,636	679,474,703	678,674,208	6,084,131
Total Liabilities	<u>\$ 10,625,500</u>	<u>\$ 1,233,260,856</u>	<u>\$ 1,231,204,039</u>	<u>\$ 12,682,317</u>

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

**MONTGOMERY COUNTY, TEXAS**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Source**  
**September 30, 2011**

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**GOVERNMENTAL FUNDS CAPITAL ASSETS:**

Land	\$ 35,851,022
Buildings	229,017,488
Improvements Other than Buildings	26,488,007
Equipment	80,149,107
Infrastructure	1,103,401,818
Construction in Progress	615,317

<b><u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u></b>	<b><u>\$ 1,475,522,759</u></b>
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**INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS**  
**BY SOURCE:**

General Fund	\$ 313,727,162
Special Revenue Funds	1,161,180,280
Capital Project Funds	615,317

<b><u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u></b>	<b><u>\$ 1,475,522,759</u></b>
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This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net assets.

**MONTGOMERY COUNTY, TEXAS**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**September 30, 2011**

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Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Equipment
<b><u>GENERAL ADMINISTRATION:</u></b>					
County Judge	\$ 11,230	\$ -	\$ -	\$ -	\$ 11,230
Human Resources	5,657	-	-	-	5,657
Risk Management	39,254	-	-	-	39,254
County Clerk	493,719	-	-	-	493,719
Collections	11,307	-	-	-	11,307
Purchasing Agent	562,301	-	-	-	562,301
Commns/Info Services	2,765,082	-	86,900	1,061,450	1,616,732
County Buildings	96,428,929	-	95,933,484	495,445	-
County Land	6,498,691	6,378,778	-	119,913	-
<b><u>TOTAL GENERAL ADM</u></b>	<b><u>106,816,170</u></b>	<b><u>6,378,778</u></b>	<b><u>96,020,384</u></b>	<b><u>1,676,808</u></b>	<b><u>2,740,200</u></b>
<b><u>FINANCIAL ADMINISTRATION:</u></b>					
County Auditor	60,523	-	-	-	60,523
County Treasurer	27,157	-	-	-	27,157
Tax Assessor/Collector	196,127	7,500	-	-	188,627
<b><u>TOTAL FINANCIAL ADM</u></b>	<b><u>283,807</u></b>	<b><u>7,500</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>276,307</u></b>
<b><u>CONSERVATION:</u></b>					
Extension Agents	846,107	1,682	815,958	15,520	12,947
Recycling Stations	212,737	-	66,318	53,478	92,941
<b><u>TOTAL CONSERVATION</u></b>	<b><u>1,058,844</u></b>	<b><u>1,682</u></b>	<b><u>882,276</u></b>	<b><u>68,998</u></b>	<b><u>105,888</u></b>
<b><u>ELECTIONS:</u></b>					
Elections Administrator	3,197,805	3,000	493,239	70,469	2,631,097
<b><u>TOTAL ELECTIONS ADM</u></b>	<b><u>3,197,805</u></b>	<b><u>3,000</u></b>	<b><u>493,239</u></b>	<b><u>70,469</u></b>	<b><u>2,631,097</u></b>
<b><u>FACILITIES:</u></b>					
Custodial Services	660,879	-	166,861	6,155	487,863
Building Maintenance	1,123,069	-	171,407	5,668	945,994
Parks	27,487,529	7,781,351	4,376,786	15,329,392	-
Jail	3,889,596	-	3,353,964	15,125	520,507
Joe Corley Detention Facility	43,551,932	416,589	37,314,360	4,593,790	1,227,193
Civic Center	16,491,507	88,216	14,551,295	1,487,085	364,911
<b><u>TOTAL FACILITIES</u></b>	<b><u>93,204,512</u></b>	<b><u>8,286,156</u></b>	<b><u>59,934,673</u></b>	<b><u>21,437,215</u></b>	<b><u>3,546,468</u></b>
<b><u>HEALTH AND WELFARE:</u></b>					
Public Health	6,540,395	159,705	5,835,123	121,482	424,085
Mental Health Treatment	32,005,073	2,631,689	26,422,059	1,080,387	1,870,938
Child Welfare	1,051	-	-	-	1,051
Community Development	10,113,927	563,626	9,101,477	-	448,824
<b><u>TOTAL HEALTH/WELFARE</u></b>	<b><u>48,660,446</u></b>	<b><u>3,355,020</u></b>	<b><u>41,358,659</u></b>	<b><u>1,201,869</u></b>	<b><u>2,744,898</u></b>



**MONTGOMERY COUNTY, TEXAS**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**September 30, 2011**

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Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Equipment	Infrastructure
<b><u>JUDICIAL:</u></b>						
Courts	684,202	-	-	924	683,278	-
District Attorney	336,823	-	-	-	336,823	-
District Clerk	146,780	-	-	-	146,780	-
Justice of Peace	2,440,999	-	2,295,812	4,930	140,257	-
<b><u>TOTAL JUDICIAL</u></b>	<b><u>3,608,804</u></b>	<b><u>-</u></b>	<b><u>2,295,812</u></b>	<b><u>5,854</u></b>	<b><u>1,307,138</u></b>	<b><u>-</u></b>
<b><u>LEGAL SERVICES:</u></b>						
County Attorney	36,623	-	-	-	36,623	-
Law Library	1,302,057	-	-	-	1,302,057	-
<b><u>TOTAL LEGAL SERVICES</u></b>	<b><u>1,338,680</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,338,680</u></b>	<b><u>-</u></b>
<b><u>PUBLIC SAFETY:</u></b>						
Emergency Management	11,529,643	-	546,765	410,406	10,572,472	-
Fire Marshal	25,697	-	-	-	25,697	-
Department of Public Safety	1,213	-	-	-	1,213	-
Constables	1,835,736	-	102,970	20,890	1,711,876	-
Sheriff	32,495,162	217,709	2,075,372	634,532	29,567,549	-
District Attorney Forfeitures	297,728	-	-	8,900	288,828	-
Juvenile Probation	1,786,063	-	1,347,769	-	438,294	-
Adult Probation	14,551	-	-	-	14,551	-
<b><u>TOTAL PUBLIC SAFETY</u></b>	<b><u>47,985,793</u></b>	<b><u>217,709</u></b>	<b><u>4,072,876</u></b>	<b><u>1,074,728</u></b>	<b><u>42,620,480</u></b>	<b><u>-</u></b>
<b><u>PUBLIC TRANSPORTATION:</u></b>						
Engineer	55,534	-	-	-	55,534	-
Commissioners' Operations	1,114,551,224	12,357,947	4,417,322	275,135	14,076,945	1,083,423,875
Airport	26,727,075	1,611,170	4,156,947	626,236	354,779	19,977,943
<b><u>TOTAL PUBLIC TRANSPORTATION</u></b>	<b><u>1,141,333,833</u></b>	<b><u>13,969,117</u></b>	<b><u>8,574,269</u></b>	<b><u>901,371</u></b>	<b><u>14,487,258</u></b>	<b><u>1,103,401,818</u></b>
<b><u>CULTURE AND RECREATION:</u></b>						
Memorial Library	27,418,748	3,632,060	15,385,300	50,695	8,350,693	-
<b><u>TOTAL CULTURE/REC</u></b>	<b><u>27,418,748</u></b>	<b><u>3,632,060</u></b>	<b><u>15,385,300</u></b>	<b><u>50,695</u></b>	<b><u>8,350,693</u></b>	<b><u>-</u></b>
<b><u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u></b>	<b><u>1,474,907,442</u></b>	<b><u>\$ 35,851,022</u></b>	<b><u>\$ 229,017,488</u></b>	<b><u>\$ 26,488,007</u></b>	<b><u>\$ 80,149,107</u></b>	<b><u>\$ 1,103,401,818</u></b>
Construction In Progress	<u>615,317</u>					
<b><u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u></b>	<b><u>\$ 1,475,522,759</u></b>					

**MONTGOMERY COUNTY, TEXAS**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity**  
**Year Ended September 30, 2011**

