

MONTGOMERY COUNTY TEXAS

Comprehensive Annual Financial Report



**For the Fiscal Year Ended
September 30, 2012**

MONTGOMERY COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2012

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
1st Assistant County Auditor

March 25, 2013

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, 2012, 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, 2012 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, 2012 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, 2012 the estimated population was 481,298. 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 the middle of 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 already showing a marked reduction in energy consumption. These projects are part of the \$3.2 million U.S. Department of Energy efficiency and conservation grant.

New developments- As part of the continuing effort in the County to alleviate traffic congestion in the southern part of the County, the Commissioners' Court awarded a contract to construct an interchange facility and direct connectors from State Highway 242 to Interstate 45. This project, approved by the governing body in February 2013, is expected to be completed by the middle of 2014 and should greatly improve the flow of traffic in the heavily trafficked south county area.

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, 2011. This was the twenty-fourth 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, 2011

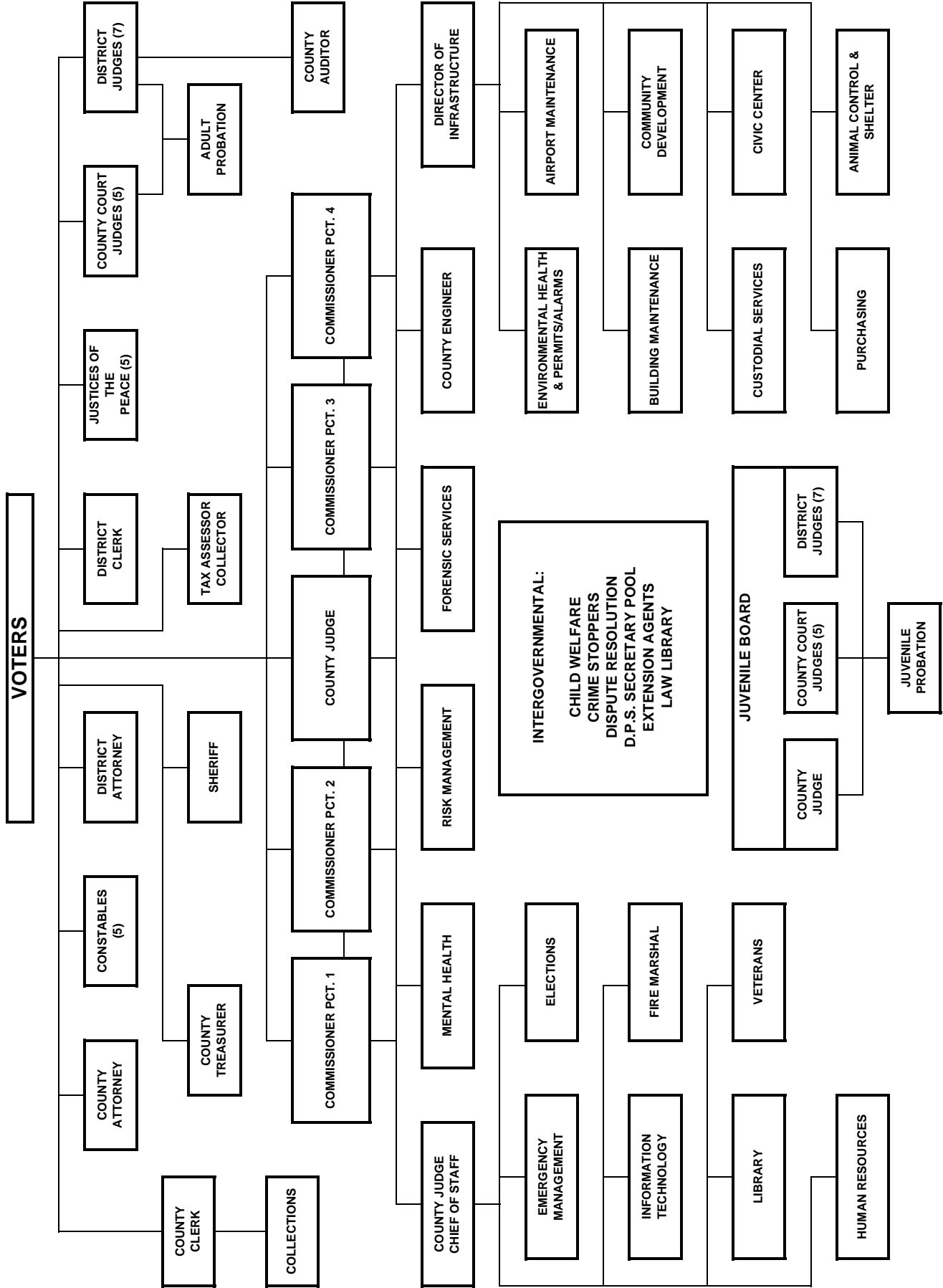
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



Christopher P. Moirrell
President

Jeffrey R. Emer
Executive Director

MONTGOMERY COUNTY, TEXAS ORGANIZATION CHART



MONTGOMERY COUNTY, TEXAS
DIRECTORY OF OFFICIALS
SEPTEMBER 30, 2012

COMMISSIONERS' COURT:

Alan B. Sadler
Mike Meador
Craig Doyal
Ernest E. Chance
Ed Rinehart

County Judge
Commissioner, Precinct #1
Commissioner, Precinct #2
Commissioner, Precinct #3
Commissioner, Precinct #4

DISTRICT COURTS:

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

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

COUNTY COURTS AT LAW:

Dennis Watson
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
Ryan Gable
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 Auditor¹
Purchasing Agent¹

¹ Designates appointed official. All others are elected.



FINANCIAL SECTION



Hereford, Lynch, Sellars & Kirkham

Certified Public Accountants • A Professional Corporation

Conroe
1406 Wilson Rd., Suite 100
Conroe, Texas 77304
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Fax 936-756-8132

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INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and
Commissioners' Court
Montgomery County, Texas

The Honorable County Judge and Commissioners' Court:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Montgomery County, Texas (County), as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions 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, 2012, and the respective changes in financial position, thereof and 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 the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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, budgetary comparison information, 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 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 financial statements as a whole. 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 are presented for purposes of additional analysis and are not a required part of the 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. The information has been subjected to the auditing procedures applied in the audit of the 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 section, schedules of capital assets used in governmental funds, and statistical section 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 them.

Respectfully submitted,

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

HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.
Certified Public Accountants

Conroe, Texas
March 25, 2013

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, 2012. 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 \$308,562,587 (net assets). Of this amount, \$26,137,977 is restricted for specific purposes. With the presentation of the investment in capital assets, unrestricted net assets becomes a negative \$36,634,612. 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 \$332,996,784 and expenses were \$338,952,668. Rapid growth in the county added to a decrease in net assets of \$5,955,884.
- At September 30, 2012, the County's governmental funds reported combined ending fund balances of \$155,132,002, an increase of \$21,242,738 in comparison with the prior year. From the ending fund balances, \$363,698 is nonspendable, \$80,809,880 is restricted, \$108,566 is committed and \$43,607,881 is assigned. Approximately 20% of the ending balance, \$30,241,977, is unassigned and available for spending at the government's discretion. Details on these balances can be found in the chart included in Note 1.
- At September 30, 2012, unassigned fund balance for the General Fund was \$30,241,977, or 17.5% of total General Fund expenditures.
- The County's total bonded debt decreased by \$5,490,899 (0.5%) during the current fiscal year. This decrease was brought about by the issuance of \$30,885,000 in Refunding Bonds as well as regularly scheduled payments.
- As of fiscal year 2012, the County reported other post-employment benefit obligations (OPEB) of \$26,504,399 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, 2012. 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 52 individual governmental funds during the fiscal year ended September 30, 2012. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Road and Bridge Fund, the Debt Service Fund and the Capital Project Revenue/Toll Bonds Series 2010, 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 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 45-72 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 74-102 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 103-173 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 \$308,562,587 at September 30, 2012, as shown in the table below. This amount represents a decrease through governmental activities of \$5,955,884 from the net assets at September 30, 2011.

Montgomery County, Texas Net Assets - Governmental Activities

	<u>FY 2012</u>	<u>FY 2011</u>
Current and other assets	\$ 225,825,309	\$ 212,745,536
Capital assets	665,393,998	688,420,488
Total assets	<u>891,219,307</u>	<u>901,166,024</u>
Long-term liabilities outstanding	556,347,162	560,467,911
Other liabilities	26,309,558	26,179,642
Total liabilities	<u>582,656,720</u>	<u>586,647,553</u>
Net assets		
Invested in capital assets, net of related debt	319,059,222	380,478,332
Restricted	26,137,977	9,360,962
Unrestricted	(36,634,612)	(75,320,823)
Total net assets	<u>\$ 308,562,587</u>	<u>\$ 314,518,471</u>

The County's total assets of \$891,219,307 are largely comprised of investments of \$98,084,045, or 11.0%, and capital assets net of accumulated depreciation of \$665,393,998, or 74.7%. 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 \$556,347,162 comprises the largest portion of the County's total liabilities of \$582,656,720, at 95.5%. Of total long-term liabilities, \$28,696,323 is due within one year, with the remainder of \$527,650,389 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 \$308,562,587 (net assets) as of September 30, 2012. Roughly 8.5%, or \$26,137,977, 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, \$170,275 is restricted for capital projects and \$25,967,702 is restricted for debt service. The most significant portion (\$319,059,222) 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 \$5,955,884. The key components of this decrease are detailed as follows.

**Montgomery County, Texas
Governmental Activities**

	FY 2012	FY 2011
Revenues:		
<i>Program revenues:</i>		
Fees, fines, forfeitures, and charges for services	\$ 112,785,524	\$ 108,522,926
<i>Operating grants and contributions:</i>		
Federal	4,012,339	6,277,981
State	3,632,475	5,410,229
Other	1,881,397	1,093,718
<i>Capital grants and contributions:</i>		
Federal	7,822,987	10,336,867
State	1,587,741	197,295
Other	17,798,991	14,402,201
<i>General revenues:</i>		
Property taxes	167,297,778	161,327,007
Other taxes	1,674,934	1,785,343
Other general revenues	14,502,618	11,805,448
Total revenues	<u>332,996,784</u>	<u>321,159,015</u>
Expenses:		
General administration	54,732,939	56,850,436
Judicial	27,800,678	25,751,781
Legal services	3,254,126	2,893,028
Elections	2,249,037	1,723,583
Financial administration	6,334,740	6,111,643
Public facilities	49,812,586	50,133,665
Public safety	66,364,576	62,564,836
Health and welfare	28,582,176	14,924,434
Culture and recreation	9,607,386	9,061,639
Conservation	1,003,159	982,337
Public transportation	65,221,658	80,597,409
Miscellaneous	-	659,499
Debt service interest and fiscal charges	23,989,607	24,566,713
Total expenses	<u>338,952,668</u>	<u>336,821,003</u>
Change in net assets	(5,955,884)	(15,661,988)
Net assets - beginning	<u>314,518,471</u>	<u>330,180,459</u>
Net assets - ending	<u>\$ 308,562,587</u>	<u>\$ 314,518,471</u>

The County's total revenues of \$332,996,784 were all from governmental activities. Property tax revenue accounts for \$167,297,778, or 50%, and is an increase over last year of \$5,970,771. 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 \$112,785,524, or 33.9%; and grants and contributions encompass \$36,735,930, or 11.0% of total government-wide revenues. This represents an increase in program revenues of \$3,280,237. Federal Operating Grants and Contributions were \$4,012,339, a decrease of \$2,265,642, while Federal Capital Grants decreased by \$2,513,880 in

2012 largely due to the decline of expenditures associated with the American Recovery and Reinvestment Act (ARRA).

Expenses for the year totaled \$338,952,668. The Public Transportation function accounted for \$65,221,658, or 19.3% of the total government-wide expenses. The decrease in spending in the public transportation function (\$15,375,751) 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 expenditures, with no offsetting asset capitalization.

The General Administration function expenses decreased to \$54,732,939. This decrease of \$2,117,497 is largely due to a delay in implementation of an integrated justice system that the Information Technology Department is overseeing.

Expenses in the Health and Welfare function increased to \$28,582,176, a \$13,657,742 jump from 2011. This was primarily due to the continued operations, for the first full year and at near capacity, of the Montgomery County Mental Health Facility. 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.

Several high profile criminal cases adjudicated in the County resulted in the Judicial function experiencing an increase of \$2,048,897 in expenses over last year to \$27,800,678. Additionally, the County received a grant from the Texas Indigent Defense Commission to help fund the creation of the Mental Health Managed Assigned Counsel program in the County. This program is designed to assist a specific subset of indigent defendants.

The government's ending net assets of \$308,562,587 represent a decrease of \$5,955,884 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

	FY 2012	FY 2011
<i>Governmental funds activity:</i>		
Total revenues	\$ 289,486,873	\$ 272,795,055
Total expenditures	284,855,094	298,717,553
Excess (Deficiency) of revenues over expenditures	4,631,779	(25,922,498)
Capital lease financing	830,702	1,197,802
Issuance of certificates of obligation	14,925,000	31,390,000
Issuance of refunding bonds	30,885,000	-
Payment to refunded bond escrow agent	(35,739,475)	-
Premiums on obligations, net	5,709,732	4,238,443
Net change in fund balance	21,242,738	10,903,747
<i>Government-wide activity:</i>		
Difference between current year's capital outlay expenditures and depreciation expense	(40,641,075)	(23,061,635)
Net effect of capital asset sales, donations, trade-ins, etc.	17,655,699	14,361,540
Revenues not reported in funds because they do not provide current-period financial resources	(3,890,890)	1,164,245
Internal Service Funds which are not reported in funds not affect the current period	3,700,630	5,333,872
Long-term debt not reported in funds because it does not affect the current period	4,012,328	(22,166,928)
Expenses not reported in the funds because they do not use current-period financial resources	(8,035,314)	(2,196,829)
Total change in net assets	<u>\$ (5,955,884)</u>	<u>\$ (15,661,988)</u>

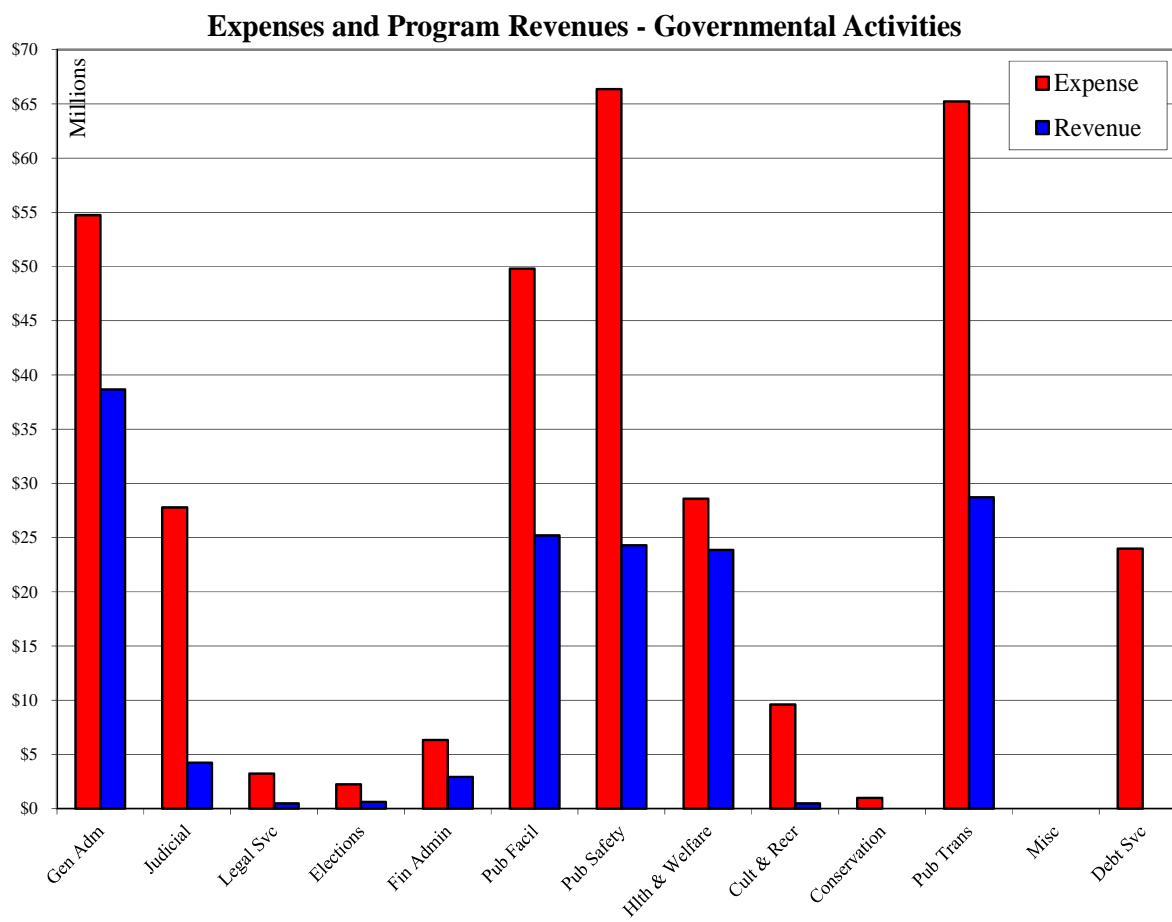
This change in net assets begins with the current year's differences between governmental revenues and expenditures (\$4,631,779), along with other financing sources and uses (\$16,610,959). Differences

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 (\$22,985,376) 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 (\$11,926,204). 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 (\$4,012,328). During the fiscal year, the County issued new debt and paid off a portion of its existing debt. These financings represent further changes in the net assets of the County.

The overall financial position of the County has improved over the last year. As mentioned earlier, there is a decrease in net assets of \$5,955,884. However, the increase of \$8,053,989 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. As part of long-range planning, management has pledged to continue maintaining the level of the operating funds' fund balances at between 10 and 15 percent of annual operating costs.

The following chart depicts expenses and program revenues for the fiscal year ending September 30, 2012 for governmental activities.

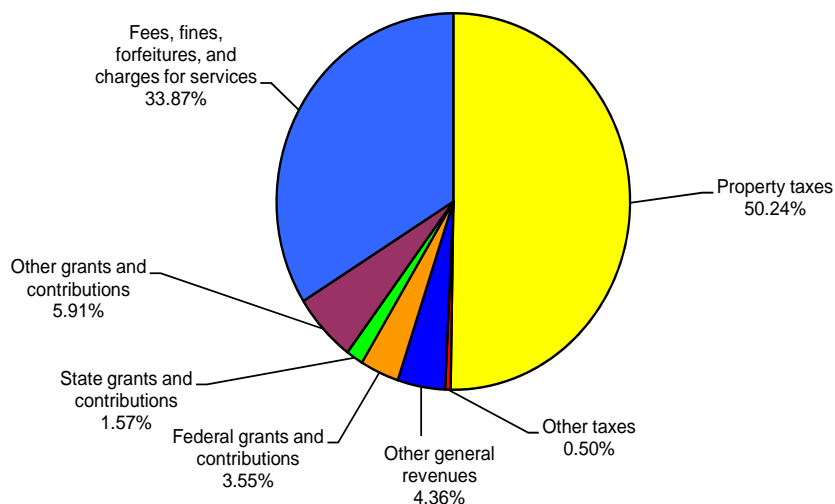


Key elements of the analysis of government-wide program revenues and expenses as they relate to each function reflect the following:

- Program revenues of \$149,521,454 are comprised in large part (25.9%) of general administration's revenues of \$38,653,179 and public transportation's revenues of \$28,729,907 (19.2%). The public facilities function comprises 16.9% of program revenues with \$25,189,679, public safety makes up 16.2% of program revenues with \$24,483,266, and the health and welfare function covers 16.0% of program revenues with \$23,870,272. The expenses of these functions account for 16.2%, 19.2%, 14.7%, 19.6%, and 8.4%, respectively. As expected, general revenues provided the required support and coverage in areas where expenses exceeded revenues.
- The health and welfare function experienced an increase in expenses of \$13,657,742 while also realizing an increase in revenues of \$6,180,911. These increases are the direct result of the near capacity occupancy of the Montgomery County Mental Health Treatment Facility and the continued grant funding from the federal government for damages incurred throughout the County during Hurricane Ike.

The following chart depicts revenues of the governmental activities for the fiscal year ended September 30, 2012.

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, 2012, the County's governmental funds reported combined ending unassigned fund balances of \$30,241,977 that are available for spending at the County's discretion. The remainder of fund balances are categorized as nonspendable (\$363,698), restricted (\$80,809,880), committed (\$108,566) or assigned (\$43,607,881) to reflect the varying levels of liquidity.

Total assets in the General Fund amounted to \$115,367,916, accounting for 48.4% of total governmental fund assets. The total assets of other major funds include Road and Bridge Special Revenue Fund (\$14,558,066), the Debt Service Fund (\$16,887,842) and Capital Projects Revenue/Toll Bonds Series 2010 Fund (\$33,685,881). Together, all major funds account for \$180,499,705 (75.7%) of the County's \$238,527,125 in total assets.

The fund balance of the County's General Fund increased by \$6,768,840 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 current ad valorem tax revenues \$6,660,817.
- Conservative spending policies and practices of the commissioners' court encouraged all aspects of the organization to reduce spending where possible.

The Road and Bridge Special Revenue Fund has a total fund balance of \$9,766,236 which is reported as \$103,393 nonspendable, \$16,704 as committed for encumbrances, and \$9,646,139 as assigned. The fund balance increased by \$1,285,149 during the current year due to focus by the Commissioners for various road maintenance projects that were paid through the capital projects funds.

The fund balance of \$15,590,460 in the Debt Service Fund is presented as \$122,000 as nonspendable fund balance and \$15,828,460 as fund balance restricted for debt service.

The Revenue/Toll Bonds Series 2010 Fund has a fund balance of \$33,571,071 at the end of the fiscal year, a decrease of \$493,406. This decrease reflects the commencement of projects to be funded with the proceeds of these bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The published budget of Montgomery County for fiscal 2012 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 \$169,992,735 and expenditures of \$161,071,135. The General Fund's final budget, as amended, contains revenues of \$187,025,873 and expenditures of \$185,053,419.

The following table presents the changes between the original adopted budget and the final budget for the General Fund as of September 30, 2012.

General Fund Budget Variances Year Ended September 30, 2012			
	Original Budget	Final Budget	Variance with Original Budget Positive (Negative)
Revenues:			
Taxes	\$ 125,853,150	\$ 126,754,150	\$ 901,000
Licenses and Permits	1,194,966	1,250,405	55,439
Fees	12,223,867	12,605,466	381,599
Intergovernmental	476,039	5,718,121	5,242,082
Charges for Services	1,503,972	1,775,317	271,345
Interest	159,188	409,188	250,000
Contract Reimbursements	8,531,876	14,263,919	5,732,043
Inmate Housing	19,260,377	22,670,575	3,410,198
Fines and Forfeitures	85,000	85,000	-
Miscellaneous	704,300	1,493,732	789,432
Total Revenues	169,992,735	187,025,873	17,033,138
Expenditures:			
General Administration	22,902,378	27,300,736	(4,398,358)
Judicial	16,329,977	16,704,695	(374,718)
Legal Services	2,534,693	2,755,875	(221,182)
Elections	1,057,170	2,173,360	(1,116,190)
Financial Administration	6,595,751	6,372,355	223,396
Public Facilities	43,238,550	46,504,829	(3,266,279)
Public Safety	50,777,116	64,999,460	(14,222,344)
Health and Welfare	7,183,307	7,785,692	(602,385)
Culture and Recreation	8,579,818	8,658,068	(78,250)
Conservation	555,885	538,516	17,369
Public Transportation	1,316,490	1,259,833	56,657
Total Expenditures	161,071,135	185,053,419	(23,982,284)
Excess Revenues Over Expenditures	8,921,600	1,972,454	(6,949,146)
Other Financing Sources/(Uses):			
Transfers In	-	1,088,486	1,088,486
Transfers Out	-	(1,815,015)	(1,815,015)
Capital Lease Financing	-	406,222	406,222
Total Other Financing Sources/(Uses)	-	(320,307)	(320,307)
Net Change in Fund Balances	8,921,600	1,652,147	(7,269,453)
Fund Balance - Beginning	56,382,326	56,382,326	-
Fund Balance - Ending	\$ 65,303,926	\$ 58,034,473	\$ (7,269,453)

Final budgeted revenues were higher than originally planned by \$17,033,138. Intergovernmental revenue contained \$5,242,082 more in the final budget than in the original budget. This increase is largely due to the receipt of several large federal and state grants during the year that were not foreseen at the time the original budget was adopted.

The final budget for contract reimbursements was \$5,732,043 more than the original budget. The increase in the anticipated revenue was primarily due to a \$3,594,596 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. Additionally, 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 County has entered into agreements with the United States Marshals Service (USMS) and Immigration and Customs Enforcement (ICE) to house federal detainees in the Joe Corley Detention Facility. A surge in the number of detainees throughout the fiscal year contributed to the increase of \$3,410,198 in the final budget over the original budget.

The originally unanticipated revenue partially offset the expenditure differences of \$23,982,282 between the original budget and the final amended budget. The general administration function had a final expenditure budget that is \$4,398,358 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 2012. 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, health and welfare, and culture and recreation functions.

A \$14,222,344 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 elections category increased by \$1,116,190 to \$2,173,360. The County has entered into interlocal agreements with various entities to conduct elections on their behalf, for which the County is reimbursed for the cost of these elections as they occur.

The public facilities function had final budgeted expenditures \$3,266,279 higher than the original budget. This is directly related to the agreements that the County has entered into with the USMS and ICE for the care and custody of federal inmates in the Joe Corley Detention Facility and the increase in the number of those inmates throughout the year.

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 budget net change in fund balances. This amount was a total variance of \$7,269,453.

The following table presents the differences between the final amended budget and actual expenditures for the General Fund as of September 30, 2012.

General Fund Budget Variances Year Ended September 30, 2012			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 126,754,150	\$ 127,001,163	\$ 247,013
Licenses and Permits	1,250,405	1,330,361	79,956
Fees	12,605,466	14,207,639	1,602,173
Intergovernmental	5,718,121	6,388,433	670,312
Charges for Services	1,775,317	1,064,046	(711,271)
Interest	409,188	193,947	(215,241)
Contract Reimbursements	14,263,919	14,696,222	432,303
Inmate Housing	22,670,575	22,670,575	-
Fines and Forfeitures	85,000	213,245	128,245
Miscellaneous	1,493,732	2,273,233	779,501
Total Revenues	187,025,873	190,038,864	3,012,991
Expenditures:			
General Administration	27,300,736	24,266,009	3,034,727
Judicial	16,704,695	16,380,047	324,648
Legal Services	2,755,875	2,686,256	69,619
Elections	2,173,360	2,156,915	16,445
Financial Administration	6,372,355	5,997,355	375,000
Public Facilities	46,504,829	45,307,288	1,197,541
Public Safety	64,999,460	59,252,353	5,747,107
Health and Welfare	7,785,692	7,271,212	514,480
Culture and Recreation	8,658,068	8,413,399	244,669
Conservation	538,516	533,269	5,247
Public Transportation	1,259,833	532,594	727,239
Total Expenditures	185,053,419	172,796,697	12,256,722
Excess Revenues Over Expenditures	1,972,454	17,242,167	15,269,713
Other Financing Sources/(Uses):			
Transfers In	1,088,486	13,084,684	11,996,198
Transfers Out	(1,815,015)	(23,964,232)	(22,149,218)
Capital Lease Financing	406,222	406,222	-
Total Other Financing Sources/(Uses)	(320,307)	(10,473,327)	(10,153,020)
Net Change in Fund Balances	1,652,147	6,768,840	5,116,693
Fund Balance - Beginning	56,382,326	56,382,326	-
Fund Balance - Ending	\$ 58,034,473	\$ 63,151,166	\$ 5,116,693

Actual revenues exceeded budgeted revenues by \$3,012,991. Fee increases approved by the state legislature (\$1,602,173) contributed the majority of the increase realized in actual revenues.

Actual expenditures were \$12,256,722 lower than final budgeted expenditures. The general administration function contributed \$3,034,727 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 three County fiscal years, \$3,259,800 was budgeted, of which \$862,023 was spent during the fiscal year.

All departments in the public safety function of the General Fund expended less than was approved in the final amended budget by \$5,747,107. 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 public facilities function showed actual expenditures less than the final budget by \$1,197,541, primarily driven by two factors: increased energy efficiency resulting in lower energy bills and a lower County jail population that decreased costs.

The actual net change in fund balance was \$5,116,693 more than anticipated with the final budget. This is the result of a reduction in actual expenditures that included sufficient amounts to cover transfers to other funds as well as the decrease in actual revenues. The Jury Special Revenue Fund and the Memorial Library Special Revenue Fund each received \$8,000,000, 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, 2012 amounted to \$665,393,998 (net of accumulated depreciation). This investment in capital assets includes land and easements, 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 \$4,171,975 and included purchases of land for the Spring Creek Greenway and the Lone Star Executive Airport.
- Additions to the buildings category (less deletions) of \$715,329 consisted primarily of the completion of the Montgomery County Precinct 4 offices and the C.B. Stewart Library buildout.
- Vehicles, vehicle modifications, and other various equipment items were purchased at a cost of \$3,395,851.
- 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 2012 amounted to \$1,856,556.
- Montgomery County continues to grow; it is the 35th fastest growing county in the United States and in the top ten fastest growing in Texas¹. This brisk growth brings with it a need for vast improvements to a rural infrastructure system. Development frequently comes with donations in the form of roads. Infrastructure donations for the year totaled \$15,066,791.
- Expenditures of \$2,972,342 were incurred for construction that was in progress throughout the year. Projects that were capitalized from ongoing construction throughout the year, including the Commissioner Precinct 4 offices totaled \$891,006.
- Increases in assets were offset by depreciation expense of \$53,345,612.

¹ <http://www.census.gov>

Montgomery County, Texas
Capital Assets
(net of depreciation)
September 30, 2012
with Comparative Totals for September 30, 2011

	Value of Capital Asset Net of Accumulated Depreciation		Increase
	FY 2012	FY 2011	(Decrease)
Land	\$ 40,022,997	\$ 35,851,022	\$ 4,171,975
Buildings	176,646,841	\$ 181,285,389	(4,638,548)
Improvements	14,475,339	\$ 15,973,170	(1,497,831)
Equipment	22,992,395	\$ 26,955,808	(3,963,413)
Infrastructure	408,829,589	\$ 427,739,782	(18,910,193)
Construction in Progress	2,426,837	\$ 615,317	1,811,520
Total	<u>\$ 665,393,998</u>	<u>\$ 688,420,488</u>	<u>\$ (23,026,490)</u>

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. The County is in the process of a new Jail remodel that will allow for a new kitchen facility and an additional 48 beds. In addition, various remodeling projects and renovations are underway in the County and include, but are not limited to, Precinct 2 offices, the County Animal Shelter, and runway/taxiway improvements at the Lone Star Executive Airport.

The County has committed to multiple road construction projects in fiscal year 2012. In 2005, the voters of Montgomery County approved \$160,000,000 in road bonds to fund road improvements throughout the county. The bonds were issued in phases to fund road construction as the needs arose. 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. Furthermore, continued participation with the State of Texas and its pass-through "shadow tolling" program allows the County to complete much needed enhancements to its roadways.

Additional information on the County's capital assets can be found in Note 7 starting on page 58 of this report.

Long-Term Debt

At September 30, 2012, Montgomery County had total bonded debt outstanding of \$491,995,941. 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" and a rating by Moody's of "Aa1".

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, \$268,735,000 corresponds to general obligation debt, \$122,140,941 is in the form of revenue bonds and \$101,120,000 represents certificates of obligation. Montgomery County's total bonded debt had a decrease of \$5,490,899 during 2012.

The following table represents the entire long-term debt of the County at September 30, 2012 on a comparative basis.

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

	<u>FY 2012</u>	<u>FY 2011</u>
General obligation bonds	\$ 268,735,000	\$ 270,030,000
Revenue bonds	122,140,941	128,266,840
Certificates of obligation	101,120,000	99,190,000
Capital Leases	13,671,491	15,336,959
Premiums, net of discounts	10,236,430	15,233,295
Compensated absences	10,017,242	9,354,751
Medical Obligation	2,555,128	2,579,400
Worker's Comp Obligation	1,366,531	904,724
OPEB Liability	26,504,399	19,571,942
Total	<u>\$ 556,347,162</u>	<u>\$ 560,467,911</u>

Debt activity in 2012 included the issuance of Refunding Bonds in the amount of \$30,885,000. This issue refunded a series of Road Bonds, Library Bonds and Certificates of Obligation. Additionally, the County issued Certificates of Obligation in the amount of \$14,925,000 for renovations and remodeling of various County buildings. The County retired \$16,970,899 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 \$8,775,271,618, which is significantly in excess of the County's outstanding debt obligation, despite the increases in debt issuance during 2012.

