

**MONTGOMERY COUNTY
TEXAS**

Comprehensive Annual Financial Report

**For the Fiscal Year Ended
September 30, 2014**

MONTGOMERY COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014

Prepared by

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

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INTRODUCTORY SECTION



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

Phyllis L. Martin
County Auditor

Angela H. Blocker
1st Assistant County Auditor

March 16, 2015

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

Honorable Judges and Commissioners:

The Comprehensive Annual Financial Report (CAFR) of Montgomery County, Texas, for the year ended September 30, 2014, 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 Pattillo, Brown & Hill L.L.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, 2014 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, 2014 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 Commissioners' 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 sign of slowing down. At September 30, 2014 the estimated population was 502,920. Despite the turbulent economic times, the County's population has 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 30th 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 – Historically, the County’s economy has been based on mineral production (oil, gas, sand, and gravel), agriculture (horses, cattle, and greenhouse nurseries), and lumbering (timber products). Today, the economy has shifted towards an urban-rural mix. 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. This is causing ever-continued growth in the southern part of the County. As Houston and Harris County, directly to the south, run out of developable land, business and residential growth in Montgomery County is expected to continue.

Recent developments that have contributed to the continued growth in Montgomery County include the construction of a Costco Wholesale in the County and Bluejack National, the first ever golf course in the country designed by Tiger Woods. The relocation of ExxonMobil’s corporate headquarters to northern Harris County has further driven growth to the southern part of Montgomery County.

Long-term financial planning – The Commissioners’ Court continues to be very active in infrastructure development, specifically road improvements, to help ensure 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-Through 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. In the same spirit of infrastructure development, the County is in the planning stages of a bond offering that could raise up to \$500 million for a multitude of road projects throughout Montgomery County. The bond election is scheduled to be on the ballot in May of 2015 for voter approval.

As part of this future planning, the Commissioners’ Court created the Montgomery County Toll Road Authority (MCTRA) in August 2006. The MCTRA is 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 pass through toll agreement with the Texas Department of Transportation and a traffic study was initiated late in calendar 2013. Revenues generated by the authority are anticipated to be used to either retire a portion of the debt related to the construction and/or to fund future improvements.

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 that replaced outdated windows and air conditioning units in the Montgomery County Courthouse and old Administration Building are already showing a marked reduction in energy consumption. Continued support by the Commissioners’ Court of various energy saving projects has allowed for even greater savings now and for the future. Management has taken an active interest in reducing both the County’s carbon footprint and energy costs.

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 2015 and should greatly improve the flow of traffic in the heavily congested south county area.

Financial Transparency – During the fiscal year, an initiative to make the County’s financial transactions more transparent to the citizens was undertaken. Beginning in March 2015, the County will launch a new web-based financial transparency platform. This application will enable the County’s citizens to access both historical and live financial data in a more user friendly fashion.

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, 2013. This was the twenty-sixth 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

PLM/kgd



Government Finance Officers Association

**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, 2013

Executive Director/CEO

MONTGOMERY COUNTY, TEXAS
DIRECTORY OF OFFICIALS
SEPTEMBER 30, 2014

COMMISSIONERS' COURT:

Alan B. Sadler	County Judge
Mike Meador	Commissioner, Precinct #1
Craig Doyal	Commissioner, Precinct #2
James L. Noack, Jr.	Commissioner, Precinct #3
Ed Rinehart	Commissioner, Precinct #4

DISTRICT COURTS:

Kelly Case	Judge, 9 th Judicial District
Lisa Michalk	Judge, 221 st Judicial District
Cara Wood	Judge, 284 th Judicial District
Kathleen Hamilton	Judge, 359 th Judicial District
K. Michael Mayes	Judge, 410 th Judicial District
Tracy Gilbert	Judge, 418 th Judicial District
Michael T. Seiler	Judge, 435 th Judicial District
Brett Ligon	District Attorney
Barbara G. Adamick	District Clerk

COUNTY COURTS AT LAW:

Dennis Watson	Judge, County Court at Law #1
Claudia Laird	Judge, County Court at Law #2
Patrice McDonald	Judge, County Court at Law #3
Mary Ann Turner	Judge, County Court at Law #4
Keith Stewart	Judge, County Court at Law #5
JD Lambright	County Attorney
Mark Turnbull	County Clerk

JUSTICE COURTS:

Wayne L. Mack	Justice of Peace, Precinct #1
Grady Trey Spikes	Justice of Peace, Precinct #2
Mary E. Connelly	Justice of Peace, Precinct #3
James Metts	Justice of Peace, Precinct #4
Matthew Masden	Justice of Peace, Precinct #5

LAW ENFORCEMENT:

Tommy Gage	Sheriff
Donnie O. Chumley	Constable, Precinct #1
Gene DeForest	Constable, Precinct #2
Ryan Gable	Constable, Precinct #3
Kenneth "Rowdy" Hayden	Constable, Precinct #4
David H. Hill	Constable, Precinct #5

FINANCIAL ADMINISTRATION:

J.R. Moore, Jr. (retired September 30, 2014)	Tax Assessor-Collector
Tammy McRae (appointed October 1, 2014)	Tax Assessor-Collector
Stephanne Davis	County Treasurer
Phyllis L. Martin	County Auditor ¹
Darlou Zenor	Purchasing Agent ¹

¹ Designates appointed official. All others are elected.



FINANCIAL SECTION



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montgomery County, Texas ("the County") of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, and the respective budgetary comparisons for the General Fund and the Road and Bridge Special Revenue Fund of the County as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13-28 and Schedules of Funding Progress – Texas County and District Retirement System and Other Post-Employment Benefits on page 77, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 16, 2015, on our consideration of the County's internal control over financing reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 16, 2015



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, 2014. 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 from the prior year.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded its liabilities at the close of the fiscal year by \$398,233,826 (net position). Of this amount, \$71,863,955 is restricted for specific purposes. With the presentation of the investment in capital assets, unrestricted net position becomes \$59,772,088.
- The revenues of the County's government-wide activities were \$391,367,096 and expenses were \$377,294,969. The County's rapid growth added to an increase in net position of \$14,072,127.
- At September 30, 2014, the County's governmental funds reported combined ending fund balances of \$197,287,743, a decrease of \$19,226,630 in comparison with the prior year. From the ending fund balances, \$1,533,898 is non-spendable, \$78,678,939 is restricted, \$18,425,872 is committed and \$58,926,743 is assigned. Approximately 20% of the ending balances, \$39,722,291, is unassigned and available for spending at the government's discretion. Details on these balances can be found in the chart included in Note 11.
- At September 30, 2014, unassigned fund balance for the General Fund was \$39,722,291, or 20.1% of total General Fund expenditures.
- The County's total bonded debt decreased by \$25,480,000 (5.7%) during the current fiscal year. This decrease was brought about by the issuance of \$101,760,000 in Refunding Bonds, as well as regularly scheduled payments.
- As of fiscal year 2014, the County reported other post-employment benefit obligations (OPEB) of \$46,541,718 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 Position 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 Position presents information on all of Montgomery County's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two groups being reported as net position. 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 position 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 position for the fiscal year ended September 30, 2014. All changes in net position 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, 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 Toll Road Authority. 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. Montgomery County's government-wide financial statements distinguish functions of the County that are principally supported by tax and intergovernmental revenues (*governmental activities*) from those that are intended to recover all or a significant portion of their costs through fees and charges (*business-type activities*).

The government-wide financial statements can be found on pages 30-31 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, proprietary 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 and enterprise funds. Internal service funds are an accounting tool used to accumulate and allocate costs amongst the County's functions. Enterprise funds are used to report an activity for which a fee is charged to external users for goods and services.
- 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 position, 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 47 individual governmental funds during the fiscal year ended September 30, 2014. 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 Pass-Through Toll Projects, 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 32-41 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, worker's compensation, and the County's Wellness Clinic. Since the internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The County also maintains an Enterprise Fund to account for activity in the Montgomery County Toll Road Authority. Since the projects are in the beginning stages, the operations are completely dependent on taxes rather than user fees; however, the intention is for these funds to ultimately become fully supported by user fees. Until such time as this occurs, the information from this fund will be incorporated in the governmental activities of the County.

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 43-45 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 46 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 47-75 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 77-106 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 107-182 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the GASB believes that net position may serve over time as a useful indicator of a government's financial position. Montgomery County's assets and deferred outflows of resources exceeded liabilities by \$398,233,826 at September 30, 2014, as shown in the table below. This amount represents an increase through governmental activities of \$14,072,127 from the net position at September 30, 2013. As part of the implementation of GASB Statement 65, the County no longer defers and amortizes bond issuance costs, resulting in a prior period adjustment of \$5,272,842.

Montgomery County, Texas Net Position - Governmental Activities

	FY 2014	FY 2013
Current and other assets	\$ 279,550,099	\$ 297,694,041
Capital assets	659,490,913	642,624,244
Total assets	939,041,012	940,318,285
Deferred Outflows of Resources		
Deferred Interest on Refunding	12,613,589	8,325,817
Long-term liabilities outstanding	522,595,520	513,699,283
Other liabilities	30,825,255	28,858,644
Total liabilities	553,420,775	542,557,927
Net Position		
Net investment in capital assets	266,597,783	364,555,659
Restricted	71,863,955	61,986,405
Unrestricted	59,772,088	(37,107,523)
Total net position	\$ 398,233,826	\$ 389,434,541

The County's total assets of \$939,041,012 are largely comprised of investments of \$179,605,003, or 19.1%, and capital assets net of accumulated depreciation of \$659,490,913, or 70.2%. The capital assets of the County include land, buildings, improvements other than buildings, equipment, intangibles, 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 \$522,595,520 comprises the largest portion of the County's total liabilities of \$553,420,775, at 94.4%. Of total long-term liabilities, \$33,387,398 is due within one year, with the remainder of \$489,208,122 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 and deferred outflows of resources exceeded its liabilities by \$398,233,826 (net position) as of September 30, 2014. Roughly 18.1%, or \$71,863,955, of the County's net position represents restricted net position. These resources are subject to external restrictions on how they may be used. Restrictions include statutory requirements, bond covenants, and granting conditions. Of the restricted net position, \$38,972,226 is restricted for capital projects and \$32,891,729 is restricted for debt service. The most significant portion (\$266,597,783) of the County's net position reflects its net investment in capital assets.

Montgomery County's governmental activities increased net position by \$14,072,127. The key components of this increase are detailed as follows.

**Montgomery County, Texas
Governmental Activities**

	<u>FY 2014</u>	<u>FY 2013</u>
Revenues:		
<i>Program revenues:</i>		
Fees, fines, forfeitures, and charges for services	\$ 129,687,474	\$ 119,319,974
<i>Operating grants and contributions:</i>		
Federal	3,947,572	3,244,219
State	4,180,455	3,632,763
Other	2,174,683	1,792,847
<i>Capital grants and contributions:</i>		
Federal	8,281,009	3,288,964
State	27,715	48,177
Other	52,255,329	88,967,927
<i>General revenues:</i>		
Property taxes	186,842,153	175,901,469
Other taxes	2,456,460	1,970,594
Other general revenues	1,514,246	31,397,534
Total revenues	<u>391,367,096</u>	<u>429,564,468</u>
Expenses:		
General administration	52,627,252	49,084,269
Judicial	32,077,111	29,981,281
Legal services	3,548,986	3,170,292
Elections	2,438,670	2,081,998
Financial administration	6,813,820	6,748,425
Public facilities	66,496,215	57,821,137
Public safety	69,458,813	65,088,893
Health and welfare	25,315,219	22,722,536
Culture and recreation	10,285,291	10,121,267
Conservation	748,622	1,170,933
Public transportation	89,687,467	76,521,763
Debt service interest and fiscal charges	17,797,503	29,179,720
Total expenses	<u>377,294,969</u>	<u>353,692,514</u>
Change in net position	14,072,127	75,871,954
Net position - beginning	389,434,541	308,562,587
Prior Period Adjustment	(5,272,842)	5,000,000
Net position - ending	<u>\$ 398,233,826</u>	<u>\$ 389,434,541</u>

The County's total revenues of \$391,367,096 were all from governmental activities. Property tax revenue accounts for \$186,842,153, or 47.7%, and is an increase over last year of \$10,940,684. Despite difficult

economic times around the country, Montgomery County continues to see increased population and commercial development. These both contribute greatly to increase appraisal values and subsequent tax collections. A decrease in infrastructure donations in 2014 from 2013 contributes to a decrease of \$36,712,598 in other capital grants and contributions.

Program revenues of fees, fines, forfeitures, and charges for services comprise \$129,687,474, or 33.1%; and grants and contributions encompass \$70,866,763, or 18.1% of total government-wide revenues. This represents a decrease in program revenues of \$38,197,372. The State reiterated its commitment to assist the County in funding key infrastructure projects by committing \$20,000,000 for the State Highway 242 flyover ramps. Federal Operating Grants and Contributions were \$3,947,572, an increase of \$703,353, and Federal Capital Grants increased by \$4,992,045 in 2014 largely due to a grant from Texas Department of Transportation for the runway extension at the Lone Star Executive Airport.

Expenses for the year totaled \$377,294,969. The Public Transportation function accounted for \$89,687,467, or 23.8% of the total government-wide expenses. The increase in spending in the public transportation function (\$13,165,704) is due to several large road construction projects undertaken 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 Public Facilities function experienced an increase in expenses of \$8,675,078 over last year to \$66,496,215. This increase is primarily due to an increase in the amount funded for the Joe Corley Detention Facility Contract, which is operating at near capacity year-round.

The Public Safety function expenses increased to \$69,458,813. This increase of \$4,369,920 is largely due to implementation of an improved STEP pay scale for law enforcement that elevated the pay of the County's law enforcement officers.

The General Administration function expenses increased to \$52,627,252. This increase of \$3,542,983 is largely due to the implementation of an integrated justice system that the Information Technology Department is overseeing.

Expenses in the Health and Welfare function increased to \$25,315,219, a \$2,592,683 increase over 2013. This was primarily due to the increased operations 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. Additionally, the Montgomery County Community Development Department identified several major and multifaceted projects in the County in its 5-year plan approved by the Department of Housing and Urban Development, resulting in a jump in expenses.

Several high profile and complex criminal cases adjudicated in the County resulted in the Judicial function experiencing an increase of \$2,095,830 in expenses over last year to \$32,077,111. Additionally, the County received a grant from the Texas Indigent Defense Commission to help fund the creation of the Mental Health Managed Assigned Counsel (MHMAC) program in the County in 2011. The MHMAC is a grant with a declining allocation; the County's funding responsibility reached 63% during the current fiscal year. This program is designed to assist a specific subset of indigent defendants.

The government's ending net position of \$398,233,826 represents an increase of \$8,799,285 from the prior year's net position, inclusive of the prior period adjustment discussed earlier. The County's change in net position is summarized by the following chart:

Montgomery County, Texas
Change in Net Position

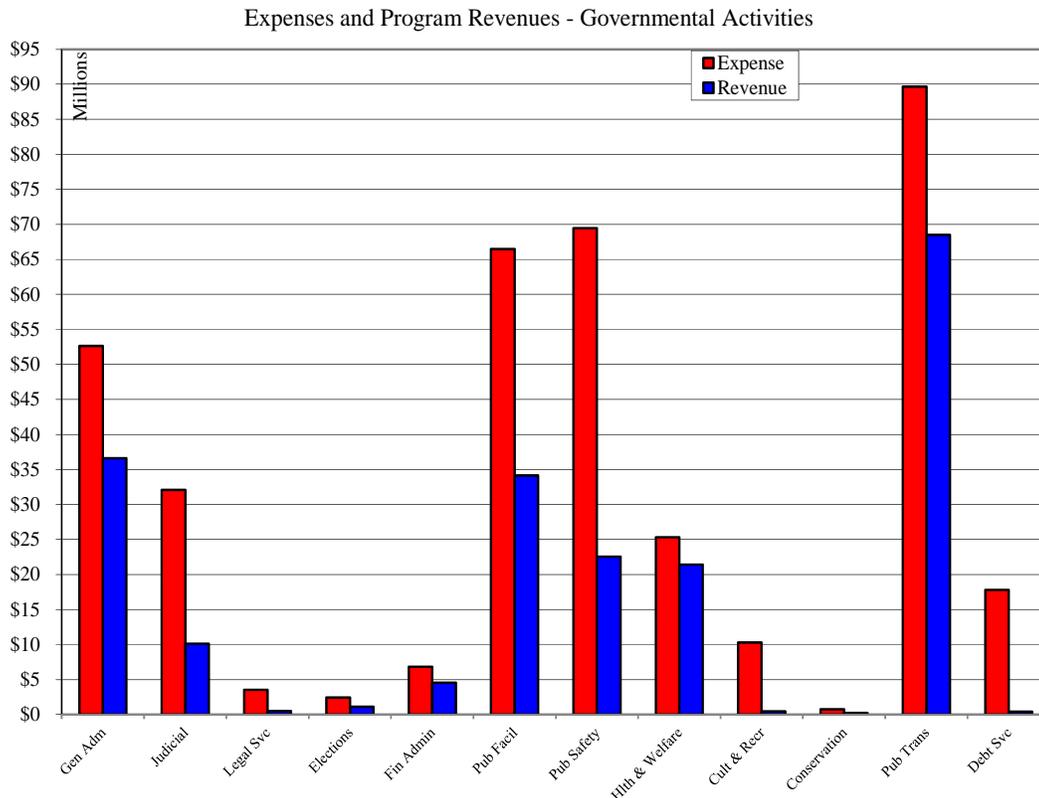
	<u>FY 2014</u>	<u>FY 2013</u>
<i>Governmental funds activity:</i>		
Total revenues	\$ 322,325,099	\$ 324,073,800
Total expenditures	<u>340,066,935</u>	<u>300,898,944</u>
Excess (Deficiency) of revenues over expenditures	(17,741,836)	23,174,856
Capital lease financing	949,101	218,758
Issuance of certificates of obligation	-	13,350,000
Issuance of refunding bonds	101,760,000	15,880,000
Sale of Capital Asset	-	65,000,000
Payment to refunded bond escrow agent	(118,083,208)	(60,594,395)
Premiums on obligations, net	<u>13,889,313</u>	<u>4,353,152</u>
Net change in fund balance	(19,226,630)	61,382,371
<i>Government-wide activity:</i>		
Difference between current year's capital outlay expenditures and depreciation expense	(21,143,247)	(36,884,532)
Expenditures made in addition to the annual required contribution of the county's pension plan are not reported in the government-wide statements	449,278	858,165
Net effect of capital asset sales, donations, trade-ins, etc.	38,051,030	14,155,891
Revenues not reported in funds because they do not provide current-period financial resources	(438,140)	(1,994,128)
Internal Service Funds which are not reported in funds do not affect the current period	4,138,281	4,704,640
Enterprise Funds which are not reported in funds do not affect the current period	(425,000)	-
Long-term debt not reported in funds because it does not affect the current period	20,533,399	44,648,311
Expenses not reported in the funds because they do not use current-period financial resources	<u>(7,866,844)</u>	<u>(10,998,764)</u>
Total change in net position	<u>\$ 14,072,127</u>	<u>\$ 75,871,954</u>

This change in net position begins with the current year's differences between governmental revenues and expenditures (\$17,741,836), along with other financing sources and uses (\$1,484,794). 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 (\$16,907,783) also affect this change.

Other factors influencing the change in net position are those revenues and expenses that do not provide or require the use of current financial resources (\$13,577,824). 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 position. Additionally, long-term debt, whether being issued or retired, has an effect on the change in net position (\$20,533,397). During the fiscal year, the County issued new debt and paid off a sizable portion of its existing debt, through both regularly scheduled payments and two refunding bonds issues that were completed in order to take advantage of the favorable interest rates. These financings represent further changes in the net position of the County.

The overall financial position of the County has improved over the last year. As mentioned earlier, there is an increase in net position of \$8,799,285. Moreover, the increase of \$4,508,874 in the combined fund balance of Montgomery County's two major operating funds, the General Fund and the Road and Bridge Fund, indicates continued improvement in overall financial position. As part of long-range planning, management has pledged to continue maintaining the level of the General fund's unassigned fund balance at an amount between 10 and 15 percent of annual operating expenditures.

The following chart depicts expenses and program revenues for the fiscal year ending September 30, 2014 for governmental activities.

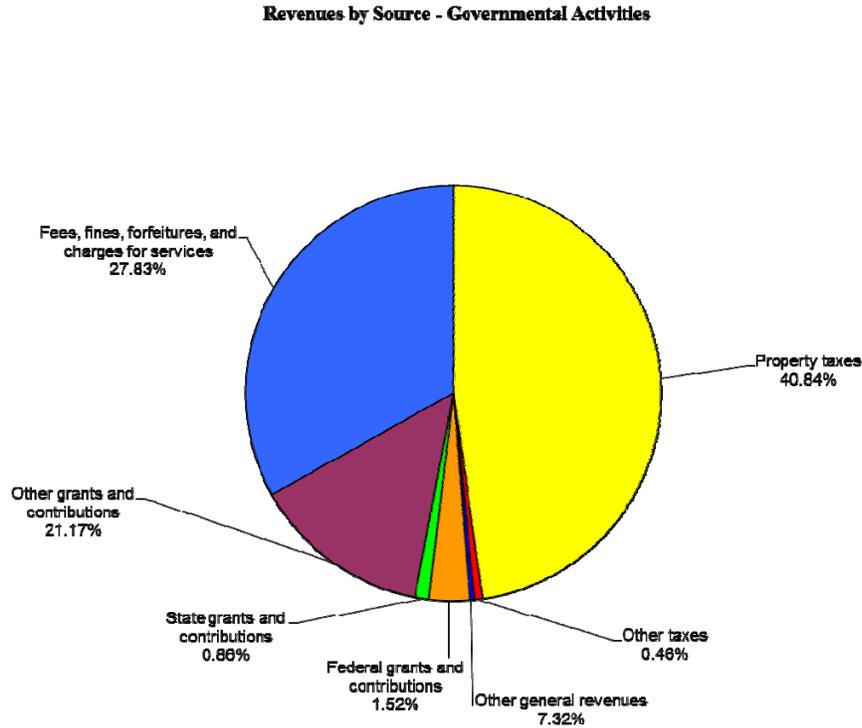


Key elements of the analysis of government-wide program revenues and expenses as they relate to each function reflect the following:

- Program revenues of \$200,554,237 are comprised in large part (34.2%) of public transportation's revenues of \$68,510,641 and general administration's revenues of \$36,601,588 (18.3%). The public facilities function comprises 17% of program revenues with \$34,151,227 public safety makes up 11.2% of program revenues with \$22,561,238, and the health and welfare function covers 10.7% of program revenues with \$21,386,718. The expenses of these functions account for 23.8%, 13.9%, 17.6%, 18.4%, and 6.7%, respectively. As expected, general revenues provided the required support and coverage in areas where expenses exceeded revenues.
- The public transportation function experienced an increase in expenses of \$13,165,704 while also realizing a decrease in revenues of \$28,387,919. The increase in expenses is the result of an aggressive effort on the part of the Commissioners to improve and expand roadways, many of which are state-owned, located in the County. The continued and explosive growth in the

County, sparked by the energy boom, provides the impetus for the Commissioners' actions. The decrease in revenues is due to a decrease in the amount of donations of roads received by the County.

The following chart depicts revenues of the governmental activities for the fiscal year ended September 30, 2014.



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, 2014, the County's governmental funds reported combined ending unassigned fund balances of \$39,722,291 that are available for spending at the County's discretion. The remainder of fund balances are categorized as non-spendable (\$1,533,898), restricted (\$78,678,939), committed (\$18,425,872) or assigned (\$58,926,743) to reflect the varying levels of liquidity.

Total assets and deferred outflows of resources in the General Fund amounted to \$169,628,560, accounting for 56.9% of total governmental fund assets and deferred outflows of resources. The total assets and deferred outflows of resources of other major funds which include Road and Bridge Special

Revenue Fund (\$20,965,306), the Debt Service Fund (\$21,810,933), and the Pass-Through Toll Projects (\$20,000,000). Together, all major funds account for \$232,404,799(77.9%) of the County's \$298,172,930 in total assets and deferred outflows of resources.