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Function and Activity	Govtl Funds Capital Assets October 1, 2010	Additions	Deletions	Govtl Funds Capital Assets September 30, 2011
<b><u>GENERAL ADMINISTRATION:</u></b>				
County Judge	\$ 13,809	\$ 1,518	\$ 4,097	\$ 11,230
Human Resources	8,580	1,119	4,042	5,657
Risk Management	1,172,177	1,172,380	2,305,303	39,254
County Clerk	659,662	5,996	171,939	493,719
Collections	17,064	6,471	12,228	11,307
Purchasing Agent	719,839	525,870	683,408	562,301
Commns/Info Services	3,293,727	202,234	730,879	2,765,082
County Buildings	95,982,309	639,620	193,000	96,428,929
County Land	6,498,691	-	-	6,498,691
<b><u>TOTAL GENERAL ADM</u></b>	<b><u>108,365,858</u></b>	<b><u>2,555,208</u></b>	<b><u>4,104,896</u></b>	<b><u>106,816,170</u></b>
<b><u>FINANCIAL ADMINISTRATION:</u></b>				
County Auditor	60,523	-	-	60,523
County Treasurer	23,494	3,663	-	27,157
Tax Assessor/Collector	192,915	24,645	21,433	196,127
<b><u>TOTAL FINANCIAL ADM</u></b>	<b><u>276,932</u></b>	<b><u>28,308</u></b>	<b><u>21,433</u></b>	<b><u>283,807</u></b>
<b><u>CONSERVATION:</u></b>				
Extension Agents	846,107	-	-	846,107
Recycling Stations	165,203	47,534	-	212,737
<b><u>TOTAL CONSERVATION</u></b>	<b><u>1,011,310</u></b>	<b><u>47,534</u></b>	<b><u>-</u></b>	<b><u>1,058,844</u></b>
<b><u>ELECTIONS:</u></b>				
Elections Administrator	3,413,038	53,731	268,964	3,197,805
<b><u>TOTAL ELECTIONS</u></b>	<b><u>3,413,038</u></b>	<b><u>53,731</u></b>	<b><u>268,964</u></b>	<b><u>3,197,805</u></b>
<b><u>FACILITIES:</u></b>				
Custodial Services	684,782	6,119	30,022	660,879
Building Maintenance	1,005,231	158,943	41,105	1,123,069
Parks	26,090,422	1,489,101	91,994	27,487,529
Jail	3,898,210	71,084	79,698	3,889,596
Joe Corley Detention Facility	43,953,660	900	402,628	43,551,932
Civic Center	16,499,475	23,272	31,240	16,491,507
<b><u>TOTAL FACILITIES</u></b>	<b><u>92,131,780</u></b>	<b><u>1,749,419</u></b>	<b><u>676,687</u></b>	<b><u>93,204,512</u></b>
<b><u>HEALTH AND WELFARE:</u></b>				
Public Health	4,292,782	2,292,298	44,685	6,540,395
Mental Health Facility	-	32,005,073	-	32,005,073
Child Welfare	-	1,051	-	1,051
Community Development	6,860,060	3,254,761	894	10,113,927
<b><u>TOTAL HEALTH &amp; WELFARE</u></b>	<b><u>11,152,842</u></b>	<b><u>37,553,183</u></b>	<b><u>45,579</u></b>	<b><u>48,660,446</u></b>

**MONTGOMERY COUNTY, TEXAS**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity**  
**Year Ended September 30, 2011**

I-3  
Page 2 of 2

Function and Activity	Govtl Funds Capital Assets October 1, 2010	Additions	Deletions	Govtl Funds Capital Assets September 30, 2011
<b><u>JUDICIAL:</u></b>				
Courts	346,355	368,408	30,561	684,202
District Attorney	294,419	45,398	2,994	336,823
District Clerk	395,147	12,780	261,147	146,780
Justice of Peace	2,394,798	53,443	7,242	2,440,999
<b><u>TOTAL JUDICIAL</u></b>	<b><u>3,430,719</u></b>	<b><u>480,029</u></b>	<b><u>301,944</u></b>	<b><u>3,608,804</u></b>
<b><u>LEGAL SERVICES:</u></b>				
County Attorney	40,224	-	3,601	36,623
Law Library	1,201,025	103,359	2,327	1,302,057
<b><u>TOTAL LEGAL SERVICES</u></b>	<b><u>1,241,249</u></b>	<b><u>103,359</u></b>	<b><u>5,928</u></b>	<b><u>1,338,680</u></b>
<b><u>PUBLIC SAFETY:</u></b>				
Emergency Management	8,098,620	4,449,988	1,018,965	11,529,643
Fire Marshal	32,053	-	6,356	25,697
Department of Public Safety	1,213	-	-	1,213
Constables	1,641,362	301,767	107,393	1,835,736
Sheriff	30,041,013	2,910,193	456,044	32,495,162
District Attorney Forfeitures	272,783	35,746	10,801	297,728
Juvenile Probation	1,665,365	124,712	4,014	1,786,063
Adult Probation	14,551	-	-	14,551
<b><u>TOTAL PUBLIC SAFETY</u></b>	<b><u>41,766,960</u></b>	<b><u>7,822,406</u></b>	<b><u>1,603,573</u></b>	<b><u>47,985,793</u></b>
<b><u>PUBLIC TRANSPORTATION:</u></b>				
Engineer	57,727	-	2,193	55,534
Commissioners' Operations	1,091,157,322	23,632,105	238,203	1,114,551,224
Airport	25,897,799	848,151	18,875	26,727,075
<b><u>TOTAL PUBLIC TRANS</u></b>	<b><u>1,117,112,848</u></b>	<b><u>24,480,256</u></b>	<b><u>259,271</u></b>	<b><u>1,141,333,833</u></b>
<b><u>CULTURE &amp; RECREATION:</u></b>				
Memorial Library	26,901,583	706,466	189,301	27,418,748
<b><u>TOTAL CULTURE/REC</u></b>	<b><u>26,901,583</u></b>	<b><u>706,466</u></b>	<b><u>189,301</u></b>	<b><u>27,418,748</u></b>
Construction In Progress	27,707,753	10,806,788	37,899,224	615,317
<b><u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u></b>	<b><u>\$ 1,434,512,872</u></b>	<b><u>\$ 86,386,687</u></b>	<b><u>\$ 45,376,800</u></b>	<b><u>\$ 1,475,522,759</u></b>







## **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**

<b>Financial Trends</b> - 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
<b>Revenue Capacity</b> - These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	V, VI, VII, VIII
<b>Debt Capacity</b> - 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
<b>Economic and Demographic Indicators</b> - 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
<b>Operating Information</b> - 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 Nine 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
2011	380,478,332	6,211	9,354,751	(75,320,823)	314,518,471

**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 Nine Fiscal Years**

(accrual basis of accounting)

	2003	2004	2005	2006
<b>Expenses</b>				
Governmental Activities:				
General Administration	\$ 11,648,705	\$ 11,020,255	\$ 11,228,147	\$ 13,416,534
Judicial	12,773,623	14,196,220	14,787,696	16,761,386
Legal	1,535,772	1,688,226	1,823,681	2,101,795
Elections	578,472	741,325	460,869	1,086,378
Financial Administration	3,545,228	3,775,200	4,398,998	4,791,906
Public Facilities	6,756,690	6,351,995	16,611,013	20,768,370
Public Safety	39,426,821	41,783,788	38,293,859	41,162,610
Health and Welfare	4,735,049	5,679,181	6,253,621	8,958,511
Culture and Recreation	4,207,762	4,746,828	6,257,162	7,051,403
Conservation	595,714	565,941	721,238	721,982
Public Transportation	1,447,670	14,662,727	23,780,503	58,874,891
Miscellaneous	4,589,512	7,234,220	4,519,314	3,009,024
Debt Service	8,229,368	8,062,860	7,464,112	10,553,741
Total Governmental Activities Expenses	100,070,386	120,508,766	136,600,213	189,258,531
Total Primary Government Expenses	100,070,386	120,508,766	136,600,213	189,258,531
<b>Program Revenues</b>				
Governmental Activities:				
Fees, Fines, Forfeitures and Charges for Services				
General Administration	4,698,737	4,860,689	5,063,830	6,445,057
Judicial	4,493,874	4,882,789	9,276,673	7,800,759
Legal	413,579	415,324	399,053	471,138
Elections	1,942	14,777	1,548	30,500
Financial Administration	606,035	677,703	1,167,804	1,325,948
Public Facilities	563,663	498,226	567,862	843,224
Public Safety	9,530,150	10,994,274	10,794,828	13,425,676
Health and Welfare	867,358	1,008,941	1,058,085	1,276,884
Culture and Recreation	163,108	226,038	230,775	246,400
Public Transportation	7,016,563	7,720,244	7,382,918	7,725,846
Operating Grants and Contributions	6,205,454	5,787,485	8,238,497	8,343,395
Capital Grants and Contributions	319,745	1,032,241	27,335,093	41,591,644
Total Governmental Activities Program Revenue:	34,880,208	38,118,731	71,516,966	89,526,471
Total Primary Government Program Revenues	34,880,208	38,118,731	71,516,966	89,526,471
<b>Net (Expense) Revenue</b>	(65,190,178)	(82,390,035)	(65,083,247)	(99,732,060)
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities:				
Taxes				
Property Taxes	78,482,657	86,767,811	\$ 95,927,528	105,410,635
Other Taxes	730,506	929,853	1,077,680	1,142,888
Unrestricted Grants and Contributions	1,016,103	-	-	-
Investment Earnings	1,168,435	785,873	2,007,229	3,582,630
Miscellaneous	130,806	260,233	776,504	160,887
Total Governmental Activities	81,528,507	88,743,770	99,788,941	110,297,040
Total Primary Government	81,528,507	88,743,770	99,788,941	110,297,040
<b>Change in Net Assets</b>	\$ 16,338,329	\$ 6,353,735	\$ 34,705,694	\$ 10,564,980