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 5.7%², which is a significant decrease from a rate of 7.6% a year ago. This compares favorably to the State's average unemployment rate of 6.3%³ and the national average rate of 7.8%⁴.
- Continued demand for law enforcement services propelled Commissioner's Court to bring the annualized budget in the Sheriff's department to \$55,155,519 in fiscal year 2013.
- The Commissioners' Court approved budgeted revenues and expenditures of \$15,000,000 for operating the Mental Health Treatment Facility for fiscal year 2013.
- The estimated debt service obligation increased by \$2,711,071 in fiscal year 2013 to \$38,959,002.

All of these factors were considered in preparing the Adopted Budget of Montgomery County, Texas for the fiscal year ending September 30, 2013.

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

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

⁴ U.S. Department of Labor, Bureau of Labor Statistics. <http://data.bls.gov/timeseries/LNS14000000>.

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, 2012

EXHIBIT I

ASSETS:	Governmental Activities
Cash	\$ 59,656,021
Investments, at Fair Value	98,084,045
Cash, Restricted for Retainage	110,770
Receivables:	
Taxes (net)	6,485,915
Accounts (net)	24,944,204
Due from Other Governments	30,089,219
Inventory, at Cost	103,393
Deferred Charges	6,091,437
Prepaid Items	260,305
Capital Assets, net of accumulated depreciation	
Land	40,022,997
Buildings	176,646,841
Improvements	14,475,339
Equipment	22,992,395
Infrastructure	408,829,589
Construction in Progress	2,426,837
Total Assets	891,219,307
LIABILITIES:	
Accounts Payable	15,546,607
Retainage Payable	202,619
Accrued Interest Payable	2,383,479
Due to Other Governments	1,377,490
Unearned Revenue	6,799,363
Noncurrent Liabilities:	
Due within one year	28,696,323
Due in more than one year	527,650,839
Total Liabilities	582,656,720
NET ASSETS:	
Invested in Capital Assets, net of related debt	319,059,222
Restricted for:	
Capital Projects	170,275
Debt Service	25,967,702
Unrestricted	(36,634,612)
Total Net Assets	\$ 308,562,587

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS
Statement of Activities
Year Ended September 30, 2012

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	\$ 54,732,939	\$ 37,812,374	\$ 840,805	\$ -	\$ (16,079,760)
Judicial	27,800,678	2,973,713	1,254,617	-	(23,572,348)
Legal Services	3,254,126	499,509	136	-	(2,754,481)
Elections	2,249,037	453	633,658	-	(1,614,926)
Financial Administration	6,334,740	2,943,952	-	-	(3,390,788)
Public Facilities	49,812,586	23,655,878	33,801	1,500,000	(24,622,907)
Public Safety	66,364,576	17,403,723	3,339,106	3,540,437	(42,081,310)
Health and Welfare	28,582,176	16,718,253	2,572,026	4,579,993	(4,711,904)
Culture and Recreation	9,607,386	287,967	201,146	-	(9,118,273)
Conservation	1,003,159	-	-	-	(1,003,159)
Public Transportation	65,221,658	10,489,702	650,916	17,589,289	(36,491,751)
Debt Service Interest and Fiscal Charges	23,989,607	-	-	-	(23,989,607)
Total Governmental Activities	<u>\$ 338,952,668</u>	<u>\$ 112,785,524</u>	<u>\$ 9,526,211</u>	<u>\$ 27,209,719</u>	<u>(189,431,214)</u>
General Revenues:					
Property Taxes					167,297,778
Other Taxes					79,580
Mixed Beverage Taxes					1,197,988
Bingo Taxes					179,876
Vehicle Weight Tax					217,490
Grants & Contributions not restricted					12,855,843
Unrestricted Investment Earnings					382,170
Gain on Sale of Capital Assets					855,525
Special Item					409,080
Total General Revenues					<u>183,475,330</u>
Change in Net Assets					(5,955,884)
Net Assets - Beginning					314,518,471
Net Assets - Ending					<u>\$ 308,562,587</u>

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS**Balance Sheet****Governmental Funds****September 30, 2012**

EXHIBIT III

	General	Road and Bridge	Debt Service
<u>ASSETS:</u>			
Cash	\$ 41,434,850	\$ 9,812,324	\$ 2,599,715
Investments, at Fair Value	33,627,438	3,267,675	548,827
Cash, Restricted for Retainage	31,202	-	-
Receivables:			
Taxes (net)	4,860,751	621,528	1,003,636
Accounts (net)	2,302,505	379,767	-
Due from Other Funds	26,862,480	246,956	183,639
Due from Other Governments	6,248,690	126,423	12,430,025
Inventory, at Cost	-	103,393	-
Prepaid Items	-	-	122,000
<u>TOTAL ASSETS</u>	<u>\$ 115,367,916</u>	<u>\$ 14,558,066</u>	<u>\$ 16,887,842</u>
<u>LIABILITIES AND FUND BALANCES:</u>			
Liabilities:			
Accounts Payable	\$ 10,488,887	\$ 1,634,653	\$ 13,300
Retainage Payable	31,202	-	-
Due to Other Funds	32,022,980	2,540,111	-
Due to Other Governments	1,377,490	-	-
Deferred Revenue	8,296,191	617,066	924,082
Total liabilities	<u>52,216,750</u>	<u>4,791,830</u>	<u>937,382</u>
Fund Balances:			
Nonspendable	-	103,393	122,000
Restricted	11,217	-	15,828,460
Committed	91,718	16,704	-
Assigned	32,806,254	9,646,139	-
Unassigned	30,241,977	-	-
Total Fund Balances	<u>63,151,166</u>	<u>9,766,236</u>	<u>15,950,460</u>
<u>TOTAL LIABILITIES AND</u>			
<u>FUND BALANCES</u>	<u>\$ 115,367,916</u>	<u>\$ 14,558,066</u>	<u>\$ 16,887,842</u>

See accompanying notes to the financial statements.

Revenue/Toll Bonds Series 2010	Other Governmental Funds	Total Governmental Funds
\$ 13,732	\$ 5,036,030	\$ 58,896,651
31,867,853	28,772,252	98,084,045
-	79,568	110,770
-	-	6,485,915
-	260,552	2,942,824
1,804,296	12,466,394	41,563,765
-	11,274,319	30,079,457
-	-	103,393
-	138,305	260,305
<u>\$ 33,685,881</u>	<u>\$ 58,027,420</u>	<u>\$ 238,527,125</u>
\$ 114,810	\$ 3,288,242	\$ 15,539,892
-	171,417	202,619
-	18,808,926	53,372,017
-	-	1,377,490
-	3,065,766	12,903,105
<u>114,810</u>	<u>25,334,351</u>	<u>83,395,123</u>
-	138,305	363,698
33,571,071	31,399,132	80,809,880
-	144	108,566
-	1,155,488	43,607,881
-	-	30,241,977
<u>33,571,071</u>	<u>32,693,069</u>	<u>155,132,002</u>
<u>\$ 33,685,881</u>	<u>\$ 58,027,420</u>	<u>\$ 238,527,125</u>



MONTGOMERY COUNTY, TEXAS
Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Assets
September 30, 2012

Total fund balances - governmental funds (page 31) \$ 155,132,002

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. 6,091,437

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	40,022,997	
Buildings	175,753,449	
Improvements	14,473,663	
Equipment	22,862,451	
Infrastructure	408,829,589	
Construction in Progress	<u>2,426,837</u>	
Total Capital Assets		664,368,986

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. 21,533,507

Property taxes earned that are not available to pay for
current-period expenditures are deferred in the funds. 6,103,742

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. 10,141,895

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	(2,383,479)	
Bonds and capital leases payable, net	(515,903,862)	
OPEB Liability	(26,504,399)	
Compensated absences	<u>(10,017,242)</u>	
Total future period liabilities		<u>(554,808,982)</u>
Net assets of governmental activities		<u>\$ 308,562,587</u>

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2012

EXHIBIT IV

	General	Road and Bridge	Debt Service
<u>REVENUES:</u>			
Taxes	\$ 127,001,163	\$ 16,351,153	\$ 25,689,819
Licenses and Permits	1,330,361	6,010,259	-
Fees	14,207,639	457,867	-
Intergovernmental	6,388,433	1,704,977	12,855,843
Charges for Services	1,064,046	-	-
Interest	193,947	15,084	145,574
Contract Reimbursements	14,696,222	909,226	-
Inmate Housing	22,670,575	-	-
Fines and Forfeitures	213,245	2,343,737	-
Miscellaneous	2,273,233	1,694,632	-
<u>TOTAL REVENUES</u>	<u>190,038,864</u>	<u>29,486,935</u>	<u>38,691,236</u>
<u>EXPENDITURES:</u>			
Current:			
General Administration	24,266,009	-	-
Judicial	16,380,047	-	-
Legal Services	2,686,256	-	-
Elections	2,156,915	-	-
Financial Administration	5,997,355	-	-
Public Facilities	45,307,288	1,374,429	-
Public Safety	59,252,353	-	-
Health and Welfare	7,271,212	54,600	-
Culture and Recreation	8,413,399	-	-
Conservation	533,269	376,824	-
Public Transportation	532,594	24,559,130	-
Capital Projects	-	-	-
Debt Service:			
Principal Retirement	-	-	15,330,000
Interest and Fiscal Charges	-	-	21,442,887
Issuance Costs	-	-	382,183
<u>TOTAL EXPENDITURES</u>	<u>172,796,697</u>	<u>26,364,983</u>	<u>37,155,070</u>
Excess (Deficiency) Revenues Over Expenditures	17,242,167	3,121,952	1,536,166
<u>OTHER FINANCING SOURCES/(USES):</u>			
Transfers In	13,084,684	618,960	6,228
Transfers Out	(23,964,233)	(2,880,243)	-
Capital Lease Financing	406,222	424,480	-
Refunding Bonds Issued	-	-	30,885,000
Premium on Refunding Bonds Issued	-	-	5,023,445
Issuance of Certificates of Obligation	-	-	-
Premium on Debt Issuance	-	-	-
Payment to Refunded Bonds Escrow Agent	-	-	(35,739,475)
Discounts on Debt Issuance	-	-	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>(10,473,327)</u>	<u>(1,836,803)</u>	<u>175,198</u>
Net Change in Fund Balances	6,768,840	1,285,149	1,711,364
Fund Balances at Beginning of Year	56,382,326	8,481,087	14,239,096
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 63,151,166</u>	<u>\$ 9,766,236</u>	<u>\$ 15,950,460</u>

See accompanying notes to the financial statements.

Revenue/Toll Bonds Series 2010	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	169,042,135
-	-	7,340,620
-	2,348,301	17,013,807
-	10,581,241	31,530,494
-	911,343	1,975,389
6,943	20,625	382,173
-	15,324,628	30,930,076
-	-	22,670,575
-	1,690,589	4,247,571
-	386,168	4,354,033
6,943	31,262,895	289,486,873
-	563,822	24,829,831
-	10,559,041	26,939,088
-	449,787	3,136,043
-	-	2,156,915
-	30	5,997,385
-	-	46,681,717
-	3,883,679	63,136,032
-	20,358,577	27,684,389
-	208,471	8,621,870
-	-	910,093
-	262,430	25,354,154
500,349	8,308,677	8,809,026
-	1,640,899	16,970,899
-	1,802,582	23,245,469
-	-	382,183
500,349	48,037,995	284,855,094
(493,406)	(16,775,100)	4,631,779
-	14,252,109	27,961,981
-	(1,117,505)	(27,961,981)
-	-	830,702
-	-	30,885,000
-	-	5,023,445
-	14,925,000	14,925,000
-	766,413	766,413
-	-	(35,739,475)
-	(80,126)	(80,126)
-	28,745,891	16,610,959
(493,406)	11,970,791	21,242,738
34,064,477	20,722,278	133,889,264
\$ 33,571,071	\$ 32,693,069	\$ 155,132,002



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, 2012

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)	\$	21,242,738
--	----	------------

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.		(40,641,075)
---	--	--------------

The net effect of various miscellaneous transactions involving capital net assets.		17,655,699
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(3,890,890)
---	--	-------------

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and		4,012,328
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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.		3,700,630
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Some expenses reported in the statement of activities do not require the
use of current financial resources and, therefore, are not reported as
expenditures in governmental funds.

The changes in these expenditures are as follows:

Compensated absences	(662,491)	
Bond interest owed but not yet paid	74,463	
Amortization of deferred amounts	(439,996)	
Agency fund receivables	(74,833)	
OPEB Obligation	(6,932,457)	
		(8,035,314)

Change in net assets of governmental activities (page 29)	\$	(5,955,884)
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MONTGOMERY COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Major Governmental Funds
Year Ended September 30, 2012

EXHIBIT V
Page 1 of 2

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Taxes	\$ 125,853,150	\$ 126,754,150	\$ 127,001,163	\$ 247,013
Licenses and Permits	1,194,966	1,250,405	1,330,361	79,956
Fees	12,223,867	12,605,466	14,207,639	1,602,173
Intergovernmental	476,039	5,718,121	6,388,433	670,312
Charges for Services	1,503,972	1,775,317	1,064,046	(711,271)
Interest	159,188	409,188	193,947	(215,241)
Contract Reimbursements	8,531,876	14,263,919	14,696,222	432,303
Inmate Housing	19,260,377	22,670,575	22,670,575	-
Fines and Forfeitures	85,000	85,000	213,245	128,245
Miscellaneous	704,300	1,493,732	2,273,233	779,501
<u>TOTAL REVENUES</u>	<u>169,992,735</u>	<u>187,025,873</u>	<u>190,038,864</u>	<u>3,012,991</u>
<u>EXPENDITURES:</u>				
Current:				
General Administration	22,902,378	27,300,736	24,266,009	3,034,727
Judicial	16,329,977	16,704,695	16,380,047	324,648
Legal Services	2,534,693	2,755,875	2,686,256	69,619
Elections	1,057,170	2,173,360	2,156,915	16,445
Financial Administration	6,595,751	6,372,355	5,997,355	375,000
Public Facilities	43,238,550	46,504,829	45,307,288	1,197,541
Public Safety	50,777,116	64,999,460	59,252,353	5,747,107
Health and Welfare	7,183,307	7,785,692	7,271,212	514,480
Culture and Recreation	8,579,818	8,658,068	8,413,399	244,669
Conservation	555,885	538,516	533,269	5,247
Public Transportation	1,316,490	1,259,833	532,594	727,239
<u>TOTAL EXPENDITURES</u>	<u>161,071,135</u>	<u>185,053,419</u>	<u>172,796,697</u>	<u>12,256,722</u>
Excess Revenues Over Expenditures	8,921,600	1,972,454	17,242,167	15,269,713
<u>OTHER FINANCING SOURCES/ (USES):</u>				
Transfers In	-	1,088,486	13,084,684	11,996,198
Transfers Out	-	(1,815,015)	(23,964,233)	(22,149,218)
Capital Lease Financing	-	406,222	406,222	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>-</u>	<u>(320,307)</u>	<u>(10,473,327)</u>	<u>(10,153,020)</u>
Net Change in Fund Balances	8,921,600	1,652,147	6,768,840	5,116,693
Fund Balances at Beginning of Year	56,382,326	56,382,326	56,382,326	-
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 65,303,926</u>	<u>\$ 58,034,473</u>	<u>\$ 63,151,166</u>	<u>\$ 5,116,693</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, 2012

EXHIBIT V
Page 2 of 2

	Road and Bridge Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Taxes	\$ 16,314,400	\$16,169,178	\$16,351,153	\$ 181,975
Licenses and Permits	6,097,150	6,097,150	6,010,259	(86,891)
Fees	-	444,235	457,867	13,632
Intergovernmental	140,000	203,352	1,704,977	1,501,625
Interest	15,000	15,000	15,084	84
Contract Reimbursements	-	909,226	909,226	-
Fines and Forfeitures	1,500,000	1,500,000	2,343,737	843,737
Miscellaneous	-	1,640,407	1,694,632	54,225
<u>TOTAL REVENUES</u>	<u>24,066,550</u>	<u>26,978,548</u>	<u>29,486,935</u>	<u>2,508,387</u>
<u>EXPENDITURES:</u>				
Current:				
Public Facilities	-	2,250,000	1,374,429	875,571
Health and Welfare	-	92,850	54,600	38,250
Conservation	414,937	415,937	376,824	39,113
Public Transportation	22,962,825	30,301,954	24,559,130	5,742,824
<u>TOTAL EXPENDITURES</u>	<u>23,377,762</u>	<u>33,060,741</u>	<u>26,364,983</u>	<u>6,695,758</u>
Excess (Deficiency) Revenues Over Expenditures	688,788	(6,082,193)	3,121,952	9,204,145
<u>OTHER FINANCING SOURCES/ (USES):</u>				
Transfers In	-	618,960	618,960	-
Transfers Out	-	(365,243)	(2,880,243)	(2,515,000)
Capital Lease Financing	-	424,480	424,480	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>-</u>	<u>678,197</u>	<u>(1,836,803)</u>	<u>(2,515,000)</u>
Net Change in Fund Balances	688,788	(5,403,996)	1,285,149	6,689,145
Fund Balances at Beginning of Year	8,481,087	8,481,087	8,481,087	-
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 9,169,875</u>	<u>\$ 3,077,091</u>	<u>\$ 9,766,236</u>	<u>\$ 6,689,145</u>

See accompanying notes to the financial statements.



MONTGOMERY COUNTY, TEXAS

Statement of Net Assets

Internal Service Funds

Year Ended September 30, 2012

EXHIBIT VI

ASSETS:

Internal Service Funds

Current Assets:

Cash and Cash Equivalents:

Cash

\$ 759,370

Receivables:

Accounts

467,873

Due from other funds

11,808,252

Due from other governments

9,762

Total Current Assets

13,045,257

Capital Assets (net of accumulated depreciation):

Buildings

893,392

Improvements

1,676

Equipment

129,944

Total Capital Assets

1,025,012

Total Assets

14,070,269

LIABILITIES:

Current Liabilities:

Accounts Payable

6,715

Claims Payable

3,921,659

Total Current Liabilities

3,928,374

Total Liabilities

3,928,374

NET ASSETS:

Invested in Capital Assets

1,025,012

Unrestricted

9,116,883

Total Net Assets

\$ 10,141,895

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, 2012

EXHIBIT VII

	Internal Service Funds
<u>OPERATING REVENUES:</u>	
Charges for Service	\$ 28,695,476
Miscellaneous	1,249,802
Total Operating Revenues	<u>29,945,278</u>
<u>OPERATING EXPENSES:</u>	
Supplies	30,159
Services	25,963,732
Miscellaneous	209,645
Depreciation	41,112
Total Operating Expenses	<u>26,244,648</u>
Operating Income	<u>3,700,630</u>
Change in Net Assets	3,700,630
Total net assets - beginning	<u>6,441,265</u>
Total net assets - ending	<u><u>\$ 10,141,895</u></u>

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS

Statement of Cash Flows

Internal Service Funds

Year Ended September 30, 2012

EXHIBIT VIII

	Internal Service Funds
Cash flows from operating activities:	
Receipts from customers	\$ 26,434,368
Receipts from others	277,149
Insurance recovery	65,528
Benefits Paid	(22,275,160)
Net cash provided by operating activities	<u>4,501,885</u>
Cash flows from noncapital financing activities:	
Transfers (out)	(4,235,562)
Net cash used by noncapital financing activities	<u>(4,235,562)</u>
Net increase in cash and cash equivalents	<u>266,323</u>
Cash and cash equivalents - October 1, 2011	<u>493,047</u>
Cash and cash equivalents - September 30, 2012	<u><u>\$ 759,370</u></u>
Reconciliation of operating income to net cash used in operating activities:	
Operating income	\$ 3,700,630
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation expense	41,112
Decrease in intergovernmental receivable	328,799
Increase in accounts payable	431,344
Total adjustments	<u>801,255</u>
Net cash provided by operating activities	<u><u>\$ 4,501,885</u></u>

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS
Statement of Assets and Liabilities
Fiduciary Funds
As of September 30, 2012

EXHIBIT IX

	<u>Agency Funds</u>
<u>ASSETS:</u>	
Cash	\$ 11,291,911
Accounts Receivable	<u>28,662</u>
<u>TOTAL ASSETS</u>	<u>\$ 11,320,573</u>
<u>LIABILITIES:</u>	
Accounts Payable	\$ 6,700,109
Due to Other Governments	<u>4,620,464</u>
<u>TOTAL LIABILITIES</u>	<u>\$ 11,320,573</u>

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2012

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 a 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, 2012

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. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*, which clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied.

GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, addresses 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.

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, 2012

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, 2011 that were due October 1, 2011, have been assessed to finance the budget of the fiscal year ending September 30, 2012. In accordance with the modified accrual basis of accounting, the balances outstanding at September 30, 2012, 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, 2012

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. Managerial 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.

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.

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

The Revenue/Toll Bonds Series 2010 Capital Project 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*:

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).

Jail Financing Corporation Debt Service Fund is used to account and provide for the receipt and disbursement of funds to retire debt resulting from the issuance of the Lease Revenue Bonds, Series 2007. Lease payments are made to the Jail Financing Corporation for the lease purchase of the Joe Corley Detention Facility.

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

MONTGOMERY COUNTY, TEXAS
Notes to the Financial Statements
September 30, 2012

The County reports the following *proprietary funds*:

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

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 uncollectables.

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, 2012

4. Inventories and Prepaid Items

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

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

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

5. Capital Assets

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

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

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

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

6. Payables

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

7. Deferred/Unearned Revenue

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

8. Long-term Obligations

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

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2012

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

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 judgments 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.

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, and unassigned.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2012

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 2012.

12. Net Assets/Fund Balance (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.

12. Use of Estimates

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

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

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

MONTGOMERY COUNTY, TEXAS

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“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	\$ 12,663,425
Depreciation expense	<u>(53,304,500)</u>

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

\$ (40,641,075)

“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.

\$ 380,686

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.

17,275,013

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

\$ 17,655,699

“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 Refunding Bonds	\$ (30,885,000)
Bond Proceeds – Certificates of Obligation	(14,925,000)
Premium on bonds issues, net	(5,789,858)
Discount on bonds issued, net	80,126
Capital lease financing	(830,702)
Issuance Costs for new debt	563,052
Payment to Bond Escrow Agent for refunding debt	35,739,475
Adjustment to interest on refunding debt	593,166
Principal repayments:	
General Obligation debt	6,965,000
Revenue debt	6,125,899
Certificates of Obligation debt	3,880,000

MONTGOMERY COUNTY, TEXAS
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Capital leases	2,496,170
Net adjustment to decrease net changes in fund balances-total governmental	\$ <u>4,012,328</u>

“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	\$ (662,492)
Accrued interest	74,464
Amortization of interest on refunding bonds	(1,090,703)
Amortization of issuance costs	(1,263,163)
Amortization of bond discounts	(116,147)
Amortization of bond premiums	2,030,017
Increase of receivable for reimbursement of county expenditures	(74,833)
Increase of Other Post-Employment Benefits	<u>(6,932,457)</u>
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	 \$ <u>(8,035,314)</u>

NOTE 3- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) BUDGETS AND BUDGETARY ACCOUNTING:

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

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

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

For fiscal year 2012, 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

MONTGOMERY COUNTY, TEXAS
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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 year 2012, budget amendments totaling \$22,272,537 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 year 2012, supplemental appropriations were approved in the amounts of \$23,007,647, \$6,641,269, and \$830,702 for grants received, intergovernmental contracts executed, and capital leases approved, respectively.

B) DEFICIT FUND EQUITY:

At September 30, 2012, the Certificates of Obligation Series 2012 Capital Project Fund had a deficit fund balance of \$18,783. Management anticipates that proceeds from the issuance of the Certificates will restore the Capital Project Fund to a positive balance during October 2012.

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, 2012, the County's bank balance (collected funds) was \$75,256,921. At that same date, none of the County's bank balance was exposed to custodial credit risk since the County's deposits were insured and collateralized by securities pledged by the depository and held by third party agents of the County in the County's name.

B) INVESTMENTS:

As of September 30, 2012, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (in years)</u>
Chase Business High Yield Savings	\$ 13,072,943	-
TexSTAR Investment Pool	2,648,173	0.14
State's Investment Pool (TEXPOOL)	2,600,144	0.11
TEXCLASS Investment Pool	15,033,165	0.13
Lone Star Investment Pool	1,890,684	0.15
Money Market Mutual Fund (ICT)	20,671,721	0.13
Money Market Mutual Fund (BPIF)	23,733,078	0.13
Money Market Mutual Fund (AIM)	18,434,137	0.15
Total Investments	<u>\$ 98,084,045</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

MONTGOMERY COUNTY, TEXAS
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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,
- A minimum AA 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, Lone Star Investment Pool and TEXCLASS 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. The external investment pools seek to maintain a net asset value of one dollar per share.

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

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

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

- Obligations of the U.S. Treasury and Governmental Agencies,
- Time deposits,
- Negotiable Order of Withdrawal (NOW) Accounts,
- Investment Pools rated AAA or AAAM by at least 1 nationally recognized rating service,
- Certificates of Deposit, and
- Money Market mutual funds.
- Commercial Paper as defined in Texas Government Code, Section 2256.013

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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%.

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 \$110,989,635 in additional taxes from the present assessed valuation of \$35,101,086,471 before the limit is reached.

The thirty years' property taxes receivable at September 30, 2012, as reported by the Tax Assessor-Collector are presented as follows:

	Taxes Receivable	Less: Allowance for Uncollectables	Net Taxes Receivable
General Fund	\$4,959,950	\$ 99,199	\$4,860,751
Road & Bridge Fund	634,212	12,684	621,528
Debt Service Funds	1,024,118	20,482	1,003,636
Total Receivable	<u>\$6,618,280</u>	<u>\$132,365</u>	<u>\$6,485,915</u>

NOTE 6- DUE FROM OTHER GOVERNMENTS:

At September 30, 2012, the following amounts were recorded as due to the County:

	Federal	State	Local	Total
General Fund	\$ 5,151,337	\$ 564,389	\$ 532,964	\$ 6,248,690
Road & Bridge Fund	-	126,423	-	126,423
Debt Service Fund	-	12,430,025	-	12,430,025
Special Revenue Funds	10,897,121	326,743	50,455	11,274,319
Internal Service Funds	-	-	9,762	9,762
Total Due from Governments	<u>\$16,048,458</u>	<u>\$13,447,580</u>	<u>\$ 593,181</u>	<u>\$ 30,089,219</u>

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

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2012

NOTE 7- CAPITAL ASSETS:

A) CHANGES IN CAPITAL ASSETS FOR YEAR ENDED SEPTEMBER 30, 2012:

Governmental Activities	Beginning Balance	Additions ⁽¹⁾	Deletions ⁽¹⁾	Ending Balance
Land ⁽²⁾	\$ 35,851,022	\$ 4,292,517	\$ (120,542)	\$ 40,022,997
Construction in Progress	615,317	2,972,342	(1,160,822)	2,426,837
Total Capital Assets not being depreciated	36,466,339	7,264,859	(1,281,364)	42,449,834
Buildings ⁽³⁾	229,968,752	2,583,478	(1,868,149)	230,684,081
Improvements ⁽³⁾	26,490,401	176,927	-	26,667,328
Equipment ⁽³⁾	80,341,981	8,173,476	(4,777,625)	83,737,832
Infrastructure	1,103,401,818	16,923,347	-	1,120,325,165
Total Capital Assets being depreciated	1,440,202,952	27,857,228	(6,645,774)	1,461,414,406
Less accumulated depreciation for:				
Buildings	(48,683,363)	(5,768,067)	414,190	(54,037,240)
Improvements	(10,517,231)	(1,674,758)	-	(12,191,989)
Equipment	(53,386,173)	(10,069,247)	2,709,983	(60,745,437)
Infrastructure	(675,662,036)	(35,833,540)	-	(711,495,576)
Total Depreciation	(788,248,803)	(53,345,612)	3,124,173	(838,470,242)
Total Capital Assets, net of Accumulated depreciation	\$ 688,420,488	\$ (18,223,525)	\$(4,802,965)	\$ 665,393,998

(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 \$14,697,293. For Montgomery County, this classification consists exclusively of easements and is included with land.

(3) Internal service fund assets are included in these amounts.

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, 2012, the County charged depreciation expense to functions as follows:

Governmental activities:	
General Administration	\$ 2,420,246
Judicial	224,700
Legal Services	98,557
Elections	449,108
Financial Administration	29,033
Public Facilities	3,371,589
Public Safety	7,146,291
Health and Welfare	1,572,098
Culture and Recreation	1,069,828
Conservation	26,300
Public Transportation	36,896,750
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	41,112
Total depreciation expense-governmental activities	\$53,345,612

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2012

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, 2012:

<u>Project</u>	<u>Status</u>	<u>Commitment</u>	<u>Paid to Date</u>
Various Road Projects	Under construction	\$376,915,143	\$261,903,946
Park Improvements	Complete	14,774,353	14,774,353
Building Remodels	Underway	21,951,752	17,585,039
Airport Improvements	Underway	2,810,940	683,935
Energy Renovation Projects	Underway	4,140,597	113,316
	Total	<u>\$420,592,785</u>	<u>\$295,060,589</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, 2012, the following amounts were due to other governments:

<u>Fund</u>	<u>Local</u>	<u>Total</u>
General	<u>\$1,377,490</u>	<u>\$1,377,490</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 2012, deferred revenues are presented on the following page:

<u>Fund</u>	<u>Deferred Property Taxes</u>	<u>Unearned Fees</u>	<u>Total Deferred/ Unearned Revenues</u>
General	\$4,562,594	\$3,733,597	\$8,296,191
Road & Bridge	617,066	-	617,066
Debt Service	924,082	-	924,082
Other Non-Major	-	3,065,766	3,065,766
Total	<u>\$6,103,742</u>	<u>\$6,799,363</u>	<u>\$12,903,105</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, workers' 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.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2012

A) BONDED DEBT:

A summary of the long-term bonded debt, at September 30, 2012 is presented:

	Interest Rate (%)	Issue Date	Maturity Date	Bonds Outstanding
GENERAL OBLIGATION BONDS:				
Library Bonds, Series 2003B	4.00-5.00	2003	2026	410,000
Refunding Bonds, Series 2005	5.00	2005	2020	35,310,000
Road Bonds Fixed Rate, Series 2006A	4.00-5.00	2006	2027	45,965,000
Road Bonds Fixed Rate, Series 2006B	4.75	2006	2028	20,195,000
Refunding Bonds, Series 2007	4.00-5.50	2007	2026	39,650,000
Road Bonds Fixed Rate, Series 2008A	3.50-5.25	2008	2030	11,030,000
Refunding Bonds, Series 2008	3.50-5.00	2008	2018	7,205,000
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
Refunding Bonds, Series 2012	2.00-5.00	2012	2026	30,885,000
TOTAL GENERAL OBLIGATION BONDS				<u>\$268,735,000</u>
REVENUE BONDS:				
Lease Revenue Bonds, Series 2007	4.475	2007	2028	39,045,941
Pass Through Toll Revenue and Limited Tax Bonds, Series 2009	3.00-5.00	2009	2032	53,670,000
Toll Revenue Bonds, Series 2010	3.00-5.00	2011	2021	29,425,000
TOTAL REVENUE BONDS:				<u>\$122,140,941</u>
CERTIFICATES OF OBLIGATION:				
Series 2003	4.00-5.00	2003	2026	640,000
Series 2004	3.75-4.60	2004	2020	345,000
Series 2006	4.00-5.00	2006	2027	23,320,000
Series 2007	4.00-4.63	2008	2027	8,340,000
Series 2008	3.50-5.25	2008	2027	21,785,000
Series 2010	3.00-5.40	2010	2039	31,765,000
Series 2012	2.00-5.00	2012	2032	14,925,000
TOTAL CERTIFICATES OF OBLIGATION				<u>\$101,120,000</u>
TOTAL BONDED DEBT				<u><u>\$491,995,941</u></u>

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

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2012

B) CHANGES IN LONG-TERM DEBT:

The following schedule illustrates changes in long-term debt for the year ended September 30, 2012. For each category, management has presented the portion that will be due within one year.

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General Obligation	\$ 270,030,000	\$ 30,885,000	\$(32,180,000)	\$268,735,000	\$ 7,145,000
Revenue Bonds	128,266,840	-	(6,125,899)	122,140,941	8,500,150
Certificates of Obligation	99,190,000	14,925,000	(12,995,000)	101,120,000	4,540,000
Less deferred amounts:					
Interest on Refunding	(7,880,789)	(2,002,641)	1,090,703	(8,792,727)	
Issuance discounts	(858,553)	(80,126)	116,147	(822,532)	
Unamort. Premiums	16,091,848	5,789,858	(2,030,017)	19,851,689	
Total bonds payable	504,839,346	49,517,091	(52,124,066)	502,232,371	20,185,150
Capital leases	15,336,959	830,702	(2,496,170)	13,671,491	2,307,582
Workers' Comp Obligation	904,724	1,115,094	(653,287)	1,366,531	-
Medical Obligation	2,579,400	2,555,128	(2,579,400)	2,555,128	-
OPEB Obligation	19,571,942	9,195,075	(2,262,618)	26,504,399	-
Compensated absences	9,354,751	5,775,246	(5,112,755)	10,017,242	6,203,591
Total Long-term Liabilities	\$ 552,587,122	\$ 68,988,336	\$(65,228,296)	\$556,347,162	\$28,696,323

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, \$1,366,531 for Workers' Compensation obligation and \$2,555,128 for Medical obligation were included in the above amounts.