The fund balance of the County's General Fund increased by \$8,267,108 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 \$6,518,290.
- The continued growth in the County has ignited an impressive jump in charges for service, contributing an increase of \$1,127,380 over the previous year.
- 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 \$18,339,622 which is reported as \$2,559,725 restricted, \$2,891,288 as committed, and \$12,888,609 as assigned. The fund balance decreased by \$3,758,234 during the current year due to the increased focus by the Commissioners for various road maintenance projects to improve mobility that were paid through the operating budgets of the commissioners.

The fund balance of \$20,906,476 in the Debt Service Fund is presented as fund balance restricted for debt service.

The entire fund balance of the Pass-Through Toll Projects, \$10,673,953 is classified as restricted and represents amounts that are for projects related to the Pass-Through Toll Agreement with the State of Texas.

GENERAL FUND BUDGETARY HIGHLIGHTS

The published budget of Montgomery County for fiscal 2014 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 \$186,183,135 and expenditures of \$176,043,691. The General Fund's final budget, as amended, contains revenues of \$210,359,278 and expenditures of \$208,872,683.

The following table presents the changes between the original adopted budget and the final budget for the General Fund as of September 30, 2014.

General Fund Budget Variances Year Ended September 30, 2014			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Original Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 142,228,310	\$ 142,770,877	\$ 542,567
Licenses and Permits	1,303,400	1,516,849	213,449
Fees	12,241,330	12,326,834	85,504
Intergovernmental	988,539	4,103,840	3,115,301
Charges for Services	2,213,033	2,600,855	387,822
Interest	263,433	268,080	4,647
Contract Reimbursements	10,333,438	12,927,497	2,594,059
Inmate Housing	15,800,000	32,325,469	16,525,469
Fines and Forfeitures	56,652	56,652	-
Miscellaneous	755,000	1,462,325	707,325
Total Revenues	<u>186,183,135</u>	<u>210,359,278</u>	<u>24,176,143</u>
Expenditures:			
General Administration	28,308,491	27,451,661	856,830
Judicial	18,597,201	19,134,617	(537,416)
Legal Services	3,077,396	3,382,435	(305,039)
Elections	1,111,383	1,293,538	(182,155)
Financial Administration	6,904,639	6,986,307	(81,668)
Public Facilities	44,576,912	64,180,851	(19,603,939)
Public Safety	55,478,556	66,314,804	(10,836,248)
Health and Welfare	7,443,392	8,113,989	(670,597)
Culture and Recreation	8,816,633	9,234,544	(417,911)
Conservation	584,549	616,815	(32,266)
Public Transportation	617,398	1,861,229	(1,243,831)
Miscellaneous	527,141	301,893	225,248
Total Expenditures	<u>176,043,691</u>	<u>208,872,683</u>	<u>(32,828,992)</u>
Excess Revenues Over Expenditures	<u>10,139,444</u>	<u>1,486,595</u>	<u>(8,652,849)</u>
Other Financing Sources/(Uses):			
Transfers In	-	1,520,431	1,520,431
Transfers Out	-	(2,185,410)	(2,185,410)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(664,979)</u>	<u>(664,979)</u>
Net Change in Fund Balances	10,139,444	821,616	(9,317,828)
Fund Balance - Beginning	79,707,275	79,707,275	-
Fund Balance - Ending	<u>\$ 89,846,719</u>	<u>\$ 80,528,891</u>	<u>\$ (9,317,828)</u>

Final budgeted revenues were higher than originally planned by \$24,176,143. Intergovernmental revenue contained \$3,115,301 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 \$2,594,059 more than the original budget. During the original budget process, Commissioners' Court does not budget for funds that are not at the discretion of the County to spend. 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. Fluctuations in the number of detainees throughout the fiscal year contributed to the increase of \$16,525,469 in the final budget over the original budget.

The originally unanticipated revenue partially offsets the expenditure differences of \$32,828,992 between the original budget and the final amended budget. The Public Transportation function had a final expenditure budget that is \$1,243,831 higher than the original budget. Contributing to this increase in budgeted expenditures are amounts allocated by the Commissioners' Court for the construction of a building to house an Aircraft Rescue/Firefighting (ARFF) vehicle located at the Lone Star Executive Airport.

Funds that were originally scheduled in prior fiscal years were not included in the original budget for fiscal year 2014. 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 Judicial, Legal, Elections, Financial Administration, Health and Welfare, Culture and Recreation, and Conservation functions.

A \$10,836,248 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. 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 Public Facilities function had final budgeted expenditures \$19,603,939 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, 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 \$9,317,828.

The following table presents the differences between the final amended budget and actual expenditures for the General Fund as of September 30, 2014.

General Fund Budget Variances Year Ended September 30, 2014			
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 142,770,877	\$ 143,262,126	\$ 491,249
Licenses and Permits	1,516,849	1,960,556	443,707
Fees	12,326,834	15,596,986	3,270,152
Intergovernmental	4,103,840	4,177,776	73,936
Charges for Services	2,600,855	3,227,269	626,414
Interest	268,080	321,690	53,610
Contract Reimbursements	12,927,497	12,306,048	(621,449)
Inmate Housing	32,325,469	32,383,821	58,352
Fines and Forfeitures	56,652	42,873	(13,779)
Miscellaneous	1,462,325	1,178,395	(283,930)
Total Revenues	<u>210,359,278</u>	<u>214,457,540</u>	<u>4,098,262</u>
Expenditures:			
General Administration	27,451,661	25,179,407	2,272,254
Judicial	19,134,617	18,669,178	465,439
Legal Services	3,382,435	2,971,548	410,887
Elections	1,293,538	1,283,304	10,234
Financial Administration	6,986,307	6,346,867	639,440
Public Facilities	64,180,851	63,138,909	1,041,942
Public Safety	66,314,804	61,838,157	4,476,647
Health and Welfare	8,113,989	7,405,947	708,042
Culture and Recreation	9,234,544	8,840,454	394,090
Conservation	616,815	592,617	24,198
Public Transportation	1,861,229	975,418	885,811
Miscellaneous	301,893	-	301,893
Total Expenditures	<u>208,872,683</u>	<u>197,241,806</u>	<u>11,630,877</u>
Excess Revenues Over Expenditures	<u>1,486,595</u>	<u>17,215,734</u>	<u>15,729,139</u>
Other Financing Sources/(Uses):			
Transfers In	1,520,431	12,775,246	11,254,815
Transfers Out	(2,185,410)	(21,723,872)	(19,538,462)
Total Other Financing Sources/(Uses)	<u>(664,979)</u>	<u>(8,948,626)</u>	<u>(8,283,647)</u>
Net Change in Fund Balances	821,616	8,267,108	7,445,492
Fund Balance - Beginning	<u>79,707,275</u>	<u>79,707,275</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 80,528,891</u>	<u>\$ 87,974,383</u>	<u>\$ 7,445,492</u>

Actual revenues exceeded budgeted revenues by \$4,098,262. Fee increases approved by the State Legislature and an increase in the charges for service revenues comprise a share of the increase (\$3,896,566) and serve to offset the shortfall in contract reimbursements.

Actual expenditures were \$11,630,877 lower than final budgeted expenditures. The General Administration function contributed \$2,272,254 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, even though all expenditures may not be realized in the initial year. This can lead to a seemingly large, unspent budget. Additionally, the Information Technology department has been tasked with implementation of a multi-million dollar integrated justice system that involves all courts in the County, as well as the District and County Clerks. Funding for this project was budgeted in fiscal year 2014; however, this project was not yet fully implemented or paid at the end of 2014.

All departments in the Public Safety function of the General Fund expended less than was approved in the final amended budget by \$4,476,647. The difference is primarily due to the fact that grants, most notably grants awarded by the Department of Homeland Security, which span multiple County fiscal years or are awarded late in the fiscal year contain monies that are spent in subsequent years.

The Public Facilities function showed actual expenditures less than the final budget by \$1,041,942, primarily driven by increased energy efficiency resulting in lower energy bills.

The actual net change in fund balance was \$7,445,492 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 received \$8,000,000 and \$8,500,000, respectively, more than shown in the final budget. In both of these funds, the emphasis is on providing a service. In the case of the Jury Special Revenue Fund, that service is in the form of a court system. The Memorial Library Special Revenue Fund's emphasis is on culture and recreation. These funds are not expected in any year to provide enough revenues to adequately fund their own services. Therefore, it is anticipated that the General Fund will service the expenditures of those funds every year. Transfers in and out simply provide a mechanism to move funds from one self-balancing set of accounts (a fund) to another self-balancing set of accounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Montgomery County's investment in capital assets for its governmental activities as of September 30, 2014 amounted to \$659,490,913 (net of accumulated depreciation). This investment in capital assets includes land and easements, buildings, improvements, equipment, intangibles, infrastructure that was purchased, completed or donated since the fiscal year 1981, and construction in progress.

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

- Additions to the buildings category of \$3,971,171 consisted primarily of the completion of the Montgomery County Precinct 3 offices and barn, a build-out of the Alan B. Sadler Commissioners Court Building 3rd floor for the County Attorney and remodeling of the County's Jail Kitchen.
- Vehicles and other various equipment items were acquired at a cost of \$6,655,833.
- 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 2014 amounted to \$11,264,895.
- Montgomery County continues to grow; it is continually ranked in the top 100 fastest growing counties in the nation¹. This brisk growth brings with it a need for vast improvements to a rural infrastructure system that must also cope with an influx of traffic. Development frequently comes with donations in the form of roads. Infrastructure donations for the year totaled \$36,425,364.
- Expenditures of \$2,615,521 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 3 offices and barn totaled \$4,461,706.
- Increases in assets were offset by depreciation expense of \$46,639,287.

¹ <http://www.census.gov>

Montgomery County, Texas
Capital Assets (net of depreciation)
September 30, 2014
with Comparative Totals for September 30, 2013

	Value of Capital Asset Net of Accumulated Depreciation		Increase
	FY 2014	FY 2013	(Decrease)
Land	\$ 50,901,250	\$ 45,698,159	\$ 5,203,091
Buildings	142,455,182	143,407,923	(952,741)
Improvements	10,137,664	10,817,382	(679,718)
Equipment	26,576,587	22,063,648	4,512,939
Infrastructure	429,025,960	418,396,677	10,629,283
Construction in Progress	394,270	2,240,455	(1,846,185)
Total	<u>\$ 659,490,913</u>	<u>\$ 642,624,244</u>	<u>\$ 16,866,669</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. In January 2014, the County completed a Jail remodel that allows for a new kitchen facility. In addition, various remodeling projects and renovations are underway in the County and include, but are not limited to, a Fire Truck Storage Building located at the Lone Star Executive Airport, and the construction of a fuel canopy in Precinct 2. Furthermore, the County began the massive undertaking of a jail expansion/construction to serve the needs of the County now and in the future.

More information on the County's capital assets can be found in Note 7 starting on page 60 of this report.

Long-Term Debt

At September 30, 2014, Montgomery County had total bonded debt outstanding of \$421,115,000. Commissioners' Court keeps maturity dates confined to no more than 30 years. The County has maintained an underlying rating by Standard & Poor's of "AA+" and Moody's upgraded the underlying rating to "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, \$278,565,000 corresponds to general obligation debt, \$67,995,000 is in the form of revenue bonds and \$74,555,000 represents certificates of obligation. Montgomery County's total bonded debt had a decrease of \$25,480,000 during 2014.

The following table represents the entire long-term debt of the County at September 30, 2014 on a comparative basis.

Montgomery County, Texas
Governmental Activities
Outstanding Long-Term Debt

	FY 2014	FY 2013
General obligation bonds	\$ 278,565,000	\$ 261,590,000
Revenue bonds	67,995,000	75,075,000
Certificates of obligation	74,555,000	109,930,000
Capital Leases	9,942,261	11,209,724
Premiums, net of discounts	28,256,466	20,915,351
Compensated absences	11,985,253	10,727,079
Medical Obligation	3,698,834	3,031,892
Worker's Comp Obligation	1,055,988	1,148,725
OPEB Liability	46,541,718	36,723,146
Total	<u>\$ 522,595,520</u>	<u>\$ 530,350,917</u>

Debt activity in 2014 included the issuance of Refunding Bonds in the amount of \$28,250,000. This issue refunded a series of Refunding Bonds. Additionally, the County issued Refunding Bonds in the amount of \$73,510,000. This issue refunded a series of Road Bonds and Certificates of Obligation. The County retired \$19,460,000 in debt through scheduled principal payments made during the year.

The County is authorized under Article III, Section 52 of the State Constitution to issue bonds payable from ad valorem taxes for the construction and maintenance of roads. There is no constitutional or statutory limit as to rate on bonds issued pursuant to such constitutional provision. However, the amount of bonds that may be issued is limited to 25% of the assessed valuation of real property in the County. The current debt limitation for the County is \$9,841,742,506, which is significantly in greater than the County's outstanding debt obligation.

Additional information on Montgomery County's long-term debt can be found in Note 9 beginning on page 62 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for the County is currently 4.3%², which is a decrease from a rate of 5.4% a year ago. This compares favorably to the State's average unemployment rate of 5.0%³ and the national average rate of 5.9%⁴.
- The estimated debt service obligation increased by \$3,323,709 in fiscal year 2015 to \$47,389,201.

All of these factors were considered in preparing the Adopted Budget of Montgomery County, Texas for the fiscal year ending September 30, 2015.

REQUESTS FOR INFORMATION

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

² The Work Source. <http://www.wrksolutions.com/Documents/Employer/LMI/unemploymentrates/LAUSHISTORY.pdf>.

³ The Work Source. <http://www.wrksolutions.com/Documents/Employer/LMI/unemploymentrates/LAUSHISTORY.pdf>.

⁴ U.S. Department of Labor, Bureau of Labor Statistics. <http://data.bls.gov/cgi-bin/surveymost/LNS14000000>.

BASIC FINANCIAL STATEMENTS

MONTGOMERY COUNTY, TEXAS
Statement of Net Position
September 30, 2014

EXHIBIT I

	<u>Governmental Activities</u>
ASSETS:	
Cash	\$ 34,745,279
Investments, at Fair Value	179,605,003
Cash, Restricted for Retainage	74,088
Receivables:	
Taxes (net)	5,994,432
<u>Accounts (net)</u>	<u>19,872,299</u>
Interest	13,651
Due from Other Governments	31,404,006
Net Pension Asset	6,307,443
Prepaid Items	1,533,898
Capital Assets, net of accumulated depreciation	
Land	50,901,250
Buildings	142,455,182
<u>Improvements</u>	<u>10,137,664</u>
Equipment	26,576,587
Infrastructure	429,025,960
Construction in Progress	394,270
Total Assets	<u><u>939,041,012</u></u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Interest on Refunding	<u>12,613,589</u>
 LIABILITIES:	
Accounts Payable	20,722,503
Retainage Payable	392,591
Accrued Interest Payable	1,695,451
Due to Other Governments	7,620
<u>Unearned Revenue</u>	<u>8,007,090</u>
Noncurrent Liabilities:	
Due within one year	33,387,398
Due in more than one year	<u>489,208,122</u>
Total Liabilities	<u><u>553,420,775</u></u>
 NET POSITION:	
Net investment in capital assets	266,597,783
Restricted for:	
Capital Projects	38,972,226
Debt Service	32,891,729
Unrestricted	<u>59,772,088</u>
Total Net Position	<u><u>\$ 398,233,826</u></u>

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS
Statement of Activities
Year Ended September 30, 2014

EXHIBIT II

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Fees, Fines, Forfeitures, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
Governmental Activities:					
Current:					
General Administration	\$ 52,627,252	\$ 36,601,588	\$ -	\$ -	\$ (16,025,664)
Judicial	32,077,111	8,945,991	1,173,357	-	(21,957,763)
Legal Services	3,548,986	484,963	14,836	-	(3,049,187)
Elections	2,438,670	317	1,116,755	-	(1,321,598)
Financial Administration	6,813,820	4,525,655	-	-	(2,288,165)
Public Facilities	66,496,215	34,120,105	31,122	-	(32,344,988)
Public Safety	69,458,813	15,900,947	4,363,384	2,296,907	(46,897,575)
Health and Welfare	25,315,219	17,947,526	3,190,556	248,636	(3,928,501)
Culture and Recreation	10,285,291	309,567	159,498	-	(9,816,226)
Conservation	748,622	216,727	-	-	(531,895)
Public Transportation	89,687,467	10,634,088	253,202	57,623,351	(21,176,826)
Debt Service Interest and Fiscal Charges	17,797,503	-	-	395,159	(17,402,344)
Total Governmental Activities	<u>\$ 377,294,969</u>	<u>\$ 129,687,474</u>	<u>\$ 10,302,710</u>	<u>\$ 60,564,053</u>	<u>(176,740,732)</u>
General Revenues:					
					186,842,153
					255,311
					1,839,284
					180,919
					180,946
					669,309
					844,937
					<u>190,812,859</u>
					14,072,127
					<u>389,434,541</u>
					(5,272,842)
					<u>384,161,699</u>
					<u>\$ 398,233,826</u>

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS

**Balance Sheet
Governmental Funds
September 30, 2014**

EXHIBIT III

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>
ASSETS:			
Cash	\$ 29,411,884	\$ 495,127	\$ 734,725
Investments, at Fair Value	104,858,564	18,772,239	20,141,887
Cash, Restricted for Retainage	34,422	37,176	-
Receivables:			
Taxes (net)	4,529,490	574,650	890,292
Accounts (net)	394,753	49,546	-
Interest	13,651	-	-
Loans	500,000	-	-
Due from Other Funds	22,051,205	660,130	44,029
Due from Other Governments	7,834,591	376,438	-
Prepaid Items	-	-	-
TOTAL ASSETS	<u>\$ 169,628,560</u>	<u>\$ 20,965,306</u>	<u>\$ 21,810,933</u>
LIABILITIES:			
Accounts Payable	\$ 13,689,579	\$ 1,989,684	\$ 55,000
Retainage Payable	34,422	37,176	-
Due to Other Funds	55,908,653	8,600	-
Due to Other Governments	7,620	-	-
Unearned Revenue	7,630,004	-	-
Total liabilities	<u>77,270,278</u>	<u>2,035,460</u>	<u>55,000</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue: Property Taxes	<u>4,383,899</u>	<u>590,224</u>	<u>849,457</u>
Total Deferred inflows of resources	<u>4,383,899</u>	<u>590,224</u>	<u>849,457</u>
FUND BALANCES:			
Nonspendable	-	-	-
Restricted	1,442,838	2,559,725	20,906,476
Committed	2,292,056	2,891,288	-
Assigned	44,517,198	12,888,609	-
Unassigned	39,722,291	-	-
Total Fund Balances	<u>87,974,383</u>	<u>18,339,622</u>	<u>20,906,476</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 169,628,560</u>	<u>\$ 20,965,306</u>	<u>\$ 21,810,933</u>

See accompanying notes to the financial statements.

Pass - Through Toll Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 3,973,362	\$ 34,615,098
-	35,832,313	179,605,003
-	2,490	74,088
-	-	5,994,432
-	869	445,168
-	-	13,651
-	-	500,000
-	21,266,309	44,021,673
20,000,000	3,158,890	31,369,919
-	1,533,898	1,533,898
<u>\$ 20,000,000</u>	<u>\$ 65,768,131</u>	<u>\$ 298,172,930</u>
\$ -	\$ 4,107,490	\$ 19,841,753
-	320,993	392,591
9,326,047	1,569,253	66,812,553
-	-	7,620
-	377,086	8,007,090
<u>9,326,047</u>	<u>6,374,822</u>	<u>95,061,607</u>
-	-	5,823,580
-	-	5,823,580
-	1,533,898	1,533,898
10,673,953	43,095,947	78,678,939
-	13,242,528	18,425,872
-	1,520,936	58,926,743
-	-	39,722,291
<u>10,673,953</u>	<u>59,393,309</u>	<u>197,287,743</u>
<u>\$ 20,000,000</u>	<u>\$ 65,768,131</u>	<u>\$ 298,172,930</u>



MONTGOMERY COUNTY, TEXAS
Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position
September 30, 2014

Total fund balances - governmental funds (page 33) \$ 197,287,743

Amounts reported for governmental activities in
the statement of net position are different because:

Capital assets used in governmental activities are
not financial resources and therefore are not reported in the

Land	50,901,250	
Buildings	141,600,751	
Improvements	10,136,467	
Equipment	26,489,428	
Infrastructure	429,025,960	
Construction in Progress	394,270	
Total Capital Assets		658,548,126

Other long term assets that were not available to
pay for current-period expenditures were deferred in the 18,629,681

Property taxes earned that are not available to pay for
current-period expenditures are deferred in the funds. 5,823,577

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 position. 18,984,816

Enterprise funds are used by management to account for the operations
of the Montgomery County Toll Road Authority. Until the County
begins collecting revenue for the projects within this fund, it is considered
fully subsidized by the County and the net revenues over expenditures
will be reported with governmental activities. (425,000)

The pension asset resulting from contributions in excess of the annual
required contribution is not a financial resource and,
is not reported in the funds. 6,307,443

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	(1,695,451)	
Bonds and capital leases payable, net	(446,700,138)	
OPEB Liability	(46,541,718)	
Compensated absences	(11,985,253)	
Total future period liabilities		(506,922,560)
Net position of governmental activities		\$ 398,233,826

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, 2014

EXHIBIT IV

REVENUES:	General	Road and Bridge	Debt Service
Taxes	\$ 143,262,126	\$ 18,187,034	\$ 27,587,888
Licenses and Permits	1,960,556	6,599,271	-
Fees	15,596,986	145,425	-
Intergovernmental	4,177,776	324,782	14,075,369
Charges for Services	3,227,269	213,477	-
Interest	321,690	33,510	274,017
Contract Reimbursements	12,306,048	-	-
Inmate Housing	32,383,821	-	-
Fines and Forfeitures	42,873	3,277,380	-
Miscellaneous	1,178,395	497,005	-
TOTAL REVENUES	214,457,540	29,277,884	41,937,274
EXPENDITURES:			
Current:			
General Administration	25,179,407	-	-
Judicial	18,669,178	-	-
Legal Services	2,971,548	-	-
Elections	1,283,304	-	-
Financial Administration	6,346,867	-	-
Public Facilities	63,138,909	392,664	-
Public Safety	61,838,157	-	-
Health and Welfare	7,405,947	-	-
Culture and Recreation	8,840,454	-	-
Conservation	592,617	473,282	-
Public Transportation	975,418	33,649,472	-
Capital Projects	-	-	-
Debt Service:			
Principal Retirement	-	-	19,460,000
Interest and Fiscal Charges	-	-	17,618,628
Issuance Costs	-	-	435,540
TOTAL EXPENDITURES	197,241,806	34,515,418	37,514,168
Excess (Deficiency) Revenues Over Expenditures	17,215,734	(5,237,534)	4,423,106
OTHER FINANCING SOURCES/(USES):			
Transfers In	12,775,246	1,065,461	1,121,914
Transfers Out	(21,723,872)	(535,262)	-
Capital Lease Financing	-	949,101	-
Refunding Bonds Issued	-	-	101,760,000
Premium on Refunding Bonds Issued	-	-	13,889,313
Payment to Refunded Bonds Escrow Agent	-	-	(118,083,208)
TOTAL OTHER FINANCING SOURCES/(USES)	(8,948,626)	1,479,300	(1,311,981)
Net Change in Fund Balances	8,267,108	(3,758,234)	3,111,125
Fund Balances at Beginning of Year	79,707,275	22,097,856	17,795,351
FUND BALANCES AT END OF YEAR	\$ 87,974,383	\$ 18,339,622	\$ 20,906,476

See accompanying notes to the financial statements.