TABLE II

2007		2008		2009		2010		2011	
\$	11,780,620	\$	16,822,168	\$	22,046,369	\$	15,339,911	\$	56,850,436
	17,042,393		15,894,641		22,794,440		24,893,295		25,751,781
	2,233,072		2,445,787		2,678,359		2,824,360		2,893,028
	1,466,229		1,947,963		1,694,067		1,827,247		1,723,583
	4,981,536		5,088,713		5,917,962		6,358,514		6,111,643
	20,208,449		19,887,748		41,255,267		43,618,780		50,133,665
	44,725,170		51,558,472		55,941,218		62,650,758		62,564,836
	7,637,646		16,301,079		29,039,919		9,085,174		14,924,434
	8,460,806		8,697,389		9,981,330		7,456,924		9,061,639
	760,370		825,476		341,910		986,843		982,337
	69,455,834		76,212,732		95,536,899		111,627,910		80,597,409
	2,846,822		1,070,696		1,156,114		1,683,887		659,499
	11,701,725		15,998,167		21,121,081		22,946,953		24,566,713
	203,300,672		232,751,031		309,504,935		311,300,556		336,821,003
	203,300,672		232,751,031		309,504,935		311,300,556		336,821,003
	7,393,470		5,797,753		5,402,968		5,948,735		39,240,521
	7,440,711		8,712,572		10,475,877		12,702,190		8,713,071
	527,537		483,018		501,896		518,257		503,400
	1,569		2,081		1,131		103,831		177
	1,459,788		2,101,194		2,268,952		2,244,114		2,553,434
	1,000,092		4,548,064		24,717,702		21,800,561		19,812,950
	14,774,292		14,255,517		15,388,348		19,139,564		17,542,034
	1,266,457		1,495,403		1,478,897		1,735,047		10,628,153
	258,398		294,045		323,520		316,855		309,966
	7,987,128		7,714,365		8,442,985		9,118,839		9,219,220
	8,288,928		15,376,235		29,439,925		11,446,490		12,781,928
	65,322,295		60,429,833		55,848,681		56,300,073		24,936,363
	115,720,665		121,210,080		154,290,882		141,374,556		146,241,217
	115,720,665		121,210,080		154,290,882		141,374,556		146,241,217
	(87,580,007)		(111,540,951)		(155,214,053)		(169,926,000)		(190,579,786)
	115,740,129		131,600,844		145,696,133		156,397,865		161,327,007
	1,381,764		1,610,605		1,719,903		1,824,262		1,785,343
	-		-		-		-		8,364,557
	8,442,457		5,680,817		1,667,591		790,693		540,642
	419,968		1,435,277		463,953		1,006,752		2,900,249
	125,984,318		140,327,543		149,547,580		160,019,572		174,917,798
	125,984,318		140,327,543		149,547,580		160,019,572		174,917,798
\$	38,404,311	\$	28,786,592		(5,666,473)	\$	(9,906,428)	\$	(15,661,988)

**MONTGOMERY COUNTY, TEXAS**  
**Governmental Fund Balances**  
**Last Ten Fiscal Years**

	Fiscal Year			
	2002	2003	2004	2005
General Fund				
Reserved for:				
Prepaid items	\$ -	\$ 25,209	\$ 186,540	\$ -
Unreserved	1,452,802	3,111,416	4,597,977	9,818,012
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 1,452,802</u>	<u>\$ 3,136,625</u>	<u>\$ 4,784,517</u>	<u>\$ 9,818,012</u>
All Other Governmental Funds				
Reserved for:				
Prepaid items	\$ 293,686	\$ 44,865	\$ 56,219	\$ 1,799,127
Capital projects	23,390,216	42,881,808	40,717,540	25,183,317
Inventory	59,883	72,409	77,008	80,227
Debt service	1,580,961	2,043,861	2,160,259	2,142,695
Unreserved, reported in:				
Special revenue funds	4,390,626	2,466,223	1,774,849	500,665
Debt service funds	-	-	-	-
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 29,715,372</u>	<u>\$ 47,509,166</u>	<u>\$ 44,785,875</u>	<u>\$ 29,706,031</u>

(1) Beginning in 2011, fund balances are stated in accordance with the requirements of GASB Statement 54.

**TABLE III**

Fiscal Year					
2006	2007	2008	2009	2010	2011 <sup>(1)</sup>
\$ 355,284	\$ 405,442	\$ 226,088	\$ 1,209,368	\$ 614,103	-
16,496,456	20,357,618	25,621,544	33,804,639	43,326,405	-
-	-	-	-	-	134,855
-	-	-	-	-	19,571,942
-	-	-	-	-	29,647,002
<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>	<u>\$ 49,353,799</u>
\$ 1,464,625	\$ 3,183,467	\$ 769,559	\$ 1,533	\$ 42,762	\$ -
124,460,927	119,067,943	109,016,095	91,075,383	35,255,056	-
71,186	66,617	67,641	85,034	91,503	-
2,246,764	2,633,600	4,561,190	12,206,656	10,761,379	-
4,228,581	3,908,678	21,832,516	26,929,735	32,894,308	-
-	-	-	-	-	-
-	-	-	-	-	172,593
-	-	-	-	-	76,922,025
-	-	-	-	-	19,740
-	-	-	-	-	7,421,107
<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>	<u>\$ 84,535,465</u>

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

(modified accrual basis of accounting)

	2002	2003	2004	2005
<b>Revenues</b>				
Taxes	\$ 69,165,276	\$ 79,235,180	\$ 87,999,696	\$ 96,881,886
Licenses and Permits	6,848,251	6,774,170	7,391,938	7,090,124
Fees	8,661,726	9,704,730	10,355,267	11,245,253
Intergovernmental	8,493,436	7,528,351	7,780,777	9,753,650
Charges for Services	1,078,794	1,126,189	1,159,017	1,208,604
Interest	1,201,707	888,724	785,873	2,007,225
Contract Reimbursements	7,351,963	6,952,378	7,587,085	8,026,103
Inmate Housing	448,159	479,399	118,818	50,430
Fines and Forfeitures	1,570,219	1,586,335	2,421,254	2,338,177
Miscellaneous	1,864,084	2,143,431	1,706,620	2,477,813
<b>Total Revenues</b>	<b>106,683,615</b>	<b>116,418,887</b>	<b>127,306,345</b>	<b>141,079,265</b>
<b>Expenditures</b>				
General Administration	12,629,952	10,299,486	9,656,917	11,956,474
Judicial	10,294,847	12,775,232	14,135,706	14,533,798
Legal Services	1,452,800	1,560,404	1,712,325	1,820,797
Elections	588,836	562,397	730,253	650,970
Financial Administration	3,464,350	3,520,998	3,737,425	4,359,609
Public Facilities	5,418,380	6,093,188	6,376,545	15,795,553
Public Safety	37,018,409	39,615,733	42,296,886	39,990,719
Health and Welfare	6,312,253	6,590,080	6,426,018	6,979,121
Culture and Recreation	4,281,759	4,390,872	4,473,911	6,102,610
Conservation	609,646	712,160	755,853	707,684
Public Transportation	19,224,885	16,860,588	18,210,470	16,857,418
Miscellaneous	6,427,786	5,594,822	7,234,220	4,519,314
Capital Projects	15,460,863	17,544,646	14,361,966	16,092,056
Debt Service:				
Principal Retirement	3,685,806	9,700,493	3,237,591	3,034,930
Interest and Fiscal Charges		6,169,771	8,831,163	8,087,980
Issuance Costs	438,436	760,392	262,523	618,647
<b>Total Expenditures</b>	<b>127,309,008</b>	<b>142,751,262</b>	<b>142,439,772</b>	<b>152,107,680</b>
(Deficiency) Revenues over Expenditures	(20,625,393)	(26,332,375)	(15,133,427)	(11,028,415)
<b>Other Financing Sources/(Uses)</b>				
Transfers In	13,891,059	19,849,875	14,571,754	16,324,181
Transfers Out	(13,891,059)	(19,849,875)	(14,571,754)	(16,324,181)
Capital Lease Financing	8,230,514	151,948	581,915	1,264,452
Issuance of Refunding Bonds	3,800,000	-	-	45,850,000
	(3,702,752)	-	-	(49,904,606)
Issuance of Other Bonds	25,000,000	45,699,907	12,805,000	-
Discounts/Premiums on Debt Issuance	-	-	671,113	3,772,220
<b>Total Other Financing Sources/(Uses)</b>	<b>33,327,762</b>	<b>45,851,855</b>	<b>14,058,028</b>	<b>982,066</b>
Prior Period Adjustment	(1,754,649)	-	-	-
<b>Net Change in Fund Balances</b>	<b>\$ 10,947,720</b>	<b>\$ 19,519,480</b>	<b>\$ (1,075,399)</b>	<b>\$ (10,046,349)</b>
Debt Service as a percentage of noncapital expenditures	3.7%	13.3%	9.6%	8.6%