At year end, \$1,361,667 of special revenue funds compensated absences is included in the above amounts. The remaining balance of \$8,655,575 will be liquidated by the general fund. In fiscal year 2012, the OPEB obligation will be liquidated by the general fund. In prior fiscal years, the OPEB obligation was fully 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.

Maturity	General Obligation Bonds		Revenue Bonds		Certificates of Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	7,145,000	12,649,099	8,500,150	5,439,817	4,540,000	4,098,414
2014	8,120,000	12,331,191	8,872,762	5,068,356	4,035,000	3,943,945
2015	8,665,000	11,963,925	9,283,886	4,656,782	4,010,000	3,792,014
2016	9,080,000	11,547,859	9,718,680	4,224,538	4,175,000	3,625,835
2017	9,535,000	11,101,588	10,202,312	3,738,031	4,345,000	3,450,032
2018-2022	55,200,000	47,941,956	41,737,931	11,672,483	24,525,000	14,150,685
2023-2027	70,585,000	32,936,659	21,638,957	5,572,730	32,610,000	7,684,000
2028-2032	100,405,000	11,702,719	12,186,263	1,253,033	11,570,000	3,041,209
2033-2037	-	-	-	-	7,790,000	1,320,462
2038-2039	-	-	-	-	3,520,000	124,605
Total	\$268,735,000	\$152,174,996	\$122,140,941	\$ 41,625,770	\$101,120,000	\$ 45,231,201

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

MONTGOMERY COUNTY, TEXAS
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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, 2012, defeased but outstanding debt from prior year refunding transactions consisted of the following:

Series	Amount
Certificates of Obligation, Series 1997	1,255,000
Refunding Bonds, Series 1997	2,637,118
Certificates of Obligation, Series 1997A	4,560,000
Certificates of Obligation, 1998	8,370,000
Permanent Improvement Bonds, Series 2000	11,700,000
Certificates of Obligation, Series 2003	7,880,000
Road Bonds, Series 2003A	24,000,000
Limited Tax Library Bonds, Series 2003B	7,335,000
Road Bonds, Series 2004	10,205,000
Certificates of Obligation, Series 2004	1,235,000
Total Defeased but Outstanding	\$ 79,177,118

E) FUTURE BORROWING:

During the Budget Workshops for fiscal year ending September 30, 2013, 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 road improvements, and renovation and construction at the Lone Star Executive Airport. Certificates are anticipated to be issued in early 2013.

Concurrently with the issuance of the Certificates the County is issuing its \$15,880,000 Pass-Through Toll Revenue and Limited Tax Refunding bonds.

F) CONDUIT DEBT OBLIGATIONS:

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

Montgomery County Industrial Development Corporation- The Corporation issues industrial revenue bonds that promote and encourage employment and public welfare. As of September 30, 2012, there were thirteen 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. In 2012, the corporation issued \$10,000,000 in revenue bonds to pay the costs of certain manufacturing facilities, the function of which is to provide for the heat treatment of steel for oilfield services. 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

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benefit of organizations located in Montgomery County. As of September 30, 2012, there were thirty five (35) series of bonds outstanding with an aggregate principal payable of \$2,648,595,000. The bonds will be repaid from sources defined in the various underlying financing agreements between the corporation and the entities for whose benefit the bonds were issued.

G) CAPITAL LEASES:

The County has entered into capital lease agreements for the lease/purchase/construction of certain heavy road equipment, vehicles, and buildings. Acquisition of equipment with a value of \$830,702 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, 2012 and the funds from which they will be paid are as shown below:

Year Ending	General Fund	Special Revenue Funds	Total
2013	\$ 2,115,176	\$ 692,031	\$ 2,807,207
2014	2,097,971	611,076	2,709,047
2015	2,097,971	515,534	2,613,505
2016	1,855,673	443,014	2,298,687
2017	1,771,416	443,014	2,214,430
2018-2021	1,771,416	1,157,932	2,929,348
Total Minimum Lease Payments	11,709,623	3,862,601	15,572,224
Less: amount representing interest	1,290,716	610,017	1,900,733
Present value-minimum lease payments	<u>\$10,418,907</u>	<u>\$ 3,252,584</u>	<u>13,671,491</u>

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

A) DUE FROM/DUE TO OTHER FUNDS:

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

The composition of inter-fund balances as of September 30, 2012 was as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 26,862,480	\$ 32,022,980
Road and Bridge Fund	246,956	2,540,111
Debt Service Fund	183,639	-
Revenue/Toll Bonds, 2010	1,804,296	-
Non-major Governmental Funds	12,466,394	18,808,926
Internal Service Funds	11,808,252	-
Total	<u>\$ 53,372,017</u>	<u>\$ 53,372,017</u>

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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, 2012 were:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 13,084,684	\$ 23,964,233
Road and Bridge Fund	618,960	2,880,243
Debt Service Fund	6,228	-
Nonmajor Governmental Funds	14,252,109	1,117,505
Total	<u>\$ 27,961,981</u>	<u>\$ 27,961,981</u>

Although inter-fund activity is reported in the fund financial statements, it has been eliminated in the government-wide financial statements.

NOTE 11- FUND BALANCES:

The following table provides detail of the classification of fund balances as reported in the fund financial statements:

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Revenue/Toll Bonds Series 2010</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:						
Nonspendable						
Prepaid	\$ -	\$ -	\$ 122,000	\$ -	\$ 138,305	\$ 260,305
Inventory	-	103,393	-	-	-	103,393
Restricted for:						
Capital Projects	-	-	-	33,571,071	16,830,979	50,402,050
Debt Service	-	-	15,828,460	-	-	15,828,460
General Admin	-	-	-	-	4,836,779	4,836,779
Judicial	-	-	-	-	1,538,401	1,538,401
Legal						
Services	11,217	-	-	-	527,541	538,758
Financial Admin	-	-	-	-	2	2
Public Safety	-	-	-	-	3,087,040	3,087,040
Health & Welfare	-	-	-	-	3,378,544	3,378,544
Culture & Rec	-	-	-	-	218,622	218,622
Public Trans	-	-	-	-	981,224	981,224
Committed						
Encumbrances	91,718	16,704	-	-	144	108,566
Assigned to:						
OPEB Obligation	26,504,399	-	-	-	-	26,504,399
Judicial	-	-	-	-	1,155,488	1,155,488
Public Facilities	835,098	-	-	-	-	835,098
Health & Welfare	92,054	-	-	-	-	92,054
Culture & Rec	161,130	-	-	-	-	161,130
Public Trans	5,213,573	9,646,139	-	-	-	14,859,712
Unassigned	30,241,977	-	-	-	-	30,241,977
Total Fund Balances	<u>\$ 63,151,166</u>	<u>\$9,766,236</u>	<u>\$15,950,460</u>	<u>\$ 33,571,071</u>	<u>\$ 32,693,069</u>	<u>\$ 155,132,002</u>

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NOTE 12- OPERATING LEASES:

The County is a party to several lease agreements. Significant terms are discussed below:

Office Space- The County leases 4,474 square feet of office space to the Conroe Symphony Orchestra for a period of sixty months. The term of this lease is July 1, 2010 through June 30, 2015. The monthly rent of \$1,000 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 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 \$2,142,290, less accumulated depreciation of \$425,682.

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

<u>Year Ending</u> <u>September 30,</u>	
2013	\$ 42,000
2014	34,500
2015	12,000
Total Lease Payments Receivable	<u>\$ 88,500</u>

NOTE 13- RISK MANAGEMENT:

A) EMPLOYEE HEALTH BENEFITS:

Effective January, 1989, the County established a partially self-funded trust plan which offers medical 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, 2012, were \$99,567. Claims incurred but not reported (IBNR) at September 30, 2012, are estimated to be \$2,455,561. 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, 2012 and September 30, 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Unpaid claims, beginning of year	\$ 2,579,400	\$ 3,242,652
Incurred claims (includes IBNR)	16,010,852	19,051,852
Claim payments	(16,035,125)	(19,715,104)
Unpaid claims, end of year	<u>\$ 2,555,128</u>	<u>\$ 2,579,400</u>

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During the year ended September 30, 2012, the plan received contributions in the amounts of \$17,953,329 and \$1,979,273 from the employer and employees, respectively. The contributions made by employees included contributions by qualified retirees and certain former employees covered by the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA). In addition to the claim payments made, the plan also expended \$759,034 in administrative costs and \$2,529,404 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, pre-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 2012.

Costs associated with this program are recorded as expenditures in the Self Insurance Workers' Compensation Fund, which is an Internal Service Fund. Prior to fiscal year 2011, 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, 2012, the County expended \$48,555 for administrative costs and \$212,714 for excess loss insurance premiums.

Changes in the workers' compensation liability for the two fiscal years ended September 30, 2012 and September 30, 2011 are detailed on the following page.

	<u>2012</u>	<u>2011</u>
Unpaid claims, beginning of year	\$ 904,724	\$ 874,939
Current year claims and changes in estimates (includes IBNR)	1,115,094	476,640
Claim payments	<u>(653,287)</u>	<u>(446,855)</u>
Unpaid claims, end of year	<u>\$ 1,366,531</u>	<u>\$ 904,724</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 \$395,000,000 for the first three coverages listed above and an additional \$50,000,000 for boilers and HVAC systems.

The County paid \$441,706 in premiums in fiscal year 2012, and recorded the expenditure in the Accident Liability Fund. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

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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". The County and District Clerks have a \$25,000 deductible on the Public Officials Liability. Coverage limits are set at \$1,000,000 per claim by type of coverage. The Airport Operators' Liability is set to \$10,000,000.

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 16 describes the County's obligation under liability claims for 2012.

NOTE 14- 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 2011 and 2012.

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The deposit rate payable by the employee members for calendar year 2012 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, 2012, the pension cost for the TCDRS plan was \$15,820,441, and the actual contributions were \$15,820,441.

In December 31, 2011, 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 payroll on a closed basis. The remaining amortization period at December 31, 2011 was 20 years.

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

As of December 31, 2011, the most recent actuarial valuation date, the plan was 83.38 percent funded. The actuarial accrued liability for benefits was \$250,099,339, and the actuarial value of assets was \$208,528,870, resulting in an unfunded actuarial accrued liability (UAAL) of \$41,570,469. The covered payroll was \$92,694,151, and the ratio of the UAAL to the covered payroll was 44.85 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>
9/30/10	\$ 9,297,946	100%	\$ -
9/30/11	15,659,116	100%	-
9/30/12	15,820,441	100%	-

NOTE 15- 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

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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 13-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 2011 to prepare for disclosure of this liability in accordance with GASB 45. The projected liability accrual for fiscal year 2012 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.

During the year, the County incurred \$2,262,618 in health care claims for retirees and their dependents. For the year ended September 30, 2012, twenty-five employees retired from service with the County and met the qualifications stated in Part A above. Currently, there are 211 retirees covered by this benefit. The actual cost recorded by the County is included in Note 12. Retiree contributions for 2012 were \$232,655, and the County paid the remaining amount of claims. The current ARC is 11.54 percent of annual covered payroll.

C) ANNUAL OPEB COST AND NET OPEB OBLIGATION:

Montgomery County records the annual required contribution (ARC) of the employer, 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.

The following table shows the components of the county's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the county's net OPEB obligation:

	<u>2012</u>	<u>2011</u>
Annual Required Contribution	\$ 9,036,399	\$ 9,036,399
Interest on net OPEB Obligation	(843,755)	(557,123)
Adjustment to annual required contribution	1,002,431	651,038
Annual OPEB cost (expense)	9,195,075	9,130,314
Contributions made	(2,262,618)	(2,369,502)
Increase in Net OPEB obligation	6,932,457	6,760,812
Net OPEB obligation – beginning of year	19,571,942	12,811,130
Net OPEB obligation – end of year	<u>\$26,504,399</u>	<u>\$ 19,571,942</u>

The county's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

<u>Fiscal</u> <u>Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
9/30/10	4,842,773	40.9%	12,811,129
9/30/11	6,760,813	35.1%	19,571,942
9/30/12	6,932,457	32.7%	26,504,399

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D) FUNDED STATUS AND FUNDING PROGRESS:

As of September 30, 2011, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial Accrued Liability (AAL)	\$129,597,372
Actuarial Value of Plan Assets	0
Unfunded Actuarial Liability (UAAL)	<u>\$129,597,372</u>
Funded Ratio	0%
Annualized Covered Payroll	<u>\$ 78,296,277</u>
UAAL as a percentage of Covered Payroll	165.5%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the notes of the financial statements as required supplementary information, 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) ACTUARIAL METHODS AND ASSUMPTIONS:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial Valuation Date	September 30, 2011
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll, open
Remaining Amortization Period	30 years
Actuarial Assumptions:	
Discount Rate	5%
Projected salary increases	3% annually
Medical Trend Rate	5%

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.

NOTE 16- CONTINGENT LIABILITIES:

A) GENERAL LIABILITIES:

For fiscal year 2012, the County participated in a public entity risk pool, to which certain losses arising from liability claims were transferred. The premium for this coverage, \$276,782, was recorded in the Accident Liability Fund, as part of the Internal Service Funds. In addition, the

MONTGOMERY COUNTY, TEXAS

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County expended \$212,290 for damages in connection with twelve 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 \$44,865 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 13-D.

NOTE 17- SPECIAL ITEM:

The County reported a special item equal to \$409,080 for insurance recoveries from prior year losses.

NOTE 18- 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. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, will address issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. This statement will establish recognition, measurement, and disclosure requirements for SCAs in a consistent manner, improving the comparability of financial statements. This statement will be effective for the County for the fiscal year ending September 30, 2013.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, will improve financial reporting for a governmental financial reporting entity. This will improve guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. This statement will be effective for the County for the fiscal year ending September 30, 2013.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre- November 30, 1989 FASB and AICPA Pronouncements*, will incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in pronouncements issued on or before November 30, 1989, which does not conflict with GASB pronouncements. This statement will be effective for the County for the fiscal year ending September 30, 2013.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, will provide financial reporting guidance for deferred outflows of

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resources and deferred outflows of resources. This statement will standardize the presentation of deferred outflows of resources and deferred inflows of resources and their effects on net position. This statement will be effective for the County for the fiscal year ending September 30, 2013.

GASB Statement No. 66, *Technical Corrections*, will improve financial reporting by resolving conflicting guidance that resulted from the issuance of GASB 54 and 62. The requirements of this statement resolve conflicting financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. This statement will be effective for the County for the fiscal year ending September 30, 2014.

GASB Statement No. 68, *Financial Reporting for Pensions*, will improve financial reporting by state and local governments for pensions. This statement will be effective for the County for the fiscal year ending September 30, 2015.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, will improve financial reporting related to government combinations and disposals of government operations. Government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement will be effective for the County for the fiscal year ending September 30, 2014.

NOTE 19- SUBSEQUENT EVENTS:

On October 1, 2012, Commissioners Court approved the sale of \$13.350 million in Certificates of Obligation and \$15.880 million in Pass-Through Toll Revenue Limited Tax Refunding Bonds. Proceeds from the Certificates will be used to design, construct and inspect various county owned roads. Included in the projects will be the construction and renovation of runway and taxiway improvements to the Lone Star Executive Airport. The proceeds from the Refunding Bonds will be used to refund and defease outstanding obligations.

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Required Supplementary Information
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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 ⁽¹⁾	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b-a)	(a/b)	(c)	
12/31/08	\$158,924	\$191,861	\$32,937	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	37,127	83.95%	88,994	41.72%
12/31/11	208,528	250,099	41,571	83.38%	92,694	44.85%

⁽¹⁾ 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 ⁽¹⁾	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

GENERAL FUND

General Fund – to account for the day-to-day operations of the County. This fund is the main operating fund of the County and is funded through a complex array of fees, fines, forfeitures, charges for service and ad valorem property taxes.

MANAGERIAL FUNDS

The funds listed below were created as part of the implementation of GASB Statement 54 and are part of the General Fund. However, management desires a separate presentation from the General Fund.

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

General Fund

Combining Balance Sheet

September 30, 2012

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	General Fund	General Fund Managerial Funds	Total General Fund
<u>ASSETS:</u>			
Cash	\$ 40,931,030	\$ 503,820	\$ 41,434,850
Investments, at Fair Value	33,017,822	609,616	33,627,438
Cash, Restricted for Retainage	31,202	-	31,202
Receivables:			
Taxes (net)	4,860,751	-	4,860,751
Accounts (net)	2,146,711	155,794	2,302,505
Due from Other Funds	21,039,819	5,822,661	26,862,480
Due from Other Governments	6,225,054	23,636	6,248,690
<u>TOTAL ASSETS</u>	<u>\$ 108,252,389</u>	<u>\$ 7,115,527</u>	<u>\$ 115,367,916</u>

LIABILITIES AND FUND BALANCES:

LIABILITIES:

Accounts Payable	\$ 10,115,703	\$ 373,184	\$ 10,488,887
Retainage Payable	31,202	-	31,202
Due to Other Funds	31,835,806	187,174	32,022,980
Due to Other Governments	1,377,490	-	1,377,490
Deferred Revenue	8,056,191	240,000	8,296,191
Total Liabilities	<u>51,416,392</u>	<u>800,358</u>	<u>52,216,750</u>

FUND BALANCES:

Restricted	-	11,217	11,217
Committed	89,621	2,097	91,718
Assigned	26,504,399	6,301,855	32,806,254
Unassigned	30,241,977	-	30,241,977
Total Fund Balances	<u>56,835,997</u>	<u>6,315,169</u>	<u>63,151,166</u>

**TOTAL LIABILITIES AND
FUND BALANCES**

<u>\$ 108,252,389</u>	<u>\$ 7,115,527</u>	<u>\$ 115,367,916</u>
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MONTGOMERY COUNTY, TEXAS

General Fund

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

Year Ended September 30, 2012

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	General Fund	General Fund Managerial Funds	Total General Fund
<u>REVENUES:</u>			
Taxes	\$ 127,001,163	\$ -	\$ 127,001,163
Licenses and Permits	1,183,232	147,129	1,330,361
Fees	13,391,724	815,915	14,207,639
Intergovernmental	5,872,533	515,900	6,388,433
Charges for Services	813,571	250,475	1,064,046
Interest	191,510	2,437	193,947
Contract Reimbursements	14,696,222	-	14,696,222
Inmate Housing	22,670,575	-	22,670,575
Fines and Forfeitures	56,000	157,245	213,245
Miscellaneous	2,203,165	70,068	2,273,233
<u>TOTAL REVENUES</u>	<u>188,079,695</u>	<u>1,959,169</u>	<u>190,038,864</u>
<u>EXPENDITURES:</u>			
Current:			
General Administration	24,266,009	-	24,266,009
Judicial	16,380,047	-	16,380,047
Legal Services	2,541,131	145,125	2,686,256
Elections	2,156,915	-	2,156,915
Financial Administration	5,997,355	-	5,997,355
Public Facilities	44,189,746	1,117,542	45,307,288
Public Safety	59,252,353	-	59,252,353
Health and Welfare	5,360,047	1,911,165	7,271,212
Culture and Recreation	-	8,413,399	8,413,399
Conservation	533,269	-	533,269
Public Transportation	-	532,594	532,594
<u>TOTAL EXPENDITURES</u>	<u>160,676,872</u>	<u>12,119,825</u>	<u>172,796,697</u>
Excess (Deficiency) Revenues Over Expenditures	27,402,823	(10,160,656)	17,242,167
<u>OTHER FINANCING SOURCES/(USES)</u>			
Transfers In	3,372,283	9,712,401	13,084,684
Transfers Out	(23,699,130)	(265,103)	(23,964,233)
Capital Lease Financing	406,222	-	406,222
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>(19,920,625)</u>	<u>9,447,298</u>	<u>(10,473,327)</u>
Net Change in Fund Balances	7,482,198	(713,358)	6,768,840
Fund Balances at Beginning of Year	49,353,799	7,028,527	56,382,326
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 56,835,997</u>	<u>\$ 6,315,169</u>	<u>\$ 63,151,166</u>

MONTGOMERY COUNTY, TEXAS

General Fund

Balance Sheet

September 30, 2012

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	<u>General Fund</u>
<u>ASSETS:</u>	
Cash	\$ 40,931,030
Investments, at Fair Value	33,017,822
Cash, Restricted for Retainage	31,202
Receivables:	
Taxes (net)	4,860,751
Accounts (net)	2,146,711
Due from Other Funds	21,039,819
Due from Other Governments	6,225,054
<u>TOTAL ASSETS</u>	<u>\$ 108,252,389</u>
<u>LIABILITIES AND FUND BALANCES:</u>	
Liabilities:	
Accounts Payable	\$ 10,115,703
Retainage Payable	31,202
Due to Other Funds	31,835,806
Due to Other Governments	1,377,490
Deferred Revenue	8,056,191
Total liabilities	<u>51,416,392</u>
Fund Balances:	
Committed	89,621
Assigned	26,504,399
Unassigned	30,241,977
Total Fund Balances	<u>56,835,997</u>
<u>TOTAL LIABILITIES AND</u>	
<u>FUND BALANCES</u>	<u>\$ 108,252,389</u>

MONTGOMERY COUNTY, TEXAS

General Fund

Schedule of Revenues and Other Financing Sources

Budget (GAAP Basis) and Actual Year Ended September 30, 2012

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<u>TAXES:</u>	Original Budget	Final Budget	Actual	Variance with Final Budget
Ad Valorem Current	\$ 122,365,300	\$ 122,815,300	\$ 122,691,440	\$ (123,860)
Ad Valorem Delinquent	1,128,150	1,328,150	1,523,267	195,117
Penalty and Interest	869,700	1,019,700	1,259,092	239,392
Mixed Beverage	1,300,000	1,300,000	1,197,988	(102,012)
Bingo Tax	150,000	150,000	179,876	29,876
Miscellaneous Taxes	40,000	141,000	149,500	8,500
Total Taxes	125,853,150	126,754,150	127,001,163	247,013

LICENSES AND PERMITS:

Beer Licenses	103,200	103,200	149,450	46,250
Trial Fees	4,000	4,000	4,555	555
Stenographer Fees	70,000	71,544	-	(71,544)
Health Permits	300,000	300,000	340,702	40,702
Park Fees	50,000	-	-	-
Animal Control Transport	10,000	10,000	24,894	14,894
Food Service Permits	425,000	425,000	437,720	12,720
Alarm Permits	127,766	127,766	200,850	73,084
Hazardous Waste Mgmt Fees	15,000	15,000	25,061	10,061
Total Licenses and Permits	1,104,966	1,056,510	1,183,232	126,722

FEES:

County Judge	13,000	13,000	12,953	(47)
County Sheriff	325,000	325,000	396,537	71,537
County Attorney	80,950	80,950	84,827	3,877
County Clerk	3,000,000	3,000,000	3,363,490	363,490
Tax Assessor-Collector	1,333,784	1,333,784	2,943,931	1,610,147
District Clerk	1,196,000	1,173,000	1,292,116	119,116
Justice of the Peace	4,672,166	4,849,595	4,364,823	(484,772)
Constable	525,000	704,170	556,693	(147,477)
Voter Registration	100	100	453	353
Criminal Justice Fees	888,582	936,582	375,901	(560,681)
Total Fees	12,034,582	12,416,181	13,391,724	975,543

INTERGOVERNMENTAL:

Federal Grants:

Department of Agriculture	38,539	55,993	55,993	-
Dept Health/Human Services	-	-	50,372	50,372
Department of Homeland Security	-	2,889,803	3,061,174	171,371
Department of Justice	115,000	438,794	442,287	3,493
Department of Transportation	-	106,929	105,136	(1,793)
Office of National Drug Control Policy	-	24,760	23,324	(1,436)
Department of Energy	-	-	840,805	840,805
Total Federal Grants	153,539	3,516,279	4,579,091	1,062,812

MONTGOMERY COUNTY, TEXAS**General Fund****Schedule of Revenues and Other Financing Sources****Budget (GAAP Basis) and Actual Year Ended September 30, 2012**

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	Original Budget	Final Budget	Actual	Variance with Final Budget
INTERGOVERNMENTAL(cont'd)				
State Grants:				
Auto Theft Prevention Authority	-	391,210	385,892	(5,318)
Office of the Attorney General	-	59,884	33,141	(26,743)
Tx Comm on Environmental Quality	-	219,197	233,707	14,510
Total State Grants	-	670,291	652,740	(17,551)
Other:				
U.S. Marshal Transportation	-	21,388	33,801	12,413
Prosecutor Salary Supplement	22,500	88,957	86,185	(2,772)
Intergovernmental Contracts	-	963,524	444,534	(518,990)
Voter Registration	-	76,182	76,182	-
Total Other	22,500	1,150,051	640,702	(509,349)
Total Intergovernmental	176,039	5,336,621	5,872,533	535,912
CHARGES FOR SERVICES	741,400	741,400	813,571	72,171
INTEREST	159,188	409,188	191,510	(217,678)
CONTRACT REIMBURSEMENTS	8,531,876	14,263,919	14,696,222	432,303
INMATE HOUSING	19,260,377	22,670,575	22,670,575	-
FINES AND FORFEITURES	85,000	85,000	56,000	(29,000)
MISCELLANEOUS:				
Lease of Facility	19,300	21,700	26,353	4,653
Commissions	460,000	460,000	607,901	147,901
Other	225,000	950,946	1,568,911	617,965
Total Miscellaneous	704,300	1,432,646	2,203,165	770,519
TOTAL REVENUES	168,650,878	185,166,190	188,079,695	2,913,505
OTHER FINANCING SOURCES:				
Transfers In	-	848,085	3,372,283	2,524,198
Capital Lease Financing	-	406,222	406,222	-
TOTAL OTHER FINANCING SOURCES	-	1,254,307	3,778,505	2,524,198
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 168,650,878	\$ 186,420,497	\$ 191,858,200	\$ 5,437,703

MONTGOMERY COUNTY, TEXAS
General Fund
Schedule of Expenditures and Other Financing Uses
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

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Page 1 of 10

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>GENERAL ADMINISTRATION:</u>				
County Judge:				
Salaries	\$ 361,505	\$ 376,208	\$ 374,967	\$ 1,241
Employee Benefits	122,598	123,209	122,230	979
Supplies	6,450	8,750	8,552	198
Contract Services	13,500	31,300	26,092	5,208
Total County Judge	504,053	539,467	531,841	7,626
Human Resources:				
Salaries	331,820	332,411	332,410	1
Employee Benefits	130,649	131,740	131,739	1
Supplies	9,600	9,714	9,575	139
Contract Services	80,722	80,021	30,663	49,358
Total Human Resources	552,791	553,886	504,387	49,499
Risk Management:				
Salaries	404,025	404,529	404,529	-
Employee Benefits	155,954	157,176	156,333	843
Supplies	24,115	37,825	36,373	1,452
Contract Services	239,490	225,875	182,007	43,868
Total Risk Management	823,584	825,405	779,242	46,163
County Clerk:				
Salaries	1,431,649	1,393,954	1,393,424	530
Employee Benefits	702,871	714,538	709,298	5,240
Supplies	50,500	55,764	39,630	16,134
Contract Services	28,710	28,710	23,231	5,479
Total County Clerk	2,213,730	2,192,966	2,165,583	27,383
Collections:				
Salaries	280,768	252,101	249,625	2,476
Employee Benefits	144,592	129,038	127,476	1,562
Supplies	21,589	24,209	12,255	11,954
Contract Services	51,886	66,403	38,205	28,198
Total Collections	498,835	471,751	427,561	44,190
Environmental Health/Alarm Division:				
Salaries	63,304	63,855	63,850	5
Employee Benefits	34,868	35,877	35,326	551
Supplies	19,869	19,869	1,991	17,878
Contract Services	12,619	18,102	7,349	10,753
Total Collections	130,660	137,703	108,516	29,187

MONTGOMERY COUNTY, TEXAS

General Fund

Schedule of Expenditures and Other Financing Uses

Budget (GAAP Basis) and Actual Year Ended September 30, 2012

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>GENERAL ADMINISTRATION(cont'd)</u>				
Veterans' Service:				
Salaries	141,928	141,928	141,926	2
Employee Benefits	61,033	61,776	61,450	326
Supplies	2,052	2,052	2,042	10
Contract Services	2,107	2,607	2,497	110
Total Veterans' Service	<u>207,120</u>	<u>208,363</u>	<u>207,915</u>	<u>448</u>
Information Technology:				
Salaries	1,730,287	1,678,300	1,675,604	2,696
Employee Benefits	609,717	596,817	592,097	4,720
Supplies	1,253,424	1,321,530	1,213,956	107,574
Contract Services	2,871,157	2,824,023	931,698	1,892,325
Capital Outlay	50,000	481,922	456,751	25,171
Total Information Technology	<u>6,514,585</u>	<u>6,902,592</u>	<u>4,870,106</u>	<u>2,032,486</u>
Purchasing Agent:				
Salaries	1,050,278	1,240,892	1,224,180	16,712
Employee Benefits	387,538	454,041	443,283	10,758
Supplies	14,742	21,523	15,185	6,338
Contract Services	249,813	946,496	706,960	239,536
Capital Outlay	21,000	75,632	54,489	21,143
Total Purchasing Agent	<u>1,723,371</u>	<u>2,738,584</u>	<u>2,444,097</u>	<u>294,487</u>
County-Wide:				
Employee Benefits	2,295,000	7,295,000	7,295,000	-
Supplies	751,500	756,949	717,971	38,978
Contract Services	6,687,149	4,678,070	4,213,790	464,280
Total County-Wide	<u>9,733,649</u>	<u>12,730,019</u>	<u>12,226,761</u>	<u>503,258</u>
<u>TOTAL GENERAL ADM</u>	<u>22,902,378</u>	<u>27,300,736</u>	<u>24,266,009</u>	<u>3,034,727</u>
<u>JUDICIAL:</u>				
County Court No1:				
Salaries	206,409	206,409	200,160	6,249
Employee Benefits	83,645	84,024	83,378	646
Supplies	4,774	5,774	2,826	2,948
Contract Services	5,625	4,625	3,052	1,573
Total County Court No1	<u>300,453</u>	<u>300,832</u>	<u>289,416</u>	<u>11,416</u>
County Court No2:				
Salaries	411,615	408,615	401,788	6,827
Employee Benefits	168,136	163,135	162,266	869
Supplies	4,304	9,518	7,891	1,627
Contract Services	10,696	5,482	4,352	1,130
Total County Court No2	<u>594,751</u>	<u>586,750</u>	<u>576,297</u>	<u>10,453</u>

MONTGOMERY COUNTY, TEXAS**General Fund****Schedule of Expenditures and Other Financing Uses****Budget (GAAP Basis) and Actual Year Ended September 30, 2012**

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>JUDICIAL(cont'd)</u>				
County Court No3:				
Salaries	228,174	228,174	221,131	7,043
Employee Benefits	99,241	99,505	98,891	614
Supplies	10,670	10,670	9,384	1,286
Contract Services	9,645	12,864	6,068	6,796
Total County Court No3	347,730	351,213	335,474	15,739
County Court No4:				
Salaries	237,076	237,076	230,826	6,250
Employee Benefits	100,895	101,875	100,899	976
Supplies	8,655	8,655	5,080	3,575
Contract Services	6,080	6,962	5,773	1,189
Total County Court No4	352,706	354,568	342,578	11,990
County Court No5:				
Salaries	225,427	225,427	219,177	6,250
Employee Benefits	98,730	99,392	98,864	528
Supplies	8,830	8,830	5,162	3,668
Contract Services	7,200	7,200	3,653	3,547
Total County Court No5	340,187	340,849	326,856	13,993
District Attorney:				
Salaries	5,703,908	5,846,748	5,748,308	98,440
Employee Benefits	2,109,947	2,131,125	2,094,051	37,074
Supplies	144,193	140,398	137,811	2,587
Contract Services	111,732	290,368	266,958	23,410
Capital Outlay	-	17,496	17,496	-
Total District Attorney	8,069,780	8,426,135	8,264,624	161,511
District Clerk:				
Salaries	1,997,886	1,953,710	1,948,639	5,071
Employee Benefits	1,053,183	1,038,358	1,033,777	4,581
Supplies	85,074	86,915	83,452	3,463
Contract Services	48,893	48,793	45,864	2,929
Capital Outlay	5,552	6,777	6,744	33
Total District Clerk	3,190,588	3,134,553	3,118,476	16,077