Pass-Through Toll Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 189,037,048
-	-	8,559,827
-	2,612,703	18,355,114
-	14,691,136	33,269,063
-	1,527,395	4,968,141
-	40,119	669,336
-	16,064,596	28,370,644
-	-	32,383,821
-	1,471,774	4,792,027
-	244,678	1,920,078
-	36,652,401	322,325,099
-	957,225	26,136,632
-	11,916,106	30,585,284
-	361,094	3,332,642
-	1,228,912	2,512,216
-	-	6,346,867
-	-	63,531,573
-	4,352,386	66,190,543
-	16,573,775	23,979,722
-	126,656	8,967,110
-	-	1,065,899
-	7,775,781	42,400,671
9,326,047	18,177,561	27,503,608
-	-	19,460,000
-	-	17,618,628
-	-	435,540
9,326,047	61,469,496	340,066,935
(9,326,047)	(24,817,095)	(17,741,836)
-	8,774,418	23,737,039
-	(1,477,905)	(23,737,039)
-	-	949,101
-	-	101,760,000
-	-	13,889,313
-	-	(118,083,208)
-	7,296,513	(1,484,794)
(9,326,047)	(17,520,582)	(19,226,630)
20,000,000	76,913,891	216,514,373
\$ 10,673,953	\$ 59,393,309	\$ 197,287,743



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, 2014

Amounts reported for governmental activities in the statement of activities (page 31) are different because:

Net change in fund balances - total governmental funds (page 37)	\$	(19,226,630)
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.		(21,143,247)
Expenditures made in addition to the annual required contribution of the county's pension plan are not reported in the government-wide statements.		449,278
The net effect of various miscellaneous transactions involving capital assets.		38,051,030
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(438,140)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		20,533,399
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.		4,138,281
Enterprise funds are used by management to account for the operation of the Montgomery County Toll Road Authority. Until the County begins collecting revenue for the projects within this fund, it is considered fully subsidized by the County and the net revenues over expenditures will be reported with governmental activities.		(425,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
The changes in these expenditures are as follows:		
Compensated absences		(1,258,175)
Bond interest owed but not yet paid		38,865
Amortization of deferred amounts		3,160,721
Agency fund receivables		10,317
OPEB Obligation		(9,818,572)
		(7,866,844)
Change in net position of governmental activities	\$	14,072,127

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, 2014

EXHIBIT V
Page 1 of 2

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$142,228,310	\$ 142,770,877	\$ 143,262,126	\$ 491,249
Licenses and Permits	1,303,400	1,516,849	1,960,556	443,707
Fees	12,241,330	12,326,834	15,596,986	3,270,152
Intergovernmental	988,539	4,103,840	4,177,776	73,936
Charges for Services	2,213,033	2,600,855	3,227,269	626,414
Interest	263,433	268,080	321,690	53,610
Contract Reimbursements	10,333,438	12,927,497	12,306,048	(621,449)
Inmate Housing	15,800,000	32,325,469	32,383,821	58,352
Fines and Forfeitures	56,652	56,652	42,873	(13,779)
Miscellaneous	755,000	1,462,325	1,178,395	(283,930)
TOTAL REVENUES	186,183,135	210,359,278	214,457,540	4,098,262
EXPENDITURES:				
Current:				
General Administration	28,308,491	27,451,661	25,179,407	2,272,254
Judicial	18,597,201	19,134,617	18,669,178	465,439
Legal Services	3,077,396	3,382,435	2,971,548	410,887
Elections	1,111,383	1,293,538	1,283,304	10,234
Financial Administration	6,904,639	6,986,307	6,346,867	639,440
Public Facilities	44,576,912	64,180,851	63,138,909	1,041,942
Public Safety	55,478,556	66,314,804	61,838,157	4,476,647
Health and Welfare	7,443,392	8,113,989	7,405,947	708,042
Culture and Recreation	8,816,633	9,234,544	8,840,454	394,090
Conservation	584,549	616,815	592,617	24,198
Public Transportation	617,398	1,861,229	975,418	885,811
Miscellaneous	527,141	301,893	-	301,893
TOTAL EXPENDITURES	176,043,691	208,872,683	197,241,806	11,630,877
Excess Revenues Over Expenditures	10,139,444	1,486,595	17,215,734	15,729,139
OTHER FINANCING SOURCES/ (USES):				
Transfers In	-	1,520,431	12,775,246	11,254,815
Transfers Out	-	(2,185,410)	(21,723,872)	(19,538,462)
TOTAL OTHER FINANCING SOURCES/(USES)	-	(664,979)	(8,948,626)	(8,283,647)
Net Change in Fund Balances	10,139,444	821,616	8,267,108	7,445,492
Fund Balances at Beginning of Year	79,707,275	79,707,275	79,707,275	-
FUND BALANCES AT END OF YEAR	\$ 89,846,719	\$ 80,528,891	\$ 87,974,383	\$ 7,445,492

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, 2014

EXHIBIT V
Page 2 of 2

	Road and Bridge Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Taxes	\$ 18,318,835	\$18,318,835	\$18,187,034	\$ (131,801)
Licenses and Permits	6,956,850	7,247,271	6,599,271	(648,000)
Fees	-	-	145,425	145,425
Intergovernmental	140,000	325,575	324,782	(793)
Charges for Services	-	212,064	213,477	1,413
Interest	6,000	6,000	33,510	27,510
Fines and Forfeitures	2,700,000	2,700,000	3,277,380	577,380
Miscellaneous	-	334,747	497,005	162,258
<u>TOTAL REVENUES</u>	28,121,685	29,144,492	29,277,884	133,392
<u>EXPENDITURES:</u>				
Current:				
Public Facilities	179,244	778,985	392,664	386,321
Health and Welfare	-	45,500	-	45,500
Conservation	603,374	815,438	473,282	342,156
Public Transportation	27,339,066	50,040,583	33,649,472	16,391,111
<u>TOTAL EXPENDITURES</u>	28,121,684	51,680,506	34,515,418	17,165,088
Excess (Deficiency) Revenues Over Expenditures	1	(22,536,014)	(5,237,534)	17,298,480
<u>OTHER FINANCING SOURCES/ (USES):</u>				
Transfers In	-	1,065,461	1,065,461	-
Transfers Out	-	(503,822)	(535,262)	(31,440)
Capital Lease Financing	-	949,101	949,101	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	-	1,510,740	1,479,300	(31,440)
Net Change in Fund Balances	1	(21,025,274)	(3,758,234)	17,267,040
Fund Balances at Beginning of Year	22,097,856	22,097,856	22,097,856	-
<u>FUND BALANCES AT END OF YEAR</u>	\$ 22,097,857	\$ 1,072,582	\$18,339,622	\$ 17,267,040

See accompanying notes to the financial statements.



MONTGOMERY COUNTY, TEXAS
Statement of Net Position
Proprietary Funds
Year Ended September 30, 2014

EXHIBIT VI

<u>ASSETS:</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>
Current Assets:		
Cash and Cash Equivalents	\$ -	\$ 130,181
Accounts	-	797,451
Due from other funds	75,000	26,838,549
Due from other governments	-	34,087
Total Current Assets	75,000	27,800,268
Capital Assets (net of accumulated depreciation):		
Buildings	-	854,431
Improvements	-	1,197
Equipment	-	87,159
Total Capital Assets	-	942,787
Total Assets	75,000	28,743,055
<u>LIABILITIES:</u>		
Current Liabilities:		
Cash Overdraft	-	142,663
Accounts Payable	-	738,087
Loans Payable	500,000	-
Claims Payable	-	4,754,822
Due to Other Funds	-	4,122,667
Total Current Liabilities	500,000	9,758,239
Total Liabilities	500,000	9,758,239
<u>NET POSITION:</u>		
Invested in Capital Assets	-	942,787
Unrestricted	(425,000)	18,042,029
Total Net Position	\$ (425,000)	\$ 18,984,816

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended September 30, 2014

EXHIBIT VII

<u>OPERATING REVENUES:</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>
Charges for Service	\$ -	\$ 31,561,798
Miscellaneous	-	401,358
Total Operating Revenues	-	31,963,156
<u>OPERATING EXPENSES:</u>		
Supplies	-	29,157
Services	425,000	27,754,606
Depreciation	-	41,112
Total Operating Expenses	425,000	27,824,875
Operating Income	-	4,138,281
Change in Net Position	(425,000)	4,138,281
Total net position - beginning	-	14,846,535
Total net position - ending	\$ (425,000)	\$ 18,984,816

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2014

EXHIBIT VIII

	Enterprise Funds	Internal Service Funds
Cash flows from operating activities:		
Receipts from customers	\$ -	\$ 28,338,662
Receipts from others	-	(5,217,501)
Insurance recovery	-	1,777
Benefits Paid	-	(23,025,621)
Net cash provided by operating activities	-	97,317
Net increase in cash and cash equivalents	-	97,317
Cash and cash equivalents - October 1, 2013	-	32,864
Cash and cash equivalents - September 30, 2014	\$ -	\$ 130,181
Reconciliation of operating income to net cash used in operating activities:		
Operating income	\$ (425,000)	\$ 4,138,281
Adjustments to reconcile operating income to net cash used by operating activities:		
(Increase) decrease in due from other funds	425,000	(5,557,144)
Depreciation expense	-	41,112
(Increase) decrease in intergovernmental receivable	-	241,785
Increase (decrease) in accounts payable	-	1,233,283
Total adjustments	425,000	(4,040,964)
Net cash provided by operating activities	\$ -	\$ 97,317

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS
Statement of Assets and Liabilities
Fiduciary Funds
As of September 30, 2014

EXHIBIT IX

	<u>Agency Funds</u>
<u>ASSETS:</u>	
Cash	<u>\$ 22,715,332</u>
<u>TOTAL ASSETS</u>	<u><u>\$ 22,715,332</u></u>
<u>LIABILITIES:</u>	
Due to Others	<u>\$ 22,715,332</u>
<u>TOTAL LIABILITIES</u>	<u><u>\$ 22,715,332</u></u>

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2014

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 substantially 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 Toll Road Authority:

The Montgomery County Toll Road Authority was created by the Commissioners' Court of the County in August 2006. The Toll Road Authority serves all citizens of the County and is governed by the members of Commissioners' Court and is funded entirely by the County. The Toll Road Authority was incorporated under the provisions of Texas Transportation Code Act, Chapter 431 with the purpose to aid in the planning, design, improvement and financing of transportation projects throughout Montgomery County. The Authority is reported as an enterprise fund and does not issue separate financial statements.

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, 2014

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. 65, *Items Previously Reported as Assets and Liabilities*, will reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The County has reclassified its deferred interest on refunding, previously reported as a component of long-term debt, to deferred outflows of resources in the government-wide statements in accordance with GASB Statement 65. The effect of this change increases the long-term liabilities of the governmental activities by \$12,613,589, and corresponds to an increase in deferred outflows of resources at year end.

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.

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.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, will augment accounting and reporting by state and local governments that extend and receive nonexchange financial guarantees.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2014

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

Government-wide Statements

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are district and county clerk fees, justice of the peace fines, 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 unearned revenue. Property taxes levied prior to September 30, 2013 that were due October 1, 2013, have been assessed to finance the budget of the fiscal year ending September 30, 2014. In accordance with the modified accrual basis of accounting, the balances outstanding at September 30, 2014, and beyond the 60 days after year end have been reflected as a deferred inflow of resources 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 both enterprise and internal service funds. The County's internal service funds are used to accumulate and allocate costs internally among the

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2014

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. The County's enterprise funds are used to account for the costs of the Montgomery County Toll Road Authority. The County's enterprise fund benefits business-type functions; however, at this time, since the operations are completely dependent on taxes rather than user fees, the information from these funds will be incorporated into the governmental activities of the County.

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 Position. The Statement of Revenues, Expenses and Changes in Fund Net Position reports increases and decreases in total net position. 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. 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 Pass-Through Toll Projects Capital Project Fund is used to account for funds received by Texas Department of Transportation (TXDOT) to pay for projects related to the Pass-Through Toll Program.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2014

The County reports the following *nonmajor governmental funds*:

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects or debt service) that are restricted or committed to expenditures for specified purposes.

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

The County reports the following *proprietary funds*:

Enterprise Funds are used to account for the cost of the Montgomery County Toll Road Authority.

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, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION OR FUND BALANCES:

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.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2014

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 uncollectable amounts.

3. Inter-fund Transactions

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

4. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and recorded as prepaid items in both government-wide and fund financial statements. The county reports prepaid items using the consumption method.

In the fund financial statements, reported inventories and prepaid items are classified as non-spendable, 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, intangibles, 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

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2014

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 Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period (s) and so will not be recognized as an outflow of resources until that time. The County has one item that qualifies for reporting in this category. It is deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. The County has only one type of item which qualifies for reporting in this category. Accordingly, the item, unavailable, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8. Unearned Revenue

The County records deferred inflow of resources 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.

9. 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 are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an outflow of resources in the reporting period in which they incurred.

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.

10. 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 expenditures 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.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

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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 vot through the adoption of a court order. The limitations imposed by the court require the same formal action to be removed.

Assigned –Represents amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The governing body may delegate its authority to assign amounts to another official. The Commissioners' Court, when it is appropriate for fund balance to be assigned, delegates the authority 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.

11. 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.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2014

12. 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 2014.

13. Net Position/Fund Balance (restricted)

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. For the government-wide financial statements, restricted net position 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 position of governmental activities** as reported in the government-wide statement of activities. Several of the elements of that reconciliation are more fully explained below.

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

Capital outlay	\$ 25,454,929
Depreciation expense	(46,598,176)
	<hr/>
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net position of governmental activities	\$ (21,143,247)
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MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2014

“The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, seizures, and donations) is to increase net position.” 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 position differs from the change in fund balance by the cost of the capital assets sold.	\$ 385,745
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The acquisition of capital assets by seizure and by donations increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>37,665,285</u>
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Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 38,051,030</u>
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“The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. 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	\$ (101,760,000)
Premium on bonds issues, net	(13,889,313)
Capital lease financing	(949,100)
Adjustment to interest on refunding debt	7,675,249
Principal repayments:	
General Obligation debt	84,785,000
Revenue debt	7,080,000
Certificates of Obligation debt	35,375,000
Capital leases	<u>2,216,563</u>
Net adjustment to decrease net changes in fund balances-total governmental	<u>\$ 20,533,399</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	\$ (1,258,175)
Accrued interest	38,865
Amortization of interest on refunding bonds	(3,387,477)
Amortization of bond discounts	(112,667)
Amortization of bond premiums	6,660,865
Decrease of receivable for reimbursement of county expenditures	10,317
Increase of Other Post-Employment Benefits	<u>(9,818,572)</u>

Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (7,866,844)</u>
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MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2014

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 2014, formal budgets were adopted for the General Fund, the Special Revenue Funds, and the Debt Service Fund. Formal budgetary integration is not employed for Capital Project Funds, and legal budgets are not adopted, because budgetary control is achieved through legally binding construction contracts. All appropriations lapse at fiscal year-end with the exception of grant awards and certain ongoing projects.

The Commissioners’ Court may approve expenditures as an amendment to the budget to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention. Such expenditures would include the re-appropriation of approved but unexpended amounts for encumbrances, grants, and certain projects from the previous fiscal year. In fiscal year 2014, budget amendments totaling \$122,397,178 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 2014, supplemental appropriations were approved in the amounts of \$9,526,047, \$4,157,289, and \$949,100 for grants received, intergovernmental contracts executed, and capital leases approved, respectively.

NOTE 4- DEPOSITS AND INVESTMENTS:

A) DEPOSITS:

Custodial Credit Risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The County does not have a policy for custodial credit risk. As of September 30, 2014, the County’s bank balance (collected funds) was \$73,208,922. 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

MONTGOMERY COUNTY, TEXAS
Notes to the Financial Statements
September 30, 2014

pledged by the depository and held by third party agents of the County in the County's name.

B) **INVESTMENTS:**

As of September 30, 2014, 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	\$ 19,247,399	0.16
TexSTAR Investment Pool	1,605,888	0.15
State's Investment Pool (TEXPOOL)	1,115,208	0.15
TEXCLASS Investment Pool	34,248,067	0.12
Federal Home Loan Bank (FHLB)	32,988,351	-
Lone Star Investment Pool	398,625	0.14
LOGIC	45,458,922	0.16
FICA Program	34,603,270	-
Money Market Mutual Fund (ICT)	1,729,885	0.12
Money Market Mutual Fund (BPIF)	6,202,930	0.15
Money Market Mutual Fund (AIM)	3,383,781	0.11
Total Investments	<u>\$180,982,326</u>	

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

These mutual funds share several characteristics that have a positive effect on the safety of the County's funds, including:

- SEC registration and regulation,
- A minimum AAAM rating by Standard and Poor's,
- Limitations on investments to direct obligations of the US Treasury, US agencies, and its instrumentalities, and repurchase agreements collateralized by same,
- An average weighted maturity that is less than 90 days (0.25 years), and
- A portfolio valuation of net position 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, Local Government Investment Cooperative (LOGIC), 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 position. The external investment pools seek to maintain a net position 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

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2014

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

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 \$124,478,359 in additional taxes from the present assessed valuation of \$39,366,970,026 before the limit is reached.

The thirty years' property taxes receivable at September 30, 2014, as reported by the Tax Assessor-Collector are presented as follows:

	<u>Taxes Receivable</u>	<u>Less: Allowance for Uncollectables</u>	<u>Net Taxes Receivable</u>
General Fund	\$4,621,929	\$ 92,439	\$4,529,490
Road & Bridge Fund	586,378	11,728	574,650
Debt Service Funds	908,461	18,169	890,292
Total Receivable	<u>\$6,116,768</u>	<u>\$122,336</u>	<u>\$5,994,432</u>

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2014

NOTE 6- DUE FROM OTHER GOVERNMENTS:

At September 30, 2014, the following amounts were recorded as due to the County:

	Federal	State	Local	Total
General Fund	\$ 4,781,610	\$ 673,888	\$2,379,093	\$ 7,834,591
Road & Bridge Fund	-	40,710	335,728	376,438
Special Revenue Funds	876,746	1,686,293	595,851	3,158,890
Pass-Through Toll Projects	-	20,000,000	-	20,000,000
Total Due from Governments	\$ 5,658,356	\$22,400,891	\$3,310,672	\$ 31,369,919

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

NOTE 7- CAPITAL ASSETS:

A) CHANGES IN CAPITAL ASSETS FOR YEAR ENDED SEPTEMBER 30, 2014:

Governmental Activities	Beginning Balance	Additions ⁽¹⁾	Deletions ⁽¹⁾	Ending Balance
Land ⁽²⁾	\$ 45,698,159	\$ 5,205,382 ⁽²⁾	\$ (2,291)	\$ 50,901,250
Construction in Progress	2,240,455	2,631,150	(4,477,335)	394,720
Total Capital Assets not being depreciated	47,938,614	7,836,532	(4,479,626)	51,295,520
Buildings ⁽³⁾	196,946,145	3,971,171	-	200,917,316
Improvements ⁽³⁾	22,567,479	639,034	-	23,206,513
Equipment ⁽²⁾⁽³⁾	86,266,607	15,321,475 ⁽²⁾	(5,349,283)	96,238,799
Infrastructure	1,167,917,794	43,466,993	(26,820)	1,211,357,967
Total Capital Assets being depreciated	1,473,698,025	63,398,673	(5,376,103)	1,531,720,595
Less accumulated depreciation for:				
Buildings	(53,538,222)	(4,923,912)	-	(58,462,134)
Improvements	(11,750,097)	(1,318,752)	-	(13,068,849)
Equipment	(64,202,959)	(7,585,733)	2,126,480	(69,662,212)
Infrastructure	(749,521,117)	(32,810,890)	-	(782,332,007)
Total Depreciation	(879,012,395)	(46,639,287)	2,126,480	(923,525,202)
Total Capital Assets, net of Accumulated depreciation	\$ 642,624,244	\$ 24,595,918	\$ (7,729,249)	\$ 659,490,913

(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 of \$25,962,569 and \$4,036,337 in land and equipment respectively.

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

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2014

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, 2014, the County charged depreciation expense to functions as follows:

Governmental activities:	
General Administration	\$ 2,570,061
Judicial	227,842
Legal Services	82,543
Elections	218,327
Financial Administration	19,997
Public Facilities	1,803,019
Public Safety	4,965,873
Health and Welfare	1,459,295
Culture and Recreation	1,030,822
Conservation	26,976
Public Transportation	34,193,420
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	<u>\$46,639,287</u>

C) CONSTRUCTION COMMITMENTS:

The County has entered into contracts for the construction, renovation, and improvement of real property. The following projects were in progress at September 30, 2014:

<u>Project</u>	<u>Status</u>	<u>Commitment</u>	<u>Paid to Date</u>
Various Road Projects	Under construction	\$ 44,010,155	\$ 22,651,264
Building Remodels	Underway	16,042,912	1,302,171
Park Improvements	Underway	110,000	102,090
Airport Improvements	Underway	10,609,167	2,741,520
Energy Renovation Projects	Underway	3,403,271	706,561
	Total	<u>\$ 74,175,505</u>	<u>\$ 27,503,606</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, 2014, the following amounts were due to other governments:

<u>Fund</u>	<u>Local</u>	<u>Total</u>
General	<u>\$7,620</u>	<u>\$7,620</u>

B) UNEARNED REVENUES:

The County reports unearned 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 2014, unearned revenues are presented on the following page:

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2014

Fund	Unearned Fees
General	\$7,630,004
Other Non-Major	377,086
Total	<u>\$8,007,090</u>

NOTE 9- LONG-TERM DEBT:

General long-term debt consists of general obligation bonds, 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. Payments are recorded in the Debt Service Fund.

A) BONDED DEBT:

A summary of the long-term bonded debt, at September 30, 2014 is presented:

	Interest Rate (%)	Issue Date	Maturity Date	Bonds Outstanding
GENERAL OBLIGATION BONDS:				
Refunding Bonds, Series 2005	5.00	2005	2020	3,005,000
Road Bonds Fixed Rate, Series 2006A	4.00-5.00	2006	2027	955,000
Road Bonds Fixed Rate, Series 2006B	4.75	2006	2028	20,195,000
Refunding Bonds, Series 2007	4.00-5.50	2007	2026	36,865,000
Road Bonds Fixed Rate, Series 2008A	3.50-5.25	2008	2030	4,355,000
Refunding Bonds, Series 2008	3.50-5.00	2008	2018	4,545,000
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	28,800,000
Refunding Bonds, Series 2014	1.75-2.27	2014	2020	28,250,000
Refunding Bonds, Series 2014A	5.00	2014	2025	73,510,000
TOTAL GENERAL OBLIGATION BONDS				<u>\$278,565,000</u>
REVENUE BONDS:				
Pass-Through Toll Revenue and Limited Tax Bonds, Series 2009	3.00-5.00	2009	2032	28,860,000
Toll Revenue Bonds, Series 2010	3.00-5.00	2011	2021	23,255,000
Pass-Through Toll Revenue and Limited Tax Refunding Bonds, Series 2012	3.00-5.00	2012	2023	15,880,000
TOTAL REVENUE BONDS:				<u>\$67,995,000</u>
CERTIFICATES OF OBLIGATION:				
Series 2006	4.00-5.00	2006	2027	1,325,000
Series 2007	4.00-4.63	2008	2027	5,385,000
Series 2008	3.50-5.25	2008	2027	10,475,000
Series 2010	3.00-5.40	2010	2039	30,330,000
Series 2012	2.00-5.00	2012	2032	13,915,000
Series 2012A	2.00-5.00	2012	2023	13,125,000
TOTAL CERTIFICATES OF OBLIGATION				<u>\$ 74,555,000</u>
TOTAL BONDED DEBT				<u>\$421,115,000</u>

MONTGOMERY COUNTY, TEXAS
Notes to the Financial Statements
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All of the County's outstanding bonded debt is assigned a fixed rate of interest.

B) CHANGES IN LONG-TERM DEBT:

The following schedule illustrates changes in long-term debt for the year ended September 30, 2014. For each category, management has presented the portion that will be due within one year.