TABLE IV

2006	2007	2008	2009	2010	2011
\$ 106,734,347	\$ 117,303,468	\$ 132,652,213	\$ 147,492,907	\$ 157,541,607	\$ 162,716,956
7,705,191	7,903,148	7,813,929	8,116,936	7,552,220	7,498,169
13,965,850	14,919,639	14,702,564	14,027,489	14,925,021	16,404,832
12,928,979	16,939,038	25,176,883	34,078,838	19,798,654	32,110,368
1,479,104	1,683,063	1,927,909	2,094,454	2,168,606	1,633,673
3,582,649	8,580,033	5,898,574	1,312,224	790,282	540,616
9,105,696	10,385,885	11,138,260	12,126,654	16,506,829	24,213,859
1,356,977	1,607,241	3,566,886	23,895,939	21,085,088	18,958,951
2,010,036	1,933,374	2,026,564	3,192,219	3,047,555	3,662,448
2,421,395	2,084,903	3,802,795	2,741,345	3,568,946	5,055,183
161,290,224	183,339,792	208,706,577	249,079,005	246,984,808	272,795,055
12,249,238	12,293,414	13,532,419	17,048,371	15,758,058	26,145,340
16,621,754	17,179,832	18,504,705	21,795,715	23,657,153	25,547,447
2,113,773	2,228,239	2,397,829	2,550,211	2,716,217	2,982,862
3,144,556	1,373,213	1,606,046	1,258,713	1,410,441	1,344,669
4,751,654	4,966,523	5,251,827	5,624,961	5,877,896	5,983,660
20,439,889	22,477,341	25,448,843	44,144,809	43,995,733	42,038,981
41,794,370	45,184,624	64,484,699	55,809,351	61,405,346	65,088,924
8,969,704	8,883,225	17,851,636	30,236,637	12,520,365	23,540,364
6,948,700	7,812,017	7,314,312	8,008,564	8,393,594	8,480,049
646,202	745,767	803,808	845,288	899,649	960,483
17,390,668	17,161,732	18,991,837	20,469,397	25,913,518	33,746,483
3,009,024	2,846,822	1,070,696	1,156,114	1,683,887	659,499
41,126,282	69,694,164	93,906,202	71,212,681	91,100,968	26,806,719
3,830,069	5,305,000	4,598,741	6,557,918	7,916,895	11,304,861
8,285,966	13,929,488	16,024,292	18,713,749	20,511,045	23,757,714
-	1,356,675	1,443,423	1,265,496	1,336,839	329,498
191,321,849	233,438,076	293,231,315	306,697,975	325,097,604	298,717,553
(30,031,625)	(50,098,284)	(84,524,738)	(57,618,970)	(78,112,796)	(25,922,498)
15,894,991	46,199,570	21,663,686	24,812,746	27,012,983	20,909,835
(15,894,991)	(46,199,570)	(21,663,686)	(24,812,746)	(27,012,983)	(20,909,835)
262,529	3,953,897	16,599,021	1,133,148	3,125,403	1,197,802
-	41,495,000	9,855,000	-	43,380,000	-
-	(41,706,307)	(10,211,444)	-	(44,643,876)	-
137,870,000	44,834,989	79,885,000	56,190,000	1,167,562	31,390,000
3,650,574	820,247	1,868,429	3,513,538	32,756,874	4,238,443
141,783,103	49,397,826	97,996,006	60,836,686	35,785,963	36,826,245
-	-	-	-	-	-
\$ 111,751,478	\$ (700,458)	\$ 13,471,268	\$ 3,217,716	\$ (42,326,833)	\$ 10,903,747
8.1%	12.6%	11.1%	11.3%	13.4%	12.0%





**MONTGOMERY COUNTY, TEXAS**  
**Taxable Assessed Value and Actual Value of Property** <sup>(1) (2)</sup>  
**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 <sup>(3)</sup>
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
2011	25,479,219	4,304,572	3,641,277	3,548,441	(2,327,530)	34,645,979	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<sup>(1)</sup> - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

	2002	2003	2004	2005
<b><u>MONTGOMERY COUNTY, TEXAS:</u></b>				
General Fund	\$ 0.3509	\$ 0.3568	\$ 0.3627	\$ 0.3822
Special Revenue Funds	0.0746	0.0525	0.0523	0.0528
Debt Service Fund	0.0455	0.0617	0.0678	0.0613
Total Montgomery County, Texas	0.4710	0.4710	0.4828	0.4963
<b><u>OVERLAPPING GOVERNMENTS:</u></b>				
Special Districts:				
Chateau Woods M.U.D.	0.2500	0.2500	0.2500	0.2332
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	0.7987	0.7987	0.7694
East Montgomery County M.U.D. #1	0.3800	0.3800	0.3800	0.3800
East Montgomery County M.U.D. #3	-	0.5000	0.5000	0.7500
East Montgomery County M.U.D. #4	-	-	-	-
East Plantation U.D.	0.7300	0.7300	0.7300	0.7700
Far Hills U.D.	0.4950	0.4950	0.4950	0.4800
Grand Oaks M.U.D.	-	-	-	-
Kings Manor M.U.D.	1.2900	1.2900	1.2900	1.2900
Lake Conroe Hills M.U.D.	0.5000	0.5000	0.5000	0.5000
Lazy River I.D.	0.7500	0.7200	0.7200	0.6339
Lone Star Community College	0.1055	0.1145	0.1145	0.1145
Montgomery County D.D. #6	0.3052	0.2922	0.2922	0.2800
Montgomery County D.D. #10	-	-	-	0.4580
Montgomery County F.W.S.D. #6	0.3924	0.3774	0.3774	0.3945
Montgomery County Hospital Dist	0.1338	0.1082	0.1082	0.0999
Montgomery County M.U.D. #6	0.5000	0.3000	0.3000	0.2500
Montgomery County M.U.D. #7	0.4200	0.3800	0.3800	0.3400
Montgomery County M.U.D. #8	0.2263	0.2263	0.2263	0.2171
Montgomery County M.U.D. #9	0.8600	0.7000	0.7000	0.6000
Montgomery County M.U.D. #15	2.0800	1.6000	1.6000	1.5000
Montgomery County M.U.D. #16	4.8300	3.9600	3.9600	2.4600
Montgomery County M.U.D. #18	0.5860	0.5600	0.5600	0.5100
Montgomery County M.U.D. #19	0.4500	0.4500	0.4500	0.4000
Montgomery County M.U.D. #24	1.5900	1.5900	1.5900	1.5700
Montgomery County M.U.D. #36	0.3600	0.3600	0.3600	0.3600
Montgomery County M.U.D. #39	0.7200	0.7200	0.7200	0.7000

**TABLE VI**

Page 1 of 4

2006	2007	2008	2009	2010	2011
\$ 0.3869	\$ 0.3611	\$ 0.3630	\$ 0.3647	\$ 0.3576	\$ 0.3582
0.0528	0.0478	0.0478	0.0464	0.0464	0.0458
0.0566	0.0824	0.0780	0.0727	0.0798	0.0798
0.4963	0.4913	0.4888	0.4838	0.4838	0.4838
0.1939	0.1939	0.1847	0.1793	0.2016	0.2223
1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
-	-	0.6000	0.6000	0.6000	0.6000
0.7222	0.7122	0.6066	0.5587	0.5487	0.5738
0.3600	0.3692	0.3569	0.3543	0.3857	No Tax
0.9500	0.9500	0.9500	0.9500	0.9500	0.9500
-	-	1.3500	1.3500	-	No Tax
0.8100	0.8000	0.7600	0.0729	0.7090	0.7090
0.4800	0.4700	0.4700	0.4700	0.4700	0.4700
1.3500	1.3500	1.3500	1.3500	1.3500	1.3500
1.2000	1.0000	0.8800	0.8600	0.8600	0.8600
0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
-	0.6050	0.5623	0.5544	0.5547	0.5599
0.1207	0.1167	0.1144	0.1101	0.1101	0.1176
0.2733	0.2733	0.2666	0.2641	0.2641	0.2641
0.4580	0.4580	0.4580	0.4470	0.4470	0.4470
0.3945	0.3945	0.3945	0.3945	0.3945	0.2941
0.0850	0.0781	0.0777	0.0760	0.0755	0.7540
0.2200	0.1100	0.1100	0.1100	0.1000	0.0950
0.3000	0.2000	0.2000	0.1750	0.1750	0.1750
0.2012	0.2272	0.2118	0.2179	0.2332	0.2494
0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
1.4500	1.3268	1.2937	1.2450	1.2400	1.2400
1.5800	1.3600	1.2300	1.2100	1.3000	1.3000
0.5100	0.5000	0.4900	0.4500	0.4400	0.4400
0.3500	No Tax	0.3243	0.3243	0.3243	0.3243
1.4900	No Tax	1.4000	1.2800	1.2800	1.3800
0.3230	0.1200	0.1200	0.1100	0.1000	0.0550
0.5800	0.4800	0.4700	0.4400	0.4300	0.4300