MONTGOMERY COUNTY, TEXAS

General Fund

Schedule of Expenditures and Other Financing Uses

Budget (GAAP Basis) and Actual Year Ended September 30, 2012

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<u>JUDICIAL(cont'd)</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Justice of Peace Pct 1:				
Salaries	388,925	382,068	382,068	-
Employee Benefits	164,937	160,325	155,413	4,912
Supplies	10,500	11,271	11,207	64
Contract Services	15,255	40,855	26,231	14,624
Total Justice of Peace Pct 1	<u>579,617</u>	<u>594,519</u>	<u>574,919</u>	<u>19,600</u>
Justice of Peace Pct 2:				
Salaries	289,367	281,225	279,518	1,707
Employee Benefits	123,049	110,549	109,490	1,059
Supplies	8,040	8,040	7,188	852
Contract Services	25,525	35,525	18,779	16,746
Total Justice of Peace Pct 2	<u>445,981</u>	<u>435,339</u>	<u>414,975</u>	<u>20,364</u>
Justice of Peace Pct 3:				
Salaries	597,961	586,053	582,716	3,337
Employee Benefits	284,363	278,271	275,331	2,940
Supplies	13,791	14,877	14,826	51
Contract Services	16,025	28,069	17,014	11,055
Total Justice of Peace Pct 3	<u>912,140</u>	<u>907,270</u>	<u>889,887</u>	<u>17,383</u>
Justice of Peace Pct 4:				
Salaries	523,351	519,351	518,476	875
Employee Benefits	258,871	257,810	256,885	925
Supplies	9,603	9,455	9,417	38
Contract Services	21,568	76,718	68,945	7,773
Total Justice of Peace Pct 4	<u>813,393</u>	<u>863,334</u>	<u>853,723</u>	<u>9,611</u>
Justice of Peace Pct 5:				
Salaries	261,156	261,156	261,156	-
Employee Benefits	106,183	106,795	106,497	298
Supplies	9,362	8,822	7,520	1,302
Contract Services	5,950	32,560	17,649	14,911
Capital Outlay	-	-	-	-
Total Justice of Peace Pct 5	<u>382,651</u>	<u>409,333</u>	<u>392,822</u>	<u>16,511</u>
<u>TOTAL JUDICIAL</u>	<u>16,329,977</u>	<u>16,704,695</u>	<u>16,380,047</u>	<u>324,648</u>

MONTGOMERY COUNTY, TEXAS

General Fund

Schedule of Expenditures and Other Financing Uses

Budget (GAAP Basis) and Actual Year Ended September 30, 2012

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>LEGAL:</u>				
County Attorney:				
Salaries	1,662,185	1,694,713	1,674,413	20,300
Employee Benefits	628,643	608,643	607,547	1,096
Supplies	31,530	43,071	42,980	91
Contract Services	23,050	220,163	216,191	3,972
Capital Outlay	-	-	-	-
<u>TOTAL LEGAL</u>	<u>2,345,408</u>	<u>2,566,590</u>	<u>2,541,131</u>	<u>25,459</u>
<u>ELECTIONS:</u>				
Salaries	704,960	885,976	885,976	-
Employee Benefits	239,984	247,161	243,451	3,710
Supplies	48,576	233,200	228,474	4,726
Contract Services	63,650	407,717	399,708	8,009
Capital Outlay	-	399,306	399,306	-
<u>TOTAL ELECTIONS</u>	<u>1,057,170</u>	<u>2,173,360</u>	<u>2,156,915</u>	<u>16,445</u>
<u>FINANCIAL ADMINISTRATION:</u>				
County Auditor:				
Salaries	1,213,382	1,118,751	1,118,750	1
Employee Benefits	489,741	463,755	447,271	16,484
Supplies	23,200	26,800	25,706	1,094
Contract Services	40,715	35,944	35,109	835
Capital Outlay	-	1,711	1,584	127
Total County Auditor	<u>1,767,038</u>	<u>1,646,961</u>	<u>1,628,420</u>	<u>18,541</u>
County Treasurer:				
Salaries	427,146	418,146	416,941	1,205
Employee Benefits	171,227	164,227	163,478	749
Supplies	12,031	11,956	11,557	399
Contract Services	19,543	19,801	17,970	1,831
Capital Outlay	-	11,890	11,890	-
Total County Treasurer	<u>629,947</u>	<u>626,020</u>	<u>621,836</u>	<u>4,184</u>
Tax Assessor-Collector:				
Salaries	2,581,685	2,403,428	2,392,181	11,247
Employee Benefits	1,270,484	1,140,484	1,111,193	29,291
Supplies	152,300	159,450	89,869	69,581
Contract Services	190,797	370,827	132,171	238,656
Capital Outlay	3,500	25,185	21,685	3,500
Total Tax Assessor-Collector	<u>4,198,766</u>	<u>4,099,374</u>	<u>3,747,099</u>	<u>352,275</u>
<u>TOTAL FINANCIAL ADM</u>	<u>6,595,751</u>	<u>6,372,355</u>	<u>5,997,355</u>	<u>375,000</u>

MONTGOMERY COUNTY, TEXAS

General Fund

Schedule of Expenditures and Other Financing Uses
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>PUBLIC FACILITIES:</u>				
Custodial Services:				
Salaries	1,713,424	1,681,424	1,678,952	2,472
Employee Benefits	782,214	757,214	752,027	5,187
Supplies	387,810	375,564	361,843	13,721
Contract Services	108,495	88,995	82,699	6,296
Capital Outlay	16,304	44,804	42,697	2,107
Total Custodial Services	3,008,247	2,948,001	2,918,218	29,783
Building Maintenance:				
Salaries	1,872,560	1,851,859	1,848,323	3,536
Employee Benefits	821,332	811,387	792,167	19,220
Supplies	959,480	941,318	872,236	69,082
Contract Services	350,436	1,353,741	1,084,113	269,628
Capital Outlay	56,127	232,768	140,824	91,944
Total Building Maintenance	4,059,935	5,191,073	4,737,663	453,410
Jail:				
Salaries	10,966,084	10,262,871	10,262,871	-
Employee Benefits	5,360,175	4,810,175	4,734,530	75,645
Supplies	1,977,595	2,010,724	1,660,779	349,945
Contract Services	928,190	812,232	778,503	33,729
Capital Outlay	3,000	41,027	34,932	6,095
Total Jail	19,235,044	17,937,029	17,471,615	465,414
Joe Corley Detention Facility:				
Contract Services	15,816,896	19,240,468	19,062,250	178,218
Total Joe Corley Detention Facility	15,816,896	19,240,468	19,062,250	178,218
Parks:				
Salaries	80,263	-	-	-
Employee Benefits	6,140	-	-	-
Total Parks	86,403	-	-	-
<u>TOTAL PUBLIC FACILITIES</u>	42,206,525	45,316,571	44,189,746	1,126,825

MONTGOMERY COUNTY, TEXAS

General Fund

Schedule of Expenditures and Other Financing Uses
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>PUBLIC SAFETY:</u>				
Fire Marshal:				
Salaries	689,110	688,344	686,202	2,142
Employee Benefits	243,671	244,071	241,081	2,990
Supplies	19,500	21,454	21,451	3
Contract Services	24,238	22,300	22,022	278
Total Fire Marshal	<u>976,519</u>	<u>976,169</u>	<u>970,756</u>	<u>5,413</u>
Constable Pct 1:				
Salaries	1,919,397	1,993,371	1,933,528	59,843
Employee Benefits	735,069	791,368	737,918	53,450
Supplies	129,693	129,235	126,679	2,556
Contract Services	27,119	74,874	67,569	7,305
Capital Outlay	-	154,408	40,531	113,877
Total Constable Pct 1	<u>2,811,278</u>	<u>3,143,256</u>	<u>2,906,225</u>	<u>237,031</u>
Constable Pct 2:				
Salaries	901,499	902,948	902,945	3
Employee Benefits	317,539	318,841	318,451	390
Supplies	33,573	42,092	31,958	10,134
Contract Services	31,798	36,149	32,777	3,372
Capital Outlay	219	219	-	219
Total Constable Pct 2	<u>1,284,628</u>	<u>1,300,249</u>	<u>1,286,131</u>	<u>14,118</u>
Constable Pct 3:				
Salaries	1,773,735	1,816,308	1,811,541	4,767
Employee Benefits	630,395	644,582	631,725	12,857
Supplies	51,556	113,291	85,588	27,703
Contract Services	24,285	32,535	30,943	1,592
Capital Outlay	-	112,943	112,942	1
Total Constable Pct 3	<u>2,479,971</u>	<u>2,719,659</u>	<u>2,672,739</u>	<u>46,920</u>
Constable Pct 4:				
Salaries	1,476,997	1,519,240	1,519,240	-
Employee Benefits	551,451	580,218	562,749	17,469
Supplies	32,821	44,359	42,673	1,686
Contract Services	34,240	24,087	23,946	141
Capital Outlay	-	77,044	72,230	4,814
Total Constable Pct 4	<u>2,095,509</u>	<u>2,244,948</u>	<u>2,220,838</u>	<u>24,110</u>

MONTGOMERY COUNTY, TEXAS

General Fund

Schedule of Expenditures and Other Financing Uses
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>PUBLIC SAFETY(cont'd)</u>				
Constable Pct 5:				
Salaries	1,418,299	1,347,157	1,344,875	2,282
Employee Benefits	529,090	496,406	492,300	4,106
Supplies	38,735	42,354	38,907	3,447
Contract Services	28,855	33,881	31,046	2,835
Capital Outlay	-	11,311	5,753	5,558
Total Constable Pct 5	<u>2,014,979</u>	<u>1,931,109</u>	<u>1,912,881</u>	<u>18,228</u>
Sheriff:				
Salaries	20,175,007	21,482,072	21,018,286	463,786
Employee Benefits	8,638,435	8,916,643	8,641,886	274,757
Supplies	1,847,117	2,927,964	2,155,179	772,785
Contract Services	3,003,592	2,142,952	1,878,904	264,048
Capital Outlay	173,568	2,275,679	1,672,737	602,942
Total Sheriff	<u>33,837,719</u>	<u>37,745,310</u>	<u>35,366,992</u>	<u>2,378,318</u>
Juvenile Services:				
Salaries	3,023,182	3,212,383	3,110,645	101,738
Employee Benefits	1,417,330	1,512,708	1,437,204	75,504
Supplies	82,585	83,052	74,241	8,811
Contract Services	376,354	497,808	270,812	226,996
Capital Outlay	-	15,000	-	15,000
Total Juvenile Services	<u>4,899,451</u>	<u>5,320,951</u>	<u>4,892,902</u>	<u>428,049</u>
Adult Services:				
Salaries	-	3,025,694	3,024,204	1,490
Employee Benefits	-	568,902	570,032	(1,130)
Supplies	5,016	11,734	10,251	1,483
Contract Services	16,143	18,358	14,286	4,072
Total Adult Services	<u>21,159</u>	<u>3,624,688</u>	<u>3,618,773</u>	<u>5,915</u>
Emergency Management:				
Salaries	161,083	425,805	314,091	111,714
Employee Benefits	53,044	147,254	118,468	28,786
Supplies	2,889	2,938	2,900	38
Contract Services	39,056	940,319	291,168	649,151
Capital Outlay	-	4,373,997	2,577,086	1,796,911
Total Emergency Management	<u>256,072</u>	<u>5,890,313</u>	<u>3,303,713</u>	<u>2,586,600</u>

MONTGOMERY COUNTY, TEXAS

General Fund

Schedule of Expenditures and Other Financing Uses
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>PUBLIC SAFETY(cont'd)</u>				
Department of Public Safety:				
Salaries	64,324	67,045	66,683	362
Employee Benefits	35,057	35,313	33,273	2,040
Supplies	450	450	447	3
Total Dept of Public Safety	99,831	102,808	100,403	2,405
<u>TOTAL PUBLIC SAFETY</u>	<u>50,777,116</u>	<u>64,999,460</u>	<u>59,252,353</u>	<u>5,747,107</u>
 <u>HEALTH AND WELFARE:</u>				
Vehicle Emissions Program:				
Contract Services	-	200,072	179,107	20,965
Medical:				
Contract Services	90,000	90,000	82,500	7,500
Total Medical	90,000	90,000	82,500	7,500
Mental Health:				
Contract Services	318,525	318,525	256,179	62,346
Environmental Health:				
Salaries	1,485,963	1,470,678	1,469,680	998
Employee Benefits	599,625	584,710	579,926	4,784
Supplies	44,157	41,349	27,213	14,136
Contract Services	75,069	81,206	66,660	14,546
Total Environmental Health	2,204,814	2,177,943	2,143,479	34,464
Forensic Services:				
Salaries	501,707	515,478	514,565	913
Employee Benefits	140,078	147,976	143,668	4,308
Supplies	218,022	192,022	64,057	127,965
Contract Services	522,622	347,117	204,984	142,133
Capital Outlay	-	25,000	-	25,000
Total Forensic Services	1,382,429	1,227,593	927,274	300,319
Animal Control:				
Salaries	430,859	457,796	457,796	-
Employee Benefits	218,690	239,042	230,118	8,924
Supplies	60,050	63,383	61,030	2,353
Contract Services	38,106	35,976	35,833	143
Total Animal Control	747,705	796,197	784,777	11,420

MONTGOMERY COUNTY, TEXAS

General Fund

Schedule of Expenditures and Other Financing Uses

Budget (GAAP Basis) and Actual Year Ended September 30, 2012

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>HEALTH/WELFARE(cont'd)</u>				
Welfare:				
Contract Services	966,731	986,731	986,731	-
<u>TOTAL HEALTH/WELFARE</u>	<u>5,710,204</u>	<u>5,797,061</u>	<u>5,360,047</u>	<u>437,014</u>
<u>CONSERVATION:</u>				
Extension Agent:				
Salaries	327,382	314,062	314,062	-
Employee Benefits	143,515	138,663	138,293	370
Supplies	19,780	19,987	19,446	541
Contract Services	65,208	65,804	61,468	4,336
<u>TOTAL CONSERVATION</u>	<u>555,885</u>	<u>538,516</u>	<u>533,269</u>	<u>5,247</u>
<u>MISCELLANEOUS:</u>				
Contingency	725,207	392,243	-	392,243
<u>TOTAL MISCELLANEOUS</u>	<u>725,207</u>	<u>392,243</u>	<u>-</u>	<u>392,243</u>
<u>TOTAL EXPENDITURES</u>				
<u>GENERAL FUND</u>	<u>149,205,621</u>	<u>172,161,587</u>	<u>160,676,872</u>	<u>11,484,715</u>
<u>OTHER FINANCING USES:</u>				
Transfers Out:				
To Civic Center	-	33,909	33,909	-
To Memorial Library	-	36,576	8,036,576	(8,000,000)
To Animal Shelter	-	80,500	1,480,500	(1,400,000)
To Child Welfare	-	-	57,000	(57,000)
To Airport Maintenance	-	13,127	13,127	-
To Attorney Administration	-	-	14,910	(14,910)
To Jury	-	624,583	8,624,583	(8,000,000)
To Road and Bridge	-	618,960	618,960	-
To Community Development	-	84,035	84,035	-
To Juvenile Probation	-	1,076	1,076	-
To Scfflaw	-	-	10	(10)
To Airport Grants	-	24,283	24,283	-
To Mental Health	-	4,964	4,964	-
To Court Guardianship	-	-	39,860	(39,860)
To Court Reporter	-	-	59,507	(59,507)
To Courthouse Security	-	27,899	72,443	(44,544)
To Court Technology County/District	-	-	15,436	(15,436)
To Justice Court Technology	-	-	613,824	(613,824)
To Juvenile Case Manager	-	-	460,646	(460,646)
To Montgomery County Jail Fin	-	-	3,443,481	(3,443,481)
<u>TOTAL OTHER FINANCING USES</u>	<u>-</u>	<u>1,549,912</u>	<u>23,699,130</u>	<u>(22,149,218)</u>
<u>TOTAL EXPENDITURES AND</u>				
<u>OTHER FINANCING USES</u>	<u>\$ 149,205,621</u>	<u>\$ 173,711,499</u>	<u>\$ 184,376,002</u>	<u>\$ (10,664,503)</u>

MONTGOMERY COUNTY, TEXAS
General Fund - Managerial Funds
Combining Balance Sheet
Year Ended September 30, 2012

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	Civic Center Complex	Memorial Library	Animal Shelter
<u>ASSETS:</u>			
Cash	\$ -	\$ 620	\$ -
Investments, at Fair Value	-	-	-
Receivables:			
Accounts	142,601	1,651	-
Due from Other Funds	751,305	417,897	97,514
Due from Other Governments	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 893,906</u>	<u>\$ 420,168</u>	<u>\$ 97,514</u>

LIABILITIES AND FUND BALANCES:

<u>LIABILITIES:</u>			
Accounts Payable	\$ 58,246	\$ 257,846	\$ 5,839
Due to Other Funds	-	-	-
Deferred Revenue	-	-	-
Total Liabilities	<u>58,246</u>	<u>257,846</u>	<u>5,839</u>

FUND BALANCES:

Restricted	-	-	-
Committed	562	1,192	336
Assigned	835,098	161,130	91,339
Total Fund Balances	<u>835,660</u>	<u>162,322</u>	<u>91,675</u>

**TOTAL LIABILITIES AND
FUND BALANCES**

<u>\$ 893,906</u>	<u>\$ 420,168</u>	<u>\$ 97,514</u>
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Historical Commission	Alternate Dispute Resolution	Child Welfare	Airport Maintenance	Totals
\$ -	\$ 170,770	\$ 13,918	\$ 318,512	\$ 503,820
-	-	-	609,616	609,616
-	11,412	-	130	155,794
15,000	-	-	4,540,945	5,822,661
-	-	23,636	-	23,636
<u>\$ 15,000</u>	<u>\$ 182,182</u>	<u>\$ 37,554</u>	<u>\$ 5,469,203</u>	<u>\$ 7,115,527</u>
\$ -	\$ 24,540	\$ 11,090	\$ 15,623	\$ 373,184
15,000	146,425	25,749	-	187,174
-	-	-	240,000	240,000
<u>15,000</u>	<u>170,965</u>	<u>36,839</u>	<u>255,623</u>	<u>800,358</u>
-	11,217	-	-	11,217
-	-	-	7	2,097
-	-	715	5,213,573	6,301,855
<u>-</u>	<u>11,217</u>	<u>715</u>	<u>5,213,580</u>	<u>6,315,169</u>
<u>\$ 15,000</u>	<u>\$ 182,182</u>	<u>\$ 37,554</u>	<u>\$ 5,469,203</u>	<u>\$ 7,115,527</u>

MONTGOMERY COUNTY, TEXAS
General Fund - Managerial Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2012

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	Civic Center Complex	Memorial Library	Animal Shelter
<u>REVENUES:</u>			
Licenses and Permits	\$ 48,209	\$ -	\$ 98,920
Fees	427,514	-	243,827
Intergovernmental	501,286	-	-
Charges for Services	-	-	-
Interest	-	-	-
Fines and Forfeitures	-	157,245	-
Miscellaneous	60	3,313	66,695
<u>TOTAL REVENUES</u>	<u>977,069</u>	<u>160,558</u>	<u>409,442</u>
<u>EXPENDITURES:</u>			
Legal Services	-	-	-
Public Facilities	1,117,542	-	-
Health and Welfare	-	-	1,839,371
Culture and Recreation	-	8,388,399	-
Public Transportation	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>1,117,542</u>	<u>8,388,399</u>	<u>1,839,371</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(140,473)</u>	<u>(8,227,841)</u>	<u>(1,429,929)</u>
<u>OTHER FINANCING SOURCES/ (USES):</u>			
Transfers In	33,909	8,086,576	1,480,500
Transfers Out	(157,428)	(90,000)	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>(123,519)</u>	<u>7,996,576</u>	<u>1,480,500</u>
Net Change in Fund Balances	(263,992)	(231,265)	50,571
Fund Balances at Beginning of Year	<u>1,099,652</u>	<u>393,587</u>	<u>41,104</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 835,660</u>	<u>\$ 162,322</u>	<u>\$ 91,675</u>

Historical Commission	Alternate Dispute Resolution	Child Welfare	Airport Maintenance	Totals
\$ -	\$ -	\$ -	\$ -	\$ 147,129
-	144,574	-	-	815,915
-	-	14,614	-	515,900
-	-	-	250,475	250,475
-	280	-	2,157	2,437
-	-	-	-	157,245
-	-	-	-	70,068
-	144,854	14,614	252,632	1,959,169
-	145,125	-	-	145,125
-	-	-	-	1,117,542
-	-	71,794	-	1,911,165
25,000	-	-	-	8,413,399
-	-	-	532,594	532,594
25,000	145,125	71,794	532,594	12,119,825
(25,000)	(271)	(57,180)	(279,962)	(10,160,656)
25,000	-	57,000	29,416	9,712,401
-	-	-	(17,675)	(265,103)
25,000	-	57,000	11,741	9,447,298
-	(271)	(180)	(268,221)	(713,358)
-	11,488	895	5,481,801	7,028,527
\$ -	\$ 11,217	\$ 715	\$ 5,213,580	\$ 6,315,169

MONTGOMERY COUNTY, TEXAS
Civic Center Complex - Managerial Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual Year Ended September 30, 2012

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Licenses and Permits	\$ -	\$ 50,000	\$ 48,209	\$ (1,791)
Charges for Service	387,572	420,000	427,514	7,514
Intergovernmental	300,000	375,000	501,286	126,286
Miscellaneous	-	-	60	60
Total Revenues	687,572	845,000	977,069	132,069
<u>EXPENDITURES:</u>				
Facilities:				
Salaries	379,456	402,812	396,228	6,584
Employee Benefits	174,486	186,007	180,102	5,905
Supplies	117,266	140,122	140,029	93
Contract Services	355,222	453,122	394,988	58,134
Capital Outlay	5,595	6,195	6,195	-
Total Expenditures	1,032,025	1,188,258	1,117,542	70,716
Excess (Deficiency) Revenues Over Expenditures	(344,453)	(343,258)	(140,473)	202,785
<u>OTHER FINANCING</u>				
<u>SOURCES:</u>				
Transfers In	-	33,909	33,909	-
Transfers Out	-	(157,428)	(157,428)	-
<u>TOTAL OTHER FINANCING</u>				
<u>SOURCES/(USES)</u>	-	(123,519)	(123,519)	-
Net Change in Fund Balance	(344,453)	(466,777)	(263,992)	202,785
Fund Balance at Beginning of Year	1,099,652	1,099,652	1,099,652	-
<u>FUND BALANCE AT</u>				
<u>END OF YEAR</u>	\$ 755,199	\$ 632,875	\$ 835,660	\$ 202,785

MONTGOMERY COUNTY, TEXAS
Memorial Library - Managerial Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual Year Ended September 30, 2012

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Charges for Service	\$ 140,000	\$ 140,000	\$ 157,245	\$ 17,245
Miscellaneous	-	1,743	3,313	1,570
Total Revenues	140,000	141,743	160,558	18,815
<u>EXPENDITURES:</u>				
Culture & Recreation:				
Salaries	4,784,999	4,721,930	4,713,814	8,116
Employee Benefits	2,229,580	2,209,225	2,193,969	15,256
Supplies	579,890	642,951	582,415	60,536
Contract Services	710,349	740,242	589,481	150,761
Capital Outlay	250,000	308,720	308,720	-
Total Expenditures	8,554,818	8,623,068	8,388,399	234,669
Excess (Deficiency) Revenues Over Expenditures	(8,414,818)	(8,481,325)	(8,227,841)	253,484
<u>OTHER FINANCING SOURCES/(USES):</u>				
Transfers In	-	86,576	8,086,576	8,000,000
Transfers Out	-	(90,000)	(90,000)	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	-	(3,424)	7,996,576	8,000,000
Net Change in Fund Balance	(8,414,818)	(8,484,749)	(231,265)	8,253,484
Fund Balance at Beginning of Year	393,587	393,587	393,587	-
<u>FUND BALANCE AT END OF YEAR</u>	\$ (8,021,231)	\$ (8,091,162)	\$ 162,322	\$ 8,253,484

MONTGOMERY COUNTY, TEXAS

Animal Shelter - Managerial Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual Year Ended September 30, 2012

A-10

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Licenses and Permits	\$ 90,000	\$ 143,895	\$ 98,920	\$ (44,975)
Charges for Service	-	224,417	243,827	19,410
Miscellaneous	-	59,343	66,695	7,352
Total Revenues	<u>90,000</u>	<u>427,655</u>	<u>409,442</u>	<u>(18,213)</u>
<u>EXPENDITURES:</u>				
Health & Welfare:				
Salaries	715,865	326,327	326,327	-
Employee Benefits	468,012	186,857	186,822	35
Supplies	47,000	390,932	375,319	15,613
Contract Services	163,776	935,773	932,812	2,961
Capital Outlay	-	18,091	18,091	-
Total Expenditures	<u>1,394,653</u>	<u>1,857,980</u>	<u>1,839,371</u>	<u>18,609</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(1,304,653)</u>	<u>(1,430,325)</u>	<u>(1,429,929)</u>	<u>396</u>
<u>OTHER FINANCING</u>				
<u>SOURCES:</u>				
Transfers In	<u>-</u>	<u>80,500</u>	<u>1,480,500</u>	<u>1,400,000</u>
Net Change in Fund Balance	(1,304,653)	(1,349,825)	50,571	1,400,396
Fund Balance at Beginning of Year	<u>41,104</u>	<u>41,104</u>	<u>41,104</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (1,263,549)</u>	<u>\$ (1,308,721)</u>	<u>\$ 91,675</u>	<u>\$ 1,400,396</u>

MONTGOMERY COUNTY, TEXAS
Historical Commission - Managerial Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual Year Ended September 30, 2012

A-11

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Total Revenues	\$ -	\$ -	\$ -	\$ -
<u>EXPENDITURES:</u>				
Culture & Recreation:				
Contract Services	25,000	35,000	25,000	10,000
Total Expenditures	25,000	35,000	25,000	10,000
Excess (Deficiency) Revenues Over Expenditures	(25,000)	(35,000)	(25,000)	10,000
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	10,000	25,000	35,000
Net Change in Fund Balance	(25,000)	(25,000)	-	45,000
Fund Balance at Beginning of Year	-	-	-	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (25,000)</u>	<u>\$ (25,000)</u>	<u>\$ -</u>	<u>\$ 45,000</u>

MONTGOMERY COUNTY, TEXAS
Alternate Dispute Resolution - Managerial Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual Year Ended September 30, 2012

A-12

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Fees	\$ 189,285	\$ 189,285	\$ 144,574	\$ (44,711)
Interest	-	-	280	280
Total Revenues	<u>189,285</u>	<u>189,285</u>	<u>144,854</u>	<u>(44,431)</u>
<u>EXPENDITURES:</u>				
Legal Services:				
Contract Services	<u>189,285</u>	<u>189,285</u>	<u>145,125</u>	<u>44,160</u>
Total Expenditures	<u>189,285</u>	<u>189,285</u>	<u>145,125</u>	<u>44,160</u>
Net Change in Fund Balance	-	-	(271)	(271)
Fund Balance at Beginning of Year	<u>11,488</u>	<u>11,488</u>	<u>11,488</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 11,488</u>	<u>\$ 11,488</u>	<u>\$ 11,217</u>	<u>\$ (271)</u>

MONTGOMERY COUNTY, TEXAS
Child Welfare - Managerial Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual Year Ended September 30, 2012

A-13

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Intergovernmental	\$ -	\$ 6,500	\$ 14,614	\$ 8,114
Total Revenues	-	6,500	14,614	8,114
<u>EXPENDITURES:</u>				
Health and Welfare:				
Salaries	-	45,701	13,200	32,501
Supplies	34,600	43,100	38,304	4,796
Contract Services	43,850	41,850	20,290	21,560
Total Expenditures	78,450	130,651	71,794	58,857
Excess (Deficiency) Revenues Over Expenditures	(78,450)	(124,151)	(57,180)	66,971
<u>OTHER FINANCING</u>				
<u>SOURCES:</u>				
Transfers In	-	-	57,000	57,000
Net Change in Fund Balance	(78,450)	(124,151)	(180)	123,971
Fund Balance at Beginning of Year	-	-	895	(895)
<u>FUND BALANCE AT</u>				
<u>END OF YEAR</u>	\$ (78,450)	\$ (124,151)	\$ 715	\$ 123,076

MONTGOMERY COUNTY, TEXAS
Airport Maintenance - Managerial Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual Year Ended September 30, 2012

A-14

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Charges for Service	\$ 235,000	\$ 249,500	\$ 250,475	\$ 975
Interest	-	-	2,157	2,157
Total Revenues	<u>235,000</u>	<u>249,500</u>	<u>252,632</u>	<u>3,132</u>
<u>EXPENDITURES:</u>				
Public Transportation:				
Salaries	271,159	273,455	272,016	1,439
Employee Benefits	96,750	98,981	97,923	1,058
Supplies	33,270	31,120	29,017	2,103
Contract Services	138,000	161,830	78,074	83,756
Capital Outlay	52,104	302,204	55,564	246,640
Total Expenditures	<u>591,283</u>	<u>867,590</u>	<u>532,594</u>	<u>334,996</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(356,283)</u>	<u>(618,090)</u>	<u>(279,962)</u>	<u>338,128</u>
<u>OTHER FINANCING SOURCES/(USES):</u>				
Transfers In	-	29,416	29,416	-
Transfers Out	-	(17,675)	(17,675)	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>-</u>	<u>11,741</u>	<u>11,741</u>	<u>-</u>
Net Change in Fund Balance	(356,283)	(606,349)	(268,221)	338,128
Fund Balance at Beginning of Year	<u>5,481,801</u>	<u>5,481,801</u>	<u>5,481,801</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 5,125,518</u>	<u>\$ 4,875,452</u>	<u>\$ 5,213,580</u>	<u>\$ 338,128</u>

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

MONTGOMERY COUNTY, TEXAS**Nonmajor Governmental Funds****Combining Balance Sheet****September 30, 2012**

B-1

	Special Revenue	Non Major Debt Service	Capital Projects	Total
<u>ASSETS:</u>				
Cash	\$ 2,301,453	\$ -	\$ 2,734,577	\$ 5,036,030
Investments, at Fair Value	6,331,637	-	22,440,615	28,772,252
Cash, Restricted for Retainage	-	-	79,568	79,568
Receivables:				
Accounts (net)	260,552	-	-	260,552
Due from Other Funds	12,303,255	-	163,139	12,466,394
Due from Other Governments	11,274,319	-	-	11,274,319
Prepaid Items	138,305	-	-	138,305
<u>TOTAL ASSETS</u>	<u>\$ 32,609,521</u>	<u>\$ -</u>	<u>\$ 25,417,899</u>	<u>\$ 58,027,420</u>

LIABILITIES AND FUND BALANCES**LIABILITIES:**

Accounts Payable	\$ 2,974,836	\$ -	\$ 313,406	\$ 3,288,242
Retainage Payable	-	-	171,417	171,417
Due to Other Funds	10,706,829	-	8,102,097	18,808,926
Deferred Revenue	3,065,766	-	-	3,065,766
Total Liabilities	<u>16,747,431</u>	<u>-</u>	<u>8,586,920</u>	<u>25,334,351</u>

FUND BALANCES:

Nonspendable	138,305	-	-	138,305
Restricted	14,568,153	-	16,830,979	31,399,132
Committed	144	-	-	144
Assigned	1,155,488	-	-	1,155,488
Total Fund Balances	<u>15,862,090</u>	<u>-</u>	<u>16,830,979</u>	<u>32,693,069</u>

TOTAL LIABILITIES AND

<u>FUND BALANCES</u>	<u>\$ 32,609,521</u>	<u>\$ -</u>	<u>\$ 25,417,899</u>	<u>\$ 58,027,420</u>
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MONTGOMERY COUNTY, TEXAS**Nonmajor Governmental Funds****Combining Statement of Revenues, Expenditures, and Changes in Fund Balances****Year Ended September 30, 2012**

B-2

	Special Revenue	Non Major Debt Service	Capital Projects	Totals
<u>REVENUES:</u>				
Fees	\$ 2,348,301	\$ -	\$ -	\$ 2,348,301
Intergovernmental	10,581,241	-	-	10,581,241
Charges for Services	911,343	-	-	911,343
Interest	11,584	-	9,041	20,625
Contract Reimbursements	15,324,628	-	-	15,324,628
Fines and Forfeitures	1,690,589	-	-	1,690,589
Miscellaneous	386,168	-	-	386,168
<u>TOTAL REVENUES</u>	<u>31,253,854</u>	<u>-</u>	<u>9,041</u>	<u>31,262,895</u>
<u>EXPENDITURES:</u>				
Current:				
General Administration	563,822	-	-	563,822
Judicial	10,559,041	-	-	10,559,041
Legal Services	449,787	-	-	449,787
Financial Administration	30	-	-	30
Public Safety	3,883,679	-	-	3,883,679
Health and Welfare	20,358,577	-	-	20,358,577
Culture and Recreation	208,471	-	-	208,471
Public Transportation	262,430	-	-	262,430
Capital Projects	-	-	8,308,677	8,308,677
Debt Service:				
Principal Retirement	-	1,640,899	-	1,640,899
Interest and Fiscal Charges	-	1,802,582	-	1,802,582
<u>TOTAL EXPENDITURES</u>	<u>36,285,837</u>	<u>3,443,481</u>	<u>8,308,677</u>	<u>48,037,995</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(5,031,983)</u>	<u>(3,443,481)</u>	<u>(8,299,636)</u>	<u>(16,775,100)</u>
<u>OTHER FINANCING SOURCES/(USES)</u>				
Transfers In	10,630,492	3,443,481	178,136	14,252,109
Transfers Out	(1,111,277)	-	(6,228)	(1,117,505)
Issuance of Certificates of Obligation	-	-	14,925,000	14,925,000
Premium on Debt Issuance	-	-	766,413	766,413
Discount on Debt Issuance	-	-	(80,126)	(80,126)
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>9,519,215</u>	<u>3,443,481</u>	<u>15,783,195</u>	<u>28,745,891</u>
Net Change in Fund Balances	4,487,232	-	7,483,559	11,970,791
Fund Balances at Beginning of Year	11,374,858	-	9,347,420	20,722,278
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 15,862,090</u>	<u>\$ -</u>	<u>\$ 16,830,979</u>	<u>\$ 32,693,069</u>

NONMAJOR SPECIAL REVENUE FUNDS

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

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

FEMA Disaster Grants Fund – to account for grants from the Federal Emergency Management Agency. In fiscal year ending September 30, 2012, 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), Block Grants, ESG 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.