Governmental Activities:	Beginning			Ending	Due Within
	Balance	Additions	Reductions	Balance	One Year
Bonds payable:					
General Obligation	\$ 261,590,000	\$101,760,000	\$ (84,785,000)	\$278,565,000	\$ 9,150,000
Revenue Bonds	75,075,000	-	(7,080,000)	67,995,000	7,410,000
Certificates of Obligation	109,930,000	-	(35,375,000)	74,555,000	3,555,000
Less deferred amounts:					
Issuance discounts	(881,585)	-	112,667	(768,918)	(67,441)
Unamort. Premiums	21,796,936	13,889,313	(6,660,865)	29,025,384	4,218,692
Total bonds payable	467,510,351	115,649,313	(133,788,198)	449,371,466	24,266,251
Capital leases	11,209,724	949,100	(2,216,563)	9,942,261	2,611,907
Workers' Comp Obligation	1,148,725	380,428	(473,165)	1,055,988	-
Medical Obligation	3,031,892	17,823,656	(17,156,714)	3,698,834	-
OPEB Obligation	36,723,146	12,082,709	(2,264,137)	46,541,718	-
Compensated absences	10,727,079	8,411,185	(7,153,011)	11,985,253	6,509,240
Total Long-term Liabilities	\$ 530,350,917	\$155,296,391	\$(163,051,788)	\$522,595,520	\$33,387,398

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, \$1,055,988 for Workers' Compensation obligation and \$3,698,834 for Medical obligation were included in the above amounts.

At year end, \$1,482,240 of special revenue funds compensated absences is included in the above amounts. The remaining balance of \$10,503,013 will be liquidated by the general fund. The OPEB obligation will be liquidated by the general fund.

C) ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY:

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

Maturity	General Obligation Bonds		Revenue Bonds		Certificates of Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	9,150,000	12,667,123	7,410,000	3,025,850	3,555,000	3,233,852
2016	9,600,000	11,913,791	7,760,000	2,678,400	4,000,000	3,088,174
2017	10,815,000	11,559,206	8,155,000	2,280,525	3,285,000	2,946,896
2018	12,470,000	11,179,194	8,575,000	1,862,275	2,095,000	2,847,924
2019	12,895,000	10,768,838	8,965,000	1,468,600	2,165,000	2,771,124
2020-2024	74,430,000	45,066,869	14,780,000	3,749,750	14,440,000	12,338,142
2025-2029	91,590,000	25,640,642	7,215,000	1,885,875	23,055,000	7,684,689
2030-2034	57,615,000	4,128,688	5,135,000	323,425	13,605,000	3,613,299
2035-2039	-	-	-	-	8,355,000	1,159,785
Total	\$278,565,000	\$132,924,351	\$ 67,995,000	\$ 17,274,700	\$ 74,555,000	\$ 39,683,885

MONTGOMERY COUNTY, TEXAS

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D) PRIOR YEAR DEFEASANCE OF DEBT:

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

On February 14, 2014, the County issued \$28,250,000 in Limited Tax Refunding Bonds, Series 2014. Proceeds from the sale of the bonds were used to refund and defease certain outstanding obligations and to pay costs of issuance of the bonds. The refunding issue advance refunded \$26,735,000 of the Refunding Bonds, Series 2005 and was done to take advantage of favorable interest rates. The refunding resulted in a present value savings to the county of \$1,508,538.

On August 26, 2014, the County issued Limited Tax Refunding Bonds, Series 2014A in the amount of \$73,510,000. Proceeds from the sale of the bonds were used to refund and defease certain outstanding obligations and to pay costs of issuance of the bonds. The refunding issue advance refunded \$19,780,000 of the Certificates of Obligation, Series 2006, \$44,110,000 of the Unlimited Tax Road Bonds, Series 2006A, \$2,125,000 of the Certificates of Obligation, Series 2007, \$9,210,000 of the Certificates of Obligation, Series 2008, and 5,820,000 of the Unlimited Tax Road Bonds, Series 2008A. This was done to take advantage of favorable interest rates. The refunding resulted in a present value savings to the county of \$8,484,956.

As of September 30, 2014, defeased but outstanding debt from prior year refunding transactions consisted of the following:

<u>Series</u>	<u>Amount</u>
Refunding Bonds, Series 2005	\$ 26,735,000
Pass-Through Toll Revenue Bonds, Series 2009	35,538,028
Certificates of Obligation, Series 2006	19,780,000
Unlimited Tax Road Bonds, Series 2006A	44,110,000
Certificates of Obligation, Series 2007	2,125,000
Certificates of Obligation, Series 2008	9,210,000
Unlimited Tax Road Bonds, Series 2008A	5,820,000
Total Defeased but Outstanding	<u><u>\$ 143,318,028</u></u>

E) FUTURE BORROWING:

At this time, the County anticipates a bond election that could include up to \$500 million in bonds authorized for the purpose of improving roads in Montgomery County. The election is tentatively set for May 2015.

F) CONDUIT DEBT OBLIGATIONS:

Harris County Health Facilities Development Corporation and Harris County Cultural Education Facilities Finance 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.

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Harris County Health Facilities Development Corporation- The corporation issues bonds if there is a public benefit or purpose that is necessary or convenient for health care, research, or education. Its activity is included in this disclosure because its bonds have been issued for the benefit of organizations located in Montgomery County. As of February 28, 2014, there were seventeen (17) series of bonds outstanding with an aggregate principal payable of \$1,384,705,000. 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.

Harris County Cultural Education Facilities Finance Corporation- The corporation issues bonds for the purpose of defraying expansion costs, for Space Center Houston projects, Houston Livestock Show and Rodeo projects, Baylor College of Medicine, Memorial Hermann Healthcare System, Methodist Hospital System, Texas Medical Center projects, and the Young Men's Christian Association (YMCA) of the Greater Houston Area and others. It's activity is included in this disclosure because its bonds have been issued for the benefit of organizations located in Montgomery County. As of February 28, 2014 there were thirty-six (36) series of Bonds outstanding with an aggregate principal payable of \$2,708,228,561. The Bonds will be repaid from payments required to be made under loan agreements between the issuing entity and the aforementioned parties.

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 \$949,100 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, 2014 and the funds from which they will be paid are as shown below:

<u>Year</u>	<u>General</u>	<u>Special Revenue</u>	
<u>Ending</u>	<u>Fund</u>	<u>Funds</u>	<u>Total</u>
2015	\$ 2,094,873	\$ 877,024	\$ 2,971,897
2016	1,855,673	804,503	2,660,176
2017	1,771,416	553,749	2,325,165
2018	1,771,416	440,357	2,211,773
2019	-	385,977	385,977
2020	-	385,977	385,977
Total Minimum Lease Payments	7,493,378	3,447,587	10,940,965
Less: amount representing interest	617,476	381,228	998,704
Present value-minimum lease payments	<u>\$ 6,875,902</u>	<u>\$ 3,066,359</u>	<u>9,942,261</u>

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

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

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

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

The composition of inter-fund balances as of September 30, 2014 was as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 22,051,205	\$ 55,908,653
Road and Bridge Fund	660,130	8,600
Debt Service Fund	44,029	-
Pass-Through Toll Projects Fund	-	9,326,047
Non-major Governmental Funds	21,266,309	1,569,253
Internal Service Funds	26,838,549	4,122,667
Enterprise Fund	75,000	-
Total	<u>\$ 70,935,222</u>	<u>\$ 70,935,222</u>

B) **TRANSFERS:**

Transfers are used to a) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them, b) move receipts from bond refundings and residual balances from capital project funds to the Debt Service Fund to pay debt obligations, and c) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Inter-fund transfers for the year ended September 30, 2014 were:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 12,775,246	\$ 21,723,872
Road and Bridge Fund	1,065,461	535,262
Debt Service Fund	1,121,914	-
Nonmajor Governmental Funds	8,774,418	1,477,905
Total	<u>\$ 23,737,039</u>	<u>\$ 23,737,039</u>

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

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

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NOTE 11- FUND BALANCES:

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

	General	Road & Bridge	Debt Service	Pass-Through Toll Projects	Other Governmental Funds	Total Governmental Funds
Non-Spendable						
Prepaid	-	-	-	-	1,533,898	1,533,898
Total Non-Spendable	-	-	-	-	1,533,898	1,533,898
Restricted for:						
Capital Projects	-	-	-	10,673,953	28,298,272	38,972,225
Debt Service	-	-	20,906,476	-	-	20,906,476
General Admin	177,477	-	-	-	5,838,098	6,015,575
Judicial	72,129	-	-	-	1,451,795	1,523,924
Legal Services	13,783	-	-	-	374,512	388,295
Elections	-	-	-	-	410,973	410,973
Public Safety	1,173,657	-	-	-	4,212,310	5,385,967
Health & Welfare	5,792	-	-	-	1,545,211	1,551,003
Culture & Recreation	-	-	-	-	165,067	165,067
Public Transportation	-	2,559,725	-	-	799,709	3,359,434
Total Restricted	1,442,838	2,559,725	20,906,476	10,673,953	43,095,947	78,678,939
Committed for:						
General Admin	300,849	-	-	-	-	300,849
Public Facilities	403,767	-	-	-	-	403,767
Public Safety	748,467	-	-	-	-	748,467
Judicial	-	-	-	-	1,726	1,726
Legal Services	5,859	-	-	-	-	5,859
Health & Welfare	37,995	-	-	-	-	37,995
Culture & Recreation	727	-	-	-	-	727
Public Transportation	794,392	2,891,288	-	-	-	3,685,680
Capital Projects	-	-	-	-	13,240,802	13,240,802
Total Committed	2,292,056	2,891,288	-	-	13,242,528	18,425,872
Assigned to:						
OPEB Obligation	38,164,208	-	-	-	-	38,164,208
Judicial	-	-	-	-	1,520,936	1,520,936
Public Facilities	955,679	-	-	-	-	955,679
Health & Welfare	347,522	-	-	-	-	347,522
Culture & Recreation	1,437,919	-	-	-	-	1,437,919
Public Transportation	3,611,870	12,888,609	-	-	-	16,500,479
Total Assigned	44,517,198	12,888,609	-	-	1,520,936	58,926,743
Unassigned	39,722,291	-	-	-	-	39,722,291
Total Fund Balances	87,974,383	18,339,622	20,906,476	10,673,953	59,393,309	197,287,743

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 eighty-four months. The original term of this lease was through July 1, 2014 and was amended to renew through July 2021. The monthly rent of \$2,500 is recorded in the Community Development Fund. The building is

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recorded as a Capital Asset in the County's government-wide financial statements at a cost of \$2,142,290, less accumulated depreciation of \$517,855.

Additionally, the County leases office space at a low income medical clinic to the Magnolia Family Practice Clinic and/or Dr. N. K. Karimjee, for a period of 84 months ending on March 10, 2021. The monthly rent of \$2,500 and utilities of \$400 is recorded in the Community Development Fund.

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>	
2015	\$ 76,050
2016	70,050
2017	73,050
2018	76,050
2019	79,050
2020	82,050
2021	70,750
Total Lease Payments Receivable	<u><u>\$527,050</u></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, 2014, were \$547,799. Claims incurred but not reported (IBNR) at September 30, 2014, are estimated to be \$3,151,035. 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, 2014 and September 30, 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Unpaid claims, beginning of year	\$ 3,031,892	\$ 2,555,128
Incurred claims (includes IBNR)	17,823,656	16,768,310
Claim payments	(17,156,714)	(16,291,546)
Unpaid claims, end of year	<u><u>\$ 3,698,834</u></u>	<u><u>\$ 3,031,892</u></u>

During the year ended September 30, 2014, the plan received contributions in the amounts of \$23,888,058 and \$2,188,028 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

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(COBRA). In addition to the claim payments made, the plan also expended \$959,433 in administrative costs and \$2,389,272 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 2014.

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, 2014, the County expended \$42,225 for administrative costs and \$255,360 for excess loss insurance premiums.

Changes in the Workers' Compensation liability for the two fiscal years ended September 30, 2014 and September 30, 2013 are detailed below:

	<u>2014</u>	<u>2013</u>
Unpaid claims, beginning of year	\$ 1,148,725	\$ 1,366,531
Current year claims and changes in estimates (includes IBNR)	380,428	374,650
Claim payments	<u>(473,165)</u>	<u>(592,456)</u>
Unpaid claims, end of year	<u>\$ 1,055,988</u>	<u>\$ 1,148,725</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 \$443,108 in premiums in fiscal year 2014, and recorded the expenditure in the Accident Liability Fund. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

D) GENERAL AND OTHER LIABILITY COVERAGES:

The County purchased reinsurance coverage for General Liability, Auto Liability, Public Officials' Liability, Law Enforcement Liability, Marine Liability, Crime Coverage, Employee Benefits Liability and Airport Operators' Liability. Deductibles are maintained at the \$100,000 level per occurrence by the type of coverage with the exception of the Airport Operators' Liability, which has no deductible. The Public Officials' Liability and Employee Benefits Liability are written on a "claims-made basis". The County and District Clerks have a \$25,000

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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 2014.

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 with 8 or more years of service at age 60 and above, with 30 years of service 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 contributions 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 12.27 percent for the months of the accounting year in 2013 and 2014.

The deposit rate payable by the employee members for calendar year 2014 was 6.0 percent 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, 2014, the pension cost for the TCDRS plan was \$12,153,191, and the actual contributions were \$12,153,191.

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In December 31, 2013, the most recent actuarial valuation date, 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 3.5 percent. Both (a) and (b) included an inflation component of 3 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, 2013 was 20 years. Annual Pension Cost (APC) and Net Pension Asset (NPA) for TCDRS pension plan are as follows:

	<u>2014</u>
Annual Required Contribution (ARC)	\$12,153,191
Interest on NPA	(468,653)
Adjustment to annual required contribution	<u>664,929</u>
Annual Pension cost (expense)	12,349,467
Contributions made	<u>(12,798,745)</u>
Increase in Net Pension Asset	449,278
Net Pension Asset – beginning of year	<u>5,858,165</u>
Net Pension Asset – end of year	<u>\$ 6,307,443</u>

D) FUNDED STATUS AND FUNDING PROGRESS:

As of December 31, 2013, the most recent actuarial valuation date, the plan was 86.6 percent funded. The actuarial accrued liability for benefits was \$287,161,234, and the actuarial value of assets was \$248,814,734, resulting in an unfunded actuarial accrued liability (UAAL) of \$38,346,500. The covered payroll was \$99,048,010, and the ratio of the UAAL to the covered payroll was 38.72 percent.

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

E) TREND INFORMATION:

<u>Accounting Year</u> <u>Ended</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Asset</u>
9/30/12	\$10,220,578	100%	\$5,000,000
9/30/13	\$11,793,189	100%	\$5,858,165
9/30/14	\$12,349,468	100%	\$6,307,442

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 either 15 continuous years of full-time employment (for employees hired prior to October 1, 2009) or 25 continuous years of full-time employment (for employees hired after October 1, 2009) 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.

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Additionally, the County offers an employee-funded health benefit to those who do not meet the above criteria. The County is obligated to provide this benefit subject to requirements of Chapter 175 of the Texas Local Government Code. Contribution levels are determined by Commissioner's Court on a year-to-year basis. The benefit level is the same as that for a full time regular employee, as further disclosed in Note 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 for Fiscal year 2013 to prepare for disclosure of this liability in accordance with GASB 45. The projected liability accrual for fiscal year 2014 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 \$2,264,137 in health care claims for retirees and their dependents. For the year ended September 30, 2014, twenty-two employees retired from service with the County and met the qualifications stated in Part A above. Currently, there are 269 retirees covered by this benefit. The actual cost recorded by the County is included in Note 13. Retiree contributions for 2014 were \$237,303, and the County paid the remaining amount of claims. The current ARC is 13.5 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>2014</u>	<u>2013</u>
Annual Required Contribution	\$11,969,282	\$ 11,969,282
Interest on net OPEB Obligation	(1,373,731)	(996,668)
Adjustment to annual required contribution	<u>1,487,158</u>	<u>1,078,962</u>
Annual OPEB cost (expense)	12,082,709	12,051,576
Contributions made	<u>(2,264,137)</u>	<u>(1,832,829)</u>
Increase in Net OPEB obligation	9,818,572	10,218,747
Net OPEB obligation – beginning of year	<u>36,723,146</u>	<u>26,504,399</u>
Net OPEB obligation – end of year	<u>\$46,541,718</u>	<u>\$ 36,723,146</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 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>
9/30/12	9,195,075	24.7%	26,504,399
9/30/13	12,051,576	15.3%	36,723,146
9/30/14	12,082,709	20.4%	46,541,718

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

As of September 30, 2013, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial Accrued Liability (AAL)	\$141,101,876
Actuarial Value of Plan Assets	0
Unfunded Actuarial Liability (UAAL)	<u>\$141,101,876</u>
Funded Ratio	0%
Annualized Covered Payroll	<u>\$ 88,644,897</u>
UAAL as a percentage of Covered Payroll	159.2%

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, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll, open
Remaining Amortization Period	30 years
Actuarial Assumptions:	
Inflation Rate	3%
Discount Rate	4%
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.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2014

NOTE 16- CONTINGENT LIABILITIES:

A) **GENERAL LIABILITIES:**

For fiscal year 2014, the County participated in a public entity risk pool, to which certain losses arising from liability claims were transferred. The premium for this coverage, \$275,734, was recorded in the Accident Liability Fund, as part of the Internal Service Funds. In addition, the County expended \$95,000 for damages in connection with two claims, for which the deductible had not been satisfied.

B) **GRANTS:**

The County receives various grant monies 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 \$187,889 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- 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. 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. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, amends GASB Statement No. 68 to require that, at transition, a government recognize a beginning outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. This statement will be effective for the County for the fiscal year ending September 30, 2015.

NOTE 18- PRIOR PERIOD ADJUSTMENT:

As a result of implementing GASB Statement No. 65, the County has decreased beginning net position as of October 1, 2013 by \$5,272,842 for governmental activities. This reduction results from no longer deferring and amortizing bond issuance costs.

MONTGOMERY COUNTY, TEXAS
Required Supplementary Information
September 30, 2014

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)	
12/31/10	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%
12/31/12	225,042	266,677	41,636	84.39%	94,457	44.08%
12/31/13	248,814	287,161	38,347	86.65%	99,048	38.72%

⁽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%
09/30/13	-	141,102	141,102	- %	88,645	159.2%



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, 2014

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	<u>General Fund</u>	<u>General Fund Managerial Funds</u>	<u>Total General Fund</u>
<u>ASSETS:</u>			
Cash	\$ 28,414,272	\$ 997,612	\$ 29,411,884
Investments, at Fair Value	104,247,139	611,425	104,858,564
Cash, Restricted for Retainage	34,422	-	34,422
Receivables:			
Taxes (net)	4,529,490	-	4,529,490
Accounts (net)	224,460	170,293	394,753
Interest	13,651	-	13,651
Loans	500,000	-	500,000
Due from Other Funds	12,916,277	9,134,928	22,051,205
Due from Other Governments	7,801,546	33,045	7,834,591
<u>TOTAL ASSETS</u>	<u>\$ 158,681,257</u>	<u>\$ 10,947,303</u>	<u>\$ 169,628,560</u>

LIABILITIES AND FUND BALANCES:

LIABILITIES:

Accounts Payable	\$ 13,232,210	\$ 457,369	\$ 13,689,579
Retainage Payable	34,422	-	34,422
Due to Other Funds	55,908,653	-	55,908,653
Due to Other Governments	7,620	-	7,620
Unearned Revenue	4,342,092	3,287,912	7,630,004
Total Liabilities	<u>73,524,997</u>	<u>3,745,281</u>	<u>77,270,278</u>

DEFERRED INFLOWS OF RESOURCES:

Unavailable revenue - property taxes	4,383,899	-	4,383,899
Total deferred inflows of resources	<u>4,383,899</u>	<u>-</u>	<u>4,383,899</u>

FUND BALANCES:

Restricted	1,427,301	15,537	1,442,838
Committed	1,458,561	833,495	2,292,056
Assigned	38,164,208	6,352,990	44,517,198
Unassigned	39,722,291	-	39,722,291
Total Fund Balances	<u>80,772,361</u>	<u>7,202,022</u>	<u>87,974,383</u>

**TOTAL LIABILITIES, DEFERRED
INFLOWS OF RESOURCES AND
FUND BALANCES**

	<u>\$ 158,681,257</u>	<u>\$ 10,947,303</u>	<u>\$ 169,628,560</u>
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MONTGOMERY COUNTY, TEXAS

General Fund

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

Year Ended September 30, 2014

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	<u>General Fund</u>	<u>General Fund Managerial Funds</u>	<u>Total General Fund</u>
<u>REVENUES:</u>			
Taxes	\$ 143,262,126	\$ -	\$ 143,262,126
Licenses and Permits	1,892,510	68,046	1,960,556
Fees	15,444,578	152,408	15,596,986
Intergovernmental	3,472,937	704,839	4,177,776
Charges for Services	2,188,854	1,038,415	3,227,269
Interest	318,864	2,826	321,690
Contract Reimbursements	12,306,048	-	12,306,048
Inmate Housing	32,383,821	-	32,383,821
Fines and Forfeitures	42,873	-	42,873
Miscellaneous	1,160,640	17,755	1,178,395
<u>TOTAL REVENUES</u>	<u>212,473,251</u>	<u>1,984,289</u>	<u>214,457,540</u>
<u>EXPENDITURES:</u>			
Current:			
General Administration	25,179,407	-	25,179,407
Judicial	18,669,178	-	18,669,178
Legal Services	2,835,417	136,131	2,971,548
Elections	1,283,304	-	1,283,304
Financial Administration	6,346,867	-	6,346,867
Public Facilities	61,759,317	1,379,592	63,138,909
Public Safety	61,838,157	-	61,838,157
Health and Welfare	5,869,301	1,536,646	7,405,947
Culture and Recreation	-	8,840,454	8,840,454
Conservation	592,617	-	592,617
Public Transportation	-	975,418	975,418
<u>TOTAL EXPENDITURES</u>	<u>184,373,565</u>	<u>12,868,241</u>	<u>197,241,806</u>
Excess (Deficiency) Revenues Over Expenditures	<u>28,099,686</u>	<u>(10,883,952)</u>	<u>17,215,734</u>
<u>OTHER FINANCING SOURCES/(USES)</u>			
Transfers In	1,873,076	10,902,170	12,775,246
Transfers Out	(21,718,923)	(4,949)	(21,723,872)
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>(19,845,847)</u>	<u>10,897,221</u>	<u>(8,948,626)</u>
Net Change in Fund Balances	8,253,839	13,269	8,267,108
Fund Balances at Beginning of Year	<u>72,518,522</u>	<u>7,188,753</u>	<u>79,707,275</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 80,772,361</u>	<u>\$ 7,202,022</u>	<u>\$ 87,974,383</u>

MONTGOMERY COUNTY, TEXAS

General Fund
Balance Sheet
September 30, 2014

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	<u>General Fund</u>
<u>ASSETS:</u>	
Cash	\$ 28,414,272
Investments, at Fair Value	104,247,139
Cash, Restricted for Retainage	34,422
<hr/>	
Receivables:	
Taxes (net)	4,529,490
Accounts (net)	224,460
<hr/>	
Interest	13,651
Loans	500,000
Due from Other Funds	12,916,277
Due from Other Governments	7,801,546
<u>TOTAL ASSETS</u>	<hr/> <u>158,681,257</u> <hr/>
 <u>LIABILITIES:</u>	
Accounts Payable	\$ 13,232,210
Retainage Payable	34,422
Due to Other Funds	55,908,653
<hr/>	
Due to Other Governments	7,620
Unearned Revenue	4,342,092
Total liabilities	<hr/> <u>73,524,997</u> <hr/>
 <u>DEFERRED INFLOWS OF RESOURCES:</u>	
Unavailable revenue - property taxes	4,383,899
Total deferred inflows of resources	<hr/> <u>4,383,899</u> <hr/>
 <u>FUND BALANCES:</u>	
Restricted	1,427,301
Committed	1,458,561
<hr/>	
Assigned	38,164,208
Unassigned	39,722,291
Total Fund Balances	<hr/> <u>80,772,361</u> <hr/>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>	<hr/> <u>\$ 158,681,257</u> <hr/>