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Special Districts (continued):				
Montgomery County M.U.D. #40	0.3650	0.3200	0.3200	0.2800
Montgomery County M.U.D. #42	1.5000	1.4800	1.4800	1.3800
Montgomery County M.U.D. #46	0.6300	0.6000	0.6000	0.5800
Montgomery County M.U.D. #47	0.3950	0.3700	0.3700	0.3600
Montgomery County M.U.D. #56	1.2500	1.2500	1.2500	1.2500
Montgomery County M.U.D. #60	0.4500	0.4200	0.4200	0.4200
Montgomery County M.U.D. #67	0.4700	0.4700	0.4700	0.4500
Montgomery County M.U.D. #83	1.0000	1.2500	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	1.3900
Montgomery County M.U.D. #90	-	-	-	-
Montgomery County M.U.D. #92	-	-	-	-
Montgomery County M.U.D. #94	-	1.2200	1.2200	1.2200
Montgomery County M.U.D. #95	-	1.2500	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	0.6000	0.5900	0.5900	0.5700
Montgomery County U.D. #3	0.5765	0.5765	0.5765	0.4516
Montgomery County U.D. #4	0.3800	0.3800	0.3800	0.3300
Montgomery County W.C.I.D. #1	0.8200	0.8200	0.8200	0.8200
New Caney M.U.D.	0.5076	0.5076	0.5076	0.5076
Point Aquarius M.U.D.	0.5877	0.5558	0.5558	0.5347
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.	0.5026	0.4895	0.4895	0.4812
Roman Forest Cons. M.U.D.	0.5900	0.5800	0.5800	0.5650
Roman Forest P.U.D. #3	1.2500	1.2500	1.2500	1.2500
Roman Forest P.U.D. #4	1.1500	1.1500	1.1500	1.1500

**TABLE VI**  
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2006	2007	2008	2009	2010	2011
0.2500	0.2100	0.2100	0.1900	0.1800	0.1700
1.3500	1.3200	1.2500	1.2400	1.2400	1.2300
0.5000	0.4200	0.3800	0.3100	0.2850	0.2750
0.3100	0.2800	0.2800	0.2600	0.2500	0.2500
1.2500	1.2500	1.2500	1.2500	1.0000	1.0000
0.3500	0.3000	0.2900	0.2650	0.2400	0.2400
0.4300	0.3400	0.3300	0.3200	0.3200	0.3200
1.2500	1.2500	No Tax	1.2500	1.2500	1.2000
1.2500	1.2500	No Tax	1.2500	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	1.1800
0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
1.2200	1.2200	1.2100	1.2000	1.1600	1.1600
1.2500	No Tax	No Tax	No Tax	No Tax	No Tax
1.2500	No Tax	No Tax	1.2300	1.2300	1.2300
-	1.0400	1.0400	1.0400	1.0400	1.0400
-	0.6000	0.6000	0.6000	0.7000	0.7000
-	No Tax	No Tax	No Tax	No Tax	No Tax
-	-	No Tax	1.1000	1.1000	1.1000
-	-	-	1.1000	1.1000	1.1900
-	-	1.3500	1.3500	1.3500	1.3500
-	-	-	1.4500	1.4500	1.4500
0.5700	0.5700	0.5700	0.5700	0.5700	0.5700
0.4516	0.4516	0.4516	0.4516	0.4412	0.4554
0.3800	0.4200	0.5200	0.5002	0.4952	0.4895
0.8200	0.8200	0.7750	0.7750	0.7750	0.7750
0.5376	0.5376	0.5862	0.5862	0.6200	0.7100
0.5132	0.6777	0.7463	0.7275	0.7015	0.7032
0.5150	0.5150	0.5150	0.5150	0.5150	0.5150
0.7620	0.7020	0.6420	0.6020	0.5920	0.5920
0.4504	0.3387	0.3156	0.3112	0.3101	0.3101
0.4760	0.3974	0.3708	0.3183	0.3000	0.2900
1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
1.1500	1.1500	1.1500	1.1500	1.1500	1.1500

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

	2002	2003	2004	2005
Special Districts (continued):				
South Montgomery County M.U.D.	0.2704	0.2704	0.2704	0.2326
Spring Creek U.D.	0.9100	1.0100	1.0100	1.0100
Stanley Lake M.U.D.	0.6345	0.6000	0.6000	0.5800
Texas National M.U.D.	1.1200	1.1100	1.1100	0.9022
Valley Ranch M.U.D. #1	-	-	-	-
Wood Trace M.U.D. #1	1.5000	1.2500	1.2500	1.2500
Woodlands Metro-Center M.U.D.	0.3200	0.3000	0.3000	0.3000
Woodlands M.U.D. #2	0.4400	0.4100	0.4100	0.3750
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	0.0820	0.1000	0.1000	0.0980
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	0.0545	0.0562	0.0562	0.0722
Emergency Service District #9	0.1000	0.0620	0.0620	0.0981
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	41.2545	43.5173	43.5173	41.4957
Cities:				
Conroe	0.4165	0.4335	0.4335	0.4335
Magnolia	0.4052	0.4186	0.4186	0.4963
Montgomery	0.3869	0.3869	0.3869	0.3869
Oak Ridge North	0.7710	0.7579	0.7579	0.7579
Panorama Village	0.6663	0.6586	0.6586	0.6653
Patton Village	0.2779	0.4340	0.4340	0.4585
Roman Forest	0.5000	0.5000	0.5000	0.5198
Shenandoah Village	0.4187	0.4099	0.4099	0.4010

**TABLE VI**

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2006	2007	2008	2009	2010	2011
0.2200	0.2200	0.2200	0.2200	0.2200	0.2266
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.5800	0.5800	0.5000	0.4900	0.5200	0.5200
0.8918	0.8966	0.9190	0.9040	1.0959	1.0959
-	1.4000	1.4000	1.4000	1.4000	1.4000
1.0000	No Tax	0.7500	0.7500	0.7500	0.7500
0.2700	0.2300	0.2100	0.1900	0.1900	0.1900
0.3350	0.2700	0.2400	0.1900	0.2300	0.1900
0.4817	0.4800	0.4800	0.4738	0.4491	0.4300
0.1000	0.0973	0.1000	0.1000	0.0975	0.0974
0.1000	0.1000	0.1000	0.1000	0.0940	0.1000
0.1000	0.0968	0.1000	0.1000	0.0972	0.1000
0.0908	0.0843	0.1000	0.0984	0.1000	0.1000
0.1000	0.1000	0.1000	0.1000	0.0982	0.0935
0.1000	0.1000	0.1000	0.1000	0.0988	0.1000
0.0983	0.1000	0.1000	0.1000	0.1000	0.1000
0.0713	0.0725	0.0736	0.0722	0.0762	0.1000
-	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	0.1000
43.8165	40.6722	44.6022	50.3512	49.7166	50.0391
0.4335	0.4300	0.4250	0.4200	0.4200	0.4200
0.4935	0.4847	0.4914	0.4914	0.4914	0.4914
0.5605	0.5605	0.5423	0.4523	0.4450	0.4199
0.7300	0.7300	0.7000	0.6431	0.6389	0.5996
0.6653	0.6608	0.6694	0.6474	0.6517	0.6512
0.5000	0.5000	0.4851	0.4366	0.4091	0.3890
0.5000	0.4697	0.4697	0.4750	0.4706	0.4707
0.4010	0.3610	0.3470	0.3470	0.3282	0.3282