Scofflaw Fund – to account for the administration of the scofflaw operation of the county.

Airport Grants Fund – to account for grants for the County airport. Funding is provided by grant revenue.

Mental Health Facility Fund – to account for the operation of the Montgomery County Mental Health Treatment Facility. The facility houses offenders that have been deemed incompetent to stand trial and provides treatment until such time as they are competent to stand trial.

Records Management County Fund – to account for the receipt and expenditure of fees assessed by the county. Fees may only be spent on records management or preservation projects.

Records Management District Clerk Fund – to account for the receipt and expenditure of fees assessed by the district. Fees may only be spent on records management or preservation projects.

Digital Preservation County and District Fund – to account for the fees collected for filing of civil cases in county and district courts and to be used for the preservation of court records.

District Clerk Record Preservation Fund – This fund is utilized to account for the receipts and the disbursements relating to the District Clerk’s records preservation program. Financing is received from fees assessed for recording documents in the District Clerk’s Office.

Court Guardianship Fund – This fund was established pursuant to the provisions of the Local Government Code whereby the clerk of the court collects a fee on certain probate court actions involving guardianships and is to provide supplemental funding for court-appointed guardians ad litem and court-appointed attorneys ad litem and to fund local guardianship programs for indigent incapacitated individuals.

Court Reporter Fund – to account for court reporter fees to defray the cost of providing court-reporting services for the County.

Courthouse Security Fund – to account for fees charged for filing certain documents in the County. These fees are restricted to expenditures that provide security of County facilities, primarily in the County Courthouse.

Court Technology County and District Fund – to account for the fees collected from defendants in criminal cases. Proceeds are used to cover the costs of continuing education and training for the judges and clerks on technological enhancements and for the purchase and maintenance of technological enhancements including computer systems, networks, hardware, and software, imaging systems, electronic kiosks, and docket management systems.

Justice Court Building Security Fund – This fund is used to account for revenues related to Court costs. Funds are used to cover costs of Justice of the Peace court security.

Justice Court Technology Fund – to account for the receipts and disbursements of funds directly related to this program. Revenues in this account are a result of court costs for applicable cases. Proceeds are used for the purchase of technology equipment that will be utilized in the Justice Courts.

Juvenile Case Manager Fund – to account for the receipt and disbursements of funds directly related to this program. Revenues result from court costs in certain juvenile justice court cases. Proceeds will be used to cover the cost of several Juvenile Case Manager positions, whose responsibilities will be to track and monitor juvenile case flow to ensure effective and efficient dispositions of these cases.

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, 2012

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Page 1 of 3

	Attorney Administration	Forfeitures	FEMA Disaster Grants	Jury
<u>ASSETS:</u>				
Cash	\$ 3,338	\$ 926,528	\$ -	\$ 92,183
Investments, at Fair Value	-	-	-	-
Receivables:				
Accounts	1,455	106	-	82,162
Due from Other Funds	-	-	-	1,075,021
Due from Other Governments	-	-	6,017,494	363,607
Prepaid Items	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 4,793</u>	<u>\$ 926,634</u>	<u>\$ 6,017,494</u>	<u>\$ 1,612,973</u>

LIABILITIES AND FUND BALANCES:

<u>LIABILITIES:</u>				
Accounts Payable	\$ 1,476	\$ 34,927	\$ -	\$ 453,418
Due to Other Funds	2,071	19,435	5,949,054	-
Deferred Revenue	-	-	-	3,923
Total Liabilities	<u>3,547</u>	<u>54,362</u>	<u>5,949,054</u>	<u>457,341</u>

FUND BALANCES:

Nonspendable	-	-	-	-
Restricted	1,246	872,272	68,440	-
Committed	-	-	-	144
Assigned	-	-	-	1,155,488
Total Fund Balances	<u>1,246</u>	<u>872,272</u>	<u>68,440</u>	<u>1,155,632</u>

**TOTAL LIABILITIES AND
FUND BALANCES**

<u>\$ 4,793</u>	<u>\$ 926,634</u>	<u>\$ 6,017,494</u>	<u>\$ 1,612,973</u>
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Sheriff Commissary	Memorial Library	Community Development	Memo Totals from Page 111	Memo Totals from Page 113	Totals
\$ 198,874	\$ -	\$ -	\$ 987,818	\$ 92,712	\$ 2,301,453
-	-	-	6,067,090	264,547	6,331,637
-	-	2,504	98,287	76,038	260,552
-	223,223	-	9,464,324	1,540,687	12,303,255
-	-	4,754,603	122,477	16,138	11,274,319
-	-	-	138,305	-	138,305
<u>\$ 198,874</u>	<u>\$ 223,223</u>	<u>\$ 4,757,107</u>	<u>\$ 16,878,301</u>	<u>\$ 1,990,122</u>	<u>\$ 32,609,521</u>

\$ 1,478	\$ 4,601	\$ 171,511	\$ 2,229,819	\$ 77,606	\$ 2,974,836
2,850	-	4,401,137	328,388	3,894	10,706,829
-	-	-	3,061,843	-	3,065,766
<u>4,328</u>	<u>4,601</u>	<u>4,572,648</u>	<u>5,620,050</u>	<u>81,500</u>	<u>16,747,431</u>

-	-	-	138,305	-	138,305
194,546	218,622	184,459	11,119,946	1,908,622	14,568,153
-	-	-	-	-	144
-	-	-	-	-	1,155,488
<u>194,546</u>	<u>218,622</u>	<u>184,459</u>	<u>11,258,251</u>	<u>1,908,622</u>	<u>15,862,090</u>

<u>\$ 198,874</u>	<u>\$ 223,223</u>	<u>\$ 4,757,107</u>	<u>\$ 16,878,301</u>	<u>\$ 1,990,122</u>	<u>\$ 32,609,521</u>
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MONTGOMERY COUNTY, TEXAS
Nonmajor Special Revenue Funds
Combining Balance Sheet
September 30, 2012

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Page 2 of 3

	Law Library	Juvenile Probation	Records Management and Preservation	Pre-Trial Diversion
<u>ASSETS:</u>				
Cash	\$ 299,717	\$ 609,343	\$ 51,614	\$ -
Investments, at Fair Value	555,257	-	4,278,188	-
Receivables:				
Accounts	21,743	495	55,639	4,000
Due from Other Funds	-	1,160,209	12	103,017
Due from Other Governments	-	73,509	-	-
Prepaid Items	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 876,717</u>	<u>\$ 1,843,556</u>	<u>\$ 4,385,453</u>	<u>\$ 107,017</u>

LIABILITIES AND FUND BALANCES:

<u>LIABILITIES:</u>				
Accounts Payable	\$ 23,756	\$ 100,439	\$ 11,410	\$ -
Due to Other Funds	325,420	-	-	-
Deferred Revenue	-	230,672	-	-
Total Liabilities	<u>349,176</u>	<u>331,111</u>	<u>11,410</u>	<u>-</u>

<u>FUND BALANCES:</u>				
Nonspendable	-	-	-	-
Restricted	527,541	1,512,445	4,374,043	107,017
Total Fund Balances	<u>527,541</u>	<u>1,512,445</u>	<u>4,374,043</u>	<u>107,017</u>

<u>TOTAL LIABILITIES AND</u>				
<u>FUND BALANCES</u>	<u>\$ 876,717</u>	<u>\$ 1,843,556</u>	<u>\$ 4,385,453</u>	<u>\$ 107,017</u>

Scofflaw	Airport Grants	Mental Health Facility	Records Management County	Records Management District Clerk	Memo Totals to Page 109
\$ 2,970	\$ -	\$ -	\$ 14,550	\$ 9,624	\$ 987,818
-	692,280	-	393,803	147,562	6,067,090
-	-	-	12,736	3,674	98,287
-	150,396	8,050,690	-	-	9,464,324
-	48,968	-	-	-	122,477
-	138,305	-	-	-	138,305
<u>\$ 2,970</u>	<u>\$ 1,029,949</u>	<u>\$ 8,050,690</u>	<u>\$ 421,089</u>	<u>\$ 160,860</u>	<u>\$ 16,878,301</u>
\$ -	\$ -	\$ 2,093,874	\$ 340	\$ -	\$ 2,229,819
2,968	-	-	-	-	328,388
-	-	2,831,171	-	-	3,061,843
<u>2,968</u>	<u>-</u>	<u>4,925,045</u>	<u>340</u>	<u>-</u>	<u>5,620,050</u>
-	138,305	-	-	-	138,305
2	891,644	3,125,645	420,749	160,860	11,119,946
<u>2</u>	<u>1,029,949</u>	<u>3,125,645</u>	<u>420,749</u>	<u>160,860</u>	<u>11,258,251</u>
<u>\$ 2,970</u>	<u>\$ 1,029,949</u>	<u>\$ 8,050,690</u>	<u>\$ 421,089</u>	<u>\$ 160,860</u>	<u>\$ 16,878,301</u>

MONTGOMERY COUNTY, TEXAS

Nonmajor Special Revenue Funds

Combining Balance Sheet

September 30, 2012

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	Digital Preservation County and District	District Clerk Record Preservation	Court Guardianship	Court Reporter
<u>ASSETS:</u>				
Cash	\$ 4,976	\$ -	\$ 1,318	\$ 25,195
Investments, at Fair Value	180,752	83,795	-	-
Receivables:				
Accounts	5,365	3,499	1,440	10,237
Due from Other Funds	2,520	-	58,740	82,385
Due from Other Governments	-	-	-	-
Prepaid Items	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 193,613</u>	<u>\$ 87,294</u>	<u>\$ 61,498</u>	<u>\$ 117,817</u>

LIABILITIES AND FUND BALANCES:

LIABILITIES:

Accounts Payable	\$ -	\$ 43,826	\$ 698	\$ 5,448
Due to Other Funds	-	2,520	-	-
Deferred Revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>46,346</u>	<u>698</u>	<u>5,448</u>

FUND BALANCES:

Nonspendable	-	-	-	-
Restricted	193,613	40,948	60,800	112,369
Total Fund Balances	<u>193,613</u>	<u>40,948</u>	<u>60,800</u>	<u>112,369</u>

TOTAL LIABILITIES AND

<u>FUND BALANCES</u>	<u>\$ 193,613</u>	<u>\$ 87,294</u>	<u>\$ 61,498</u>	<u>\$ 117,817</u>
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Courthouse Security	Court Technology County and District	Justice Court Building Security	Justice Court Technology	Juvenile Case Manager	Federal ARRA Grants	Memo Totals to Page 109
\$ 20,761	\$ 4,292	\$ 3,234	\$ 12,922	\$ 20,014	\$ -	\$ 92,712
-	-	-	-	-	-	264,547
26,192	1,374	3,482	13,995	10,454	-	76,038
18,353	-	15,006	645,673	616,934	101,076	1,540,687
-	-	-	-	-	16,138	16,138
-	-	-	-	-	-	-
<u>\$ 65,306</u>	<u>\$ 5,666</u>	<u>\$ 21,722</u>	<u>\$ 672,590</u>	<u>\$ 647,402</u>	<u>\$ 117,214</u>	<u>\$ 1,990,122</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,634	\$ 77,606
-	1,374	-	-	-	-	3,894
-	-	-	-	-	-	-
<u>-</u>	<u>1,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,634</u>	<u>81,500</u>
-	-	-	-	-	-	-
65,306	4,292	21,722	672,590	647,402	89,580	1,908,622
<u>65,306</u>	<u>4,292</u>	<u>21,722</u>	<u>672,590</u>	<u>647,402</u>	<u>89,580</u>	<u>1,908,622</u>
<u>\$ 65,306</u>	<u>\$ 5,666</u>	<u>\$ 21,722</u>	<u>\$ 672,590</u>	<u>\$ 647,402</u>	<u>\$ 117,214</u>	<u>\$ 1,990,122</u>

MONTGOMERY COUNTY, TEXAS

Nonmajor Special Revenue Funds

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

Year Ended September 30, 2012

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	Attorney Administration	Forfeitures	FEMA Disaster Grants	Jury
<u>REVENUES:</u>				
Fees	\$ -	\$ -	\$ -	\$ 59,044
Intergovernmental	-	-	23,577	1,212,163
Charges for Services	49,736	-	-	321,963
Interest	10	2,207	-	287
Contract Reimbursements	-	-	-	422,276
Fines and Forfeitures	-	977,276	-	713,313
Miscellaneous	-	-	-	109,729
<u>TOTAL REVENUES</u>	<u>49,746</u>	<u>979,483</u>	<u>23,577</u>	<u>2,838,775</u>
<u>EXPENDITURES:</u>				
General Administration	53,122	-	-	-
Judicial	-	-	-	10,257,739
Legal Services	-	-	-	-
Financial Administration	-	-	-	-
Public Safety	-	735,079	-	-
Health and Welfare	-	-	45,410	-
Culture and Recreation	-	-	-	-
Public Transportation	-	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>53,122</u>	<u>735,079</u>	<u>45,410</u>	<u>10,257,739</u>
Excess (Deficiency) Revenues Over Expenditures	(3,376)	244,404	(21,833)	(7,418,964)
<u>OTHER FINANCING SOURCES/ (USES):</u>				
Transfers In	14,910	-	-	8,624,583
Transfers Out	-	-	-	(483,331)
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>14,910</u>	<u>-</u>	<u>-</u>	<u>8,141,252</u>
Net Change in Fund Balances	11,534	244,404	(21,833)	722,288
Fund Balances at Beginning of Year	(10,288)	627,868	90,273	433,344
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 1,246</u>	<u>\$ 872,272</u>	<u>\$ 68,440</u>	<u>\$ 1,155,632</u>

Sheriff Commissary	Memorial Library	Community Development	Memo Totals from Page 117	Memo Totals from Page 119	Totals
\$ -	\$ -	\$ -	\$ 1,225,154	\$ 1,064,103	\$ 2,348,301
-	1,401	6,875,984	2,369,608	98,508	10,581,241
523,844	-	-	15,800	-	911,343
479	-	21	8,302	278	11,584
-	-	-	14,902,352	-	15,324,628
-	-	-	-	-	1,690,589
-	199,745	38,203	841	37,650	386,168
524,323	201,146	6,914,208	18,522,057	1,200,539	31,253,854
-	-	-	510,700	-	563,822
-	-	-	-	301,302	10,559,041
-	-	-	449,787	-	449,787
-	-	-	30	-	30
521,018	-	-	2,280,667	346,915	3,883,679
-	-	7,363,934	12,949,233	-	20,358,577
-	208,471	-	-	-	208,471
-	-	-	136,910	125,520	262,430
521,018	208,471	7,363,934	16,327,327	773,737	36,285,837
3,305	(7,325)	(449,726)	2,194,730	426,802	(5,031,983)
-	-	84,035	479,888	1,427,076	10,630,492
-	-	-	(603,748)	(24,198)	(1,111,277)
-	-	84,035	(123,860)	1,402,878	9,519,215
3,305	(7,325)	(365,691)	2,070,870	1,829,680	4,487,232
191,241	225,947	550,150	9,187,381	78,942	11,374,858
\$ 194,546	\$ 218,622	\$ 184,459	\$ 11,258,251	\$ 1,908,622	\$ 15,862,090

MONTGOMERY COUNTY, TEXAS

Nonmajor Special Revenue Funds

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

Year Ended September 30, 2012

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	Law Library	Juvenile Probation	Records Management and Preservation	Pre-Trial Diversion
<u>REVENUES:</u>				
Fees	\$ 270,244	\$ -	\$ 630,707	\$ 93,608
Intergovernmental	-	2,285,564	-	-
Charges for Services	-	15,800	-	-
Interest	568	1,798	5,316	-
Contract Reimbursements	-	-	-	-
Miscellaneous	841	-	-	-
<u>TOTAL REVENUES</u>	<u>271,653</u>	<u>2,303,162</u>	<u>636,023</u>	<u>93,608</u>
<u>EXPENDITURES:</u>				
General Administration	-	-	375,225	47,651
Legal Services	449,787	-	-	-
Financial Administration	-	-	-	-
Public Safety	-	2,280,667	-	-
Health and Welfare	-	-	-	-
Public Transportation	-	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>449,787</u>	<u>2,280,667</u>	<u>375,225</u>	<u>47,651</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(178,134)</u>	<u>22,495</u>	<u>260,798</u>	<u>45,957</u>
<u>OTHER FINANCING SOURCES/ (USES):</u>				
Transfers In	-	1,076	-	-
Transfers Out	(148)	-	(603,600)	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>(148)</u>	<u>1,076</u>	<u>(603,600)</u>	<u>-</u>
Net Change in Fund Balances	(178,282)	23,571	(342,802)	45,957
Fund Balances at Beginning of Year	<u>705,823</u>	<u>1,488,874</u>	<u>4,716,845</u>	<u>61,060</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 527,541</u>	<u>\$ 1,512,445</u>	<u>\$ 4,374,043</u>	<u>\$ 107,017</u>

Scofflaw	Airport Grants	Mental Health Facility	Records Management County	Records Management District Clerk	Memo Totals to Page 115
\$ 20	\$ -	\$ -	\$ 174,563	\$ 56,012	\$ 1,225,154
-	84,044	-	-	-	2,369,608
-	-	-	-	-	15,800
2	-	-	450	168	8,302
-	-	14,902,352	-	-	14,902,352
-	-	-	-	-	841
22	84,044	14,902,352	175,013	56,180	18,522,057
-	-	-	70,407	17,417	510,700
-	-	-	-	-	449,787
30	-	-	-	-	30
-	-	-	-	-	2,280,667
-	-	12,949,233	-	-	12,949,233
-	136,910	-	-	-	136,910
30	136,910	12,949,233	70,407	17,417	16,327,327
(8)	(52,866)	1,953,119	104,606	38,763	2,194,730
10	35,598	4,964	316,143	122,097	479,888
-	-	-	-	-	(603,748)
10	35,598	4,964	316,143	122,097	(123,860)
2	(17,268)	1,958,083	420,749	160,860	2,070,870
-	1,047,217	1,167,562	-	-	9,187,381
\$ 2	\$ 1,029,949	\$ 3,125,645	\$ 420,749	\$ 160,860	\$ 11,258,251

MONTGOMERY COUNTY, TEXAS
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2012

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Page 3 of 3

	Digital Preservation County and District	District Clerk Record Preservation	Court Guardianship	Court Reporter	Courthouse Security
<u>REVENUES:</u>					
Fees	\$ 68,593	\$ 44,156	\$ 21,638	\$ 152,801	\$ 339,778
Intergovernmental	-	-	-	-	-
Interest	198	80	-	-	-
Miscellaneous	-	-	-	-	-
<u>TOTAL REVENUES</u>	<u>68,791</u>	<u>44,236</u>	<u>21,638</u>	<u>152,801</u>	<u>339,778</u>
<u>EXPENDITURES:</u>					
Judicial	-	43,826	698	99,939	-
Public Safety	-	-	-	-	346,915
Public Transportation	-	-	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>-</u>	<u>43,826</u>	<u>698</u>	<u>99,939</u>	<u>346,915</u>
Excess (Deficiency) Revenues Over Expenditures	<u>68,791</u>	<u>410</u>	<u>20,940</u>	<u>52,862</u>	<u>(7,137)</u>
<u>OTHER FINANCING SOURCES/ (USES):</u>					
Transfers In	124,822	40,538	39,860	59,507	72,443
Transfers Out	-	-	-	-	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>124,822</u>	<u>40,538</u>	<u>39,860</u>	<u>59,507</u>	<u>72,443</u>
Net Change in Fund Balances	193,613	40,948	60,800	112,369	65,306
Fund Balances at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 193,613</u>	<u>\$ 40,948</u>	<u>\$ 60,800</u>	<u>\$ 112,369</u>	<u>\$ 65,306</u>

Court Technology County and District	Justice Court Building Security	Justice Court Technology	Juvenile Case Manager	Federal ARRA Grants	Memo Totals to Page 115
\$ 20,194	\$ 45,920	\$ 184,267	\$ 186,756	\$ -	\$ 1,064,103
-	-	-	-	98,508	98,508
-	-	-	-	-	278
-	-	-	-	37,650	37,650
20,194	45,920	184,267	186,756	136,158	1,200,539
31,338	-	125,501	-	-	301,302
-	-	-	-	-	346,915
-	-	-	-	125,520	125,520
31,338	-	125,501	-	125,520	773,737
(11,144)	45,920	58,766	186,756	10,638	426,802
15,436	-	613,824	460,646	-	1,427,076
-	(24,198)	-	-	-	(24,198)
15,436	(24,198)	613,824	460,646	-	1,402,878
4,292	21,722	672,590	647,402	10,638	1,829,680
-	-	-	-	78,942	78,942
\$ 4,292	\$ 21,722	\$ 672,590	\$ 647,402	\$ 89,580	\$ 1,908,622

MONTGOMERY COUNTY, TEXAS

Attorney Administration Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Charges for Service	\$ 65,279	\$ 65,279	\$ 49,736	\$ (15,543)
Interest	-	-	10	10
Total Revenues	<u>65,279</u>	<u>65,279</u>	<u>49,746</u>	<u>(15,533)</u>
<u>EXPENDITURES:</u>				
General Administration:				
Salaries	45,689	45,055	32,356	12,699
Employee Benefits	18,657	19,096	18,071	1,025
Supplies	2,302	2,302	2,250	52
Contract Services	250	445	445	-
Total Expenditures	<u>66,898</u>	<u>66,898</u>	<u>53,122</u>	<u>13,776</u>
(Deficiency) Revenues Over Expenditures	<u>(1,619)</u>	<u>(1,619)</u>	<u>(3,376)</u>	<u>(1,757)</u>
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	<u>-</u>	<u>-</u>	<u>14,910</u>	<u>14,910</u>
Net Change in Fund Balance	(1,619)	(1,619)	11,534	13,153
Fund Balance at Beginning of Year	<u>(10,288)</u>	<u>(10,288)</u>	<u>(10,288)</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (11,907)</u>	<u>\$ (11,907)</u>	<u>\$ 1,246</u>	<u>\$ 13,153</u>

MONTGOMERY COUNTY, TEXAS

Forfeitures Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Interest	\$ 1,662	\$ 2,461	\$ 2,207	\$ (254)
Fines and Forfeitures	107,750	772,542	977,276	204,734
Total Revenues	109,412	775,003	979,483	204,480
<u>EXPENDITURES:</u>				
Public Safety:				
Salaries	-	22,200	3,463	18,737
Employee Benefits	-	4,300	1,151	3,149
Supplies	87,973	279,991	257,924	22,067
Contract Services	21,439	93,892	90,834	3,058
Capital Outlay	-	376,564	381,707	(5,143)
Total Expenditures	109,412	776,947	735,079	41,868
Net Change in Fund Balance	-	(1,944)	244,404	246,348
Fund Balance at Beginning of Year	627,868	627,868	627,868	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 627,868</u>	<u>\$ 625,924</u>	<u>\$ 872,272</u>	<u>\$ 246,348</u>

MONTGOMERY COUNTY, TEXAS
FEMA Disaster Grants Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

C-5

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Intergovernmental:				
Federal Grants	\$ -	\$ -	\$ 23,577	\$ 23,577
Total Revenues	<u> -</u>	<u> -</u>	<u>23,577</u>	<u>23,577</u>
<u>EXPENDITURES:</u>				
Health and Welfare:				
Contract Services	<u> -</u>	<u>45,410</u>	<u>45,410</u>	<u> -</u>
Total Expenditures	<u> -</u>	<u>45,410</u>	<u>45,410</u>	<u> -</u>
Net Change in Fund Balance	-	(45,410)	(21,833)	23,577
Fund Balance at Beginning of Year	<u>90,273</u>	<u>90,273</u>	<u>90,273</u>	<u> -</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u><u>\$ 90,273</u></u>	<u><u>\$ 44,863</u></u>	<u><u>\$ 68,440</u></u>	<u><u>\$ 23,577</u></u>

MONTGOMERY COUNTY, TEXAS

Jury Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

C-6

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Fees	\$ 115,000	\$ 135,000	\$ 59,044	\$ (75,956)
Intergovernmental:				
Federal Grants	122,636	343,229	340,408	(2,821)
State Grants	565,683	953,683	746,755	(206,928)
Other	125,000	125,000	125,000	-
Charges for Services	435,029	418,069	321,963	(96,106)
Interest	300	300	287	(13)
Contract Reimbursements	430,407	430,407	422,276	(8,131)
Fines and Forfeitures	600,000	600,000	713,313	113,313
Miscellaneous	-	109,729	109,729	-
Total Revenues	<u>2,394,055</u>	<u>3,115,417</u>	<u>2,838,775</u>	<u>(276,642)</u>
<u>EXPENDITURES:</u>				
Judicial:				
Salaries	2,452,972	2,680,907	2,604,693	76,214
Employee Benefits	939,865	922,969	900,369	22,600
Supplies	57,515	99,814	65,977	33,837
Contract Services	6,422,042	6,926,403	6,571,646	354,757
Capital Outlay	6,100	117,520	115,054	2,466
Total Expenditures	<u>9,878,494</u>	<u>10,747,613</u>	<u>10,257,739</u>	<u>489,874</u>
(Deficiency) Revenues Over Expenditures	<u>(7,484,439)</u>	<u>(7,632,196)</u>	<u>(7,418,964)</u>	<u>213,232</u>
<u>OTHER FINANCING SOURCES/(USES):</u>				
Transfers In	-	624,583	8,624,583	8,000,000
Transfers Out	<u>-</u>	<u>(483,331)</u>	<u>(483,331)</u>	<u>-</u>
Total Other Financing Sources /(Uses)	<u>-</u>	<u>141,252</u>	<u>8,141,252</u>	<u>8,000,000</u>
Net Change in Fund Balance	(7,484,439)	(7,490,944)	722,288	8,213,232
Fund Balance at Beginning of Year	<u>433,344</u>	<u>433,344</u>	<u>433,344</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (7,051,095)</u>	<u>\$ (7,057,600)</u>	<u>\$ 1,155,632</u>	<u>\$ 8,213,232</u>

MONTGOMERY COUNTY, TEXAS

Sheriff Commissary Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

C-7

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Charges for Services	\$ 83,000	\$ 521,018	\$ 523,844	\$ 2,826
Interest	-	-	479	479
Total Revenues	<u>83,000</u>	<u>521,018</u>	<u>524,323</u>	<u>3,305</u>
<u>EXPENDITURES:</u>				
Public Safety:				
Salaries	-	34,189	34,189	-
Employee Benefits	-	19,205	19,205	-
Supplies	73,000	309,640	309,640	-
Contract Services	10,000	52,871	52,871	-
Capital Outlay	-	105,113	105,113	-
Total Expenditures	<u>83,000</u>	<u>521,018</u>	<u>521,018</u>	<u>-</u>
Net Change in Fund Balance	-	-	3,305	3,305
Fund Balance at Beginning of Year	<u>191,241</u>	<u>191,241</u>	<u>191,241</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 191,241</u>	<u>\$ 191,241</u>	<u>\$ 194,546</u>	<u>\$ 3,305</u>

MONTGOMERY COUNTY, TEXAS

Memorial Library Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

C-8

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Intergovernmental:				
State Grants	\$ -	\$ 1,401	\$ 1,401	\$ -
Miscellaneous	-	198,948	199,745	797
Total Revenues	-	200,349	201,146	797
<u>EXPENDITURES:</u>				
Culture and Recreation:				
Supplies	-	22,296	15,067	7,229
Contract Services	-	80,587	68,402	12,185
Capital Outlay	-	300,041	125,002	175,039
Total Expenditures	-	402,924	208,471	194,453
Net Change in Fund Balance	-	(202,575)	(7,325)	195,250
Fund Balance at Beginning of Year	225,947	225,947	225,947	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 225,947</u>	<u>\$ 23,372</u>	<u>\$ 218,622</u>	<u>\$ 195,250</u>

MONTGOMERY COUNTY, TEXAS
Community Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Intergovernmental:				
Federal Grants	\$ 2,227,053	\$ 16,191,190	\$ 6,875,984	\$ (9,315,206)
Interest	-	21	21	-
Miscellaneous	-	37,000	38,203	1,203
Total Revenues	<u>2,227,053</u>	<u>16,228,211</u>	<u>6,914,208</u>	<u>(9,314,003)</u>
<u>EXPENDITURES:</u>				
Health and Welfare:				
Salaries	272,020	1,338,619	500,767	837,852
Employee Benefits	98,980	245,341	120,674	124,667
Supplies	5,150	102,074	10,643	91,431
Contract Services	1,187,388	3,413,630	1,245,093	2,168,537
Capital Outlay	663,515	19,039,210	5,486,757	13,552,453
Total Expenditures	<u>2,227,053</u>	<u>24,138,874</u>	<u>7,363,934</u>	<u>16,774,940</u>
(Deficiency) Revenues Over Expenditures	<u>-</u>	<u>(7,910,663)</u>	<u>(449,726)</u>	<u>7,460,937</u>
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	<u>-</u>	<u>84,035</u>	<u>84,035</u>	<u>-</u>
Net Change in Fund Balance	-	(7,826,628)	(365,691)	7,460,937
Fund Balance at Beginning of Year	<u>550,150</u>	<u>550,150</u>	<u>550,150</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 550,150</u>	<u>\$ (7,276,478)</u>	<u>\$ 184,459</u>	<u>\$ 7,460,937</u>

MONTGOMERY COUNTY, TEXAS

Law Library Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

C-10

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ 373,163	\$ 373,163	\$ 270,244	\$ (102,919)
Interest	-	-	568	568
Miscellaneous	-	-	841	841
Total Revenues	<u>373,163</u>	<u>373,163</u>	<u>271,653</u>	<u>(101,510)</u>
<u>EXPENDITURES:</u>				
Legal Services:				
Salaries	86,534	174,521	145,233	29,288
Employee Benefits	50,735	78,641	55,168	23,473
Supplies	63,749	61,661	61,007	654
Contract Services	75,100	103,342	87,760	15,582
Capital Outlay	<u>120,000</u>	<u>101,290</u>	<u>100,619</u>	<u>671</u>
Total Expenditures	<u>396,118</u>	<u>519,455</u>	<u>449,787</u>	<u>69,668</u>
(Deficiency) Revenues Over Expenditures	<u>(22,955)</u>	<u>(146,292)</u>	<u>(178,134)</u>	<u>(31,842)</u>
<u>OTHER FINANCING (USES):</u>				
Transfers Out	<u>-</u>	<u>(148)</u>	<u>(148)</u>	<u>-</u>
Net Change in Fund Balance	(22,955)	(146,440)	(178,282)	(31,842)
Fund Balance at Beginning of Year	<u>705,823</u>	<u>705,823</u>	<u>705,823</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 682,868</u>	<u>\$ 559,383</u>	<u>\$ 527,541</u>	<u>\$ (31,842)</u>

MONTGOMERY COUNTY, TEXAS

Juvenile Probation Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual Year Ended September 30, 2012

C-11

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Intergovernmental:				
Federal Grants	\$ -	\$ 6,249	\$ 19,591	\$ 13,342
State Grants	-	2,292,843	2,265,973	(26,870)
Charges for Services	-	-	15,800	15,800
Interest	-	-	1,798	1,798
Total Revenues	-	2,299,092	2,303,162	4,070
<u>EXPENDITURES:</u>				
Public Safety:				
Salaries	-	1,884,197	965,800	918,397
Benefits	-	920,970	460,373	460,597
Supplies	-	165,306	74,642	90,664
Contract Services	-	1,705,855	745,532	960,323
Capital Outlay	-	34,320	34,320	-
Total Expenditures	-	4,710,648	2,280,667	2,429,981
Excess (Deficiency) Revenues Over Expenditures	-	(2,411,556)	22,495	2,434,051
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	1,076	1,076	-
Net Change in Fund Balance	-	(2,410,480)	23,571	2,434,051
Fund Balance at Beginning of Year	1,488,874	1,488,874	1,488,874	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 1,488,874</u>	<u>\$ (921,606)</u>	<u>\$ 1,512,445</u>	<u>\$ 2,434,051</u>

MONTGOMERY COUNTY, TEXAS
Records Management and Preservation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