MONTGOMERY COUNTY, TEXAS
General Fund
Schedule of Revenues and Other Financing Sources
Budget (GAAP Basis) and Actual Year Ended September 30, 2014

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TAXES:	Original Budget	Final Budget	Actual	Variance with Final Budget
Ad Valorem Current	\$ 138,667,100	\$ 138,667,100	\$ 138,422,009	\$ (245,091)
Ad Valorem Delinquent	1,192,180	1,192,180	1,303,425	111,245
Penalty and Interest	919,030	1,133,295	1,285,770	152,475
Mixed Beverage	1,210,000	1,362,393	1,839,284	476,891
Bingo Tax	190,000	190,000	180,919	(9,081)
Miscellaneous Taxes	50,000	225,909	230,719	4,810
Total Taxes	<u>142,228,310</u>	<u>142,770,877</u>	<u>143,262,126</u>	<u>491,249</u>
<u>LICENSES AND PERMITS:</u>				
Beer Licenses	43,400	146,384	175,003	28,619
Trial Fees	5,000	5,000	4,485	(515)
Health Permits	400,000	510,465	582,090	71,625
Recycle Center Permits	-	-	3,250	3,250
Animal Control Transport	15,000	15,000	10,695	(4,305)
Food Service Permits	500,000	500,000	488,570	(11,430)
Alarm Permits	250,000	250,000	586,682	336,682
Hazardous Waste Mgmt Fees	40,000	40,000	41,735	1,735
Total Licenses and Permits	<u>1,253,400</u>	<u>1,466,849</u>	<u>1,892,510</u>	<u>425,661</u>
<u>FEES:</u>				
County Judge	13,000	13,000	12,906	(94)
County Sheriff	385,000	436,851	494,758	57,907
County Attorney	100,800	100,800	89,007	(11,793)
County Clerk	3,400,000	3,400,000	3,496,600	96,600
Tax Assessor-Collector	1,523,600	1,551,499	4,519,605	2,968,106
District Clerk	1,375,000	1,375,000	1,416,534	41,534
Justice of the Peace	4,500,000	4,500,000	4,514,401	14,401
Constable	450,000	450,000	490,576	40,576
Voter Registration	100	100	317	217
Criminal Justice Fees	363,000	363,520	409,874	46,354
Total Fees	<u>12,110,500</u>	<u>12,190,770</u>	<u>15,444,578</u>	<u>3,253,808</u>
<u>INTERGOVERNMENTAL:</u>				
Federal Grants:				
Department of Agriculture	38,539	46,423	46,423	-
Dept Health/Human Services	-	70,021	70,021	-
Department of Homeland Security	-	1,542,145	1,436,768	(105,377)
Department of Justice	95,000	297,679	350,726	53,047
Department of Transportation	-	200,786	179,819	(20,967)
Office of National Drug Control Policy	-	32,200	33,475	1,275
Total Federal Grants	<u>133,539</u>	<u>2,189,254</u>	<u>2,117,232</u>	<u>(72,022)</u>

MONTGOMERY COUNTY, TEXAS
General Fund
Schedule of Revenues and Other Financing Sources
Budget (GAAP Basis) and Actual Year Ended September 30, 2014

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
INTERGOVERNMENTAL(cont'd)				
State Grants:				
Auto Theft Prevention Authority	-	391,074	386,679	(4,395)
Governor's Division of Criminal Justice		13,966	84,407	70,441
Office of the Attorney General	-	27,715	27,715	-
Tx Comm on Environmental Quality	-	374,850	175,191	(199,659)
Total State Grants	-	807,605	673,992	(133,613)
Other:				
U.S. Marshal Transportation		31,164	31,164	-
NRA Foundation Grant		-	2,881	2,881
Prosecutor Salary Supplement	375,000	521,896	604,184	82,288
Voter Registration		43,484	43,484	-
Total Other	375,000	596,544	681,713	85,169
Total Intergovernmental	508,539	3,593,403	3,472,937	(120,466)
CHARGES FOR SERVICES	1,339,625	1,344,442	2,188,854	844,412
INTEREST	262,733	267,313	318,864	51,551
CONTRACT REIMBURSEMENTS	10,333,438	12,927,497	12,306,048	(621,449)
INMATE HOUSING	15,800,000	32,325,469	32,383,821	58,352
FINES AND FORFEITURES	56,652	56,652	42,873	(13,779)
MISCELLANEOUS:				
Lease of Facility	20,000	20,000	19,265	(735)
Commissions	460,000	685,089	299,395	(385,694)
Other	275,000	757,236	841,980	84,744
Total Miscellaneous	755,000	1,462,325	1,160,640	(301,685)
TOTAL REVENUES	184,648,197	208,405,597	212,473,251	4,067,654
OTHER FINANCING SOURCES:				
Transfers In	-	751,151	1,873,076	1,121,925
TOTAL OTHER FINANCING SOURCES	-	751,151	1,873,076	1,121,925
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 184,648,197	\$ 209,156,748	\$ 214,346,327	\$ 5,189,579

MONTGOMERY COUNTY, TEXAS
General Fund
Schedule of Expenditures and Other Financing Uses
Budget (GAAP Basis) and Actual Year Ended September 30, 2014

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>GENERAL ADMINISTRATION:</u>				
County Judge:				
Salaries	\$ 412,572	\$ 412,277	\$ 405,346	\$ 6,931
Employee Benefits	140,061	140,061	135,436	4,625
Supplies	7,550	7,550	2,773	4,777
Contract Services	12,194	42,400	34,141	8,259
Total County Judge	<u>572,377</u>	<u>602,288</u>	<u>577,696</u>	<u>24,592</u>
Human Resources:				
Salaries	359,824	359,824	348,317	11,507
Employee Benefits	141,277	141,277	137,289	3,988
Supplies	9,600	11,766	10,504	1,262
Contract Services	79,846	79,846	35,331	44,515
Total Human Resources	<u>590,547</u>	<u>592,713</u>	<u>531,441</u>	<u>61,272</u>
Risk Management:				
Salaries	460,054	460,054	453,098	6,956
Employee Benefits	172,842	172,842	168,177	4,665
Supplies	27,450	28,497	23,600	4,897
Contract Services	127,290	126,223	95,768	30,455
Total Risk Management	<u>787,636</u>	<u>787,616</u>	<u>740,643</u>	<u>46,973</u>
County Clerk:				
Salaries	1,547,398	1,547,398	1,459,772	87,626
Employee Benefits	749,157	749,157	718,126	31,031
Supplies	45,350	46,253	29,968	16,285
Contract Services	26,325	26,725	23,708	3,017
Total County Clerk	<u>2,368,230</u>	<u>2,369,533</u>	<u>2,231,574</u>	<u>137,959</u>
Collections:				
Salaries	295,214	254,535	232,987	21,548
Employee Benefits	151,607	124,168	122,621	1,547
Supplies	9,000	9,000	8,476	524
Contract Services	62,167	68,167	60,878	7,289
Total Collections	<u>517,988</u>	<u>455,870</u>	<u>424,962</u>	<u>30,908</u>

MONTGOMERY COUNTY, TEXAS
General Fund
Schedule of Expenditures and Other Financing Uses
Budget (GAAP Basis) and Actual Year Ended September 30, 2014

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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	153,496	153,496	153,493	3
Employee Benefits	65,377	65,452	65,446	6
Supplies	2,052	1,972	1,896	76
Contract Services	<u>2,107</u>	<u>2,687</u>	<u>2,488</u>	<u>199</u>
Total Veterans' Service	<u>223,032</u>	<u>223,607</u>	<u>223,323</u>	<u>284</u>
Information Technology:				
Salaries	1,953,631	1,991,422	1,850,759	140,663
Employee Benefits	690,881	718,602	651,872	66,730
Supplies	1,159,772	1,546,619	1,260,899	285,720
Contract Services	2,926,201	1,426,005	1,283,355	142,650
Capital Outlay	<u>316,689</u>	<u>5,028,400</u>	<u>4,660,309</u>	<u>368,091</u>
Total Information Technology	<u>7,047,174</u>	<u>10,711,048</u>	<u>9,707,194</u>	<u>1,003,854</u>
Purchasing Agent:				
Salaries	1,396,721	1,396,721	1,354,932	41,789
Employee Benefits	521,824	521,824	494,950	26,874
Supplies	14,732	14,732	14,003	729
Contract Services	224,392	224,455	107,337	117,118
Capital Outlay	<u>21,000</u>	<u>26,514</u>	<u>16,670</u>	<u>9,844</u>
Total Purchasing Agent	<u>2,178,669</u>	<u>2,184,246</u>	<u>1,987,892</u>	<u>196,354</u>
County-Wide:				
Salaries	997,416	99,103	-	99,103
Employee Benefits	3,235,500	3,235,500	3,235,500	-
Supplies	765,000	771,084	738,110	32,974
Contract Services	<u>9,024,922</u>	<u>5,419,053</u>	<u>4,781,072</u>	<u>637,981</u>
Total County-Wide	<u>14,022,838</u>	<u>9,524,740</u>	<u>8,754,682</u>	<u>770,058</u>
<u>TOTAL GENERAL ADM</u>	<u>28,308,491</u>	<u>27,451,661</u>	<u>25,179,407</u>	<u>2,272,254</u>
<u>JUDICIAL:</u>				
County Court No1:				
Salaries	341,899	338,147	338,133	14
Employee Benefits	114,385	113,638	108,428	5,210
Supplies	5,374	5,374	3,617	1,757
Contract Services	<u>6,265</u>	<u>6,265</u>	<u>4,860</u>	<u>1,405</u>
Total County Court No1	<u>467,923</u>	<u>463,424</u>	<u>455,038</u>	<u>8,386</u>
County Court No2:				
Salaries	556,939	556,939	552,601	4,338
Employee Benefits	203,620	203,620	196,668	6,952
Supplies	4,304	9,756	9,421	335
Contract Services	<u>11,178</u>	<u>8,178</u>	<u>7,620</u>	<u>558</u>
Total County Court No2	<u>776,041</u>	<u>778,493</u>	<u>766,310</u>	<u>12,183</u>

MONTGOMERY COUNTY, TEXAS
General Fund
Schedule of Expenditures and Other Financing Uses
Budget (GAAP Basis) and Actual Year Ended September 30, 2014

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
JUDICIAL(cont'd)				
County Court No3:				
Salaries	513,139	513,139	508,511	4,628
Employee Benefits	171,694	171,694	166,995	4,699
Supplies	9,570	8,457	3,488	4,969
Contract Services	<u>9,644</u>	<u>9,644</u>	<u>8,308</u>	<u>1,336</u>
Total County Court No3	<u>704,047</u>	<u>702,934</u>	<u>687,302</u>	<u>15,632</u>
County Court No4:				
Salaries	344,226	350,045	350,045	-
Employee Benefits	114,847	115,854	112,806	3,048
Supplies	8,155	8,155	5,152	3,003
Contract Services	<u>6,650</u>	<u>6,650</u>	<u>5,423</u>	<u>1,227</u>
Total County Court No4	<u>473,878</u>	<u>480,704</u>	<u>473,426</u>	<u>7,278</u>
County Court No5:				
Salaries	325,761	334,977	334,977	-
Employee Benefits	111,169	112,278	109,786	2,492
Supplies	8,830	8,830	5,195	3,635
Contract Services	<u>7,334</u>	<u>7,334</u>	<u>3,731</u>	<u>3,603</u>
Total County Court No5	<u>453,094</u>	<u>463,419</u>	<u>453,689</u>	<u>9,730</u>
District Attorney:				
Salaries	6,330,371	6,618,763	6,536,315	82,448
Employee Benefits	2,339,670	2,387,705	2,333,648	54,057
Supplies	144,293	129,680	129,680	-
Contract Services	162,608	245,047	238,381	6,666
Capital Outlay	<u>32,341</u>	<u>68,290</u>	<u>55,154</u>	<u>13,136</u>
Total District Attorney	<u>9,009,283</u>	<u>9,449,485</u>	<u>9,293,178</u>	<u>156,307</u>
District Clerk:				
Salaries	2,176,690	2,179,335	2,116,679	62,656
Employee Benefits	1,118,720	1,119,247	1,077,775	41,472
Supplies	90,549	92,524	83,307	9,217
Contract Services	<u>51,883</u>	<u>52,048</u>	<u>41,860</u>	<u>10,188</u>
Total District Clerk	<u>3,437,842</u>	<u>3,443,154</u>	<u>3,319,621</u>	<u>123,533</u>

MONTGOMERY COUNTY, TEXAS

General Fund

Schedule of Expenditures and Other Financing Uses
Budget (GAAP Basis) and Actual Year Ended September 30, 2014

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<u>JUDICIAL(cont'd)</u>	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Budget</u>	<u>Budget</u>		<u>Final Budget</u>
Justice of Peace Pct 1:				
Salaries	420,026	440,366	432,018	8,348
Employee Benefits	176,590	180,988	174,332	6,656
Supplies	10,500	11,613	11,553	60
Contract Services	25,379	37,879	26,060	11,819
Total Justice of Peace Pct 1	<u>632,495</u>	<u>670,846</u>	<u>643,963</u>	<u>26,883</u>
Justice of Peace Pct 2:				
Salaries	312,952	313,068	309,213	3,855
Employee Benefits	131,939	131,962	123,284	8,678
Supplies	8,040	8,040	6,088	1,952
Contract Services	17,665	29,865	20,388	9,477
Total Justice of Peace Pct 2	<u>470,596</u>	<u>482,935</u>	<u>458,973</u>	<u>23,962</u>
Justice of Peace Pct 3:				
Salaries	605,901	605,901	594,813	11,088
Employee Benefits	283,095	283,095	276,740	6,355
Supplies	13,791	13,791	13,095	696
Contract Services	26,288	28,976	16,721	12,255
Total Justice of Peace Pct 3	<u>929,075</u>	<u>931,763</u>	<u>901,369</u>	<u>30,394</u>
Justice of Peace Pct 4:				
Salaries	527,259	528,641	519,364	9,277
Employee Benefits	255,706	255,981	244,885	11,096
Supplies	9,603	12,087	6,412	5,675
Contract Services	22,468	33,384	24,913	8,471
Total Justice of Peace Pct 4	<u>815,036</u>	<u>830,093</u>	<u>795,574</u>	<u>34,519</u>
Justice of Peace Pct 5:				
Salaries	286,952	286,952	286,949	3
Employee Benefits	115,037	115,037	114,916	121
Supplies	9,362	9,563	7,532	2,031
Contract Services	16,540	25,815	11,338	14,477
Total Justice of Peace Pct 5	<u>427,891</u>	<u>437,367</u>	<u>420,735</u>	<u>16,632</u>
<u>TOTAL JUDICIAL</u>	<u>18,597,201</u>	<u>19,134,617</u>	<u>18,669,178</u>	<u>465,439</u>
<u>LEGAL:</u>				
County Attorney:				
Salaries	1,950,464	2,037,393	1,872,323	165,070
Employee Benefits	712,949	735,389	667,127	68,262
Supplies	43,607	104,319	102,674	1,645
Contract Services	239,546	266,236	96,264	169,972
Capital Outlay	-	102,967	97,029	5,938
<u>TOTAL LEGAL</u>	<u>2,946,566</u>	<u>3,246,304</u>	<u>2,835,417</u>	<u>410,887</u>

MONTGOMERY COUNTY, TEXAS
General Fund
Schedule of Expenditures and Other Financing Uses
Budget (GAAP Basis) and Actual Year Ended September 30, 2014

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<u>ELECTIONS:</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Salaries	737,024	849,451	849,069	382
Employee Benefits	262,813	245,933	239,148	6,785
Supplies	55,700	70,420	68,578	1,842
Contract Services	55,846	106,463	105,238	1,225
Capital Outlay	-	21,271	21,271	-
TOTAL ELECTIONS	1,111,383	1,293,538	1,283,304	10,234

FINANCIAL ADMINISTRATION:

County Auditor:

Salaries	1,372,122	1,372,122	1,331,289	40,833
Employee Benefits	551,845	551,845	522,687	29,158
Supplies	23,200	17,699	16,251	1,448
Contract Services	42,170	42,140	41,988	152
Total County Auditor	1,989,337	1,983,806	1,912,215	71,591

County Treasurer:

Salaries	461,959	461,959	450,560	11,399
Employee Benefits	184,699	184,699	178,493	6,206
Supplies	12,031	12,191	10,673	1,518
Contract Services	19,792	23,725	14,979	8,746
Total County Treasurer	678,481	682,574	654,705	27,869

Tax Assessor-Collector:

Salaries	2,603,436	2,603,585	2,417,377	186,208
Employee Benefits	1,220,882	1,220,912	1,118,374	102,538
Supplies	145,490	144,490	78,799	65,691
Contract Services	257,293	341,220	165,397	175,823
Capital Outlay	9,720	9,720	-	9,720
Total Tax Assessor-Collector	4,236,821	4,319,927	3,779,947	539,980
TOTAL FINANCIAL ADM	6,904,639	6,986,307	6,346,867	639,440

PUBLIC FACILITIES:

Custodial Services:

Salaries	1,885,223	1,885,223	1,830,534	54,689
Employee Benefits	819,758	819,758	788,247	31,511
Supplies	375,500	371,440	343,972	27,468
Contract Services	66,830	71,665	66,497	5,168
Capital Outlay	-	39,480	38,406	1,074
Total Custodial Services	3,147,311	3,187,566	3,067,656	119,910

MONTGOMERY COUNTY, TEXAS

General Fund

Schedule of Expenditures and Other Financing Uses
Budget (GAAP Basis) and Actual Year Ended September 30, 2014

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>PUBLIC FACILITIES (cont'd):</u>				
Building Maintenance:				
Salaries	2,054,454	2,064,475	2,026,634	37,841
Employee Benefits	896,441	898,437	862,617	35,820
Supplies	963,744	1,047,611	868,146	179,465
Contract Services	341,853	1,264,587	1,230,225	34,362
Capital Outlay	-	319,788	60,283	259,505
Total Building Maintenance	<u>4,256,492</u>	<u>5,594,898</u>	<u>5,047,905</u>	<u>546,993</u>
Jail:				
Salaries	11,559,120	11,894,929	11,894,923	6
Employee Benefits	5,538,799	5,578,973	5,390,897	188,076
Supplies	1,750,015	1,997,552	1,853,445	144,107
Contract Services	17,359,015	34,416,262	34,401,496	14,766
Capital Outlay	-	31,192	31,192	-
Total Jail	<u>36,206,949</u>	<u>53,918,908</u>	<u>53,571,953</u>	<u>346,955</u>
Magnolia Park:				
Capital Outlay	-	71,803	71,803	-
Total Magnolia Park	<u>-</u>	<u>71,803</u>	<u>71,803</u>	<u>-</u>
<u>TOTAL PUBLIC FACILITIES</u>	<u>43,610,752</u>	<u>62,773,175</u>	<u>61,759,317</u>	<u>1,013,858</u>
<u>PUBLIC SAFETY:</u>				
Fire Marshal:				
Salaries	804,501	801,168	754,685	46,483
Employee Benefits	287,978	288,854	267,017	21,837
Supplies	19,500	30,852	30,305	547
Contract Services	<u>30,618</u>	<u>24,786</u>	<u>22,624</u>	<u>2,162</u>
Total Fire Marshal	<u>1,142,597</u>	<u>1,145,660</u>	<u>1,074,631</u>	<u>71,029</u>
Constable Pct 1:				
Salaries	2,159,517	2,242,021	2,221,519	20,502
Employee Benefits	836,173	846,219	838,749	7,470
Supplies	132,231	191,213	183,894	7,319
Contract Services	28,851	108,679	102,153	6,526
Capital Outlay	-	128,634	113,575	15,059
Total Constable Pct 1	<u>3,156,772</u>	<u>3,516,766</u>	<u>3,459,890</u>	<u>56,876</u>

MONTGOMERY COUNTY, TEXAS
General Fund
Schedule of Expenditures and Other Financing Uses
Budget (GAAP Basis) and Actual Year Ended September 30, 2014

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>PUBLIC SAFETY (cont'd):</u>				
Constable Pct 2:				
Salaries	1,041,662	1,076,652	1,073,642	3,010
Employee Benefits	381,499	384,009	382,320	1,689
Supplies	45,434	127,994	69,765	58,229
Contract Services	31,868	42,804	32,995	9,809
Capital Outlay	5,251	820	-	820
Total Constable Pct 2	<u>1,505,714</u>	<u>1,632,279</u>	<u>1,558,722</u>	<u>73,557</u>
Constable Pct 3:				
Salaries	2,003,385	2,030,096	2,026,743	3,353
Employee Benefits	757,672	755,533	747,842	7,691
Supplies	51,556	145,188	118,008	27,180
Contract Services	24,355	46,575	41,306	5,269
Capital Outlay	-	283,111	242,306	40,805
Total Constable Pct 3	<u>2,836,968</u>	<u>3,260,503</u>	<u>3,176,205</u>	<u>84,298</u>
Constable Pct 4:				
Salaries	1,754,572	1,782,500	1,772,886	9,614
Employee Benefits	674,090	671,296	663,859	7,437
Supplies	45,121	122,993	121,272	1,721
Contract Services	38,196	39,483	37,312	2,171
Capital Outlay	-	90,107	90,107	-
Total Constable Pct 4	<u>2,511,979</u>	<u>2,706,379</u>	<u>2,685,436</u>	<u>20,943</u>
Constable Pct 5:				
Salaries	1,581,667	1,587,804	1,524,379	63,425
Employee Benefits	593,345	594,599	563,969	30,630
Supplies	46,735	62,323	58,158	4,165
Contract Services	30,475	46,931	45,146	1,785
Total Constable Pct 5	<u>2,252,222</u>	<u>2,291,657</u>	<u>2,191,652</u>	<u>100,005</u>
Sheriff:				
Salaries	22,054,395	24,332,744	24,131,152	201,592
Employee Benefits	9,357,962	9,803,491	9,769,734	33,757
Supplies	3,140,565	3,283,637	2,524,526	759,111
Contract Services	2,114,605	2,745,777	2,239,002	506,775
Capital Outlay	9,136	2,588,650	2,041,212	547,438
Total Sheriff	<u>36,676,663</u>	<u>42,754,299</u>	<u>40,705,626</u>	<u>2,048,673</u>

MONTGOMERY COUNTY, TEXAS
General Fund
Schedule of Expenditures and Other Financing Uses
Budget (GAAP Basis) and Actual Year Ended September 30, 2014

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>PUBLIC SAFETY(cont'd)</u>				
Juvenile Services:				
Salaries	3,204,927	3,333,084	3,205,902	127,182
Employee Benefits	1,497,051	1,548,331	1,455,123	93,208
Supplies	82,585	82,902	76,177	6,725
Contract Services	217,277	741,227	382,444	358,783
Capital Outlay	-	34,263	6,876	27,387
Total Juvenile Services	<u>5,001,840</u>	<u>5,739,807</u>	<u>5,126,522</u>	<u>613,285</u>
Adult Services:				
Supplies	6,105	7,905	7,404	501
Contract Services	<u>15,000</u>	<u>20,700</u>	<u>19,523</u>	<u>1,177</u>
Total Adult Services	<u>21,105</u>	<u>28,605</u>	<u>26,927</u>	<u>1,678</u>
Emergency Management:				
Salaries	188,441	434,759	379,312	55,447
Employee Benefits	72,462	172,801	145,151	27,650
Supplies	2,889	79,148	29,302	49,846
Contract Services	7,492	780,539	262,073	518,466
Capital Outlay	-	1,670,120	915,243	754,877
Total Emergency Management	<u>271,284</u>	<u>3,137,367</u>	<u>1,731,081</u>	<u>1,406,286</u>
Department of Public Safety:				
Salaries	64,845	64,845	64,834	11
Employee Benefits	36,117	36,187	36,183	4
Supplies	450	450	448	2
Total Dept of Public Safety	<u>101,412</u>	<u>101,482</u>	<u>101,465</u>	<u>17</u>
<u>TOTAL PUBLIC SAFETY</u>	<u>55,478,556</u>	<u>66,314,804</u>	<u>61,838,157</u>	<u>4,476,647</u>
<u>HEALTH AND WELFARE:</u>				
Vehicle Emissions Program:				
Contract Services	<u>-</u>	<u>354,954</u>	<u>177,477</u>	<u>177,477</u>
Medical:				
Contract Services	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>
Mental Health:				
Contract Services	<u>302,525</u>	<u>302,525</u>	<u>236,716</u>	<u>65,809</u>