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

	2002	2003	2004	2005
Cities (continued):				
Splendora	0.3000	0.3000	0.3000	0.3000
Stagecoach	0.5316	0.5330	0.5330	0.5520
Willis	0.5647	0.5784	0.5784	0.5903
Woodbranch Village	0.4986	0.4919	0.4919	0.4775
Woodlands Township	-	-	-	-
Woodloch	0.7642	0.7186	0.7186	0.6884
Houston (County Line City)	0.6550	0.6550	0.6500	0.6500
Total Cities	7.1566	7.2763	7.2713	7.3774
School Districts:				
Cleveland I.S.D.	1.6000	1.7000	1.7000	1.7000
Conroe I.S.D.	1.7225	1.7325	1.7325	1.7325
Magnolia I.S.D.	1.6900	1.6800	1.6800	1.6800
Montgomery I.S.D.	1.6600	1.6600	1.6600	1.6600
New Caney I.S.D.	1.7100	1.7700	1.7700	1.7700
Richards I.S.D.	1.4629	1.5000	1.5000	1.5000
Splendora I.S.D.	1.6500	1.7300	1.7300	1.7300
Tomball I.S.D.	1.7500	1.7300	1.7300	1.7300
Willis I.S.D.	1.7300	1.7100	1.7100	1.7350
Total School Districts	14.9754	15.2125	15.2125	15.2375
<b><u>TOTAL PROPERTY TAX RATES -</u></b>				
<b><u>DIRECT AND OVERLAPPING</u></b>				
<b><u>GOVERNMENTS</u></b>	<u>\$63.8575</u>	<u>\$66.4771</u>	<u>\$66.4839</u>	<u>\$64.6069</u>

<sup>(1)</sup> 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

2006	2007	2008	2009	2010	2011
0.3000	0.3000	0.2955	0.2984	0.2978	0.2968
0.5373	0.5775	0.5675	0.5525	0.5400	0.5214
0.5934	0.5442	0.5431	0.5376	0.5808	0.5893
0.4179	0.4031	0.3719	0.3537	0.3448	0.3373
-	-	-	-	0.3280	0.3274
0.6300	0.5954	0.5953	0.6257	0.5468	0.5199
0.6475	0.6450	0.6438	0.6388	0.6388	0.6388
7.4099	7.2619	7.1470	6.9195	7.1319	7.0009
1.7400	1.5850	1.3150	1.3150	1.3150	1.3150
1.7600	1.5900	1.2400	1.2700	1.2850	1.2950
1.7900	1.6600	1.4200	1.4000	1.3800	1.3995
1.6600	1.5419	1.3500	1.3500	1.3400	1.3400
1.7900	1.6400	1.4150	1.4400	1.4800	1.5400
1.5000	1.3700	1.0400	1.0400	1.0400	1.0400
1.6900	1.5447	1.3173	1.5100	1.3200	1.3599
1.7100	1.5800	1.2750	1.3600	1.3600	1.3600
1.7350	1.6020	1.3060	1.3700	1.3700	1.3700
15.3750	14.1136	11.6783	12.0550	11.8900	12.0194
<u>\$67.0977</u>	<u>\$62.5390</u>	<u>\$63.9163</u>	<u>\$69.8095</u>	<u>\$69.2223</u>	<u>\$69.5432</u>

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

<u>2011 Taxpayer</u>	<u>Type of Business</u>	<u>2011 Assessed Valuation <sup>(1)</sup></u>	<u>Percentage of Total Assessed Valuation <sup>(2)</sup></u>
Wal Mart Real Estate Business Trust/ Sams Club	Retail	\$ 249,899,476	0.78 %
Entergy, Texas Inc	Electric Utility	206,455,710	0.65
Woodlands Land Development LP	Land Development	200,599,980	0.63
Denbury Onshore LLC	Oil & Gas	176,376,860	0.55
Anadarko Realty Co	Oil & Gas	137,104,330	0.43
Conroe Regional Medical Center/ Kingwood Medical Plaza	Medical	120,287,730	0.38
Hughes Christensen Company	Oil & Gas	86,057,850	0.27
Consolidated Communications of Texas	Communications	78,352,940	0.24
Canrig Drilling Tech Ltd	Oil & Gas	74,892,990	0.23
The Woodlands Mall Association	Retail	58,159,755	0.18
		<u>\$ 1,388,187,621</u>	<u>4.34 %</u>
<u>2002 Taxpayer</u>	<u>Type of Business</u>	<u>2002 Assessed Valuation <sup>(1)</sup></u>	<u>Percentage of Total Assessed Valuation <sup>(3)</sup></u>
The Woodlands Companies	Land Development	\$ 303,935,359	2.13 %
Gulf States Utility Company	Electric Utility	149,768,280	1.05
TXU Communications Telephone	Telephone Utility	85,626,501	0.60
Mitchell Resorts Inc	Oil Properties/Land	85,081,835	0.60
Columbia Regional Medical Center/ Kingwood Medical Plaza	Medical	83,444,344	0.58
Wal-Mart Stores, Inc	Retail	80,500,143	0.56
Huntsman Petrochemical Corporation	Industrial	75,373,855	0.53
SBC Communications Inc	Telephone Utility	65,415,360	0.46
Eckerd Drugs	Retail	53,569,557	0.38
Exxon Corporation	Oil Properties	47,020,666	0.33
		<u>\$ 1,029,735,900</u>	<u>7.22 %</u>

<sup>(1)</sup> Source: Montgomery Central Appraisal District<sup>(2)</sup> Net Assessed Valuation - 2011 \$ 31,993,150,379<sup>(3)</sup> Net Assessed Valuation - 2002 \$ 14,282,028,149

**MONTGOMERY COUNTY, TEXAS**  
**Property Tax Levies and Collections** <sup>(1)</sup>  
**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
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
2011	160,613,960	158,449,175	98.7 %	1,630,879	160,080,054	99.7 %	6,675,285

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

**TABLE IX**

Fiscal Year	General Obligation Bonds	Revenue Bonds <sup>(3)</sup>	Certificates of Obligation	Capital Leases Obligation	Total Long-Term Debt	Percent of Personal Income <sup>(2)</sup>	Per Capita <sup>(2)</sup>
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
2011	270,030,000	128,266,840	99,190,000	15,336,959	512,823,799	N/A	1,109.66

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

<sup>(2)</sup> See Table XIV for personal income and population data.  
Personal income for 2008 through 2011 is not available.

<sup>(3)</sup> The County began issuing revenue bonds in 2007.

**MONTGOMERY COUNTY, TEXAS**  
**Ratios of Net General Bonded Debt Outstanding** <sup>(1)</sup>  
**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 <sup>(2)</sup> Per Capita <sup>(3)</sup>	
	General Obligation Bonds	Revenue Bonds <sup>(4)</sup>	Certificates of Obligation	Total				
2002	\$65,821,669	\$ -	\$41,775,000	\$ 107,596,669	\$1,580,961	\$ 106,015,708	0.74 %	\$ 336.70
2003	97,746,800	-	52,540,000	150,286,800	2,043,861	148,242,939	0.91 %	431.12
2004	97,515,414	-	54,270,000	151,785,414	2,160,259	149,625,155	0.85 %	415.14
2005	122,050,678	-	25,860,000	147,910,678	2,142,695	145,767,983	0.77 %	388.18
2006	231,795,605	-	50,155,000	281,950,605	2,264,764	279,685,841	1.46 %	743.64
2007	234,277,478	44,834,989	46,660,000	325,772,467	2,633,600	323,138,867	1.38 %	819.07
2008	285,396,527	44,834,989	73,180,000	403,411,516	4,561,190	398,850,326	1.49 %	925.92
2009	337,600,000	43,758,601	71,685,000	453,043,601	12,206,657	440,836,944	1.45 %	1,012.48
2010	332,565,000	42,256,701	102,580,000	477,401,701	10,761,379	466,640,322	1.26 %	1,018.49
2011	270,030,000	128,266,840	99,190,000	497,486,840	14,239,096	483,247,744	1.39 %	1,045.66

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

<sup>(2)</sup> Taxable Assessed Valuation can be found in Table V.

<sup>(3)</sup> Population data can be found in Table XIV.

<sup>(4)</sup> The County began issuing revenue bonds in 2007.

**MONTGOMERY COUNTY, TEXAS****Legal Debt Margin <sup>(1)</sup>****Last Ten Fiscal Years**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Assessed value <sup>(2)</sup>	\$ 12,252,007	\$ 14,154,934	\$ 15,380,063	\$ 16,586,307
Debt limit <sup>(3)</sup>	3,063,002	3,538,734	3,845,016	4,146,577
Debt applicable to limit				
Total bonded debt	107,597	150,287	159,631	155,043
Less: Assets in Debt				
Service Funds available				
for payment of principal	<u>(1,581)</u>	<u>(2,044)</u>	<u>(2,160)</u>	<u>(2,143)</u>
Total debt applicable				
to limit	<u>106,016</u>	<u>148,243</u>	<u>157,471</u>	<u>152,900</u>
Legal debt margin	<u>\$ 2,956,986</u>	<u>\$ 3,390,491</u>	<u>\$ 3,687,545</u>	<u>\$ 3,993,677</u>
Total debt applicable				
to the limit as a				
percent of debt limit	3.46%	4.19%	4.10%	3.69%

<sup>(1)</sup> Amounts expressed in thousands.