C-12

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Fees	\$ 363,347	\$ 376,637	\$ 630,707	\$ 254,070
Interest	-	-	5,316	5,316
Total Revenues	<u>363,347</u>	<u>376,637</u>	<u>636,023</u>	<u>259,386</u>
<u>EXPENDITURES:</u>				
General Administration:				
Salaries	193,905	239,086	233,905	5,181
Employee Benefits	65,336	70,155	70,143	12
Supplies	23,398	12,620	4,098	8,522
Contract Services	88,160	90,320	67,079	23,241
Capital Outlay	6,653	-	-	-
Total Expenditures	<u>377,452</u>	<u>412,181</u>	<u>375,225</u>	<u>36,956</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(14,105)</u>	<u>(35,544)</u>	<u>260,798</u>	<u>296,342</u>
<u>OTHER FINANCING (USES):</u>				
Transfers Out	<u>-</u>	<u>-</u>	<u>(603,600)</u>	<u>(603,600)</u>
Net Change in Fund Balance	(14,105)	(35,544)	(342,802)	(307,258)
Fund Balance at Beginning of Year	<u>4,716,845</u>	<u>4,716,845</u>	<u>4,716,845</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 4,702,740</u>	<u>\$ 4,681,301</u>	<u>\$ 4,374,043</u>	<u>\$ (307,258)</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, 2012

C-13

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ -	\$ 1,481	\$ 93,608	\$ 92,127
Total Revenues	-	1,481	93,608	92,127
<u>EXPENDITURES:</u>				
General Administration:				
Salaries	-	22,620	8,276	14,344
Employee Benefits	-	1,802	1,596	206
Supplies	-	18,521	18,521	-
Contract Services	-	19,598	19,258	340
Total Expenditures	-	62,541	47,651	14,890
Net Change in Fund Balance	-	(61,060)	45,957	107,017
Fund Balance at Beginning of Year	61,060	61,060	61,060	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 61,060</u>	<u>\$ -</u>	<u>\$ 107,017</u>	<u>\$ 107,017</u>

MONTGOMERY COUNTY, TEXAS

Scofflaw Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

C-14

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ -	\$ 30	\$ 20	\$ (10)
Interest	-	-	2	2
Total Revenues	-	30	22	(8)
<u>EXPENDITURES:</u>				
Financial Administration:				
Contract Services	-	30	30	-
Total Expenditures	-	30	30	-
(Deficiency) Revenues Over Expenditures	-	-	(8)	(8)
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	-	10	10
Net Change in Fund Balance	-	-	2	2
Fund Balance at Beginning of Year	-	-	-	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 2</u>

MONTGOMERY COUNTY, TEXAS

Airport Grants Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

C-15

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Intergovernmental:				
Federal Grants	\$ -	\$ 265,302	\$ 35,076	\$ (230,226)
State Grants	-	50,000	48,968	(1,032)
Total Revenues	-	315,302	84,044	(231,258)
<u>EXPENDITURES:</u>				
Public Transportation:				
Capital Outlay	50,000	450,928	136,910	314,018
Total Expenditures	50,000	450,928	136,910	314,018
(Deficiency) Revenues Over Expenditures	(50,000)	(135,626)	(52,866)	82,760
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	35,598	35,598	-
Net Change in Fund Balance	(50,000)	(100,028)	(17,268)	82,760
Fund Balance at Beginning of Year	1,047,217	1,047,217	1,047,217	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 997,217</u>	<u>\$ 947,189</u>	<u>\$ 1,029,949</u>	<u>\$ 82,760</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, 2012

C-16

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Contract Reimbursement	\$ 15,000,000	\$ 15,000,000	\$ 14,902,352	\$ (97,648)
Total Revenues	<u>15,000,000</u>	<u>15,000,000</u>	<u>14,902,352</u>	<u>(97,648)</u>
<u>EXPENDITURES:</u>				
Health and Welfare:				
Contract Services	<u>13,178,369</u>	<u>13,183,333</u>	<u>12,949,233</u>	<u>234,100</u>
Total Expenditures	<u>13,178,369</u>	<u>13,183,333</u>	<u>12,949,233</u>	<u>234,100</u>
Excess Revenues Over Expenditures	<u>1,821,631</u>	<u>1,816,667</u>	<u>1,953,119</u>	<u>136,452</u>
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	<u>-</u>	<u>-</u>	<u>4,964</u>	<u>4,964</u>
Net Change in Fund Balance	1,821,631	1,816,667	1,958,083	141,416
Fund Balance at Beginning of Year	<u>1,167,562</u>	<u>1,167,562</u>	<u>1,167,562</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 2,989,193</u>	<u>\$ 2,984,229</u>	<u>\$ 3,125,645</u>	<u>\$ 141,416</u>

MONTGOMERY COUNTY, TEXAS
Records Management County Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

C-17

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Fees	\$ -	\$ 91,846	\$ 174,563	\$ 82,717
Interest	-	-	450	450
Total Revenues	-	91,846	175,013	83,167
<u>EXPENDITURES:</u>				
Public Safety:				
Salaries	-	19,614	19,614	-
Employee Benefits	-	3,038	3,038	-
Contract Services	-	6,073	6,073	-
Capital Outlay	-	41,682	41,682	-
Total Expenditures	-	70,407	70,407	-
Excess Revenues Over Expenditures	-	21,439	104,606	83,167
<u>OTHER FINANCING SOURCES:</u>				
Transfer In	-	-	316,143	316,143
Net Change in Fund Balance	-	21,439	420,749	399,310
Fund Balance at Beginning of Year	-	-	-	-
<u>FUND BALANCE AT END OF YEAR</u>	\$ -	\$ 21,439	\$ 420,749	\$ 399,310

MONTGOMERY COUNTY, TEXAS
Records Management District Clerk Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

C-18

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Fees	\$ -	\$ 17,431	\$ 56,012	\$ 38,581
Investment Earnings	-	-	168	168
Total Revenues	-	17,431	56,180	38,749
<u>EXPENDITURES:</u>				
General Administration:				
Supplies	-	25,883	10,288	(15,595)
Capital Outlay	-	7,129	7,129	-
Total Expenditures	-	33,012	17,417	(15,595)
Excess (Deficiency) Revenues Over Expenditures	-	(15,581)	38,763	54,344
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	-	122,097	122,097
Net Change in Fund Balance	-	(15,581)	160,860	176,441
Fund Balance at Beginning of Year	-	-	-	-
<u>FUND BALANCE AT END OF YEAR</u>	\$ -	\$ (15,581)	\$ 160,860	\$ 176,441

MONTGOMERY COUNTY, TEXAS
Digital Preservation County and District Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

C-19

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Fees	\$ -	\$ -	\$ 68,593	\$ 68,593
Interest	-	-	198	198
Total Revenues	-	-	68,791	68,791
<u>EXPENDITURES:</u>				
Legal Services:				
Total Expenditures	-	-	-	-
Excess Revenues Over Expenditures	-	-	68,791	68,791
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	-	124,822	124,822
Net Change in Fund Balance	-	-	193,613	193,613
Fund Balance at Beginning of Year	-	-	-	-
<u>FUND BALANCE AT END OF YEAR</u>	\$ -	\$ -	\$ 193,613	\$ 193,613

MONTGOMERY COUNTY, TEXAS
District Clerk Record Preservation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

C-20

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Fees	\$ -	\$ 3,288	\$ 44,156	\$ 40,868
Interest	-	-	80	80
Total Revenues	-	3,288	44,236	40,948
<u>EXPENDITURES:</u>				
Judicial:				
Contract Services	-	43,826	43,826	-
Total Expenditures	-	43,826	43,826	-
Excess (Deficiency) Revenues Over Expenditures	-	(40,538)	410	40,948
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	-	40,538	40,538
Net Change in Fund Balance	-	(40,538)	40,948	81,486
Fund Balance at Beginning of Year	-	-	-	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ -</u>	<u>\$ (40,538)</u>	<u>\$ 40,948</u>	<u>\$ 81,486</u>

MONTGOMERY COUNTY, TEXAS

Court Guardianship Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

C-21

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Fees	\$ -	\$ 698	\$ 21,638	\$ 20,940
Total Revenues	-	698	21,638	20,940
<u>EXPENDITURES:</u>				
Judicial:				
Contract Services	-	698	698	-
Total Expenditures	-	698	698	-
Excess Revenues Over Expenditures	-	-	20,940	20,940
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	-	39,860	39,860
Net Change in Fund Balance	-	-	60,800	60,800
Fund Balance at Beginning of Year	-	-	-	-
<u>FUND BALANCE AT END OF YEAR</u>	\$ -	\$ -	\$ 60,800	\$ 60,800

MONTGOMERY COUNTY, TEXAS

Court Reporter Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual Year Ended September 30, 2012

C-22

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ -	\$ 101,987	\$ 152,801	\$ 50,814
Total Revenues	-	101,987	152,801	50,814
<u>EXPENDITURES:</u>				
Judicial:				
Supplies	-	7,506	7,506	-
Contract Services	-	93,393	91,345	2,048
Capital Outlay	-	1,088	1,088	-
Total Expenditures	-	101,987	99,939	2,048
Excess Revenues Over Expenditures	-	-	52,862	52,862
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	-	59,507	59,507
Net Change in Fund Balance	-	-	112,369	112,369
Fund Balance at Beginning of Year	-	-	-	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,369</u>	<u>\$ 112,369</u>

MONTGOMERY COUNTY, TEXAS

Courthouse Security Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

C-23

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ -	\$ 319,016	\$ 339,778	\$ 20,762
Total Revenues	-	319,016	339,778	20,762
<u>EXPENDITURES:</u>				
Public Safety:				
Contract Services	-	346,915	346,915	-
Total Expenditures	-	346,915	346,915	-
(Deficiency) Revenues Over Expenditures	-	(27,899)	(7,137)	20,762
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	27,899	72,443	44,544
Net Change in Fund Balance	-	-	65,306	65,306
Fund Balance at Beginning of Year	-	-	-	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,306</u>	<u>\$ 65,306</u>

MONTGOMERY COUNTY, TEXAS
Court Technology County and District Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

C-24

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Fees	\$ -	\$ 31,338	\$ 20,194	\$ (11,144)
Total Revenues	-	31,338	20,194	(11,144)
<u>EXPENDITURES:</u>				
Judicial:				
Contract Services	-	31,338	31,338	-
Total Expenditures	-	31,338	31,338	-
(Deficiency) Revenues Over Expenditures	-	-	(11,144)	(11,144)
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	-	15,436	15,436
Net Change in Fund Balance	-	-	4,292	4,292
Fund Balance at Beginning of Year	-	-	-	-
<u>FUND BALANCE AT END OF YEAR</u>	\$ -	\$ -	\$ 4,292	\$ 4,292

MONTGOMERY COUNTY, TEXAS
Justice Court Building Security
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

C-25

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ -	\$ -	\$ 45,920	\$ 45,920
Total Revenues	<u>-</u>	<u>-</u>	<u>45,920</u>	<u>45,920</u>
<u>EXPENDITURES:</u>				
Legal Services:				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) Revenues Over Expenditures	-	-	45,920	45,920
<u>OTHER FINANCING (USES):</u>				
Transfers Out	<u>-</u>	<u>-</u>	<u>(24,198)</u>	<u>(24,198)</u>
Net Change in Fund Balance	-	-	21,722	21,722
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 21,722</u></u>	<u><u>\$ 21,722</u></u>

MONTGOMERY COUNTY, TEXAS
Justice Court Technology Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

C-26

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Fees	\$ -	\$ 125,501	\$ 184,267	\$ 58,766
Total Revenues	-	125,501	184,267	58,766
<u>EXPENDITURES:</u>				
Judicial:				
Supplies	-	1,219	1,219	-
Contract Services	-	124,282	124,282	-
Total Expenditures	-	125,501	125,501	-
Excess Revenues				
Over Expenditures	-	-	58,766	58,766
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	-	613,824	613,824
Net Change in Fund Balance	-	-	672,590	672,590
Fund Balance at Beginning of Year	-	-	-	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 672,590</u>	<u>\$ 672,590</u>

MONTGOMERY COUNTY, TEXAS

Juvenile Case Manager Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2012

C-27

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ -	\$ -	\$ 186,756	\$ 186,756
Total Revenues	-	-	186,756	186,756
<u>EXPENDITURES:</u>				
Legal Services:				
Total Expenditures	-	-	-	-
Excess Revenues Over Expenditures	-	-	186,756	186,756
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	-	460,646	460,646
Net Change in Fund Balance	-	-	647,402	647,402
Fund Balance at Beginning of Year	-	-	-	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 647,402</u>	<u>\$ 647,402</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, 2012

C-28

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Intergovernmental:				
Federal Grants	\$ -	\$ 87,870	\$ 98,508	\$ 10,638
Miscellaneous	-	37,650	37,650	-
Total Revenues	-	125,520	136,158	10,638
<u>EXPENDITURES:</u>				
Public Transportation:				
Contract Services	-	111,887	37,650	74,237
Capital Outlay	-	186,747	87,870	98,877
Total Expenditures	-	298,634	125,520	173,114
Net Change in Fund Balance	-	(173,114)	10,638	183,752
Fund Balance at Beginning of Year	78,942	78,942	78,942	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 78,942</u>	<u>\$ (94,172)</u>	<u>\$ 89,580</u>	<u>\$ 183,752</u>



NONMAJOR DEBT SERVICE FUND

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 Fund

Balance Sheet

September 30, 2012

D-1

ASSETS:

Cash

Jail Financing
Corporation
\$ -

Investments, at Fair Value

-

Receivables:

Taxes (net)

-

Due from Other Funds

-

TOTAL ASSETS

\$ -

LIABILITIES AND FUND BALANCES:

LIABILITIES:

Deferred Revenue

\$ -

Total Liabilities

-

FUND BALANCES:

Restricted

-

Total Fund Balances

-

TOTAL LIABILITIES AND

FUND BALANCES

\$ -

MONTGOMERY COUNTY, TEXAS
Nonmajor Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended September 30, 2012

D-2

	Jail Financing Corporation
	<hr/>
<u>REVENUES:</u>	
<u>TOTAL REVENUES</u>	<hr/> \$ - <hr/>
<u>EXPENDITURES:</u>	
Debt Service	
Principal Retirement	1,640,899
Interest and Fiscal Charges	1,802,582
<u>TOTAL EXPENDITURES</u>	<hr/> 3,443,481 <hr/>
(Deficiency) Revenues Over Expenditures	<hr/> (3,443,481) <hr/>
<u>OTHER FINANCING SOURCES:</u>	
Transfers In	<hr/> 3,443,481 <hr/>
Net Change in Fund Balance	-
Fund Balances at Beginning of Year	<hr/> - <hr/>
<u>FUND BALANCES AT END OF YEAR</u>	<hr/> \$ - <hr/>



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 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. Other projects include airport improvements as well as various building remodels.

Certificates of Obligation Series 2012A - to account for various road improvements to county owned roads and the construction and renovation of runway and taxiway improvements at the Lone Star Executive Airport. The County intends to reimburse itself for these current expenditures upon issuance of certificates of obligation in early fiscal year 2013.

MONTGOMERY COUNTY, TEXAS
Nonmajor Capital Project Funds
Combining Balance Sheet
September 30, 2012

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	Road Bonds Series 2003A	Road Bonds Series 2004	Certificates Obligation Series 2004	Certificates Obligation Series 2006
<u>ASSETS:</u>				
Cash	\$ 71,649	\$ 87,957	\$ -	\$ -
Investments, at Fair Value	87,462	660,708	-	1,110,107
Cash, Restricted for Retainage	-	-	-	9,410
Due from Other Funds	-	-	-	163,139
<u>TOTAL ASSETS</u>	<u>\$ 159,111</u>	<u>\$ 748,665</u>	<u>\$ -</u>	<u>\$ 1,282,656</u>

LIABILITIES AND FUND BALANCES:

LIABILITIES:

Accounts Payable	\$ -	\$ -	\$ -	\$ 201,509
Retainage Payable	-	-	-	54,811
Due to Other Funds	61,161	167,538	-	935,229
Total Liabilities	<u>61,161</u>	<u>167,538</u>	<u>-</u>	<u>1,191,549</u>

FUND BALANCES:

Restricted	<u>97,950</u>	<u>581,127</u>	<u>-</u>	<u>91,107</u>
Total Fund Balances	<u>97,950</u>	<u>581,127</u>	<u>-</u>	<u>91,107</u>

TOTAL LIABILITIES AND

<u>FUND BALANCES</u>	<u>\$ 159,111</u>	<u>\$ 748,665</u>	<u>\$ -</u>	<u>\$ 1,282,656</u>
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Certificates Obligation Series 2008	Road Bonds Series 2006A	Road Bonds Series 2006B	Road Bonds Series 2008A	Memo Totals from Page 155	Totals
\$ -	\$ 7,121	\$ 66,620	\$ 24,090	\$ 2,477,140	\$ 2,734,577
955,050	284,185	353,638	1,632,408	17,357,057	22,440,615
8,363	-	-	-	61,795	79,568
-	-	-	-	-	163,139
<u>\$ 963,413</u>	<u>\$ 291,306</u>	<u>\$ 420,258</u>	<u>\$ 1,656,498</u>	<u>\$ 19,895,992</u>	<u>\$ 25,417,899</u>
\$ 63,654	\$ -	\$ 32,649	\$ -	\$ 15,594	\$ 313,406
54,811	-	-	-	61,795	171,417
356,007	136,958	6,341	692,720	5,746,143	8,102,097
<u>474,472</u>	<u>136,958</u>	<u>38,990</u>	<u>692,720</u>	<u>5,823,532</u>	<u>8,586,920</u>
488,941	154,348	381,268	963,778	14,072,460	16,830,979
<u>488,941</u>	<u>154,348</u>	<u>381,268</u>	<u>963,778</u>	<u>14,072,460</u>	<u>16,830,979</u>
<u>\$ 963,413</u>	<u>\$ 291,306</u>	<u>\$ 420,258</u>	<u>\$ 1,656,498</u>	<u>\$ 19,895,992</u>	<u>\$ 25,417,899</u>



MONTGOMERY COUNTY, TEXAS
Nonmajor Capital Project Funds
Combining Balance Sheet
September 30, 2012

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	Road Bonds Series 2008B	Revenue Tax Bonds Series 2009	Certificates Obligation Series 2010	Certificates Obligation Series 2012	Certificates Obligation Series 2012A	Memo Totals to Page 153
<u>ASSETS:</u>						
Cash	\$ 2,583	\$ 6,173	\$ 4,368	\$ 2,464,016	\$ -	\$ 2,477,140
Investments, at Fair Value	820,216	3,339,296	196,739	13,000,806	-	17,357,057
Cash, Restricted for Retainage	-	-	-	61,795	-	61,795
Due from Other Funds	-	-	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 822,799</u>	<u>\$ 3,345,469</u>	<u>\$ 201,107</u>	<u>\$15,526,617</u>	<u>\$ -</u>	<u>\$ 19,895,992</u>
<u>LIABILITIES AND FUND BALANCES:</u>						
<u>LIABILITIES:</u>						
Accounts Payable	\$ -	\$ -	\$ -	\$ 7,574	\$ 8,020	\$ 15,594
Retainage Payable	-	-	-	61,795	-	61,795
Due to Other Funds	348,347	1,973,932	55,811	3,357,290	10,763	5,746,143
Total Liabilities	<u>348,347</u>	<u>1,973,932</u>	<u>55,811</u>	<u>3,426,659</u>	<u>18,783</u>	<u>5,823,532</u>
<u>FUND BALANCES:</u>						
Restricted	474,452	1,371,537	145,296	12,099,958	(18,783)	14,072,460
Total Fund Balances	<u>474,452</u>	<u>1,371,537</u>	<u>145,296</u>	<u>12,099,958</u>	<u>(18,783)</u>	<u>14,072,460</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 822,799</u>	<u>\$ 3,345,469</u>	<u>\$ 201,107</u>	<u>\$15,526,617</u>	<u>\$ -</u>	<u>\$ 19,895,992</u>

MONTGOMERY COUNTY, TEXAS
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2012

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	Road Bonds Series 2003A	Road Bonds Series 2004	Certificates Obligation Series 2004	Certificates Obligation Series 2006
<u>REVENUES:</u>				
Interest	\$ 248	\$ 494	\$ 17	\$ 408
<u>TOTAL REVENUES</u>	<u>248</u>	<u>494</u>	<u>17</u>	<u>408</u>
<u>EXPENDITURES:</u>				
Professional Services	-	-	-	-
Capital Outlay	68,161	167,538	-	1,458,906
Issuance Costs	-	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>68,161</u>	<u>167,538</u>	<u>-</u>	<u>1,458,906</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(67,913)</u>	<u>(167,044)</u>	<u>17</u>	<u>(1,458,498)</u>
<u>OTHER FINANCING SOURCES/(USES):</u>				
Transfers In	-	-	-	178,136
Transfers Out	-	-	(6,228)	-
Issuance of Certificates of Obligatic	-	-	-	-
Premium on Debt Issuance	-	-	-	-
Discount on Debt Issuance	-	-	-	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>-</u>	<u>-</u>	<u>(6,228)</u>	<u>178,136</u>
Net Change in Fund Balance	(67,913)	(167,044)	(6,211)	(1,280,362)
Fund Balances at Beginning of Year	<u>165,863</u>	<u>748,171</u>	<u>6,211</u>	<u>1,371,469</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 97,950</u>	<u>\$ 581,127</u>	<u>\$ -</u>	<u>\$ 91,107</u>

Certificates Obligation Series 2008	Road Bonds Series 2006A	Road Bonds Series 2006B	Road Bonds Series 2008A	Memo Totals from Page 159	Totals
\$ 308	\$ 241	\$ 310	\$ 497	\$ 6,518	\$ 9,041
308	241	310	497	6,518	9,041
-	-	-	-	3,192	3,192
548,113	243,847	38,991	864,280	4,693,091	8,082,927
-	-	-	-	222,558	222,558
548,113	243,847	38,991	864,280	4,918,841	8,308,677
(547,805)	(243,606)	(38,681)	(863,783)	(4,912,323)	(8,299,636)
-	-	-	-	-	178,136
-	-	-	-	-	(6,228)
-	-	-	-	14,925,000	14,925,000
-	-	-	-	766,413	766,413
-	-	-	-	(80,126)	(80,126)
-	-	-	-	15,611,287	15,783,195
(547,805)	(243,606)	(38,681)	(863,783)	10,698,964	7,483,559
1,036,746	397,954	419,949	1,827,561	3,373,496	9,347,420
\$ 488,941	\$ 154,348	\$ 381,268	\$ 963,778	\$ 14,072,460	\$ 16,830,979



MONTGOMERY COUNTY, TEXAS
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2012

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	Road Bonds Series 2008B	Revenue Tax Bonds Series 2009	Certificates Obligation Series 2010	Certificates Obligation Series 2012	Certificates Obligation Series 2012A	Memo Totals to page 157
<u>REVENUES:</u>						
Interest	\$ 225	\$ 813	\$ 100	\$ 5,380	\$ -	\$ 6,518
<u>TOTAL REVENUES</u>	<u>225</u>	<u>813</u>	<u>100</u>	<u>5,380</u>	<u>-</u>	<u>6,518</u>
<u>EXPENDITURES:</u>						
Professional Services	-	-	-	3,192	-	3,192
Capital Outlay	348,346	2,336,179	55,811	1,952,755	-	4,693,091
Issuance Costs	-	-	-	203,775	18,783	222,558
<u>TOTAL EXPENDITURES</u>	<u>348,346</u>	<u>2,336,179</u>	<u>55,811</u>	<u>2,159,722</u>	<u>18,783</u>	<u>4,918,841</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(348,121)</u>	<u>(2,335,366)</u>	<u>(55,711)</u>	<u>(2,154,342)</u>	<u>(18,783)</u>	<u>(4,912,323)</u>
<u>OTHER FINANCING SOURCES/(USES):</u>						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Issuance of Cert of Obligation	-	-	-	14,925,000	-	14,925,000
Premium on Debt Issuance	-	-	-	766,413	-	766,413
Discount on Debt Issuance	-	-	-	(80,126)	-	(80,126)
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,611,287</u>	<u>-</u>	<u>15,611,287</u>
Net Change in Fund Balance	(348,121)	(2,335,366)	(55,711)	13,456,945	(18,783)	10,698,964
Fund Balances at Beginning of Year	<u>822,573</u>	<u>3,706,903</u>	<u>201,007</u>	<u>(1,356,987)</u>	<u>-</u>	<u>3,373,496</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 474,452</u>	<u>\$ 1,371,537</u>	<u>\$ 145,296</u>	<u>\$ 12,099,958</u>	<u>\$ (18,783)</u>	<u>\$ 14,072,460</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 Workers' 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, 2012

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ASSETS:	Medical	Workers'	Accident	Wellness	Total
		Compensation	Liability	Clinic	
Current Assets:					
Cash and Cash Equivalents:					
Cash	\$ 724,050	\$ 35,320	\$ -	\$ -	\$ 759,370
Receivables:					
Accounts	56,872	405,517	5,484	-	467,873
Due from other funds	7,407,189	3,493,657	861,784	45,622	11,808,252
Due from other governments	-	9,762	-	-	9,762
Total Current Assets	<u>8,188,111</u>	<u>3,944,256</u>	<u>867,268</u>	<u>45,622</u>	<u>13,045,257</u>
Capital assets (net of accumulated depreciation):					
Buildings	-	-	-	893,392	893,392
Improvements	-	-	-	1,676	1,676
Equipment	-	-	-	129,944	129,944
Total Capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,025,012</u>	<u>1,025,012</u>
Total Assets	<u>8,188,111</u>	<u>3,944,256</u>	<u>867,268</u>	<u>1,070,634</u>	<u>14,070,269</u>
LIABILITIES:					
Current Liabilities:					
Accounts Payable	-	-	6,662	53	6,715
Claims Payable	2,555,128	1,366,531	-	-	3,921,659
Total Current Liabilities	<u>2,555,128</u>	<u>1,366,531</u>	<u>6,662</u>	<u>53</u>	<u>3,928,374</u>
Total Liabilities	<u>2,555,128</u>	<u>1,366,531</u>	<u>6,662</u>	<u>53</u>	<u>3,928,374</u>
NET ASSETS:					
Invested in Capital Assets, net of related debt	-	-	-	1,025,012	1,025,012
Unrestricted	5,632,983	2,577,725	860,606	45,569	9,116,883
Total Net Assets	<u>\$ 5,632,983</u>	<u>\$ 2,577,725</u>	<u>\$ 860,606</u>	<u>\$ 1,070,581</u>	<u>\$ 10,141,895</u>

MONTGOMERY COUNTY, TEXAS
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
September 30, 2012

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	Medical	Workers' Compensation	Accident Liability	Wellness Clinic	Total
OPERATING REVENUES:					
Charges for Services	\$ 26,479,509	\$ 1,125,116	\$ 1,090,851	\$ -	\$ 28,695,476
Miscellaneous	6,547	58,981	99,529	1,084,745	1,249,802
Total Operating Revenues	<u>26,486,056</u>	<u>1,184,097</u>	<u>1,190,380</u>	<u>1,084,745</u>	<u>29,945,278</u>
OPERATING EXPENSES:					
Supplies	-	-	-	30,159	30,159
Services	22,118,449	1,749,054	1,041,644	1,054,585	25,963,732
Miscellaneous	-	-	209,645	-	209,645
Depreciation	-	-	-	41,112	41,112
Total Operating Expenses	<u>22,118,449</u>	<u>1,749,054</u>	<u>1,251,289</u>	<u>1,125,856</u>	<u>26,244,648</u>
Operating Income/(Loss)	<u>4,367,607</u>	<u>(564,957)</u>	<u>(60,909)</u>	<u>(41,111)</u>	<u>3,700,630</u>
Change in Net Assets	4,367,607	(564,957)	(60,909)	(41,111)	3,700,630
Total net assets - beginning	<u>1,265,376</u>	<u>3,142,682</u>	<u>921,515</u>	<u>1,111,692</u>	<u>6,441,265</u>
Total net assets - ending	<u>\$ 5,632,983</u>	<u>\$ 2,577,725</u>	<u>\$ 860,606</u>	<u>\$ 1,070,581</u>	<u>\$ 10,141,895</u>

MONTGOMERY COUNTY, TEXAS
Combining Statement of Cash Flows
Internal Service Funds
September 30, 2012

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	Medical	Workers' Compensation	Accident Liability	Wellness Clinic	Total
Cash flows from operating activities:					
Receipts from customers	\$ 23,868,039	\$ 574,576	\$ 907,087	\$ 1,084,666	\$ 26,434,368
Receipts from others	-	-	277,149	-	277,149
Insurance recovery	6,547	58,981	-	-	65,528
Benefits paid	(19,563,319)	(382,523)	(1,244,627)	(1,084,691)	(22,275,160)
Net cash used by operating activities	<u>4,311,267</u>	<u>251,034</u>	<u>(60,391)</u>	<u>(25)</u>	<u>4,501,885</u>
Cash flows from noncapital financing activities:					
Transfers in (out)	(4,076,657)	(219,321)	60,391	25	(4,235,562)
Net cash used by noncapital financing activities	<u>(4,076,657)</u>	<u>(219,321)</u>	<u>60,391</u>	<u>25</u>	<u>(4,235,562)</u>
Net increase in cash and cash equivalents	<u>234,610</u>	<u>31,713</u>	<u>-</u>	<u>-</u>	<u>266,323</u>
Cash and cash equivalents - October 1, 2011	<u>489,440</u>	<u>3,607</u>	<u>-</u>	<u>-</u>	<u>493,047</u>
Cash and cash equivalents - September 30, 2012	<u>\$ 724,050</u>	<u>\$ 35,320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 759,370</u>
Reconciliation of operating income (loss) to net cash provided (used) in operating activities:					
Operating income (loss)	\$ 4,367,607	\$ (564,957)	\$ (60,909)	\$ (41,111)	\$ 3,700,630
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	-	-	-	41,112	41,112
(Increase) decrease in intergovernmental receivable	(32,068)	354,184	6,683	-	328,799
Increase (decrease) in accounts payable	(24,272)	461,807	(6,165)	(26)	431,344
Total adjustments	<u>(56,340)</u>	<u>815,991</u>	<u>518</u>	<u>41,086</u>	<u>801,255</u>
Net cash provided by operating activities	<u>\$ 4,311,267</u>	<u>\$ 251,034</u>	<u>\$ (60,391)</u>	<u>\$ (25)</u>	<u>\$ 4,501,885</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. This center was funded 100% by the State of Texas, combined with fees generated. The State ceased funding and sold this facility in fiscal year 2012.