MONTGOMERY COUNTY, TEXAS

General Fund

Schedule of Expenditures and Other Financing Uses
Budget (GAAP Basis) and Actual Year Ended September 30, 2014

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>HEALTH AND WELFARE:</u>				
Environmental Health:				
Salaries	1,592,953	1,592,983	1,591,821	1,162
Employee Benefits	630,512	630,518	628,818	1,700
Supplies	44,157	44,157	25,704	18,453
Contract Services	<u>75,540</u>	<u>79,346</u>	<u>59,836</u>	<u>19,510</u>
Total Environmental Health	<u>2,343,162</u>	<u>2,347,004</u>	<u>2,306,179</u>	<u>40,825</u>
Forensic Services:				
Salaries	586,216	591,505	571,742	19,763
Employee Benefits	174,772	176,033	160,306	15,727
Supplies	213,829	195,989	50,733	145,256
Contract Services	292,125	328,469	207,439	121,030
Capital Outlay	<u>-</u>	<u>5,448</u>	<u>5,448</u>	<u>-</u>
Total Forensic Services	<u>1,266,942</u>	<u>1,297,444</u>	<u>995,668</u>	<u>301,776</u>
Animal Control:				
Salaries	553,680	553,550	550,533	3,017
Employee Benefits	272,691	272,821	272,500	321
Supplies	92,050	81,732	80,476	1,256
Contract Services	54,141	45,845	43,538	2,307
Capital Outlay	<u>1,000</u>	<u>27,746</u>	<u>4,309</u>	<u>23,437</u>
Total Animal Control	<u>973,562</u>	<u>981,694</u>	<u>951,356</u>	<u>30,338</u>
MCCD County Appropriation:				
Contract Services	<u>1,000</u>	<u>113,428</u>	<u>112,674</u>	<u>754</u>
Welfare:				
Contract Services	<u>979,231</u>	<u>999,231</u>	<u>999,231</u>	<u>-</u>
<u>TOTAL HEALTH/WELFARE</u>	<u>5,956,422</u>	<u>6,486,280</u>	<u>5,869,301</u>	<u>616,979</u>
<u>CONSERVATION:</u>				
Extension Agent:				
Salaries	353,079	353,079	351,220	1,859
Employee Benefits	174,732	174,732	152,986	21,746
Supplies	19,780	18,676	18,676	-
Contract Services	<u>36,958</u>	<u>70,328</u>	<u>69,735</u>	<u>593</u>
<u>TOTAL CONSERVATION</u>	<u>584,549</u>	<u>616,815</u>	<u>592,617</u>	<u>24,198</u>

MONTGOMERY COUNTY, TEXAS
General Fund
Schedule of Expenditures and Other Financing Uses
Budget (GAAP Basis) and Actual Year Ended September 30, 2014

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
MISCELLANEOUS:				
Contingency	527,141	301,893	-	301,893
TOTAL MISCELLANEOUS	<u>527,141</u>	<u>301,893</u>	<u>-</u>	<u>301,893</u>
TOTAL EXPENDITURES GENERAL FUND	<u>164,025,700</u>	<u>194,605,394</u>	<u>184,373,565</u>	<u>10,231,829</u>
To Civic Center	-	216,290	216,290	-
To Memorial Library	-	329,482	8,829,482	(8,500,000)
To Animal Shelter	-	55,000	1,555,000	(1,500,000)
To Child Welfare	-	-	101,450	(101,450)
To Airport Maintenance	-	54,908	54,908	-
To Attorney Administration	-	2,019	17,117	(15,098)
To Jury	-	456,627	8,456,627	(8,000,000)
To Road and Bridge	-	1,065,461	1,065,461	-
To Juvenile Probation	-	115	115	-
To Mental Health	-	559	559	-
To Records Management County	-	-	150,000	(150,000)
To Courthouse Security	-	-	150,000	(150,000)
To Debt Service	-	-	1,121,914	(1,121,914)
TOTAL OTHER FINANCING USES	<u>-</u>	<u>2,180,461</u>	<u>21,718,923</u>	<u>(19,538,462)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 164,025,700</u>	<u>\$ 196,785,855</u>	<u>\$ 206,092,488</u>	<u>\$ (9,306,633)</u>

MONTGOMERY COUNTY, TEXAS
General Fund - Managerial Funds
Combining Balance Sheet
Year Ended September 30, 2014

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	Civic Center Complex	Memorial Library	Animal Shelter
<u>ASSETS:</u>			
Cash	\$ -	\$ 700	\$ -
Investments, at Fair Value	-	-	-
Receivables:			
Accounts	167,283	1,010	2,000
Due from Other Funds	852,217	1,743,222	350,447
Due from Other Governments	11,433	-	772
<u>TOTAL ASSETS</u>	<u>\$ 1,030,933</u>	<u>\$ 1,744,932</u>	<u>\$ 353,219</u>
 <u>LIABILITIES AND FUND BALANCES:</u>			
<u>LIABILITIES:</u>			
Accounts Payable	\$ 74,873	\$ 306,286	\$ 5,697
Unearned Revenue	-	-	-
Total Liabilities	74,873	306,286	5,697
 <u>FUND BALANCES:</u>			
Restricted	-	-	-
Committed	381	727	-
Assigned	955,679	1,437,919	347,522
Total Fund Balances	956,060	1,438,646	347,522
 <u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 1,030,933</u>	<u>\$ 1,744,932</u>	<u>\$ 353,219</u>

<u>Historical Commission</u>	<u>Alternate Dispute Resolution</u>	<u>Child Welfare</u>	<u>Airport Maintenance</u>	<u>Totals</u>
\$ -	\$ 21,615	\$ -	\$ 975,297	\$ 997,612
-	-	-	611,425	611,425
-	-	-	-	170,293
-	-	40,501	6,148,541	9,134,928
-	11,578	9,262	-	33,045
<u>\$ -</u>	<u>\$ 33,193</u>	<u>\$ 49,763</u>	<u>\$ 7,735,263</u>	<u>\$ 10,947,303</u>
\$ -	\$ 23,448	\$ 5,976	\$ 41,089	\$ 457,369
-	-	-	3,287,912	3,287,912
<u>-</u>	<u>23,448</u>	<u>5,976</u>	<u>3,329,001</u>	<u>3,745,281</u>
-	9,745	5,792		15,537
-	-	37,995	794,392	833,495
-	-	-	3,611,870	6,352,990
<u>-</u>	<u>9,745</u>	<u>43,787</u>	<u>4,406,262</u>	<u>7,202,022</u>
<u>\$ -</u>	<u>\$ 33,193</u>	<u>\$ 49,763</u>	<u>\$ 7,735,263</u>	<u>\$ 10,947,303</u>

MONTGOMERY COUNTY, TEXAS
General Fund - Managerial Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2014

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	<u>Civic Center Complex</u>	<u>Memorial Library</u>	<u>Animal Shelter</u>
<u>REVENUES:</u>			
Licenses and Permits	\$ 68,046	\$ -	\$ -
Fees	-	-	17,120
Intergovernmental	696,903	-	-
Charges for Services	463,670	158,709	-
Interest	-	-	-
Miscellaneous	-	1,359	2,203
<u>TOTAL REVENUES</u>	<u>1,228,619</u>	<u>160,068</u>	<u>19,323</u>
<u>EXPENDITURES:</u>			
Legal Services	-	-	-
Public Facilities	1,379,592	-	-
Health and Welfare	-	-	1,469,475
Culture and Recreation	-	8,790,454	-
Public Transportation	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>1,379,592</u>	<u>8,790,454</u>	<u>1,469,475</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(150,973)</u>	<u>(8,630,386)</u>	<u>(1,450,152)</u>
<u>OTHER FINANCING SOURCES/ (USES):</u>			
Transfers In	266,290	8,879,482	1,555,000
Transfers Out	(108)	(1,041)	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>266,182</u>	<u>8,878,441</u>	<u>1,555,000</u>
Net Change in Fund Balances	115,209	248,055	104,848
Fund Balances at Beginning of Year	<u>840,851</u>	<u>1,190,591</u>	<u>242,674</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 956,060</u>	<u>\$ 1,438,646</u>	<u>\$ 347,522</u>

Historical Commission	Alternate Dispute Resolution	Child Welfare	Airport Maintenance	Totals
\$ -	\$ -	\$ -	\$ -	\$ 68,046
-	135,288	-	-	152,408
-	-	7,936	-	704,839
-	-	-	416,036	1,038,415
-	67	-	2,759	2,826
13,560	-	60	573	17,755
13,560	135,355	7,996	419,368	1,984,289
-	136,131	-	-	136,131
-	-	-	-	1,379,592
-	-	67,171	-	1,536,646
50,000	-	-	-	8,840,454
-	-	-	975,418	975,418
50,000	136,131	67,171	975,418	12,868,241
(36,440)	(776)	(59,175)	(556,050)	(10,883,952)
36,440	-	101,450	63,508	10,902,170
-	-	-	(3,800)	(4,949)
36,440	-	101,450	59,708	10,897,221
-	(776)	42,275	(496,342)	13,269
-	10,521	1,512	4,902,604	7,188,753
\$ -	\$ 9,745	\$ 43,787	\$ 4,406,262	\$ 7,202,022

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, 2014

A-8

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Licenses and Permits	\$ 50,000	\$ 50,000	\$ 68,046	\$ 18,046
Charges for Service	390,000	390,000	463,670	73,670
Intergovernmental	480,000	480,000	696,903	216,903
Total Revenues	<u>920,000</u>	<u>920,000</u>	<u>1,228,619</u>	<u>308,619</u>
<u>EXPENDITURES:</u>				
Facilities:				
Salaries	430,773	430,899	425,835	5,064
Employee Benefits	190,209	190,234	184,630	5,604
Supplies	140,066	299,799	292,814	6,985
Contract Services	205,112	465,112	454,681	10,431
Capital Outlay	-	21,632	21,632	-
Total Expenditures	<u>966,160</u>	<u>1,407,676</u>	<u>1,379,592</u>	<u>28,084</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(46,160)</u>	<u>(487,676)</u>	<u>(150,973)</u>	<u>336,703</u>
<u>OTHER FINANCING SOURCES/(USES):</u>				
Transfers In	-	266,290	266,290	-
Transfers Out	-	(108)	(108)	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>-</u>	<u>266,182</u>	<u>266,182</u>	<u>-</u>
Net Change in Fund Balance	(46,160)	(221,494)	115,209	336,703
Fund Balance at Beginning of Year	<u>840,851</u>	<u>840,851</u>	<u>840,851</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 794,691</u>	<u>\$ 619,357</u>	<u>\$ 956,060</u>	<u>\$ 336,703</u>

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, 2014

A-9

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Charges for Service	\$ 140,000	\$ 140,000	\$ 158,709	\$ 18,709
Miscellaneous	-	-	1,359	1,359
Total Revenues	<u>140,000</u>	<u>140,000</u>	<u>160,068</u>	<u>20,068</u>
<u>EXPENDITURES:</u>				
Culture & Recreation:				
Salaries	5,172,651	5,180,872	4,945,472	235,400
Employee Benefits	2,381,600	2,383,238	2,255,951	127,287
Supplies	602,379	620,361	611,737	8,624
Contract Services	365,003	679,627	660,168	19,459
Capital Outlay	250,000	320,446	317,126	3,320
Total Expenditures	<u>8,771,633</u>	<u>9,184,544</u>	<u>8,790,454</u>	<u>394,090</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(8,631,633)</u>	<u>(9,044,544)</u>	<u>(8,630,386)</u>	<u>414,158</u>
<u>OTHER FINANCING</u>				
<u>SOURCES/(USES):</u>				
Transfers In	-	379,482	8,879,482	8,500,000
Transfers Out	-	(1,041)	(1,041)	-
<u>TOTAL OTHER FINANCING</u>				
<u>SOURCES/(USES)</u>	<u>-</u>	<u>378,441</u>	<u>8,878,441</u>	<u>8,500,000</u>
Net Change in Fund Balance	(8,631,633)	(8,666,103)	248,055	8,914,158
Fund Balance at Beginning of Year	<u>1,190,591</u>	<u>1,190,591</u>	<u>1,190,591</u>	<u>-</u>
<u>FUND BALANCE AT</u>				
<u>END OF YEAR</u>	<u>\$ (7,441,042)</u>	<u>\$ (7,475,512)</u>	<u>\$ 1,438,646</u>	<u>\$ 8,914,158</u>

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, 2014

A-10

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees		-	17,120	17,120
Miscellaneous	-	-	2,203	2,203
Total Revenues	<u>-</u>	<u>-</u>	<u>19,323</u>	<u>19,323</u>
<u>EXPENDITURES:</u>				
Health & Welfare:				
Contract Services	1,408,520	1,476,520	1,469,475	7,045
Total Expenditures	<u>1,408,520</u>	<u>1,476,520</u>	<u>1,469,475</u>	<u>7,045</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(1,408,520)</u>	<u>(1,476,520)</u>	<u>(1,450,152)</u>	<u>26,368</u>
<u>OTHER FINANCING</u>				
<u>SOURCES:</u>				
Transfers In	-	55,000	1,555,000	1,500,000
Net Change in Fund Balance	(1,408,520)	(1,421,520)	104,848	1,526,368
Fund Balance at Beginning of Year	<u>242,674</u>	<u>242,674</u>	<u>242,674</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (1,165,846)</u>	<u>\$ (1,178,846)</u>	<u>\$ 347,522</u>	<u>\$ 1,526,368</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, 2014

A-11

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Miscellaneous	\$ -	\$ -	\$ 13,560	\$ 13,560
Total Revenues	<u>-</u>	<u>-</u>	<u>13,560</u>	<u>13,560</u>
<u>EXPENDITURES:</u>				
Culture & Recreation:				
Contract Services	45,000	50,000	50,000	-
Total Expenditures	<u>45,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(45,000)</u>	<u>(50,000)</u>	<u>(36,440)</u>	<u>13,560</u>
<u>OTHER FINANCING</u>				
<u>SOURCES:</u>				
Transfers In	-	5,000	36,440	41,440
Net Change in Fund Balance	(45,000)	(45,000)	-	55,000
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCE AT</u>				
<u>END OF YEAR</u>	<u>\$ (45,000)</u>	<u>\$ (45,000)</u>	<u>\$ -</u>	<u>\$ 55,000</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, 2014

A-12

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ 130,830	\$ 136,064	\$ 135,288	\$ (776)
Interest	-	67	67	-
Total Revenues	<u>130,830</u>	<u>136,131</u>	<u>135,355</u>	<u>(776)</u>
<u>EXPENDITURES:</u>				
Legal Services:				
Contract Services	<u>130,830</u>	<u>136,131</u>	<u>136,131</u>	-
Total Expenditures	<u>130,830</u>	<u>136,131</u>	<u>136,131</u>	-
Net Change in Fund Balance	-	-	(776)	(776)
Fund Balance at Beginning of Year	<u>10,521</u>	<u>10,521</u>	<u>10,521</u>	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 10,521</u>	<u>\$ 10,521</u>	<u>\$ 9,745</u>	<u>\$ (776)</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, 2014

A-13

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Intergovernmental	\$ -	\$ 30,437	\$ 7,936	\$ (22,501)
Miscellaneous		-	60	60
Total Revenues	-	30,437	7,996	(22,441)
<u>EXPENDITURES:</u>				
Health and Welfare:				
Salaries	-	66,239	13,900	52,339
Supplies	34,600	43,600	38,170	5,430
Contract Services	43,850	41,350	15,101	26,249
Total Expenditures	78,450	151,189	67,171	84,018
Excess (Deficiency) Revenues Over Expenditures	(78,450)	(120,752)	(59,175)	61,577
<u>OTHER FINANCING</u>				
<u>SOURCES:</u>				
Transfers In	-	-	101,450	101,450
Net Change in Fund Balance	(78,450)	(120,752)	42,275	163,027
Fund Balance at Beginning of Year	1,512	1,512	1,512	-
<u>FUND BALANCE AT</u> <u>END OF YEAR</u>	\$ (76,938)	\$ (119,240)	\$ 43,787	\$ 163,027

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, 2014

A-14

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Charges for Service	\$ 343,408	\$ 726,413	\$ 416,036	\$ (310,377)
Interest	700	700	2,759	2,059
Miscellaneous	-	-	573	573
Total Revenues	<u>344,108</u>	<u>727,113</u>	<u>419,368</u>	<u>(307,745)</u>
<u>EXPENDITURES:</u>				
Public Transportation:				
Salaries	294,917	308,183	305,758	2,425
Employee Benefits	105,393	108,036	107,904	132
Supplies	40,490	40,490	34,813	5,677
Contract Services	103,175	268,921	148,181	120,740
Capital Outlay	73,423	1,135,599	378,762	756,837
Total Expenditures	<u>617,398</u>	<u>1,861,229</u>	<u>975,418</u>	<u>885,811</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(273,290)</u>	<u>(1,134,116)</u>	<u>(556,050)</u>	<u>578,066</u>
<u>OTHER FINANCING</u>				
<u>SOURCES/(USES):</u>				
Transfers In	-	63,508	63,508	-
Transfers Out	-	(3,800)	(3,800)	-
<u>TOTAL OTHER FINANCING</u>				
<u>SOURCES/(USES)</u>	<u>-</u>	<u>59,708</u>	<u>59,708</u>	<u>-</u>
Net Change in Fund Balance	(273,290)	(1,074,408)	(496,342)	578,066
Fund Balance at Beginning of Year	<u>4,902,604</u>	<u>4,902,604</u>	<u>4,902,604</u>	<u>-</u>
<u>FUND BALANCE AT</u>				
<u>END OF YEAR</u>	<u>\$ 4,629,314</u>	<u>\$ 3,828,196</u>	<u>\$ 4,406,262</u>	<u>\$ 578,066</u>

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

MONTGOMERY COUNTY, TEXAS
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2014

B-1

	Special Revenue	Capital Projects	Total
<u>ASSETS:</u>			
Cash	\$ 3,888,378	\$ 84,984	\$ 3,973,362
Investments, at Fair Value	6,131,688	29,700,625	35,832,313
Cash, Restricted for Retainage	-	2,490	2,490
Receivables:			
Accounts (net)	853	16	869
Due from Other Funds	7,710,165	13,556,144	21,266,309
Due from Other Governments	3,158,890	-	3,158,890
Prepaid Items	1,533,898	-	1,533,898
<u>TOTAL ASSETS</u>	<u>\$ 22,423,872</u>	<u>\$ 43,344,259</u>	<u>\$ 65,768,131</u>

**LIABILITIES AND
FUND BALANCES:**

<u>LIABILITIES:</u>			
Accounts Payable	\$ 2,629,034	\$ 1,478,456	\$ 4,107,490
Retainage Payable	12,767	308,226	320,993
Due to Other Funds	1,550,750	18,503	1,569,253
Unearned Revenue	377,086	-	377,086
Total Liabilities	<u>4,569,637</u>	<u>1,805,185</u>	<u>6,374,822</u>

FUND BALANCES:

Nonspendable	1,533,898	-	1,533,898
Restricted	14,797,675	28,298,272	43,095,947
Committed	1,726	13,240,802	13,242,528
Assigned	1,520,936	-	1,520,936
Total Fund Balances	<u>17,854,235</u>	<u>41,539,074</u>	<u>59,393,309</u>

**TOTAL LIABILITIES AND
FUND BALANCES**

	<u>\$ 22,423,872</u>	<u>\$ 43,344,259</u>	<u>\$ 65,768,131</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, 2014

B-2

	Special Revenue	Capital Projects	Totals
<u>REVENUES:</u>			
Fees	\$ 2,612,703	\$ -	\$ 2,612,703
Intergovernmental	14,691,136	-	14,691,136
Charges for Services	1,527,395	-	1,527,395
Interest	12,292	27,827	40,119
Contract Reimbursements	16,064,596	-	16,064,596
Fines and Forfeitures	1,471,774	-	1,471,774
Miscellaneous	244,678	-	244,678
<u>TOTAL REVENUES</u>	<u>36,624,574</u>	<u>27,827</u>	<u>36,652,401</u>
<u>EXPENDITURES:</u>			
Current:			
General Administration	957,225	-	957,225
Judicial	11,916,106	-	11,916,106
Legal Services	361,094	-	361,094
Elections	1,228,912	-	1,228,912
Public Safety	4,352,386	-	4,352,386
Health and Welfare	16,573,775	-	16,573,775
Culture and Recreation	126,656	-	126,656
Public Transportation	7,775,781	-	7,775,781
Capital Projects	-	18,177,561	18,177,561
<u>TOTAL EXPENDITURES</u>	<u>43,291,935</u>	<u>18,177,561</u>	<u>61,469,496</u>
(Deficiency) Revenues Over Expenditures	(6,667,361)	(18,149,734)	(24,817,095)
<u>OTHER FINANCING SOURCES/(USES)</u>			
Transfers In	8,774,418	-	8,774,418
Transfers Out	(1,477,894)	(11)	(1,477,905)
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>7,296,524</u>	<u>(11)</u>	<u>7,296,513</u>
Net Change in Fund Balances	629,163	(18,149,745)	(17,520,582)
Fund Balances at Beginning of Year	17,225,072	59,688,819	76,913,891
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 17,854,235</u>	<u>\$ 41,539,074</u>	<u>\$ 59,393,309</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, 2014, 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.

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 for this fund are authorized under Sections 51.317, 118.052, 118.0546, and 118.0645 of the Local Government Code and Article 102.005(d), of the Code of Criminal Procedure. Fees collected 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.

Bond Supervision Fund - to account for the receipt and disbursement of funds received directly related to bond supervision. Funds are used to support misdemeanor bond supervision and felony supervision.

Contract Elections Services Fund – to account for funds received for elections conducted by the County for other entities. Revenues in this account are the result of contracts between the County and other local governments.

Help America Vote Act (HAVA) Grant Fund – to account for the rental of equipment acquired by the HAVA Grant. Disbursements from this fund are limited to acquiring additional equipment and maintenance of the original equipment purchased by the grant.