<sup>(2)</sup> Assessed valuation is equal to total valuation less personal property.

<sup>(3)</sup> 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**

2006	2007	2008	2009	2010	2011
\$ 16,655,256	\$ 20,531,197	\$ 23,665,820	\$ 26,960,161	\$ 37,125,757	\$ 35,395,144
4,163,814	5,132,799	5,916,455	6,740,041	9,281,439	8,848,786
288,685	329,114	403,661	453,044	477,402	497,487
(2,247)	(2,631)	(4,561)	(12,207)	(10,761)	(14,239)
286,438	326,483	399,100	440,837	466,640	483,248
<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>	<u>\$ 8,365,538</u>
6.88%	6.36%	6.75%	6.54%	5.03%	5.46%

**MONTGOMERY COUNTY, TEXAS****Direct and Overlapping Debt****September 30, 2011****TABLE XII**

	Debt Outstanding	Percentage Applicable to Montgomery County <sup>(1)</sup>	Amount Applicable to Montgomery County
Montgomery County, Texas	\$ 497,486,840	100.00	\$ 497,486,840
TOTAL DIRECT DEBT	497,486,840		497,486,840

**OVERLAPPING GOVERNMENTS:**

## Special Districts:

Clovercreek M.U.D.	1,435,000	100.00	1,435,000
Corinthian Point M.U.D. #2	505,000	100.00	505,000
East Montgomery Co M.U.D #3	7,385,000	100.00	7,385,000
East Plantation U.D.	3,135,000	100.00	3,135,000
Far Hills U.D.	2,520,000	100.00	2,520,000
Grand Oaks M.U.D.	1,895,000	100.00	1,895,000
Kings Manor M.U.D.	16,135,000	64.76	10,449,026
Lazy River I.D.	910,000	100.00	910,000
Lone Star College System	523,190,000	24.27	126,978,213
Montgomery Co. D.D. #10	9,170,000	100.00	9,170,000
Montgomery Co. M.U.D. #7	6,545,000	100.00	6,545,000
Montgomery Co. M.U.D. #9	5,885,000	100.00	5,885,000
Montgomery Co. M.U.D. #15	10,835,000	100.00	10,835,000
Montgomery Co. M.U.D. #18	26,920,000	100.00	26,920,000
Montgomery Co. M.U.D. #24	105,000	100.00	105,000
Montgomery Co. M.U.D. #39	16,360,000	100.00	16,360,000
Montgomery Co. M.U.D. #40	2,875,000	100.00	2,875,000
Montgomery Co. M.U.D. #42	1,475,000	100.00	1,475,000
Montgomery Co. M.U.D. #46	106,480,000	100.00	106,480,000
Montgomery Co. M.U.D. #47	32,550,000	100.00	32,550,000
Montgomery Co. M.U.D. #56	2,308,840	100.00	2,308,840
Montgomery Co. M.U.D. #60	22,350,000	100.00	22,350,000
Montgomery Co. M.U.D. #67	19,185,000	100.00	19,185,000
Montgomery Co. M.U.D. #83	17,070,000	100.00	17,070,000
Montgomery Co. M.U.D. #84	16,045,000	100.00	16,045,000
Montgomery Co. M.U.D. #89	26,765,000	100.00	26,765,000
Montgomery Co. M.U.D. #90	5,510,000	100.00	5,510,000
Montgomery Co. M.U.D. #92	1,785,000	100.00	1,785,000
Montgomery Co. M.U.D. #94	31,615,000	100.00	31,615,000
Montgomery Co. M.U.D. #98	3,715,000	100.00	3,715,000
Montgomery Co. M.U.D. #99	4,560,000	100.00	4,560,000



**MONTGOMERY COUNTY, TEXAS****Direct and Overlapping Debt****September 30, 2011****TABLE XII**

	Debt Outstanding	Percentage Applicable to Montgomery County <sup>(1)</sup>	Amount Applicable to Montgomery County
Special Districts:(Continued)			
Montgomery Co. M.U.D. #107	9,275,000	100.00	9,275,000
Montgomery Co. M.U.D. #115	6,195,000	100.00	6,195,000
Montgomery Co. U.D. #2	6,355,000	100.00	6,355,000
Montgomery Co. U.D. #3	560,000	100.00	560,000
Montgomery Co. U.D. #4	6,550,000	100.00	6,550,000
Montgomery Co. W.C.I.D. #1	11,435,000	100.00	11,435,000
New Caney M.U.D.	19,220,000	100.00	19,220,000
Point Aquarius M.U.D.	11,125,000	100.00	11,125,000
Porter M.U.D.	12,245,000	100.00	12,245,000
Rayford Road M.U.D.	30,565,000	100.00	30,565,000
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.	30,835,000	100.00	30,835,000
Stanley Lake M.U.D.	10,490,000	100.00	10,490,000
Southern Montgomery County MUD	10,250,000	100.00	10,250,000
Texas National M.U.D.	955,000	100.00	955,000
Valley Ranch M.U.D. #1	6,555,000	100.00	6,555,000
Woodlands Metro-Center M.U.D.	16,525,000	100.00	16,525,000
Woodlands M.U.D. #2	710,000	100.00	710,000
Woodlands R.U.D. #1	81,980,000	100.00	81,980,000
The Woodlands Township	33,965,000	52.36	17,784,074
Emergency Service District #3	381,626	100.00	381,626 <sup>(2)</sup>
Emergency Service District #4	1,462,717	100.00	1,462,717 <sup>(2)</sup>
Emergency Service District #7	208,894	100.00	208,894 <sup>(2)</sup>
Emergency Service District #9	290,348	100.00	290,348 <sup>(2)</sup>
Emergency Service District #11	76,293	100.00	76,293 <sup>(2)</sup>
Emergency Service District #12	126,753	100.00	126,753 <sup>(2)</sup>
Total Special Districts	1,287,325,471		822,444,596
Cities:			
Cleveland	10,045,000	0.14	14,063
Conroe	105,360,000	100.00	105,360,000

**MONTGOMERY COUNTY, TEXAS****Direct and Overlapping Debt****September 30, 2011****TABLE XII**

	Debt Outstanding	Percentage Applicable to Montgomery County <sup>(1)</sup>	Amount Applicable to Montgomery County
Cities:(Continued)			
Magnolia	1,995,000	100.00	1,995,000
Montgomery	3,750,000	100.00	3,750,000
Oak Ridge North	6,060,000	100.00	6,060,000
Panorama Village	3,650,000	100.00	3,650,000
Shenandoah	29,325,000	100.00	29,325,000
Splendor	3,170,000	100.00	3,170,000
Willis	6,554,080	100.00	6,554,080
Woodbranch Village	543,000	100.00	543,000
Houston	3,603,265,000	0.22	7,927,183
Total Cities	<u>3,773,717,080</u>		<u>168,348,326</u>
School Districts			
Cleveland I.S.D.	39,010,792	1.84	717,799
Conroe I.S.D.	903,470,000	100.00	903,470,000
Magnolia I.S.D.	162,575,459	100.00	162,575,459
Montgomery I.S.D.	137,028,671	100.00	137,028,671
New Caney I.S.D.	202,104,257	97.47	196,991,019
Richards I.S.D.	100,000	25.32	25,320
Splendor I.S.D.	34,039,457	100.00	34,039,457
Tomball I.S.D.	305,365,000	9.11	27,818,752
Willis I.S.D.	79,873,926	97.40	77,797,204
Total School Districts	<u>1,863,567,562</u>		<u>1,540,463,681</u>
TOTAL OVERLAPPING DEBT	<u>6,924,610,113</u>		<u>2,531,256,603</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$ 7,422,096,953</u>		<u>\$ 3,028,743,443</u>

<sup>(1)</sup> 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

<sup>(2)</sup> 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 <sup>(1)</sup>			Debt Service			Coverage
	Lease Payments	Less: Operating Expenses	Net: Available Revenue				
				Principal	Interest		
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	
2011	18,334,041	15,808,119	2,525,922	1,569,861	1,873,619	0.73	

**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.

- <sup>(1)</sup> The revenue bonds were issued in 2007 to finance the construction of an 1,100 bed facility.  
The County began 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 <sup>(1)</sup></u>	<u>Personal Income <sup>(2)(3)</sup></u>	<u>Per Capita Personal Income <sup>(3)</sup></u>	<u>School Enrollment <sup>(4)</sup></u>	<u>School Average Daily Attendance <sup>(4)</sup></u>	<u>Unemployment Rate <sup>(5)</sup></u>
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 %
2011	462,144	N/A	N/A	95,250	90,554	7.9 %

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

<sup>(2)</sup> Amounts expressed in thousands.