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 Fund
Combining Statement of Assets and Liabilities
September 30, 2012

G-1

	Restitution Center	County Officials	Totals
<u>ASSETS:</u>			
Cash	\$ -	\$ 11,291,911	\$ 11,291,911
Investments, at Fair Value	-	-	-
Accounts Receivable	-	28,662	28,662
<u>TOTAL ASSETS</u>	<u>\$ -</u>	<u>\$ 11,320,573</u>	<u>\$ 11,320,573</u>
<u>LIABILITIES:</u>			
Accounts Payable	\$ -	\$ 6,700,109	\$ 6,700,109
Due to Other Governments	-	4,620,464	4,620,464
<u>TOTAL LIABILITIES</u>	<u>\$ -</u>	<u>\$ 11,320,573</u>	<u>\$ 11,320,573</u>

MONTGOMERY COUNTY, TEXAS
Agency Fund
Combining Statement of Changes in Assets and Liabilities
Year Ended September 30, 2012

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	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
<u>RESTITUTION CENTER:</u>				
Assets:				
Cash	\$ -	\$ 80	\$ 80	\$ -
Liabilities:				
Accounts Payable	\$ -	\$ 80	\$ 80	\$ -

COUNTY OFFICIALS:

Assets:				
Cash	\$ 12,658,381	\$ 1,245,913,779	\$ 1,247,280,249	\$ 11,291,911
Investments, at Fair Value	1,031	-	1,031	-
Accounts Receivable	22,905	22,540	16,783	28,662
Due from Other Funds	-	334,291	334,291	-
Total Assets	<u>\$ 12,682,317</u>	<u>\$ 1,246,270,610</u>	<u>\$ 1,247,632,354</u>	<u>\$ 11,320,573</u>
Liabilities:				
Accounts Payable	\$ 6,598,186	\$ 26,192,882	\$ 26,090,959	\$ 6,700,109
Due to Other Funds	-	505,963,747	505,963,747	-
Due to Other Government	6,084,131	714,113,981	715,577,648	4,620,464
Total Liabilities	<u>\$ 12,682,317</u>	<u>\$ 1,246,270,610</u>	<u>\$ 1,247,632,354</u>	<u>\$ 11,320,573</u>

TOTALS - ALL AGENCY FUNDS:

Assets:				
Cash	\$ 12,658,381	\$ 1,245,913,859	\$ 1,247,280,329	\$ 11,291,911
Investments, at Fair Value	1,031	-	1,031	-
Accounts Receivable	22,905	22,540	16,783	28,662
Due from Other Funds	-	334,291	334,291	-
Total Assets	<u>\$ 12,682,317</u>	<u>\$ 1,246,270,690</u>	<u>\$ 1,247,632,434</u>	<u>\$ 11,320,573</u>
Liabilities:				
Accounts Payable	\$ 6,598,186	\$ 26,192,962	\$ 26,091,039	\$ 6,700,109
Due to Other Funds	-	505,963,747	505,963,747	-
Due to Other Government	6,084,131	714,113,981	715,577,648	4,620,464
Total Liabilities	<u>\$ 12,682,317</u>	<u>\$ 1,246,270,690</u>	<u>\$ 1,247,632,434</u>	<u>\$ 11,320,573</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, 2012

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GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 40,022,997
Buildings	229,732,817
Improvements Other than Buildings	26,664,934
Equipment	83,544,958
Infrastructure	1,120,325,165
Construction in Progress	2,426,837

<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>\$ 1,502,717,708</u>
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INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS

BY SOURCE:

General Fund	\$ 317,564,743
Special Revenue Funds	1,182,726,128
Capital Project Funds	2,426,837

<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>\$ 1,502,717,708</u>
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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, 2012

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Page 1 of 2

Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Equipment	Infrastructure
<u>GENERAL ADMINISTRATION:</u>						
County Judge	\$ 18,491	\$ -	\$ -	\$ -	\$ 18,491	\$ -
Human Resources	6,033	-	-	-	6,033	-
Risk Management	38,041	-	-	-	38,041	-
County Clerk	484,668	-	-	-	484,668	-
Collections	6,343	-	-	-	6,343	-
Purchasing Agent	559,328	-	-	-	559,328	-
Commns/Info Services	2,813,521	-	86,900	1,061,450	1,665,171	-
County Buildings	94,700,163	-	94,168,228	495,445	-	36,490
County Land	6,461,741	6,341,828	-	119,913	-	-
<u>TOTAL GENERAL ADM</u>	105,088,329	6,341,828	94,255,128	1,676,808	2,778,075	36,490
<u>FINANCIAL ADMINISTRATION:</u>						
County Auditor	56,872	-	-	-	56,872	-
County Treasurer	39,047	-	-	-	39,047	-
Tax Assessor/Collector	205,714	7,500	-	-	198,214	-
<u>TOTAL FINANCIAL ADM</u>	301,633	7,500	-	-	294,133	-
<u>CONSERVATION:</u>						
Extension Agents	844,617	1,682	815,958	15,520	11,457	-
Recycling Stations	199,633	-	66,318	53,478	79,837	-
<u>TOTAL CONSERVATION</u>	1,044,250	1,682	882,276	68,998	91,294	-
<u>ELECTIONS:</u>						
Elections Administrator	3,556,430	3,000	493,239	70,468	2,989,723	-
<u>TOTAL ELECTIONS ADM</u>	3,556,430	3,000	493,239	70,468	2,989,723	-
<u>FACILITIES:</u>						
Custodial Services	787,160	30,715	166,861	6,155	583,429	-
Building Maintenance	1,119,953	-	171,407	5,668	942,878	-
Parks	28,775,338	9,089,955	4,355,991	15,329,392	-	-
Jail	3,881,595	-	3,353,964	15,125	512,506	-
Joe Corley Detention Facility	43,551,932	416,589	37,314,360	4,593,790	1,227,193	-
Civic Center	16,539,510	88,216	14,551,295	1,509,464	390,535	-
<u>TOTAL FACILITIES</u>	94,655,488	9,625,475	59,913,878	21,459,594	3,656,541	-
<u>HEALTH AND WELFARE:</u>						
Public Health	6,494,725	159,705	5,865,973	121,482	347,565	-
Mental Health Treatment	32,247,066	2,631,689	26,437,514	1,088,281	2,089,582	-
Child Welfare	1,051	-	-	-	1,051	-
Community Development	10,330,642	563,626	9,318,192	-	448,824	-
<u>TOTAL HEALTH/WELFARE</u>	49,073,484	3,355,020	41,621,679	1,209,763	2,887,022	-

MONTGOMERY COUNTY, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
September 30, 2012

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Page 2 of 2

Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Equipment	Infrastructure
<u>JUDICIAL:</u>						
Courts	666,501	-	-	924	665,577	-
District Attorney	297,891	-	-	-	297,891	-
District Clerk	156,802	-	7,129	-	149,673	-
Justice of Peace	2,438,264	-	2,295,812	4,930	137,522	-
<u>TOTAL JUDICIAL</u>	<u>3,559,458</u>	<u>-</u>	<u>2,302,941</u>	<u>5,854</u>	<u>1,250,663</u>	<u>-</u>
<u>LEGAL SERVICES:</u>						
County Attorney	35,203	-	-	-	35,203	-
Law Library	1,391,454	-	-	-	1,391,454	-
<u>TOTAL LEGAL SERVICES</u>	<u>1,426,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,426,657</u>	<u>-</u>
<u>PUBLIC SAFETY:</u>						
Emergency Management	12,624,077	-	620,819	410,406	11,592,852	-
Fire Marshal	13,109	-	-	-	13,109	-
Department of Public Safety	-	-	-	-	-	-
Constables	2,553,686	22,810	385,993	37,990	2,106,893	-
Sheriff	33,910,035	217,709	2,301,318	638,175	30,752,833	-
District Attorney Forfeitures	370,341	-	-	11,938	358,403	-
Juvenile Probation	1,820,757	-	1,382,089	-	438,668	-
Adult Probation	14,551	-	-	-	14,551	-
<u>TOTAL PUBLIC SAFETY</u>	<u>51,306,556</u>	<u>240,519</u>	<u>4,690,219</u>	<u>1,098,509</u>	<u>45,277,309</u>	<u>-</u>
<u>PUBLIC TRANSPORTATION:</u>						
Engineer	40,128	-	-	-	40,128	-
Commissioners' Operations	1,135,153,842	15,197,815	5,048,812	398,009	14,981,742	1,099,527,464
Airport	27,449,146	1,612,530	4,156,947	626,236	292,222	20,761,211
<u>TOTAL PUBLIC TRANSPORTATION</u>	<u>1,162,643,116</u>	<u>16,810,345</u>	<u>9,205,759</u>	<u>1,024,245</u>	<u>15,314,092</u>	<u>1,120,288,675</u>
<u>CULTURE AND RECREATION:</u>						
Memorial Library	27,635,470	3,637,628	16,367,698	50,695	7,579,449	-
<u>TOTAL CULTURE/REC</u>	<u>27,635,470</u>	<u>3,637,628</u>	<u>16,367,698</u>	<u>50,695</u>	<u>7,579,449</u>	<u>-</u>
<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>1,500,290,871</u>	<u>\$ 40,022,997</u>	<u>\$ 229,732,817</u>	<u>\$ 26,664,934</u>	<u>\$ 83,544,958</u>	<u>\$ 1,120,325,165</u>
Construction In Progress	<u>2,426,837</u>					
<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>\$ 1,502,717,708</u>					

MONTGOMERY COUNTY, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
Year Ended September 30, 2012

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Page 1 of 2

Function and Activity	Govtl Funds Capital Assets October 1, 2011	Additions	Deletions	Govtl Funds Capital Assets September 30, 2012
<u>GENERAL ADMINISTRATION:</u>				
County Judge	\$ 11,230	\$ 14,332	\$ 7,071	\$ 18,491
Human Resources	5,657	5,122	4,746	6,033
Risk Management	39,254	-	1,213	38,041
County Clerk	493,719	-	9,051	484,668
Collections	11,307	1,250	6,214	6,343
Purchasing Agent	562,301	1,346,923	1,349,896	559,328
Commns/Info Services	2,765,082	77,971	29,532	2,813,521
County Buildings	96,428,929	87,794	1,816,560	94,700,163
County Land	6,498,691	-	36,950	6,461,741
<u>TOTAL GENERAL ADM</u>	<u>106,816,170</u>	<u>1,533,392</u>	<u>3,261,233</u>	<u>105,088,329</u>
<u>FINANCIAL ADMINISTRATION:</u>				
County Auditor	60,523	1,584	5,235	56,872
County Treasurer	27,157	11,890	-	39,047
Tax Assessor/Collector	196,127	21,685	12,098	205,714
<u>TOTAL FINANCIAL ADM</u>	<u>283,807</u>	<u>35,159</u>	<u>17,333</u>	<u>301,633</u>
<u>CONSERVATION:</u>				
Extension Agents	846,107	-	1,490	844,617
Recycling Stations	212,737	-	13,104	199,633
<u>TOTAL CONSERVATION</u>	<u>1,058,844</u>	<u>-</u>	<u>14,594</u>	<u>1,044,250</u>
<u>ELECTIONS:</u>				
Elections Administrator	3,197,805	401,361	42,736	3,556,430
<u>TOTAL ELECTIONS</u>	<u>3,197,805</u>	<u>401,361</u>	<u>42,736</u>	<u>3,556,430</u>
<u>FACILITIES:</u>				
Custodial Services	660,879	126,281	-	787,160
Building Maintenance	1,123,069	132,909	136,025	1,119,953
Parks	27,487,529	1,324,104	36,295	28,775,338
Jail	3,889,596	14,319	22,320	3,881,595
Joe Corley Detention Facility	43,551,932	-	-	43,551,932
Civic Center	16,491,507	49,663	1,660	16,539,510
<u>TOTAL FACILITIES</u>	<u>93,204,512</u>	<u>1,647,276</u>	<u>196,300</u>	<u>94,655,488</u>
<u>HEALTH AND WELFARE:</u>				
Public Health	6,540,395	77,332	123,002	6,494,725
Mental Health Facility	32,005,073	241,993	-	32,247,066
Child Welfare	1,051	-	-	1,051
Community Development	10,113,927	216,715	-	10,330,642
<u>TOTAL HEALTH & WELFARE</u>	<u>48,660,446</u>	<u>536,040</u>	<u>123,002</u>	<u>49,073,484</u>

MONTGOMERY COUNTY, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
Year Ended September 30, 2012

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Page 2 of 2

Function and Activity	Govtl Funds Capital Assets October 1, 2011	Additions	Deletions	Govtl Funds Capital Assets September 30, 2012
<u>JUDICIAL:</u>				
Courts	684,202	15,363	33,064	666,501
District Attorney	336,823	3,840	42,772	297,891
District Clerk	146,780	10,022	-	156,802
Justice of Peace	2,440,999	-	2,735	2,438,264
<u>TOTAL JUDICIAL</u>	<u>3,608,804</u>	<u>29,225</u>	<u>78,571</u>	<u>3,559,458</u>
<u>LEGAL SERVICES:</u>				
County Attorney	36,623	-	1,420	35,203
Law Library	1,302,057	91,318	1,921	1,391,454
<u>TOTAL LEGAL SERVICES</u>	<u>1,338,680</u>	<u>91,318</u>	<u>3,341</u>	<u>1,426,657</u>
<u>PUBLIC SAFETY:</u>				
Emergency Management	11,529,643	1,196,700	102,266	12,624,077
Fire Marshal	25,697	-	12,588	13,109
Department of Public Safety	1,213	-	1,213	-
Constables	1,835,736	882,641	164,691	2,553,686
Sheriff	32,495,162	2,268,024	853,151	33,910,035
District Attorney Forfeitures	297,728	115,107	42,494	370,341
Juvenile Probation	1,786,063	37,781	3,087	1,820,757
Adult Probation	14,551	-	-	14,551
<u>TOTAL PUBLIC SAFETY</u>	<u>47,985,793</u>	<u>4,500,253</u>	<u>1,179,490</u>	<u>51,306,556</u>
<u>PUBLIC TRANSPORTATION:</u>				
Engineer	55,534	14,313	29,719	40,128
Commissioners' Operations	1,114,551,224	21,093,371	490,753	1,135,153,842
Airport	26,727,075	869,490	147,419	27,449,146
<u>TOTAL PUBLIC TRANS</u>	<u>1,141,333,833</u>	<u>21,977,174</u>	<u>667,891</u>	<u>1,162,643,116</u>
<u>CULTURE & RECREATION:</u>				
Memorial Library	27,418,748	1,398,547	1,181,825	27,635,470
<u>TOTAL CULTURE/REC</u>	<u>27,418,748</u>	<u>1,398,547</u>	<u>1,181,825</u>	<u>27,635,470</u>
Construction In Progress	615,317	2,972,342	1,160,822	2,426,837
<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>\$ 1,475,522,759</u>	<u>\$ 35,122,087</u>	<u>\$ 7,927,138</u>	<u>\$ 1,502,717,708</u>



STATISTICAL SECTION

STATISTICAL SECTION

(unaudited)

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

Contents

Table

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

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



MONTGOMERY COUNTY, TEXAS**Net Assets by Component****Last Ten 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
2012	319,059,222	170,275	25,967,702	(36,634,612)	308,562,587

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 Ten Fiscal Years**

(accrual basis of accounting)

	2003	2004	2005	2006
Expenses				
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
Program Revenues				
Governmental Activities:				
Fees, Fines, Forfeitures and Charges for Services				
General Administration	4,698,737	4,860,689	5,063,830	6,445,057
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 Revenues	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
Net (Expense) Revenue	(65,190,178)	(82,390,035)	(65,083,247)	(99,732,060)
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes				
Property Taxes	78,482,657	86,767,811	\$ 95,927,528	105,410,635
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
Change in Net Assets	\$ 16,338,329	\$ 6,353,735	\$ 34,705,694	\$ 10,564,980

TABLE II

2007	2008	2009	2010	2011	2012
\$ 11,780,620	\$ 16,822,168	\$ 22,046,369	\$ 15,339,911	\$ 56,850,436	\$ 54,732,939
17,042,393	15,894,641	22,794,440	24,893,295	25,751,781	27,800,678
2,233,072	2,445,787	2,678,359	2,824,360	2,893,028	3,254,126
1,466,229	1,947,963	1,694,067	1,827,247	1,723,583	2,249,037
4,981,536	5,088,713	5,917,962	6,358,514	6,111,643	6,334,740
20,208,449	19,887,748	41,255,267	43,618,780	50,133,665	49,812,586
44,725,170	51,558,472	55,941,218	62,650,758	62,564,836	66,364,576
7,637,646	16,301,079	29,039,919	9,085,174	14,924,434	28,582,176
8,460,806	8,697,389	9,981,330	7,456,924	9,061,639	9,607,386
760,370	825,476	341,910	986,843	982,337	1,003,159
69,455,834	76,212,732	95,536,899	111,627,910	80,597,409	65,221,658
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	23,989,607
203,300,672	232,751,031	309,504,935	311,300,556	336,821,003	338,952,668
203,300,672	232,751,031	309,504,935	311,300,556	336,821,003	338,952,668
7,393,470	5,797,753	5,402,968	5,948,735	39,240,521	37,812,374
7,440,711	8,712,572	10,475,877	12,702,190	8,713,071	2,973,713
527,537	483,018	501,896	518,257	503,400	499,509
1,569	2,081	1,131	103,831	177	453
1,459,788	2,101,194	2,268,952	2,244,114	2,553,434	2,943,952
1,000,092	4,548,064	24,717,702	21,800,561	19,812,950	23,655,878
14,774,292	14,255,517	15,388,348	19,139,564	17,542,034	17,403,723
1,266,457	1,495,403	1,478,897	1,735,047	10,628,153	16,718,253
258,398	294,045	323,520	316,855	309,966	287,967
7,987,128	7,714,365	8,442,985	9,118,839	9,219,220	10,489,702
8,288,928	15,376,235	29,439,925	11,446,490	12,781,928	9,526,211
65,322,295	60,429,833	55,848,681	56,300,073	24,936,363	27,209,719
115,720,665	121,210,080	154,290,882	141,374,556	146,241,217	149,521,454
115,720,665	121,210,080	154,290,882	141,374,556	146,241,217	149,521,454
(87,580,007)	(111,540,951)	(155,214,053)	(169,926,000)	(190,579,786)	(189,431,214)
115,740,129	131,600,844	145,696,133	156,397,865	161,327,007	167,297,778
1,381,764	1,610,605	1,719,903	1,824,262	1,785,343	1,674,934
-	-	-	-	8,364,557	12,855,843
8,442,457	5,680,817	1,667,591	790,693	540,642	382,170
419,968	1,435,277	463,953	1,006,752	2,900,249	1,264,605
125,984,318	140,327,543	149,547,580	160,019,572	174,917,798	183,475,330
125,984,318	140,327,543	149,547,580	160,019,572	174,917,798	183,475,330
\$ 38,404,311	\$ 28,786,592	(5,666,473)	\$ (9,906,428)	\$ (15,661,988)	\$ (5,955,884)

MONTGOMERY COUNTY, TEXAS
Governmental Fund Balances
Last Ten Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
General Fund				
Reserved for:				
Prepaid items	\$ 25,209	\$ 186,540	\$ -	\$ 355,284
Unreserved	3,111,416	4,597,977	9,818,012	16,496,456
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 3,136,625</u>	<u>\$ 4,784,517</u>	<u>\$ 9,818,012</u>	<u>\$ 16,851,740</u>
All Other Governmental Funds				
Reserved for:				
Prepaid items	\$ 44,865	\$ 56,219	\$ 1,799,127	\$ 1,464,625
Capital projects	42,881,808	40,717,540	25,183,317	124,460,927
Inventory	72,409	77,008	80,227	71,186
Debt service	2,043,861	2,160,259	2,142,695	2,246,764
Unreserved, reported in:				
Special revenue funds	2,466,223	1,774,849	500,665	4,228,581
Debt service funds	-	-	-	-
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 47,509,166</u>	<u>\$ 44,785,875</u>	<u>\$ 29,706,031</u>	<u>\$ 132,472,083</u>

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

TABLE III

Fiscal Year					
2007	2008	2009	2010	2011 ⁽¹⁾	2012
\$ 405,442	\$ 226,088	\$ 1,209,368	\$ 614,103	\$ -	\$ -
20,357,618	25,621,544	33,804,639	43,326,405	-	-
-	-	-	-	-	11,217
-	-	-	-	134,855	91,718
-	-	-	-	19,571,942	32,806,254
-	-	-	-	29,647,002	30,241,977
<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>	<u>\$ 63,151,166</u>
\$ 3,183,467	\$ 769,559	\$ 1,533	\$ 42,762	\$ -	\$ -
119,067,943	109,016,095	91,075,383	35,255,056	-	-
66,617	67,641	85,034	91,503	-	-
2,633,600	4,561,190	12,206,656	10,761,379	-	-
3,908,678	21,832,516	26,929,735	32,894,308	-	-
-	-	-	-	-	-
-	-	-	-	172,593	363,698
-	-	-	-	76,922,025	80,798,663
-	-	-	-	19,740	16,848
-	-	-	-	7,421,107	10,801,627
<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>	<u>\$ 91,980,836</u>

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

(modified accrual basis of accounting)

	2003	2004	2005	2006
Revenues				
Taxes	\$ 79,235,180	\$ 87,999,696	\$ 96,881,886	\$ 106,734,347
Licenses and Permits	6,774,170	7,391,938	7,090,124	7,705,191
Fees	9,704,730	10,355,267	11,245,253	13,965,850
Intergovernmental	7,528,351	7,780,777	9,753,650	12,928,979
Charges for Services	1,126,189	1,159,017	1,208,604	1,479,104
Interest	888,724	785,873	2,007,225	3,582,649
Contract Reimbursements	6,952,378	7,587,085	8,026,103	9,105,696
Inmate Housing	479,399	118,818	50,430	1,356,977
Fines and Forfeitures	1,586,335	2,421,254	2,338,177	2,010,036
Miscellaneous	2,143,431	1,706,620	2,477,813	2,421,395
Total Revenues	116,418,887	127,306,345	141,079,265	161,290,224
Expenditures				
General Administration	10,299,486	9,656,917	11,956,474	12,249,238
Judicial	12,775,232	14,135,706	14,533,798	16,621,754
Legal Services	1,560,404	1,712,325	1,820,797	2,113,773
Elections	562,397	730,253	650,970	3,144,556
Financial Administration	3,520,998	3,737,425	4,359,609	4,751,654
Public Facilities	6,093,188	6,376,545	15,795,553	20,439,889
Public Safety	39,615,733	42,296,886	39,990,719	41,794,370
Health and Welfare	6,590,080	6,426,018	6,979,121	8,969,704
Culture and Recreation	4,390,872	4,473,911	6,102,610	6,948,700
Conservation	712,160	755,853	707,684	646,202
Public Transportation	16,860,588	18,210,470	16,857,418	17,390,668
Miscellaneous	5,594,822	7,234,220	4,519,314	3,009,024
Capital Projects	17,544,646	14,361,966	16,092,056	41,126,282
Debt Service:				
Principal Retirement	9,700,493	3,237,591	3,034,930	3,830,069
Interest and Fiscal Charges	6,169,771	8,831,163	8,087,980	8,285,966
Issuance Costs	760,392	262,523	618,647	-
Total Expenditures	142,751,262	142,439,772	152,107,680	191,321,849
(Deficiency) Revenues over Expenditures	(26,332,375)	(15,133,427)	(11,028,415)	(30,031,625)
Other Financing Sources/(Uses)				
Transfers In	19,849,875	14,571,754	16,324,181	15,894,991
Transfers Out	(19,849,875)	(14,571,754)	(16,324,181)	(15,894,991)
Capital Lease Financing	151,948	581,915	1,264,452	262,529
Issuance of Refunding Bonds	-	-	45,850,000	-
Payment to Refunded Bond Escrow Agent	-	-	(49,904,606)	-
Issuance of Other Bonds	45,699,907	12,805,000	-	137,870,000
Discounts/Premiums on Debt Issuance	-	671,113	3,772,220	3,650,574
Total Other Financing Sources/(Uses)	45,851,855	14,058,028	982,066	141,783,103
Prior Period Adjustment	-	-	-	-
Net Change in Fund Balances	\$ 19,519,480	\$ (1,075,399)	\$ (10,046,349)	\$ 111,751,478
Debt Service as a percentage of noncapital expenditures	13.3%	9.6%	8.6%	8.1%

TABLE IV

2007	2008	2009	2010	2011	2012
\$ 117,303,468	\$ 132,652,213	\$ 147,492,907	\$ 157,541,607	\$ 162,716,956	\$ 169,042,135
7,903,148	7,813,929	8,116,936	7,552,220	7,498,169	7,340,620
14,919,639	14,702,564	14,027,489	14,925,021	16,404,832	17,013,807
16,939,038	25,176,883	34,078,838	19,798,654	32,110,368	31,530,494
1,683,063	1,927,909	2,094,454	2,168,606	1,633,673	1,975,389
8,580,033	5,898,574	1,312,224	790,282	540,616	382,173
10,385,885	11,138,260	12,126,654	16,506,829	24,213,859	30,930,076
1,607,241	3,566,886	23,895,939	21,085,088	18,958,951	22,670,575
1,933,374	2,026,564	3,192,219	3,047,555	3,662,448	4,247,571
2,084,903	3,802,795	2,741,345	3,568,946	5,055,183	4,354,033
183,339,792	208,706,577	249,079,005	246,984,808	272,795,055	289,486,873
12,293,414	13,532,419	17,048,371	15,758,058	26,145,340	24,829,831
17,179,832	18,504,705	21,795,715	23,657,153	25,547,447	26,939,088
2,228,239	2,397,829	2,550,211	2,716,217	2,982,862	3,136,043
1,373,213	1,606,046	1,258,713	1,410,441	1,344,669	2,156,915
4,966,523	5,251,827	5,624,961	5,877,896	5,983,660	5,997,385
22,477,341	25,448,843	44,144,809	43,995,733	42,038,981	46,681,717
45,184,624	64,484,699	55,809,351	61,405,346	65,088,924	63,136,032
8,883,225	17,851,636	30,236,637	12,520,365	23,540,364	27,684,389
7,812,017	7,314,312	8,008,564	8,393,594	8,480,049	8,621,870
745,767	803,808	845,288	899,649	960,483	910,093
17,161,732	18,991,837	20,469,397	25,913,518	33,746,483	25,354,154
2,846,822	1,070,696	1,156,114	1,683,887	659,499	-
69,694,164	93,906,202	71,212,681	91,100,968	26,806,719	8,809,026
5,305,000	4,598,741	6,557,918	7,916,895	11,304,861	16,970,899
13,929,488	16,024,292	18,713,749	20,511,045	23,757,714	23,245,469
1,356,675	1,443,423	1,265,496	1,336,839	329,498	382,183
233,438,076	293,231,315	306,697,975	325,097,604	298,717,553	284,855,094
(50,098,284)	(84,524,738)	(57,618,970)	(78,112,796)	(25,922,498)	4,631,779
46,199,570	21,663,686	24,812,746	27,012,983	20,909,835	27,961,981
(46,199,570)	(21,663,686)	(24,812,746)	(27,012,983)	(20,909,835)	(27,961,981)
3,953,897	16,599,021	1,133,148	3,125,403	1,197,802	830,702
41,495,000	9,855,000	-	43,380,000	-	30,885,000
(41,706,307)	(10,211,444)	-	(44,643,876)	-	(35,739,475)
44,834,989	79,885,000	56,190,000	1,167,562	31,390,000	14,925,000
820,247	1,868,429	3,513,538	32,756,874	4,238,443	5,709,732
49,397,826	97,996,006	60,836,686	35,785,963	36,826,245	16,610,959
-	-	-	-	-	-
\$ (700,458)	\$ 13,471,268	\$ 3,217,716	\$ (42,326,833)	\$ 10,903,747	\$ 21,242,738
12.6%	11.1%	11.3%	13.4%	13.1%	14.8%



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

TABLE V

Fiscal Year	Residential Property	Commercial Property	Other Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate ⁽³⁾
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	24,780,448	4,130,865	3,545,480	3,673,289	(3,467,731)	32,662,351	0.4838
2011	25,470,544	4,313,292	3,635,389	3,557,689	(3,114,294)	33,862,620	0.4838
2012	26,546,279	4,406,788	3,637,096	3,710,767	(3,199,844)	35,101,086	0.4838

(1) Amounts expressed in thousands.

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

(3) Tax rates are per \$100 of assessed value.

Source: Montgomery Central Appraisal District

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

	2003	2004	2005	2006
<u>MONTGOMERY COUNTY, TEXAS:</u>				
General Fund	\$ 0.3568	\$ 0.3627	\$ 0.3822	\$ 0.3869
Special Revenue Funds	0.0525	0.0523	0.0528	0.0528
Debt Service Fund	0.0617	0.0678	0.0613	0.0566
Total Montgomery County, Texas	0.4710	0.4828	0.4963	0.4963
<u>OVERLAPPING GOVERNMENTS:</u>				
Special Districts:				
Chateau Woods M.U.D.	0.2500	0.2500	0.2332	0.1939
Clover Creek M.U.D.	1.2500	1.2500	1.2500	1.2500
Conroe M.U.D. #1	-	-	-	-
Corinthian Point M.U.D.	0.7987	0.7987	0.7694	0.7222
East Montgomery County M.U.D. #1	0.3800	0.3800	0.3800	0.3600
East Montgomery County M.U.D. #3	0.5000	0.5000	0.7500	0.9500
East Montgomery County M.U.D. #4	-	-	-	-
East Plantation U.D.	0.7300	0.7300	0.7700	0.8100
Far Hills U.D.	0.4950	0.4950	0.4800	0.4800
Grand Oaks M.U.D.	-	-	-	1.3500
Harris County M.U.D. #386	-	-	-	-
Kings Manor M.U.D.	1.2900	1.2900	1.2900	1.2000
Lake Conroe Hills M.U.D.	0.5000	0.5000	0.5000	0.5000
Lazy River I.D.	0.7200	0.7200	0.6339	-
Lone Star Community College	0.1145	0.1145	0.1145	0.1207
Montgomery County D.D. #6	0.2922	0.2922	0.2800	0.2733
Montgomery County D.D. #10	-	-	0.4580	0.4580
Montgomery County F.W.S.D. #6	0.3774	0.3774	0.3945	0.3945
Montgomery County Hospital Dist	0.1082	0.1082	0.0999	0.0850
Montgomery County M.U.D. #6	0.3000	0.3000	0.2500	0.2200
Montgomery County M.U.D. #7	0.3800	0.3800	0.3400	0.3000
Montgomery County M.U.D. #8	0.2263	0.2263	0.2171	0.2012
Montgomery County M.U.D. #9	0.7000	0.7000	0.6000	0.6000
Montgomery County M.U.D. #15	1.6000	1.6000	1.5000	1.4500
Montgomery County M.U.D. #16	3.9600	3.9600	2.4600	1.5800
Montgomery County M.U.D. #18	0.5600	0.5600	0.5100	0.5100
Montgomery County M.U.D. #19	0.4500	0.4500	0.4000	0.3500
Montgomery County M.U.D. #24	1.5900	1.5900	1.5700	1.4900
Montgomery County M.U.D. #36	0.3600	0.3600	0.3600	0.3230
Montgomery County M.U.D. #39	0.7200	0.7200	0.7000	0.5800

TABLE VI

Page 1 of 4

2007	2008	2009	2010	2011	2012
\$ 0.3611	\$ 0.3630	\$ 0.3647	\$ 0.3576	\$ 0.3582	\$ 0.3629
0.0478	0.0478	0.0464	0.0464	0.0458	0.0464
0.0824	0.0780	0.0727	0.0798	0.0798	0.0745
0.4913	0.4888	0.4838	0.4838	0.4838	0.4838
0.1939	0.1847	0.1793	0.2016	0.2223	0.2317
1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
-	0.6000	0.6000	0.6000	0.6000	0.6000
0.7122	0.6066	0.5587	0.5487	0.5738	0.5393
0.3692	0.3569	0.3543	0.3857	No Tax	No Tax
0.9500	0.9500	0.9500	0.9500	0.9500	0.9500
-	1.3500	1.3500	-	No Tax	No Tax
0.8000	0.7600	0.0729	0.7090	0.7090	0.7090
0.4700	0.4700	0.4700	0.4700	0.4700	0.4820
1.3500	1.3500	1.3500	1.3500	1.3500	1.3500
-	-	-	-	-	0.9900
1.0000	0.8800	0.8600	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	0.5342
0.1167	0.1144	0.1101	0.1101	0.1176	0.1210
0.2733	0.2666	0.2641	0.2641	0.2641	0.2100
0.4580	0.4580	0.4470	0.4470	0.4470	0.4470
0.3945	0.3945	0.3945	0.3945	0.2941	0.2820
0.0781	0.0777	0.0760	0.0755	0.7540	0.0745
0.1100	0.1100	0.1100	0.1000	0.0950	0.0875
0.2000	0.2000	0.1750	0.1750	0.1750	0.1675
0.2272	0.2118	0.2179	0.2332	0.2494	0.2651
0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
1.3268	1.2937	1.2450	1.2400	1.2400	1.2400
1.3600	1.2300	1.2100	1.3000	1.3000	1.3000
0.5000	0.4900	0.4500	0.4400	0.4400	0.4300
No Tax	0.3243	0.3243	0.3243	0.3243	0.3243
No Tax	1.4000	1.2800	1.2800	1.3800	1.1800
0.1200	0.1200	0.1100	0.1000	0.0550	0.0400
0.4800	0.4700	0.4400	0.4300	0.4300	0.4200

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

	2003	2004	2005	2006
Special Districts (continued):				
Montgomery County M.U.D. #40	0.3200	0.3200	0.2800	0.2500
Montgomery County M.U.D. #42	1.4800	1.4800	1.3800	1.3500
Montgomery County M.U.D. #46	0.6000	0.6000	0.5800	0.5000
Montgomery County M.U.D. #47	0.3700	0.3700	0.3600	0.3100
Montgomery County M.U.D. #56	1.2500	1.2500	1.2500	1.2500
Montgomery County M.U.D. #60	0.4200	0.4200	0.4200	0.3500
Montgomery County M.U.D. #67	0.4700	0.4700	0.4500	0.4300
Montgomery County M.U.D. #83	1.2500	1.2500	1.2500	1.2500
Montgomery County M.U.D. #84	-	-	-	1.2500
Montgomery County M.U.D. #88	-	-	-	No Tax
Montgomery County M.U.D. #89	1.3900	1.3900	1.3900	1.3900
Montgomery County M.U.D. #90	-	-	-	0.6000
Montgomery County M.U.D. #92	-	-	-	0.6000
Montgomery County M.U.D. #94	1.2200	1.2200	1.2200	1.2200
Montgomery County M.U.D. #95	1.2500	1.2500	1.2500	1.2500
Montgomery County M.U.D. #98	-	-	-	1.2500
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 M.U.D. #123	-	-	-	-
Montgomery County U.D. #2	0.5900	0.5900	0.5700	0.5700
Montgomery County U.D. #3	0.5765	0.5765	0.4516	0.4516
Montgomery County U.D. #4	0.3800	0.3800	0.3300	0.3800
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	0.5376
Point Aquarius M.U.D.	0.5558	0.5558	0.5347	0.5132
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.	0.4895	0.4895	0.4812	0.4504
Roman Forest Cons. M.U.D.	0.5800	0.5800	0.5650	0.4760
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
Page 2 of 4