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, 2014

C-1
Page 1 of 4

	Attorney Administration	Forfeitures	FEMA Disaster Grants	Jury	Sheriff Commissary
ASSETS:					
Cash	\$ 7,475	\$ 906,214	\$ -	\$ 119,703	\$ 930,748
Investments, at Fair Value	-	-	-	-	-
Receivables:					
Accounts	-	-	-	253	-
Due from Other Funds	-	-	221,867	1,749,338	-
Due from Other Governments	3,973	-	-	360,969	-
Prepaid Items	-	-	-	-	-
TOTAL ASSETS	\$ 11,448	\$ 906,214	\$ 221,867	\$ 2,230,263	\$ 930,748

LIABILITIES AND FUND BALANCES:

LIABILITIES:					
Accounts Payable	\$ 1,723	\$ 1,088	\$ -	\$ 701,244	\$ 3,416
Retainage Payable	-	-	-	-	-
Due to Other Funds	6,205	-	-	-	-
Unearned Revenue	-	-	-	6,357	-
Total Liabilities	<u>7,928</u>	<u>1,088</u>	<u>-</u>	<u>707,601</u>	<u>3,416</u>

FUND BALANCES:					
Nonspendable	-	-	-	-	-
Restricted	3,520	905,126	221,867	-	927,332
Committed	-	-	-	1,726	-
Assigned	-	-	-	1,520,936	-
Total Fund Balances	<u>3,520</u>	<u>905,126</u>	<u>221,867</u>	<u>1,522,662</u>	<u>927,332</u>

TOTAL LIABILITIES AND FUND BALANCES	\$ 11,448	\$ 906,214	\$ 221,867	\$ 2,230,263	\$ 930,748
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Memorial Library	Community Development	Memo Totals from Page 115	Memo Totals from Page 117	Memo Totals from Page 119	Totals
\$ -	\$ -	\$ 793,756	\$ 423,815	706,667	\$ 3,888,378
-	-	5,412,784	259,934	458,970	6,131,688
169	427	4	-	-	853
164,927	-	3,971,346	1,484,040	118,647	7,710,165
-	736,005	1,551,117	111,447	395,379	3,158,890
-	-	1,533,898	-	-	1,533,898
<u>\$ 165,096</u>	<u>\$ 736,432</u>	<u>\$ 13,262,905</u>	<u>\$ 2,279,236</u>	<u>1,679,663</u>	<u>\$ 22,423,872</u>
\$ 29	\$ 233,129	\$ 1,584,177	\$ 45,614	58,614	\$ 2,629,034
-	12,767	-	-	-	12,767
-	323,758	16,006	2,072	1,202,709	1,550,750
-	166,777	203,952	-	-	377,086
<u>29</u>	<u>736,431</u>	<u>1,804,135</u>	<u>47,686</u>	<u>1,261,323</u>	<u>4,569,637</u>
-	-	1,533,898	-	-	1,533,898
165,067	1	9,924,872	2,231,550	418,340	14,797,675
-	-	-	-	-	1,726
-	-	-	-	-	1,520,936
<u>165,067</u>	<u>1</u>	<u>11,458,770</u>	<u>2,231,550</u>	<u>418,340</u>	<u>17,854,235</u>
<u>\$ 165,096</u>	<u>\$ 736,432</u>	<u>\$ 13,262,905</u>	<u>\$ 2,279,236</u>	<u>\$ 1,679,663</u>	<u>\$ 22,423,872</u>

MONTGOMERY COUNTY, TEXAS
Nonmajor Special Revenue Funds
Combining Balance Sheet
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	<u>Law Library</u>	<u>Juvenile Probation</u>	<u>Records Management and Preservation</u>	<u>Pre-Trial Diversion</u>
ASSETS:				
Cash	\$ 35,522	\$ 678,219	\$ 48,086	\$ -
Investments, at Fair Value	285,370	-	4,287,377	-
Receivables:				
Accounts	4	-	-	-
Due from Other Funds	-	1,110,204	753,596	270,561
Due from Other Governments	21,686	116,011	58,848	-
Prepaid Items	-	-	-	-
TOTAL ASSETS	<u>\$ 342,582</u>	<u>\$ 1,904,434</u>	<u>\$ 5,147,907</u>	<u>\$ 270,561</u>
 LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Accounts Payable	\$ 12,988	\$ 175,308	\$ 60,858	\$ -
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	-
Total Liabilities	<u>12,988</u>	<u>175,308</u>	<u>60,858</u>	<u>-</u>
 FUND BALANCES:				
Nonspendable	-	-	-	-
Restricted	<u>329,594</u>	<u>1,729,126</u>	<u>5,087,049</u>	<u>270,561</u>
Total Fund Balances	<u>329,594</u>	<u>1,729,126</u>	<u>5,087,049</u>	<u>270,561</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 342,582</u>	 <u>\$ 1,904,434</u>	 <u>\$ 5,147,907</u>	 <u>\$ 270,561</u>

Airport Grants	Mental Health Facility	Records Management County	Records Management District Clerk	Memo Totals to Page 113
\$ -	\$ -	\$ 19,940	\$ 11,989	\$ 793,756
692,280	-	-	147,757	5,412,784
-	-	-	-	4
50,090	1,786,895	-	-	3,971,346
49,972	1,284,788	15,826	3,986	1,551,117
1,533,898	-	-	-	1,533,898
<u>\$ 2,326,240</u>	<u>\$ 3,071,683</u>	<u>\$ 35,766</u>	<u>\$ 163,732</u>	<u>\$ 13,262,905</u>
\$ -	\$ 1,322,521	\$ 12,490	\$ 12	\$ 1,584,177
-	-	16,006	-	16,006
-	203,952	-	-	203,952
-	1,526,473	28,496	12	1,804,135
1,533,898	-	-	-	1,533,898
792,342	1,545,210	7,270	163,720	9,924,872
2,326,240	1,545,210	7,270	163,720	11,458,770
<u>\$ 2,326,240</u>	<u>\$ 3,071,683</u>	<u>\$ 35,766</u>	<u>\$ 163,732</u>	<u>\$ 13,262,905</u>

MONTGOMERY COUNTY, TEXAS
Nonmajor Special Revenue Funds
Combining Balance Sheet
September 30, 2014

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	Digital Preservation County and District	District Clerk Record Preservation	Court Guardianship	Court Reporter
<u>ASSETS:</u>				
Cash	\$ 3,189	\$ -	\$ 1,603	\$ 1,731
Investments, at Fair Value	181,140	78,794	-	-
Receivables:				
Accounts	-	-	-	-
Due from Other Funds	117,709	-	95,666	27,094
Due from Other Governments	3,940	3,614	1,980	10,201
Prepaid Items	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 305,978</u>	<u>\$ 82,408</u>	<u>\$ 99,249</u>	<u>\$ 39,026</u>
 <u>LIABILITIES AND FUND BALANCES:</u>				
<u>LIABILITIES:</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ 4,973
Due to Other Funds	-	-	-	-
Total Liabilities	-	-	-	4,973
 <u>FUND BALANCES:</u>				
Restricted	305,978	82,408	99,249	34,053
Total Fund Balances	305,978	82,408	99,249	34,053
 <u>TOTAL LIABILITIES AND</u>				
<u>FUND BALANCES</u>	<u>\$ 305,978</u>	<u>\$ 82,408</u>	<u>\$ 99,249</u>	<u>\$ 39,026</u>

Courthouse Security	Court Technology County and District	Justice Court Building Security	Justice Court Technology	Juvenile Case Manager	Bond Supervision	Memo Totals to Page 113
\$ 10,899	\$ 3,714	\$ 2,643	\$ -	\$ 22,527	\$ 377,509	\$ 423,815
-	-	-	-	-	-	259,934
-	-	-	-	-	-	-
13,985	14,714	39,030	538,850	636,992	-	1,484,040
26,501	1,816	3,245	13,027	10,101	37,022	111,447
-	-	-	-	-	-	-
<u>\$ 51,385</u>	<u>\$ 20,244</u>	<u>\$ 44,918</u>	<u>\$ 551,877</u>	<u>\$ 669,620</u>	<u>\$ 414,531</u>	<u>\$ 2,279,236</u>
\$ 34,985	\$ 297	\$ -	\$ 1,783	\$ 3,576	\$ -	\$ 45,614
-	-	-	-	-	2,072	2,072
<u>34,985</u>	<u>297</u>	<u>-</u>	<u>1,783</u>	<u>3,576</u>	<u>2,072</u>	<u>47,686</u>
16,400	19,947	44,918	550,094	666,044	412,459	2,231,550
<u>16,400</u>	<u>19,947</u>	<u>44,918</u>	<u>550,094</u>	<u>666,044</u>	<u>412,459</u>	<u>2,231,550</u>
<u>\$ 51,385</u>	<u>\$ 20,244</u>	<u>\$ 44,918</u>	<u>\$ 551,877</u>	<u>\$ 669,620</u>	<u>\$ 414,531</u>	<u>\$ 2,279,236</u>



MONTGOMERY COUNTY, TEXAS
Nonmajor Special Revenue Funds
Combining Balance Sheet
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	<u>Contract Elections Services</u>	<u>HAVA Grant Fund</u>	<u>Federal ARRA Grants</u>	<u>Memo Totals to Page 113</u>
<u>ASSETS:</u>				
Cash	\$ 706,667	\$ -	\$ -	\$ 706,667
Investments, at Fair Value	458,970	-	-	458,970
Due from Other Funds	-	118,647	-	118,647
Due from Other Governments	314,883	-	80,496	395,379
Prepaid Items	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 1,480,520</u>	<u>\$ 118,647</u>	<u>\$ 80,496</u>	<u>\$ 1,679,663</u>
 <u>LIABILITIES AND FUND BALANCES:</u>				
<u>LIABILITIES:</u>				
Accounts Payable	\$ 30,980	\$ -	\$ 27,634	\$ 58,614
Due to Other Funds	1,157,214	-	45,495	1,202,709
Total Liabilities	<u>1,188,194</u>	<u>-</u>	<u>73,129</u>	<u>1,261,323</u>
 <u>FUND BALANCES:</u>				
Restricted	<u>292,326</u>	<u>118,647</u>	<u>7,367</u>	<u>418,340</u>
Total Fund Balances	<u>292,326</u>	<u>118,647</u>	<u>7,367</u>	<u>418,340</u>
 <u>TOTAL LIABILITIES AND</u>				
<u>FUND BALANCES</u>	<u>\$ 1,480,520</u>	<u>\$ 118,647</u>	<u>\$ 80,496</u>	<u>\$ 1,679,663</u>

MONTGOMERY COUNTY, TEXAS
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2014

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	Attorney Administration	Forfeitures	FEMA Disaster Grants	Jury	Sheriff Commissary
<u>REVENUES:</u>					
Fees	\$ -	\$ -	\$ -	\$ 81,862	\$ -
Intergovernmental	-	-	152,460	1,227,837	-
Charges for Services	38,927	-	-	263,962	1,212,470
Interest	12	2,279	-	311	1,286
Contract Reimbursements	-	-	-	854,916	-
Fines and Forfeitures	-	789,284	-	682,490	-
Miscellaneous	-	-	-	-	-
<u>TOTAL REVENUES</u>	<u>38,939</u>	<u>791,563</u>	<u>152,460</u>	<u>3,111,378</u>	<u>1,213,756</u>
<u>EXPENDITURES:</u>					
General Administration	53,054	-	-	-	-
Judicial	-	-	-	11,369,764	-
Legal Services	-	-	-	-	-
Elections	-	-	-	-	-
Public Safety	-	655,003	-	-	540,571
Health and Welfare	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Public Transportation	-	-	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>53,054</u>	<u>655,003</u>	<u>-</u>	<u>11,369,764</u>	<u>540,571</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(14,115)</u>	<u>136,560</u>	<u>152,460</u>	<u>(8,258,386)</u>	<u>673,185</u>
<u>OTHER FINANCING SOURCES/ (USES):</u>					
Transfers In	17,117	-	-	8,456,627	-
Transfers Out	-	-	-	(355,980)	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>17,117</u>	<u>-</u>	<u>-</u>	<u>8,100,647</u>	<u>-</u>
Net Change in Fund Balances	3,002	136,560	152,460	(157,739)	673,185
Fund Balances at Beginning of Year	<u>518</u>	<u>768,566</u>	<u>69,407</u>	<u>1,680,401</u>	<u>254,147</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 3,520</u>	<u>\$ 905,126</u>	<u>\$ 221,867</u>	<u>\$ 1,522,662</u>	<u>\$ 927,332</u>

Memorial Library	Community Development	Memo Totals from Page 123	Memo Totals from Page 125	Memo Totals from Page 127	Totals
\$ -	\$ -	\$ 1,239,497	\$ 1,291,344	\$ -	\$ 2,612,703
-	3,353,955	9,091,698	-	865,186	14,691,136
-	-	12,036	-	-	1,527,395
-	-	5,415	1,066	1,923	12,292
-	-	15,209,680	-	-	16,064,596
-	-	-	-	-	1,471,774
145,938	-	52,969	-	45,771	244,678
145,938	3,353,955	25,611,295	1,292,410	912,880	36,624,574
-	-	904,171	-	-	957,225
-	-	-	546,342	-	11,916,106
-	-	361,094	-	-	361,094
-	-	-	-	1,228,912	1,228,912
-	-	2,450,616	706,196	-	4,352,386
-	3,353,989	13,219,786	-	-	16,573,775
126,656	-	-	-	-	126,656
-	-	7,623,212	-	152,569	7,775,781
126,656	3,353,989	24,558,879	1,252,538	1,381,481	43,291,935
19,282	(34)	1,052,416	39,872	(468,601)	(6,667,361)
-	-	150,674	150,000	-	8,774,418
-	-	(1,121,914)	-	-	(1,477,894)
-	-	(971,240)	150,000	-	7,296,524
19,282	(34)	81,176	189,872	(468,601)	629,163
145,785	35	11,377,594	2,041,678	886,941	17,225,072
<u>\$ 165,067</u>	<u>\$ 1</u>	<u>\$ 11,458,770</u>	<u>\$ 2,231,550</u>	<u>\$ 418,340</u>	<u>\$ 17,854,235</u>

MONTGOMERY COUNTY, TEXAS
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2014

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	Law Library	Juvenile Probation	Records Management and Preservation	Pre-Trial Diversion
<u>REVENUES:</u>				
Fees	\$ 266,669	\$ -	\$ 678,244	\$ 74,150
Intergovernmental	-	2,592,343	-	-
Charges for Services	20	12,016	-	-
Interest	168	1,855	3,028	-
Contract Reimbursements	-	-	-	-
Miscellaneous	10,605	-	-	-
<u>TOTAL REVENUES</u>	<u>277,462</u>	<u>2,606,214</u>	<u>681,272</u>	<u>74,150</u>
<u>EXPENDITURES:</u>				
General Administration	-	-	387,976	12,797
Legal Services	361,094	-	-	-
Public Safety	-	2,450,616	-	-
Health and Welfare	-	-	-	-
Public Transportation	-	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>361,094</u>	<u>2,450,616</u>	<u>387,976</u>	<u>12,797</u>
Excess (Deficiency) Revenues Over Expenditures	(83,632)	155,598	293,296	61,353
<u>OTHER FINANCING SOURCES/ (USES):</u>				
Transfers In	-	115	-	-
Transfers Out	-	-	-	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>-</u>	<u>115</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(83,632)	155,713	293,296	61,353
Fund Balances at Beginning of Year	413,226	1,573,413	4,793,753	209,208
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 329,594</u>	<u>\$ 1,729,126</u>	<u>\$ 5,087,049</u>	<u>\$ 270,561</u>

Airport Grants	Mental Health Facility	Records Management County	Records Management District Clerk	Memo Totals to Page 121
\$ -	\$ -	\$ 174,304	\$ 46,130	\$ 1,239,497
6,499,355	-	-	-	9,091,698
-	-	-	-	12,036
-	-	260	104	5,415
-	15,209,680	-	-	15,209,680
42,364	-	-	-	52,969
6,541,719	15,209,680	174,564	46,234	25,611,295
-	-	453,056	50,342	904,171
-	-	-	-	361,094
-	-	-	-	2,450,616
-	13,219,786	-	-	13,219,786
7,623,212	-	-	-	7,623,212
7,623,212	13,219,786	453,056	50,342	24,558,879
(1,081,493)	1,989,894	(278,492)	(4,108)	1,052,416
-	559	150,000	-	150,674
-	(1,121,914)	-	-	(1,121,914)
-	(1,121,355)	150,000	-	(971,240)
(1,081,493)	868,539	(128,492)	(4,108)	81,176
3,407,733	676,671	135,762	167,828	11,377,594
\$ 2,326,240	\$ 1,545,210	\$ 7,270	\$ 163,720	\$ 11,458,770

MONTGOMERY COUNTY, TEXAS
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2014

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	Digital Preservation County and District	District Clerk Record Preservation	Court Guardianship	Court Reporter	Courthouse Security
<u>REVENUES:</u>					
Fees	\$ 49,699	\$ 40,839	\$ 24,544	\$ 102,053	\$ 300,014
Interest	128	59	-	-	-
<u>TOTAL REVENUES</u>	<u>49,827</u>	<u>40,898</u>	<u>24,544</u>	<u>102,053</u>	<u>300,014</u>
<u>EXPENDITURES:</u>					
Judicial	-	248	7,759	157,144	-
Public Safety	-	-	-	-	436,566
<u>TOTAL EXPENDITURES</u>	<u>-</u>	<u>248</u>	<u>7,759</u>	<u>157,144</u>	<u>436,566</u>
Excess (Deficiency) Revenues Over Expenditures	<u>49,827</u>	<u>40,650</u>	<u>16,785</u>	<u>(55,091)</u>	<u>(136,552)</u>
<u>OTHER FINANCING SOURCES/ (USES):</u>					
Transfers In	-	-	-	-	150,000
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Net Change in Fund Balances	49,827	40,650	16,785	(55,091)	13,448
Fund Balances at Beginning of Year	<u>256,151</u>	<u>41,758</u>	<u>82,464</u>	<u>89,144</u>	<u>2,952</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 305,978</u>	<u>\$ 82,408</u>	<u>\$ 99,249</u>	<u>\$ 34,053</u>	<u>\$ 16,400</u>

Court Technology County and District	Justice Court Building Security	Justice Court Technology	Juvenile Case Manager	Bond Supervision	Memo Totals to Page 121
\$ 19,368	\$ 37,317	\$ 139,177	\$ 117,608	\$ 460,725	\$ 1,291,344
-	-	-	-	879	1,066
19,368	37,317	139,177	117,608	461,604	1,292,410
4,049	-	260,010	117,132	-	546,342
-	-	-	-	269,630	706,196
4,049	-	260,010	117,132	269,630	1,252,538
15,319	37,317	(120,833)	476	191,974	39,872
-	-	-	-	-	150,000
-	-	-	-	-	150,000
15,319	37,317	(120,833)	476	191,974	189,872
4,628	7,601	670,927	665,568	220,485	2,041,678
<u>\$ 19,947</u>	<u>\$ 44,918</u>	<u>\$ 550,094</u>	<u>\$ 666,044</u>	<u>\$ 412,459</u>	<u>\$ 2,231,550</u>



MONTGOMERY COUNTY, TEXAS
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2014

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	Contract Elections Services	HAVA Grant Fund	ARRA Grant Fund	Memo Totals to Page 121
<u>REVENUES:</u>				
Intergovernmental	\$ 758,388	\$ -	\$ 106,798	\$ 865,186
Interest	1,923	-		1,923
Miscellaneous	-	-	45,771	45,771
<u>TOTAL REVENUES</u>	<u>760,311</u>	<u>-</u>	<u>152,569</u>	<u>912,880</u>
<u>EXPENDITURES:</u>				
Elections	1,098,373	130,539	-	1,228,912
Public Transportation	-	-	152,569	152,569
<u>TOTAL EXPENDITURES</u>	<u>1,098,373</u>	<u>130,539</u>	<u>152,569</u>	<u>1,381,481</u>
Net Change in Fund Balances	(338,062)	(130,539)	-	(468,601)
Fund Balances at Beginning of Year	<u>630,388</u>	<u>249,186</u>	<u>7,367</u>	<u>886,941</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 292,326</u>	<u>\$ 118,647</u>	<u>\$ 7,367</u>	<u>\$ 418,340</u>

MONTGOMERY COUNTY, TEXAS
Attorney Administration Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2014

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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	\$ 46,100	\$ 46,100	\$ 38,927	\$ (7,173)
Interest	-	-	12	12
Total Revenues	<u>46,100</u>	<u>46,100</u>	<u>38,939</u>	<u>(7,161)</u>
<u>EXPENDITURES:</u>				
General Administration:				
Salaries	49,413	51,097	34,424	16,673
Employee Benefits	21,566	21,902	17,663	4,239
Supplies	965	865	684	181
Contract Services	250	350	283	67
Total Expenditures	<u>72,194</u>	<u>74,214</u>	<u>53,054</u>	<u>21,160</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(26,094)</u>	<u>(28,114)</u>	<u>(14,115)</u>	<u>13,999</u>
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	2,020	17,117	19,137
Net Change in Fund Balance	(26,094)	(26,094)	3,002	33,136
Fund Balance at Beginning of Year	<u>518</u>	<u>518</u>	<u>518</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (25,576)</u>	<u>\$ (25,576)</u>	<u>\$ 3,520</u>	<u>\$ 33,136</u>

MONTGOMERY COUNTY, TEXAS

Forfeitures Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2014**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Interest	\$ -	\$ 365	\$ 2,279	\$ 1,914
Fines and Forfeitures	636,564	825,358	789,284	(36,074)
Total Revenues	<u>636,564</u>	<u>825,723</u>	<u>791,563</u>	<u>(34,160)</u>
<u>EXPENDITURES:</u>				
Public Safety:				
Salaries	10,502	13,502	12,348	1,154
Employee Benefits	3,127	4,093	3,747	346
Supplies	285,222	385,171	321,391	63,780
Contract Services	127,180	154,510	97,920	56,590
Capital Outlay	210,533	293,472	219,597	73,875
Total Expenditures	<u>636,564</u>	<u>850,748</u>	<u>655,003</u>	<u>195,745</u>
Net Change in Fund Balance	-	(25,025)	136,560	161,585
Fund Balance at Beginning of Year	<u>768,566</u>	<u>768,566</u>	<u>768,566</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 768,566</u>	<u>\$ 743,541</u>	<u>\$ 905,126</u>	<u>\$ 161,585</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, 2014

C-5

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Intergovernmental:				
Federal Grants	\$ -	\$ -	\$ 152,460	\$ 152,460
Total Revenues	-	-	152,460	152,460
 Net Change in Fund Balance	 -	 -	 152,460	 152,460
 Fund Balance at Beginning of Year	 69,407	 69,407	 69,407	 -
 <u>FUND BALANCE AT END OF YEAR</u>	 \$ 69,407	 \$ 69,407	 \$ 221,867	 \$ 152,460

MONTGOMERY COUNTY, TEXAS

Jury Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2014**

C-6

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ 60,000	\$ 60,000	\$ 81,862	\$ 21,862
Intergovernmental:				
Federal Grants	-	112,800	207,395	94,595
State Grants	721,031	892,237	895,442	3,205
Other	125,000	125,000	125,000	-
Charges for Services	228,000	230,435	263,962	33,527
Interest	200	200	311	111
Contract Reimbursements	614,619	893,738	854,916	(38,822)
Fines and Forfeitures	500,000	541,523	682,490	140,967
Miscellaneous	-	-	-	-
Total Revenues	<u>2,248,850</u>	<u>2,855,933</u>	<u>3,111,378</u>	<u>255,445</u>
<u>EXPENDITURES:</u>				
Judicial:				
Salaries	3,108,044	3,030,837	2,864,474	166,363
Employee Benefits	1,128,339	1,163,527	1,060,995	102,532
Supplies	59,421	73,039	61,481	11,558
Contract Services	6,945,602	7,643,397	7,382,814	260,583
Capital Outlay	-	38,340	-	38,340
Total Expenditures	<u>11,241,406</u>	<u>11,949,140</u>	<u>11,369,764</u>	<u>579,376</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(8,992,556)</u>	<u>(9,093,207)</u>	<u>(8,258,386)</u>	<u>834,821</u>
<u>OTHER FINANCING SOURCES/(USES):</u>				
Transfers In	-	8,156,627	8,456,627	300,000
Transfers Out	-	(355,980)	(355,980)	-
TOTAL OTHER FINANCING SOURCES /(USES)	<u>-</u>	<u>7,800,647</u>	<u>8,100,647</u>	<u>300,000</u>
Net Change in Fund Balance	(8,992,556)	(1,292,560)	(157,739)	1,134,821
Fund Balance at Beginning of Year	<u>1,680,401</u>	<u>1,680,401</u>	<u>1,680,401</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (7,312,155)</u>	<u>\$ 387,841</u>	<u>\$ 1,522,662</u>	<u>\$ 1,134,821</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, 2014