<sup>(3)</sup> Source: Texas Workforce Commission website  
Personal income information for 2008 through 2011 is not available.

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

<sup>(5)</sup> Source: The Work Source website  
<http://www.wrksolutions.com/employer/lmi/unemploymentrates/LAUSHISTORY.pdf>  
Information for fiscal years 2002 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**

2011 Employer <sup>(1)</sup>	Employees	Percentage of Total County Employment <sup>(2)</sup>
Conroe Independent School District	5,797	2.70 %
Anadarko Petroleum	2,566	1.20
Montgomery County, Texas	2,019	0.94
Magnolia Independent School District	1,616	0.75
Aon Hewitt	1,500	0.70
New Caney Independent School District	1,404	0.65
Memorial Hermann - The Woodlands	1,400	0.65
Lone Star Community College	1,000	0.47
Willis Independent School District	857	0.40
Huntsman Company LLC	775	0.36
	18,934	8.82 %
2002 Employer <sup>(3)</sup>	Employees	Percentage of Total County Employment <sup>(2)</sup>
Conroe Independent School District	4,962	3.09 %
Montgomery County, Texas	1,530	0.95
Hewitt Associates	1,250	0.78
Tetra Technologies	1,200	0.75
Magnolia Independent School District	1,121	0.70
Woodforest National Bank	1,000	0.62
New Caney Independent School District	972	0.61
Anadarko Petroleum	900	0.56
Memorial Herman - The Woodlands	900	0.56
Woodlands Resort & Conference Center	721	0.45
	14,556	9.07 %

<sup>(1)</sup> 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 2011.

<sup>(2)</sup> Total County Employment for 2011 and 2002:

214,540 and 160,380 respectively

Source: <http://www.wrksolutions.com>

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

<http://www.edpartnership.net>



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

<b><u>Function</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005 <sup>(2)(3)</sup></u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>
General Administration	90	94	100	101	104	111	111	116	118	135
Judicial	168	190	190	201	205	213	213	231	265	269
Legal Services	23	23	25	26	25	29	28	30	29	30
Elections	6	5	6	6	8	9	9	10	10	11
Financial Administration	82	83	85	87	88	89	90	93	93	95
Public Facilities	57	65	69	238	261	334	348	357	372	388
Public Safety	666	647	670	498	502	529	565	612	611	628
Health and Welfare	40	43	48	49	52	55	57	57	71	77
Culture and Recreation	86	90	87	89	124	136	148	148	153	161
Conservation	9	11	12	14	13	15	13	17	18	20
Public Transportation	159	156	162	162	164	163	161	165	174	205
	<b><u>1,386</u></b>	<b><u>1,407</u></b>	<b><u>1,454</u></b>	<b><u>1,471</u></b>	<b><u>1,546</u></b>	<b><u>1,683</u></b>	<b><u>1,743</u></b>	<b><u>1,836</u></b>	<b><u>1,914</u></b>	<b><u>2,019</u></b>

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

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

<sup>(3)</sup> 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**

<b><u>Function</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>
<b>General Government</b>				
Construction permits issued <sup>(1)</sup>	4,747	5,569	6,569	5,565
Estimated value of construction <sup>(1) (2)</sup>	818,130	1,284,674	1,145,750	1,088,171
Health inspections performed <sup>(3)</sup>	5,805	5,774	7,616	7,882
Birth certificates filed <sup>(4)</sup>	4,440	5,044	5,544	4,453
Death certificates filed <sup>(4)</sup>	1,755	1,898	1,859	1,520
Marriage license applications <sup>(4)</sup>	2,830	2,755	2,892	2,122
Registered voters <sup>(5)</sup>	192,951	197,626	214,098	213,414
Number of voting precincts <sup>(5)</sup>	85	85	85	85
<b>Public Safety - Sheriff</b>				
Total arrests <sup>(6)</sup>	16,503	16,335	18,960	19,036
Average number of inmates <sup>(6)</sup>	593	640	726	815
Calls for service <sup>(6)</sup>	273,439	225,576	212,919	240,844
Number of accidents investigated <sup>(6)</sup>	2,159	1,965	1,898	6,438
Miles patrolled <sup>(6)</sup>	2,847,347	2,932,365	2,812,515	2,795,393
Gallons of gas used <sup>(6)</sup>	248,517	272,922	263,816	229,864
<b>Culture and Recreation - Libraries (tentative)</b>				
Number of items checked out <sup>(7)</sup>	1,094,744	1,193,392	1,196,770	1,210,339
Number of libraries <sup>(7)</sup>	6	6	6	6
Volumes in collection <sup>(7)</sup>	418,369	446,221	478,205	586,668
Number of library visits <sup>(7)</sup>	993,045	990,066	1,011,056	1,026,802
Library programs attendance <sup>(7)</sup>	83,527	90,591	85,220	84,228

<sup>(1)</sup> Source: Montgomery County Engineer. Years 2002 through 2004 include the City of Conroe.

<sup>(2)</sup> Dollar values are in thousands.

<sup>(3)</sup> Source: Montgomery County Health Department.

<sup>(4)</sup> Source: Montgomery County Clerk.

<sup>(5)</sup> Source: Montgomery County Elections Administrator.

<sup>(6)</sup> 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.

<sup>(7)</sup> Source: Montgomery County Memorial Library System Annual Report.



TABLE XVII

Fiscal Year					
2006	2007	2008	2009	2010	2011
6,592	5,304	3,699	2,455	2,598	2,440
1,276,959	1,203,248	1,206,874	1,085,532	719,797	575,758
11,077	11,338	11,194	11,234	11,281	11,638
4,809	5,233	5,343	5,674	5,419	5,283
1,849	1,766	1,994	2,017	2,087	2,214
2,282	2,417	2,324	2,432	2,160	2,351
225,184	223,157	237,299	239,246	249,620	244,080
85	85	85	85	85	85
19,222	21,098	19,676	18,229	19,402	20,802
977	1,093	1,025	881	964	1,026
292,929	239,492	265,255	285,098	259,486	286,719
12,242	2,838	3,588	1,621	1,485	1,122
2,619,133	2,752,276	2,582,405	3,224,282	2,615,320	2,717,733
201,058	296,675	364,159	362,958	281,746	409,337
1,451,208	1,628,139	1,697,999	1,924,198	2,035,605	2,008,110
7	7	7	7	7	7
477,681	523,000	580,378	655,756	652,426	670,068
1,089,855	1,099,870	1,202,297	1,402,326	1,386,130	1,296,899
99,788	127,971	100,655	141,744	132,916	127,694

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

<b><u>Function</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>
General Government				
Office Buildings/Courthouses <sup>(1)</sup>	24	24	24	25
Public Safety - Sheriff				
Sheriff's Vehicles <sup>(2)</sup>	257	271	256	269
Academy Square Footage <sup>(1)</sup>	13,800	13,800	13,800	13,800
Public Transportation				
County Roads (miles) <sup>(3)</sup>	2,219	2,283	2,319	2,342
Bridges <sup>(3)</sup>	126	126	144	140
Public Facilities				
Park Acreage <sup>(4)</sup>	228	228	228	228
Convention Center Square Footage <sup>(5)</sup>	56,000	56,000	56,000	56,000
Community Centers <sup>(2)</sup>	16	16	17	17
Culture and Recreation				
Total Library Square Footage <sup>(6)</sup>	108,400	108,400	108,400	138,516

<sup>1)</sup> Montgomery County Risk Management Department. Includes the offices of the four County Commissioners.

<sup>2)</sup> Montgomery County Auditor's Office Capital Assets Listing.

<sup>3)</sup> Montgomery County Engineer.

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

<sup>5)</sup> Montgomery County Civic Center Complex;

<sup>6)</sup> Montgomery County Memorial Library System Annual Report.

**TABLE XVIII**

2006	2007	2008	2009	2010	2011
25	31	34	35	39	42
273	278	382	351	374	427
13,800	13,800	13,800	13,800	13,800	13,800
2,391	2,475	2,525	2,589	2,636	2,640
157	157	157	157	158	158
228	1,657	1,748	1,974	1,870	2,072
56,000	56,000	56,000	56,000	56,000	56,000
17	17	17	18	17	18
145,395	169,776	169,776	169,776	169,776	171,400