2007	2008	2009	2010	2011	2012
0.2100	0.2100	0.1900	0.1800	0.1700	0.1600
1.3200	1.2500	1.2400	1.2400	1.2300	1.1800
0.4200	0.3800	0.3100	0.2850	0.2750	0.2650
0.2800	0.2800	0.2600	0.2500	0.2500	0.2450
1.2500	1.2500	1.2500	1.0000	1.0000	1.0000
0.3000	0.2900	0.2650	0.2400	0.2400	0.2375
0.3400	0.3300	0.3200	0.3200	0.3200	0.3125
1.2500	No Tax	1.2500	1.2500	1.2000	1.1300
1.2500	No Tax	1.2500	1.2500	1.2500	1.2500
No Tax	1.3900	1.3900	1.3900	1.3900	1.3900
1.3900	1.3700	1.3000	1.2500	1.1800	1.1100
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	1.2100	1.2000	1.1600	1.1600	1.1300
No Tax	No Tax	No Tax	No Tax	No Tax	1.3500
No Tax	No Tax	1.2300	1.2300	1.2300	1.2250
1.0400	1.0400	1.0400	1.0400	1.0400	1.0400
0.6000	0.6000	0.6000	0.7000	0.7000	0.7000
No Tax	No Tax	No Tax	No Tax	No Tax	No Tax
-	No Tax	1.1000	1.1000	1.1000	1.1000
-	-	1.1000	1.1000	1.1900	1.1900
-	1.3500	1.3500	1.3500	1.3500	1.3500
-	-	1.4500	1.4500	1.4500	1.4500
-	-	-	-	-	1.2500
0.5700	0.5700	0.5700	0.5700	0.5700	0.5700
0.4516	0.4516	0.4516	0.4412	0.4554	0.4515
0.4200	0.5200	0.5002	0.4952	0.4895	0.4895
0.8200	0.7750	0.7750	0.7750	0.7750	0.8100
0.5376	0.5862	0.5862	0.6200	0.7100	0.7100
0.6777	0.7463	0.7275	0.7015	0.7032	0.7032
0.5150	0.5150	0.5150	0.5150	0.5150	0.5150
0.7020	0.6420	0.6020	0.5920	0.5920	0.6220
0.3387	0.3156	0.3112	0.3101	0.3101	0.3200
0.3974	0.3708	0.3183	0.3000	0.2900	0.2700
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⁽¹⁾ - Direct and Overlapping Governments
Last Ten Fiscal Years

	2003	2004	2005	2006
Special Districts (continued):				
South Montgomery County M.U.D.	0.2704	0.2704	0.2326	0.2200
Spring Creek U.D.	1.0100	1.0100	1.0100	1.0000
Stanley Lake M.U.D.	0.6000	0.6000	0.5800	0.5800
Texas National M.U.D.	1.1100	1.1100	0.9022	0.8918
Valley Ranch M.U.D. #1	-	-	-	-
Wood Trace M.U.D. #1	1.2500	1.2500	1.2500	1.0000
Woodlands Metro-Center M.U.D.	0.3000	0.3000	0.3000	0.2700
Woodlands M.U.D. #2	0.4100	0.4100	0.3750	0.3350
Woodlands R.U.D. #1	0.5000	0.5000	0.5000	0.4817
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	0.1000	0.1000	0.0980	0.0908
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	0.0983
Emergency Service District #8	0.0562	0.0562	0.0722	0.0713
Emergency Service District #9	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	43.5173	43.5173	41.4957	43.8165
Cities:				
Cleveland	-	-	-	-
Conroe	0.4335	0.4335	0.4335	0.4335
Magnolia	0.4186	0.4186	0.4963	0.4935
Montgomery	0.3869	0.3869	0.3869	0.5605
Oak Ridge North	0.7579	0.7579	0.7579	0.7300
Panorama Village	0.6586	0.6586	0.6653	0.6653
Patton Village	0.4340	0.4340	0.4585	0.5000
Roman Forest	0.5000	0.5000	0.5198	0.5000
Shenandoah Village	0.4099	0.4099	0.4010	0.4010

TABLE VI

Page 3 of 4

2007	2008	2009	2010	2011	2012
0.2200	0.2200	0.2200	0.2200	0.2266	0.2266
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.5800	0.5000	0.4900	0.5200	0.5200	0.5100
0.8966	0.9190	0.9040	1.0959	1.0959	1.0959
1.4000	1.4000	1.4000	1.4000	1.4000	1.4000
No Tax	0.7500	0.7500	0.7500	0.7500	0.7500
0.2300	0.2100	0.1900	0.1900	0.1900	0.1750
0.2700	0.2400	0.1900	0.2300	0.1900	0.1700
0.4800	0.4800	0.4738	0.4491	0.4300	0.4266
0.0973	0.1000	0.1000	0.0975	0.0974	0.9640
0.1000	0.1000	0.1000	0.0940	0.1000	0.1000
0.0968	0.1000	0.1000	0.0972	0.1000	0.0998
0.0843	0.1000	0.0984	0.1000	0.1000	0.0986
0.1000	0.1000	0.1000	0.0982	0.0935	0.1000
0.1000	0.1000	0.1000	0.0988	0.1000	0.1000
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
0.0725	0.0736	0.0722	0.0762	0.1000	0.1000
0.0998	0.0948	0.0974	0.1000	0.1000	0.0946
0.1000	0.1000	0.1000	0.0950	0.1000	0.0988
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
0.1000	0.0908	0.0999	0.1000	0.1000	0.0996
0.1000	0.1000	0.0100	0.1000	0.1000	0.1000
40.6722	44.6022	50.3512	49.7166	50.0391	53.2208
-	-	-	-	-	0.6850
0.4300	0.4250	0.4200	0.4200	0.4200	0.4200
0.4847	0.4914	0.4914	0.4914	0.4914	0.4814
0.5605	0.5423	0.4523	0.4450	0.4199	0.4155
0.7300	0.7000	0.6431	0.6389	0.5996	0.5996
0.6608	0.6694	0.6474	0.6517	0.6512	0.6698
0.5000	0.4851	0.4366	0.4091	0.3890	0.3779
0.4697	0.4697	0.4750	0.4706	0.4707	0.4721
0.3610	0.3470	0.3470	0.3282	0.3282	0.3237

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

	2003	2004	2005	2006
Cities (continued):				
Splendora	0.3000	0.3000	0.3000	0.3000
Stagecoach	0.5330	0.5330	0.5330	0.5373
Willis	0.5784	0.5784	0.5784	0.5934
Woodbranch Village	0.4919	0.4919	0.4919	0.4179
Woodlands Township	-	-	-	-
Woodloch	0.7186	0.7186	0.7186	0.6300
Houston (County Line City)	0.6550	0.6500	0.6500	0.6475
Total Cities	7.2763	7.2713	7.3911	7.4099
School Districts:				
Cleveland I.S.D.	1.7000	1.7000	1.7000	1.7400
Conroe I.S.D.	1.7325	1.7325	1.7325	1.7600
Humble I.S.D.	-	-	-	-
Magnolia I.S.D.	1.6800	1.6800	1.6800	1.7900
Montgomery I.S.D.	1.6600	1.6600	1.6600	1.6600
New Caney I.S.D.	1.7700	1.7700	1.7700	1.7900
Richards I.S.D.	1.5000	1.5000	1.5000	1.5000
Splendora I.S.D.	1.7300	1.7300	1.7300	1.6900
Tomball I.S.D.	1.7300	1.7300	1.7300	1.7100
Willis I.S.D.	1.7100	1.7100	1.7100	1.7350
Total School Districts	15.2125	15.2125	15.2125	15.3750
<u>TOTAL PROPERTY TAX RATES -</u>				
<u>DIRECT AND OVERLAPPING</u>				
<u>GOVERNMENTS</u>	<u>\$66.4771</u>	<u>\$66.4839</u>	<u>\$64.5956</u>	<u>\$67.0977</u>

⁽¹⁾ Per \$100 of assessed valuation.

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

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

TABLE VI

Page 4 of 4

2007	2008	2009	2010	2011	2012
0.3000	0.2955	0.2984	0.2978	0.2968	0.2797
0.5775	0.5675	0.5525	0.5400	0.5214	0.5044
0.5442	0.5431	0.5376	0.5808	0.5893	0.5669
0.4031	0.3719	0.3537	0.3448	0.3373	0.3514
-	-	-	0.3280	0.3274	0.3250
0.5954	0.5953	0.6257	0.5468	0.5199	1.0000
0.6450	0.6438	0.6388	0.6388	0.6388	0.6388
7.2619	7.1470	6.9195	7.1319	7.0009	8.1112
1.5850	1.3150	1.3150	1.3150	1.3150	1.3150
1.5900	1.2400	1.2700	1.2850	1.2950	1.2950
-	-	-	-	-	1.5200
1.6600	1.4200	1.4000	1.3800	1.3995	1.3995
1.5419	1.3500	1.3500	1.3400	1.3400	1.3400
1.6400	1.4150	1.4400	1.4800	1.5400	1.5400
1.3700	1.0400	1.0400	1.0400	1.0400	1.0400
1.5447	1.3173	1.5100	1.3200	1.3599	1.3300
1.5800	1.2750	1.3600	1.3600	1.3600	1.3600
1.6020	1.3060	1.3700	1.3700	1.3700	1.3700
14.1136	11.6783	12.0550	11.8900	12.0194	13.5095
<u>\$62.5390</u>	<u>\$63.9163</u>	<u>\$69.8095</u>	<u>\$69.2223</u>	<u>\$69.5432</u>	<u>\$75.3253</u>

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

<u>2012 Taxpayer</u>	<u>Type of Business</u>	<u>2012 Assessed Valuation ⁽¹⁾</u>	<u>Percentage of Total Assessed Valuation ⁽²⁾</u>
Wal Mart Real Estate Business Trust/ Sams Club	Retail	\$ 214,741,752	0.61 %
Entergy, Texas Inc	Electric Utility	214,282,290	0.61
Denbury Onshore LLC	Oil & Gas	185,768,780	0.53
Woodlands Land Dev	Land Development	162,053,302	0.46
Conroe Regional Medical Center/ Kingwood Medical Plaza	Medical	148,885,530	0.42
Anadarko Realty Co.	Oil & Gas	137,104,330	0.39
Canrig Drilling Tech Ltd	Oil & Gas	79,468,285	0.23
Hughes Christensen Company	Oil & Gas	79,261,741	0.23
Consolidated Communications of TX	Communications	74,024,490	0.21
Huntsman Petrochemical Corporation	Manufacturing	62,810,893	0.18
		<u>\$ 1,358,401,393</u>	<u>3.87 %</u>
<u>2003 Taxpayer</u>	<u>Type of Business</u>	<u>2003 Assessed Valuation ⁽¹⁾</u>	<u>Percentage of Total Assessed Valuation ⁽³⁾</u>
The Woodlands Companies	Land Development	\$ 251,303,488	1.54 %
Gulf States Utility Company	Electric Utility	151,761,623	0.93
Columbia Regional Medical Center/ Kingwood Medical Plaza	Medical	103,953,198	0.64
TXU Communications Telephone	Telephone Utility	91,130,180	0.56
Wal-Mart Stores, Inc	Retail	74,118,319	0.46
Huntsman Petrochemical Corp	Industrial	69,600,911	0.43
Eckerd Drugs	Retail	65,852,580	0.40
SBC Communications Inc.	Telephone Utility	58,371,280	0.36
Mitchell Resorts Inc.	Oil Properties/Land	54,016,080	0.33
Anadarko Petroleum	Oil/Gas Production	50,951,900	0.31
		<u>\$ 971,059,559</u>	<u>5.96 %</u>

⁽¹⁾ Source: Montgomery Central Appraisal District⁽²⁾ Net Assessed Valuation - 2012 \$ 35,101,086,471⁽³⁾ Net Assessed Valuation - 2003 \$ 16,289,381,371

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

TABLE VIII

Fiscal Year	Collected in first period				Collections in subsequent periods ⁽²⁾	Total collections				
	Levy		Amount	Percentage		Amount	Percentage			
2003	\$	77,043,931	\$	75,232,037	97.6 %	\$	11,141	\$	77,016,913	100.0 %
2004		85,764,910		83,960,577	97.9 %		20,213		85,799,653	100.0 %
2005		94,513,506		92,527,246	97.9 %		26,547		92,553,793	97.9 %
2006		104,074,236		102,113,249	98.1 %		25,927		102,139,176	98.1 %
2007		114,138,148		112,640,155	98.7 %		51,298		112,691,453	98.7 %
2008		129,601,440		127,903,113	98.7 %		91,029		127,994,142	98.8 %
2009		144,971,851		142,781,596	98.5 %		201,931		142,983,527	98.6 %
2010		155,635,330		153,508,163	98.6 %		516,554		154,024,717	99.0 %
2011		160,613,960		158,449,175	98.7 %		1,079,148		159,528,323	99.3 %
2012		166,759,322		164,636,997	98.7 %		-		164,636,997	98.7 %

⁽¹⁾ Taxes levied in any year which are collected from October 1 through June 30 are shown as current collections. Such amounts include collections of the current levy after February 1, which is the date taxes become legally delinquent.

Source: Montgomery County Tax Assessor-Collector

⁽²⁾ Collections in subsequent periods reflect only those amounts collected in 2012.

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

TABLE IX

Fiscal Year	General Obligation Bonds	Revenue Bonds ⁽³⁾	Certificates of Obligation	Capital Leases Obligation	Total Long-Term Debt	Percent of Personal Income ⁽²⁾	Per Capita ⁽²⁾
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	2.09 %	980.74
2009	337,600,000	43,758,601	71,685,000	17,409,156	470,452,757	2.38 %	1,080.50
2010	332,565,000	42,256,701	102,580,000	17,164,115	494,565,816	2.32 %	1,079.44
2011	270,030,000	128,266,840	99,190,000	15,336,959	512,823,799	2.24 %	1,109.66
2012	268,735,000	122,140,941	101,120,000	13,671,491	505,667,432	N/A	1,050.63

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

⁽²⁾ See Table XIV for personal income and population data.
Personal income for 2008 through 2012 is not available.

⁽³⁾ The County began issuing revenue bonds in 2007.

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

TABLE X

Fiscal Year	General Bonded Debt Outstanding				Less: Amounts Available for Debt Service	Total	Percentage of Actual Value of Property ⁽²⁾	Per Capita ⁽³⁾
	General Obligation Bonds	Revenue Bonds ⁽⁴⁾	Certificates of Obligation	Total				
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	1.43 %	1,018.49
2011	270,030,000	128,266,840	99,190,000	497,486,840	14,239,096	483,247,744	1.43 %	1,045.66
2012	268,735,000	122,140,941	101,120,000	491,995,941	15,950,460	476,045,481	1.36 %	989.09

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

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

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

⁽⁴⁾ The County began issuing revenue bonds in 2007.

MONTGOMERY COUNTY, TEXAS

Legal Debt Margin ⁽¹⁾

Last Ten Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Assessed value ⁽²⁾	\$ 14,154,934	\$ 15,380,063	\$ 16,586,307	\$ 16,655,256
Debt limit ⁽³⁾	3,538,734	3,845,016	4,146,577	4,163,814
Debt applicable to limit				
Total bonded debt	150,287	159,631	155,043	288,685
Less: Assets in Debt				
Service Funds available				
for payment of principal	<u>(2,044)</u>	<u>(2,160)</u>	<u>(2,143)</u>	<u>(2,247)</u>
Total debt applicable				
to limit	<u>148,243</u>	<u>157,471</u>	<u>152,900</u>	<u>286,438</u>
Legal debt margin	<u>\$ 3,390,491</u>	<u>\$ 3,687,545</u>	<u>\$ 3,993,677</u>	<u>\$ 3,877,376</u>
Total debt applicable				
to the limit as a				
percent of debt limit	4.19%	4.10%	3.69%	6.88%

⁽¹⁾ Amounts expressed in thousands.

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

⁽³⁾ The County is authorized under Article III, Section 52 of the State Constitution to issue bonds payable from ad valorem taxes for the construction and maintenance of roads. There is no constitutional or statutory limit as to rate on bonds issued pursuant to such constitutional provision. However, the amount of bonds which may be issued is limited to 25% of the assessed valuation of real property in the County.

TABLE XI

2007	2008	2009	2010	2011	2012
\$ 20,531,197	\$ 23,665,820	\$ 26,960,161	\$ 32,662,351	\$ 33,862,620	\$ 35,101,086
5,132,799	5,916,455	6,740,041	8,165,588	8,465,655	8,775,272
329,114	403,661	453,044	477,402	497,487	491,996
(2,631)	(4,561)	(12,207)	(10,761)	(14,239)	(15,950)
326,483	399,100	440,837	466,640	483,248	476,046
<u>\$ 4,806,316</u>	<u>\$ 5,517,355</u>	<u>\$ 6,299,204</u>	<u>\$ 7,698,947</u>	<u>\$ 7,982,407</u>	<u>\$ 8,299,226</u>
6.36%	6.75%	6.54%	5.71%	5.71%	5.42%

MONTGOMERY COUNTY, TEXAS**Direct and Overlapping Debt****September 30, 2012****TABLE XII**

	Debt Outstanding	Percentage Applicable to Montgomery County ⁽¹⁾	Amount Applicable to Montgomery County
Montgomery County, Texas	\$ 505,667,432	100.00	\$ 505,667,432
TOTAL DIRECT DEBT	505,667,432		505,667,432

OVERLAPPING GOVERNMENTS:

Special Districts:

Clovercreek M.U.D.	1,340,000	100.00	1,340,000
Corinthian Point M.U.D. #2	255,000	100.00	255,000
East Montgomery Co M.U.D #3	10,930,000	100.00	10,930,000
East Plantation U.D.	2,935,000	100.00	2,935,000
Far Hills U.D.	4,610,000	100.00	4,610,000
Grand Oaks M.U.D.	1,850,000	100.00	1,850,000
Kings Manor M.U.D.	16,180,000	68.60	11,099,480
Lazy River I.D.	850,000	100.00	850,000
Lone Star College System	505,660,000	25.87	130,814,242
Montgomery Co. D.D. #10	8,950,000	100.00	8,950,000
Montgomery Co. M.U.D. #7	5,680,000	100.00	5,680,000
Montgomery Co. M.U.D. #8	8,485,000	100.00	8,485,000
Montgomery Co. M.U.D. #9	14,510,000	100.00	14,510,000
Montgomery Co. M.U.D. #15	12,040,000	100.00	12,040,000
Montgomery Co. M.U.D. #18	23,995,000	100.00	23,995,000
Montgomery Co. M.U.D. #39	15,250,000	100.00	15,250,000
Montgomery Co. M.U.D. #40	1,230,000	100.00	1,230,000
Montgomery Co. M.U.D. #42	1,500,000	100.00	1,500,000
Montgomery Co. M.U.D. #46	103,150,000	100.00	103,150,000
Montgomery Co. M.U.D. #47	30,245,000	100.00	30,245,000
Montgomery Co. M.U.D. #56	2,217,080	100.00	2,217,080
Montgomery Co. M.U.D. #60	20,565,000	100.00	20,565,000
Montgomery Co. M.U.D. #67	17,335,000	100.00	17,335,000
Montgomery Co. M.U.D. #83	16,690,000	100.00	16,690,000
Montgomery Co. M.U.D. #84	20,940,000	100.00	20,940,000
Montgomery Co. M.U.D. #88	2,650,000	100.00	2,650,000
Montgomery Co. M.U.D. #89	25,275,000	100.00	25,275,000
Montgomery Co. M.U.D. #90	5,275,000	100.00	5,275,000
Montgomery Co. M.U.D. #92	1,785,000	100.00	1,785,000
Montgomery Co. M.U.D. #94	30,890,000	100.00	30,890,000
Montgomery Co. M.U.D. #95	3,300,000	100.00	3,300,000
Montgomery Co. M.U.D. #98	5,190,000	100.00	5,190,000
Montgomery Co. M.U.D. #99	4,450,000	100.00	4,450,000

MONTGOMERY COUNTY, TEXAS**Direct and Overlapping Debt****September 30, 2012****TABLE XII**

	Debt	Percentage	Amount Applicable
	Outstanding	Applicable to	to Montgomery
		Montgomery County ⁽¹⁾	County
Special Districts:(Continued)			
Montgomery Co. M.U.D. #107	10,830,000	100.00	10,830,000
Montgomery Co. M.U.D. #112	11,625,000	100.00	11,625,000
Montgomery Co. M.U.D. #113	12,755,000	100.00	12,755,000
Montgomery Co. M.U.D. #115	10,285,000	100.00	10,285,000
Montgomery Co. M.U.D. #119	2,875,000	100.00	2,875,000
Montgomery Co. U.D. #2	7,965,000	100.00	7,965,000
Montgomery Co. U.D. #3	430,000	100.00	430,000
Montgomery Co. U.D. #4	5,755,000	100.00	5,755,000
Montgomery Co. W.C.I.D. #1	11,140,000	100.00	11,140,000
New Caney M.U.D.	18,805,000	100.00	18,805,000
Point Aquarius M.U.D.	10,790,000	100.00	10,790,000
Porter M.U.D.	11,730,000	100.00	11,730,000
Rayford Road M.U.D.	29,045,000	100.00	29,045,000
Roman Forest P.U.D. #4	1,475,000	100.00	1,475,000
Harris-Montgomery Co MUD #386	69,570,000	14.77	10,275,489
Spring Creek U.D.	29,885,000	100.00	29,885,000
Stanley Lake M.U.D.	10,070,000	100.00	10,070,000
Southern Montgomery County MUD	9,880,000	100.00	9,880,000
Texas National M.U.D.	935,000	100.00	935,000
Valley Ranch M.U.D. #1	7,915,000	100.00	7,915,000
Woodlands Metro-Center M.U.D.	14,835,000	100.00	14,835,000
Woodlands M.U.D. #2	285,000	100.00	285,000
Woodlands R.U.D. #1	77,710,000	100.00	77,710,000
The Woodlands Township	46,735,000	96.08	44,902,988
Roman Forest P.U.D #4	765,000	100.00	765,000
Emergency Service District #3	381,626	100.00	381,626 ⁽²⁾
Emergency Service District #4	1,462,717	100.00	1,462,717 ⁽²⁾
Emergency Service District #7	208,894	100.00	208,894 ⁽²⁾
Emergency Service District #9	290,348	100.00	290,348 ⁽²⁾
Emergency Service District #11	76,293	100.00	76,293 ⁽²⁾
Emergency Service District #12	126,753	100.00	126,753 ⁽²⁾
Total Special Districts	1,342,843,711		901,790,910
Cities:			
Cleveland	13,345,000	0.15	20,018
Conroe	109,345,000	100.00	109,345,000
Magnolia	1,920,000	100.00	1,920,000
Montgomery	3,790,000	100.00	3,790,000
Oak Ridge North	5,580,000	100.00	5,580,000

MONTGOMERY COUNTY, TEXAS**Direct and Overlapping Debt****September 30, 2012****TABLE XII**

	Debt	Percentage	Amount Applicable
	Outstanding	Applicable to	to Montgomery
		Montgomery County ⁽¹⁾	County
Cities:(Continued)			
Panorama Village	3,550,000	100.00	3,550,000
Shenandoah	27,955,000	100.00	27,955,000
Splendora	3,295,000	100.00	3,295,000
Willis	7,094,080	100.00	7,094,080
Woodbranch Village	469,000	100.00	469,000
Houston	3,207,460,000	0.24	7,697,904
Total Cities	<u>3,383,803,080</u>		<u>170,716,002</u>
School Districts			
Cleveland I.S.D.	37,866,509	1.79	677,811
Conroe I.S.D.	1,004,860,000	100.00	1,004,860,000
Magnolia I.S.D.	156,867,982	100.00	156,867,982
Montgomery I.S.D.	132,923,590	100.00	132,923,590
New Caney I.S.D.	250,515,776	97.79	244,979,377
Richards I.S.D.	75,000	28.84	21,630
Splendora I.S.D.	41,908,393	100.00	41,908,393
Tomball I.S.D.	299,080,000	8.19	24,494,652
Willis I.S.D.	75,583,956	97.53	73,717,032
Total School Districts	<u>1,999,681,206</u>		<u>1,680,450,467</u>
TOTAL OVERLAPPING DEBT	<u>6,726,327,997</u>		<u>2,752,957,379</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$ 7,231,995,429</u>		<u>\$ 3,258,624,811</u>

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

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

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

	Lease Revenue Bonds ⁽¹⁾					
		Less:	Net:	Debt Service		
Year	Lease Payments	Operating Expenses	Available Revenue	Principal	Interest	Coverage
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
2012	20,997,947	18,372,582	2,625,365	1,640,899	1,802,582	0.76

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

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

⁽¹⁾

The revenue bonds were issued in 2007 to finance the construction of an 1,100 bed facility.

The County 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 ⁽¹⁾</u>	<u>Personal Income ⁽²⁾⁽³⁾</u>	<u>Per Capita Personal Income ⁽³⁾</u>	<u>School Enrollment ⁽⁴⁾</u>	<u>School Average Daily Attendance ⁽⁴⁾</u>	<u>Unemployment Rate ⁽⁵⁾</u>
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	20,259,024	47,030	95,156	88,627	4.7 %
2009	435,403	19,737,310	45,331	98,137	89,328	7.9 %
2010	458,171	21,298,765	46,486	92,490	86,689	7.4 %
2011	462,144	22,882,899	49,514	95,250	90,554	7.9 %
2012	481,298	N/A	N/A	96,912	91,276	5.7 %

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

⁽²⁾ Amounts expressed in thousands.

⁽³⁾ Source: Texas Workforce Commission website

Information for fiscal years 2008 through 2011 from The Bureau of Economic Analysis website
Personal income information for 2012 is not available.

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

⁽⁵⁾ Source: The Work Source website

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

Information for fiscal years 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

2012 Employer ⁽¹⁾	Employees	Percentage of Total County Employment ⁽²⁾
Conroe Independent School District	5,915	2.63 %
Anadarko Petroleum	2,901	1.29
Montgomery County, Texas	2,081	0.92
Aon Hewitt	1,800	0.80
Magnolia Independent School District	1,488	0.66
New Caney Independent School District	1,458	0.65
Memorial Hermann - The Woodlands	1,330	0.59
St. Luke's The Woodlands Hospital	1,180	0.52
Willis Independent School District	841	0.37
Woodforest National Bank	744	0.33
	<u>19,738</u>	<u>8.76 %</u>
2003 Employer ⁽³⁾	Employees	Percentage of Total County Employment ⁽²⁾
Conroe Independent School District	4,962	2.99 %
Anadarko Petroleum	2,500	1.51
Montgomery County, Texas	1,444	0.87
Hewitt Associates	1,250	0.75
Magnolia Independent School District	1,121	0.68
Woodforest National Bank	1,000	0.60
New Caney Independent School District	972	0.59
Memorial Herman - The Woodlands	900	0.54
Woodlands Resort & Conference Center	760	0.46
Hughes Christensen	655	0.39
	<u>15,564</u>	<u>9.38 %</u>

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

Information has been derived from the South Montgomery County Economic Development Partnership and the SOCRATES database listed above since county-wide information is not available for 2012.

⁽²⁾ Total County Employment for 2012 and 2003:

225,179 and 165,924 respectively

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

⁽³⁾ <http://ritter.tea.state.tx.us>

<http://www.edpartnership.net>



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

<u>Function</u>	<u>2003</u>	<u>2004</u>	<u>2005 ⁽²⁾⁽³⁾</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Administration	94	100	101	104	111	111	116	118	135	127
Judicial	190	190	201	205	213	213	231	265	269	278
Legal Services	23	25	26	25	29	28	30	29	30	32
Elections	5	6	6	8	9	9	10	10	11	11
Financial Administration	83	85	87	88	89	90	93	93	95	101
Public Facilities	65	69	238	261	334	348	357	372	388	405
Public Safety	647	670	498	502	529	565	612	611	628	655
Health and Welfare	43	48	49	52	55	57	57	71	77	77
Culture and Recreation	90	87	89	124	136	148	148	153	161	161
Conservation	11	12	14	13	15	13	17	18	20	21
Public Transportation	156	162	162	164	163	161	165	174	205	213
	<u>1,407</u>	<u>1,454</u>	<u>1,471</u>	<u>1,546</u>	<u>1,683</u>	<u>1,743</u>	<u>1,836</u>	<u>1,914</u>	<u>2,019</u>	<u>2,081</u>

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

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

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

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

<u>Function</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Government				
Construction permits issued ⁽¹⁾	5,569	6,569	5,565	6,592
Estimated value of construction ^{(1) (2)}	1,284,674	1,145,750	1,088,171	1,276,959
Health inspections performed ⁽³⁾	5,774	7,616	7,882	11,077
Birth certificates filed ⁽⁴⁾	5,044	5,544	4,453	4,809
Death certificates filed ⁽⁴⁾	1,898	1,859	1,520	1,849
Marriage license applications ⁽⁴⁾	2,755	2,892	2,122	2,282
Registered voters ⁽⁵⁾	197,626	214,098	213,414	225,184
Number of voting precincts ⁽⁵⁾	85	85	85	85
Public Safety - Sheriff				
Total arrests ⁽⁶⁾	16,335	18,960	19,036	19,222
Average number of inmates ⁽⁶⁾	640	726	815	977
Calls for service ⁽⁶⁾	225,576	212,919	240,844	292,929
Number of accidents investigated ⁽⁶⁾	1,965	1,898	6,438	12,242
Miles patrolled ⁽⁶⁾	2,932,365	2,812,515	2,795,393	2,619,133
Gallons of gas used ⁽⁶⁾	272,922	263,816	229,864	201,058
Culture and Recreation - Libraries (tentative)				
Number of items checked out ⁽⁷⁾	1,193,392	1,196,770	1,210,339	1,451,208
Number of libraries ⁽⁷⁾	6	6	6	7
Volumes in collection ⁽⁷⁾	446,221	478,205	586,668	477,681
Number of library visits ⁽⁷⁾	990,066	1,011,056	1,026,802	1,089,855
Library programs attendance ⁽⁷⁾	90,591	85,220	84,228	99,788

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

⁽²⁾ Dollar values are in thousands.

⁽³⁾ Source: Montgomery County Health Department.

⁽⁴⁾ Source: Montgomery County Clerk.

⁽⁵⁾ Source: Montgomery County Elections Administrator.

⁽⁶⁾ Source: Montgomery County Sheriff's Department. In Fiscal Year 2005, the Sheriff's Department system tracked the of calls for service and number of accidents investigated for all law number enforcement agencies in the County. Beginning in Fiscal Year 2007, the responsibility for investigating most traffic accidents in the County has been taken over by the Texas Department of Public Safety.

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

TABLE XVII

Fiscal Year					
2007	2008	2009	2010	2011	2012
5,304	3,699	2,455	2,598	2,440	2,905
1,203,248	1,206,874	1,085,532	719,797	575,758	1,054,912
11,338	11,194	11,234	11,281	11,638	14,214
5,233	5,343	5,674	5,419	5,283	5,213
1,766	1,994	2,017	2,087	2,214	2,235
2,417	2,324	2,432	2,160	2,351	2,399
223,157	237,299	239,246	249,620	244,080	260,253
85	85	85	85	85	86
21,098	19,676	18,229	19,402	20,802	22,057
1,093	1,025	881	964	1,026	965
239,492	265,255	285,098	259,486	286,719	312,405
2,838	3,588	1,621	1,485	1,122	951
2,752,276	2,582,405	3,224,282	2,615,320	2,717,733	3,867,763
296,675	364,159	362,958	281,746	409,337	444,854
1,628,139	1,697,999	1,924,198	2,035,605	2,008,110	1,963,074
7	7	7	7	7	7
523,000	580,378	655,756	652,426	670,068	683,803
1,099,870	1,202,297	1,402,326	1,386,130	1,296,899	1,286,333
127,971	100,655	141,744	132,916	127,694	101,789

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

<u>Function</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Government				
Office Buildings/Courthouses ⁽¹⁾	24	24	25	25
Public Safety - Sheriff				
Sheriff's Vehicles ⁽²⁾	271	256	269	273
Academy Square Footage ⁽¹⁾	13,800	13,800	13,800	13,800
Public Transportation				
County Roads (miles) ⁽³⁾	2,283	2,319	2,342	2,391
Bridges ⁽³⁾	126	144	140	157
Public Facilities				
Park Acreage ⁽⁴⁾	228	228	228	228
Convention Center Square Footage ⁽⁵⁾	56,000	56,000	56,000	56,000
Community Centers ⁽²⁾	16	17	17	17
Culture and Recreation				
Total Library Square Footage ⁽⁶⁾	108,400	108,400	138,516	145,395

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

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

³⁾ Montgomery County Engineer.

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

⁵⁾ Montgomery County Civic Center Complex;

⁶⁾ Montgomery County Memorial Library System Annual Report.

TABLE XVIII

2007	2008	2009	2010	2011	2012
31	34	35	39	42	43
278	382	351	374	427	460
13,800	13,800	13,800	13,800	13,800	13,800
2,475	2,525	2,589	2,636	2,640	2,656
157	157	157	158	158	158
1,657	1,748	1,974	1,870	2,072	2,956
56,000	56,000	56,000	56,000	56,000	56,000
17	17	18	17	18	17
169,776	169,776	169,776	169,776	171,400	171,400