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	\$ 683,360	\$ 1,212,470	\$ 529,110
Interest	-	-	1,286	1,286
Total Revenues	<u>83,000</u>	<u>683,360</u>	<u>1,213,756</u>	<u>530,396</u>
<u>EXPENDITURES:</u>				
Public Safety:				
Salaries	-	73,269	62,985	10,284
Employee Benefits	-	28,731	28,184	547
Supplies	73,000	344,220	308,118	36,102
Contract Services	10,000	86,640	35,001	51,639
Capital Outlay	-	150,500	106,283	44,217
Total Expenditures	<u>83,000</u>	<u>683,360</u>	<u>540,571</u>	<u>142,789</u>
Net Change in Fund Balance	-	-	673,185	673,185
Fund Balance at Beginning of Year	<u>254,147</u>	<u>254,147</u>	<u>254,147</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u><u>\$ 254,147</u></u>	<u><u>\$ 254,147</u></u>	<u><u>\$ 927,332</u></u>	<u><u>\$ 673,185</u></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, 2014

C-8

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Miscellaneous	\$ -	\$ 145,968	\$ 145,938	\$ (30)
Total Revenues	<u>-</u>	<u>145,968</u>	<u>145,938</u>	<u>(30)</u>
<u>EXPENDITURES:</u>				
Culture and Recreation:				
Supplies	-	38,701	23,312	15,389
Contract Services	-	48,768	606	48,162
Capital Outlay	-	180,045	102,738	77,307
Total Expenditures	<u>-</u>	<u>267,514</u>	<u>126,656</u>	<u>140,858</u>
Net Change in Fund Balance	-	(121,546)	19,282	140,828
Fund Balance at Beginning of Year	<u>145,785</u>	<u>145,785</u>	<u>145,785</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 145,785</u>	<u>\$ 24,239</u>	<u>\$ 165,067</u>	<u>\$ 140,828</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, 2014

C-9

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Intergovernmental:				
Federal Grants	\$ 2,674,736	\$ 2,832,201	\$ 3,353,955	\$ 521,754
Total Revenues	<u>2,674,736</u>	<u>2,832,201</u>	<u>3,353,955</u>	<u>521,754</u>
<u>EXPENDITURES:</u>				
Health and Welfare:				
Salaries	336,742	421,866	374,726	47,140
Employee Benefits	121,868	145,479	129,306	16,173
Supplies	26,176	19,188	6,248	12,940
Contract Services	626,243	1,513,749	1,147,471	366,278
Capital Outlay	<u>1,563,707</u>	<u>5,217,228</u>	<u>1,696,238</u>	<u>3,520,990</u>
Total Expenditures	<u>2,674,736</u>	<u>7,317,510</u>	<u>3,353,989</u>	<u>3,963,521</u>
Net Change in Fund Balance	-	(4,485,309)	(34)	4,485,275
Fund Balance at Beginning of Year	<u>35</u>	<u>35</u>	<u>35</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 35</u>	<u>\$ (4,485,274)</u>	<u>\$ 1</u>	<u>\$ 4,485,275</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, 2014**

C-10

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ 394,708	\$ 394,708	\$ 266,669	\$ (128,039)
Charges for Service	-	-	20	20
Interest	-	-	168	168
Miscellaneous	-	-	10,605	10,605
Total Revenues	<u>394,708</u>	<u>394,708</u>	<u>277,462</u>	<u>(117,246)</u>
<u>EXPENDITURES:</u>				
Legal Services:				
Salaries	164,445	164,365	163,872	493
Employee Benefits	67,559	67,639	67,638	1
Supplies	19,000	19,000	12,929	6,071
Contract Services	103,706	103,706	81,572	22,134
Capital Outlay	39,998	40,209	35,083	5,126
Total Expenditures	<u>394,708</u>	<u>394,919</u>	<u>361,094</u>	<u>33,825</u>
Net Change in Fund Balance	-	(211)	(83,632)	(83,421)
Fund Balance at Beginning of Year	<u>413,226</u>	<u>413,226</u>	<u>413,226</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 413,226</u>	<u>\$ 413,015</u>	<u>\$ 329,594</u>	<u>\$ (83,421)</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, 2014

C-11

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Intergovernmental:				
State Grants	\$ -	\$ 2,473,331	\$ 2,592,343	\$ 119,012
Charges for Services	-	-	12,016	12,016
Interest	-	-	1,855	1,855
Miscellaneous	-	1,200	-	(1,200)
Total Revenues	<u>-</u>	<u>2,474,531</u>	<u>2,606,214</u>	<u>131,683</u>
<u>EXPENDITURES:</u>				
Public Safety:				
Salaries	-	2,107,372	1,027,890	1,079,482
Benefits	-	993,880	473,789	520,091
Supplies	-	200,050	94,768	105,282
Contract Services	-	1,722,990	798,540	924,450
Capital Outlay	-	110,007	55,629	54,378
Total Expenditures	<u>-</u>	<u>5,134,299</u>	<u>2,450,616</u>	<u>2,683,683</u>
Excess (Deficiency) Revenues Over Expenditures	<u>-</u>	<u>(2,659,768)</u>	<u>155,598</u>	<u>2,815,366</u>
<u>OTHER FINANCING</u>				
<u>SOURCES:</u>				
Transfers In	<u>-</u>	<u>115</u>	<u>115</u>	<u>-</u>
Net Change in Fund Balance	-	(2,659,653)	155,713	2,815,366
Fund Balance at Beginning of Year	<u>1,573,413</u>	<u>1,573,413</u>	<u>1,573,413</u>	<u>-</u>
<u>FUND BALANCE AT</u> <u>END OF YEAR</u>	<u>\$ 1,573,413</u>	<u>\$ (1,086,240)</u>	<u>\$ 1,729,126</u>	<u>\$ 2,815,366</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, 2014

C-12

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ 350,498	\$ 411,618	\$ 678,244	\$ 266,626
Interest	-	-	3,028	3,028
Total Revenues	<u>350,498</u>	<u>411,618</u>	<u>681,272</u>	<u>269,654</u>
<u>EXPENDITURES:</u>				
General Administration:				
Salaries	176,722	176,722	170,917	5,805
Employee Benefits	70,126	70,126	66,094	4,032
Supplies	12,400	63,635	62,901	734
Contract Services	<u>91,250</u>	<u>101,250</u>	<u>88,064</u>	<u>13,186</u>
Total Expenditures	<u>350,498</u>	<u>411,733</u>	<u>387,976</u>	<u>23,757</u>
Net Change in Fund Balance	-	(115)	293,296	293,411
Fund Balance at Beginning of Year	<u>4,793,753</u>	<u>4,793,753</u>	<u>4,793,753</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u><u>\$ 4,793,753</u></u>	<u><u>\$ 4,793,638</u></u>	<u><u>\$ 5,087,049</u></u>	<u><u>\$ 293,411</u></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, 2014

C-13

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ 57,154	\$ 57,154	\$ 74,150	\$ 16,996
Total Revenues	<u>57,154</u>	<u>57,154</u>	<u>74,150</u>	<u>16,996</u>
<u>EXPENDITURES:</u>				
General Administration:				
Salaries	24,464	24,464	6,991	17,473
Employee Benefits	4,996	4,996	1,504	3,492
Supplies	24,694	24,694	1,338	23,356
Contract Services	<u>3,000</u>	<u>3,000</u>	<u>2,964</u>	<u>36</u>
Total Expenditures	<u>57,154</u>	<u>57,154</u>	<u>12,797</u>	<u>44,357</u>
Net Change in Fund Balance	-	-	61,353	61,353
Fund Balance at Beginning of Year	<u>209,208</u>	<u>209,208</u>	<u>209,208</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 209,208</u>	<u>\$ 209,208</u>	<u>\$ 270,561</u>	<u>\$ 61,353</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, 2014

C-14

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Intergovernmental:				
Federal Grants	\$ -	\$ 1,097	\$ 6,449,383	\$ 6,448,286
State Grants	-	50,000	49,972	(28)
Miscellaneous	-	42,364	42,364	-
Total Revenues	<u>-</u>	<u>93,461</u>	<u>6,541,719</u>	<u>6,448,258</u>
<u>EXPENDITURES:</u>				
Public Transportation:				
Capital Outlay	<u>50,000</u>	<u>17,990,104</u>	<u>7,623,212</u>	<u>10,366,892</u>
Total Expenditures	<u>50,000</u>	<u>17,990,104</u>	<u>7,623,212</u>	<u>10,366,892</u>
Net Change in Fund Balance	(50,000)	(17,896,643)	(1,081,493)	16,815,150
Fund Balance at Beginning of Year	<u>3,407,733</u>	<u>3,407,733</u>	<u>3,407,733</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u><u>\$ 3,357,733</u></u>	<u><u>\$ (14,488,910)</u></u>	<u><u>\$ 2,326,240</u></u>	<u><u>\$ 16,815,150</u></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, 2014

C-15

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Contract Reimbursement	\$ 15,000,000	\$ 15,417,450	\$ 15,209,680	\$ (207,770)
Total Revenues	15,000,000	15,417,450	15,209,680	(207,770)
<u>EXPENDITURES:</u>				
Health and Welfare:				
Contract Services	13,143,382	13,561,391	13,219,786	341,605
Total Expenditures	13,143,382	13,561,391	13,219,786	341,605
Excess Revenues Over Expenditures	1,856,618	1,856,059	1,989,894	133,835
<u>OTHER FINANCING SOURCES/</u>				
Transfers in	-	559	559	-
Transfers out	-	-	(1,121,914)	(1,121,914)
TOTAL OTHER FINANCING SOURCES/(USES)	-	559	(1,121,355)	(1,121,914)
Net Change in Fund Balance	1,856,618	1,856,618	868,539	(988,079)
Fund Balance at Beginning of Year	676,671	676,671	676,671	-
<u>FUND BALANCE AT END OF YEAR</u>	\$ 2,533,289	\$ 2,533,289	\$ 1,545,210	\$ (988,079)

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, 2014

C-16

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ 30,000	\$ 30,000	\$ 174,304	\$ 144,304
Interest	-	-	260	260
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>174,564</u>	<u>144,564</u>
<u>EXPENDITURES:</u>				
General Administration:				
Salaries	279,951	279,951	252,357	27,594
Employee Benefits	148,684	148,684	131,845	16,839
Supplies	16,620	17,346	17,346	-
Contract Services	25,521	25,317	12,315	13,002
Capital Outlay	<u>64,727</u>	<u>64,727</u>	<u>39,193</u>	<u>25,534</u>
Total Expenditures	<u>535,503</u>	<u>536,025</u>	<u>453,056</u>	<u>82,969</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(505,503)</u>	<u>(506,025)</u>	<u>(278,492)</u>	<u>227,533</u>
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>150,000</u>
Net Change in Fund Balance	(505,503)	(506,025)	(128,492)	377,533
Fund Balance at Beginning of Year	<u>135,762</u>	<u>135,762</u>	<u>135,762</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (369,741)</u>	<u>\$ (370,263)</u>	<u>\$ 7,270</u>	<u>\$ 377,533</u>

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, 2014

C-17

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ 21,644	\$ 21,644	\$ 46,130	\$ 24,486
Investment Earnings	-	-	104	104
Total Revenues	<u>21,644</u>	<u>21,644</u>	<u>46,234</u>	<u>24,590</u>
<u>EXPENDITURES:</u>				
General Administration:				
Supplies	6,075	6,075	5,884	191
Contract Services	14,520	43,523	43,523	-
Capital Outlay	1,049	1,049	935	114
Total Expenditures	<u>21,644</u>	<u>50,647</u>	<u>50,342</u>	<u>305</u>
Net Change in Fund Balance	-	(29,003)	(4,108)	24,895
Fund Balance at Beginning of Year	<u>167,828</u>	<u>167,828</u>	<u>167,828</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 167,828</u>	<u>\$ 138,825</u>	<u>\$ 163,720</u>	<u>\$ 24,895</u>

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, 2014

C-18

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ -	\$ -	\$ 49,699	\$ 49,699
Interest	-	-	128	128
Total Revenues	<u>-</u>	<u>-</u>	<u>49,827</u>	<u>49,827</u>
Net Change in Fund Balance	-	-	49,827	49,827
Fund Balance at Beginning of Year	<u>256,151</u>	<u>256,151</u>	<u>256,151</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 256,151</u>	<u>\$ 256,151</u>	<u>\$ 305,978</u>	<u>\$ 49,827</u>

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, 2014

C-19

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ 38,625	\$ 40,000	\$ 40,839	\$ 839
Interest	-	-	59	59
Total Revenues	<u>38,625</u>	<u>40,000</u>	<u>40,898</u>	<u>898</u>
<u>EXPENDITURES:</u>				
Judicial:				
Contract Services	<u>38,625</u>	<u>40,248</u>	<u>248</u>	<u>40,000</u>
Total Expenditures	<u>38,625</u>	<u>40,248</u>	<u>248</u>	<u>40,000</u>
Net Change in Fund Balance	-	(248)	40,650	40,898
Fund Balance at Beginning of Year	<u>41,758</u>	<u>41,758</u>	<u>41,758</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 41,758</u>	<u>\$ 41,510</u>	<u>\$ 82,408</u>	<u>\$ 40,898</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, 2014

C-20

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>REVENUES:</u>				
Fees	\$ 1,200	\$ 7,759	\$ 24,544	\$ 16,785
Total Revenues	1,200	7,759	24,544	16,785
<u>EXPENDITURES:</u>				
Judicial:				
Contract Services	1,200	7,759	7,759	-
Total Expenditures	1,200	7,759	7,759	-
Net Change in Fund Balance	-	-	16,785	16,785
Fund Balance at Beginning of Year	82,464	82,464	82,464	-
<u>FUND BALANCE AT END OF YEAR</u>	\$ 82,464	\$ 82,464	\$ 99,249	\$ 16,785

MONTGOMERY COUNTY, TEXAS
Court Reporter Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2014

C-21

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ 80,852	\$ 164,931	\$ 102,053	\$ (62,878)
Total Revenues	<u>80,852</u>	<u>164,931</u>	<u>102,053</u>	<u>(62,878)</u>
<u>EXPENDITURES:</u>				
Judicial:				
Supplies	-	14,652	14,103	549
Contract Services	112,688	167,461	128,062	39,399
Capital Outlay	-	14,979	14,979	-
Total Expenditures	<u>112,688</u>	<u>197,092</u>	<u>157,144</u>	<u>39,948</u>
Net Change in Fund Balance	(31,836)	(32,161)	(55,091)	(22,930)
Fund Balance at Beginning of Year	<u>89,144</u>	<u>89,144</u>	<u>89,144</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 57,308</u>	<u>\$ 56,983</u>	<u>\$ 34,053</u>	<u>\$ (22,930)</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, 2014

C-22

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ 300,000	\$ 300,000	\$ 300,014	\$ 14
Total Revenues	<u>300,000</u>	<u>300,000</u>	<u>300,014</u>	<u>14</u>
<u>EXPENDITURES:</u>				
Public Safety:				
Contract Services	440,000	440,000	436,566	3,434
Total Expenditures	<u>440,000</u>	<u>440,000</u>	<u>436,566</u>	<u>3,434</u>
(Deficiency) Revenues Over Expenditures	<u>(140,000)</u>	<u>(140,000)</u>	<u>(136,552)</u>	<u>3,448</u>
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	-	150,000	150,000
Net Change in Fund Balance	-	(140,000)	13,448	153,448
Fund Balance at Beginning of Year	<u>2,952</u>	<u>2,952</u>	<u>2,952</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (137,048)</u>	<u>\$ (137,048)</u>	<u>\$ 16,400</u>	<u>\$ 153,448</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, 2014

C-23

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ 4,056	\$ 5,305	\$ 19,368	\$ 14,063
Total Revenues	<u>4,056</u>	<u>5,305</u>	<u>19,368</u>	<u>14,063</u>
<u>EXPENDITURES:</u>				
Judicial:				
Contract Services	4,056	5,305	4,049	1,256
Total Expenditures	<u>4,056</u>	<u>5,305</u>	<u>4,049</u>	<u>1,256</u>
Net Change in Fund Balance	-	-	15,319	15,319
Fund Balance at Beginning of Year	<u>4,628</u>	<u>4,628</u>	<u>4,628</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 4,628</u>	<u>\$ 4,628</u>	<u>\$ 19,947</u>	<u>\$ 15,319</u>

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, 2014

C-24

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ -	\$ -	\$ 37,317	\$ 37,317
Total Revenues	<u>-</u>	<u>-</u>	<u>37,317</u>	<u>37,317</u>
Net Change in Fund Balance	-	-	37,317	37,317
Fund Balance at Beginning of Year	<u>7,601</u>	<u>7,601</u>	<u>7,601</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>				
	<u>\$ 7,601</u>	<u>\$ 7,601</u>	<u>\$ 44,918</u>	<u>\$ 37,317</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, 2014

C-25

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ 540	\$ 27,686	\$ 139,177	\$ 111,491
Total Revenues	<u>540</u>	<u>27,686</u>	<u>139,177</u>	<u>111,491</u>
<u>EXPENDITURES:</u>				
Judicial:				
Supplies	-	22,383	15,250	7,133
Contract Services	540	242,092	241,709	383
Capital Outlay	-	3,051	3,051	-
Total Expenditures	<u>540</u>	<u>267,526</u>	<u>260,010</u>	<u>7,516</u>
Net Change in Fund Balance	-	(239,840)	(120,833)	119,007
Fund Balance at Beginning of Year	<u>670,927</u>	<u>670,927</u>	<u>670,927</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u><u>\$ 670,927</u></u>	<u><u>\$ 431,087</u></u>	<u><u>\$ 550,094</u></u>	<u><u>\$ 119,007</u></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, 2014

C-26

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ 116,210	\$ 117,498	\$ 117,608	\$ 110
Total Revenues	<u>116,210</u>	<u>117,498</u>	<u>117,608</u>	<u>110</u>
<u>EXPENDITURES:</u>				
Judicial:				
Salaries	77,558	78,302	78,298	4
Employee Benefits	38,652	38,891	38,834	57
Contract Services	-	305	-	305
Total Expenditures	<u>116,210</u>	<u>117,498</u>	<u>117,132</u>	<u>366</u>
Net Change in Fund Balance	-	-	476	476
Fund Balance at Beginning of Year	<u>665,568</u>	<u>665,568</u>	<u>665,568</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u><u>\$ 665,568</u></u>	<u><u>\$ 665,568</u></u>	<u><u>\$ 666,044</u></u>	<u><u>\$ 476</u></u>

MONTGOMERY COUNTY, TEXAS
Bond Supervision Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2014

C-27

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Fees	\$ -	\$ 475,000	\$ 460,725	\$ (14,275)
Interest	-	300	879	579
Total Revenues	<u>-</u>	<u>475,300</u>	<u>461,604</u>	<u>(13,696)</u>
<u>EXPENDITURES:</u>				
Public Safety:				
Salaries	-	300,000	143,271	156,729
Employee Benefits	-	100,300	66,501	33,799
Supplies	-	2,000	250	1,750
Contract Services	-	73,000	59,608	13,392
Total Expenditures	<u>-</u>	<u>475,300</u>	<u>269,630</u>	<u>205,670</u>
Net Change in Fund Balance	-	-	191,974	191,974
Fund Balance at Beginning of Year	<u>220,485</u>	<u>220,485</u>	<u>220,485</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 220,485</u>	<u>\$ 220,485</u>	<u>\$ 412,459</u>	<u>\$ 191,974</u>

MONTGOMERY COUNTY, TEXAS
Contract Elections Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2014

C-28

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Intergovernmental:				
Other	\$ -	\$ 758,388	\$ 758,388	\$ -
Interest	-	1,923	1,923	-
Total Revenues	<u>-</u>	<u>760,311</u>	<u>760,311</u>	<u>-</u>
<u>EXPENDITURES:</u>				
Elections:				
Salaries	-	310,666	310,666	-
Employee Benefits	-	67,669	67,668	1
Supplies	-	280,880	280,880	-
Contract Services	-	99,334	99,334	-
Capital Outlay	-	339,825	339,825	-
Total Expenditures	<u>-</u>	<u>1,098,374</u>	<u>1,098,373</u>	<u>1</u>
Net Change in Fund Balance	-	(338,063)	(338,062)	1
Fund Balance at Beginning of Year	<u>630,388</u>	<u>630,388</u>	<u>630,388</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 630,388</u>	<u>\$ 292,325</u>	<u>\$ 292,326</u>	<u>\$ 1</u>

MONTGOMERY COUNTY, TEXAS
HAVA Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2014

C-29

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>EXPENDITURES:</u>				
Elections:				
Supplies	-	534	534	-
Contract Services	-	127,645	127,645	-
Capital Outlay	-	2,360	2,360	-
Total Expenditures	<u>-</u>	<u>130,539</u>	<u>130,539</u>	<u>-</u>
Net Change in Fund Balance	-	(130,539)	(130,539)	-
Fund Balance at Beginning of Year	<u>249,186</u>	<u>249,186</u>	<u>249,186</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 249,186</u>	<u>\$ 118,647</u>	<u>\$ 118,647</u>	<u>\$ -</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, 2014

C-30

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES:</u>				
Intergovernmental:				
Federal Grants	\$ -	\$ 106,798	\$ 106,798	\$ -
Miscellaneous	-	45,771	45,771	-
Total Revenues	<u>-</u>	<u>152,569</u>	<u>152,569</u>	<u>-</u>
<u>EXPENDITURES:</u>				
Public Transportation:				
Contract Services	-	45,771	45,771	-
Capital Outlay	-	106,798	106,798	-
Total Expenditures	<u>-</u>	<u>152,569</u>	<u>152,569</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance at Beginning of Year	<u>7,367</u>	<u>7,367</u>	<u>7,367</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 7,367</u>	<u>\$ 7,367</u>	<u>\$ 7,367</u>	<u>\$ -</u>



NONMAJOR CAPITAL PROJECT FUNDS

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

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

Certificates of Obligation Series 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.

Commissioner Precinct 3 Projects – to account for the remodel of an existing building to house the operations of Commissioner Precinct 3.

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 issued \$13,350,000 in certificates of obligation for these projects.

Revenue Toll Bonds Series 2010 – to account for County's issuance of \$31,390,000 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-through toll agreement" with the State of Texas for improvements by the County to roads owned by the State.

Jail Project 13-14 – to account for a portion of funds generated by the sale of the Joe Corley Facility. The Commissioner's intent is to use the funds for improvements to the existing jail facility or to build a new facility.

MONTGOMERY COUNTY, TEXAS
Nonmajor Capital Project Funds
Combining Balance Sheet
September 30, 2014

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	<u>Road Bonds</u> Series 2003A	<u>Road Bonds</u> Series 2004	<u>Certificates</u> Obligation Series 2006	<u>Certificates</u> Obligation Series 2008	<u>Road Bonds</u> Series 2006A
ASSETS:					
Cash	\$ 991	\$ 3,317	\$ 4,161	\$ 834	\$ 31,978
Investments, at Fair Value	10,496	461,060	43,180	233,289	105,252
Cash, Restricted for Retainage	-	-	-	-	-
Receivables:					
Accounts (net)	-	-	-	-	-
Due from Other Funds	<u>17,574</u>	<u>14,784</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 29,061</u></u>	<u><u>\$ 479,161</u></u>	<u><u>\$ 47,341</u></u>	<u><u>\$ 234,123</u></u>	<u><u>\$ 137,230</u></u>
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Retainage Payable	-	-	-	-	-
Due to Other Funds	<u>-</u>	<u>17,574</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>17,574</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:					
Restricted	29,061	461,587	47,341	234,123	137,230
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>29,061</u>	<u>461,587</u>	<u>47,341</u>	<u>234,123</u>	<u>137,230</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 29,061</u></u>	<u><u>\$ 479,161</u></u>	<u><u>\$ 47,341</u></u>	<u><u>\$ 234,123</u></u>	<u><u>\$ 137,230</u></u>

Road Bonds Series 2006B	Road Bonds Series 2008A	Road Bonds Series 2008B	Revenue Tax Bonds Series 2009	Commissioner Pct 3 Projects	Memo Totals from Page 161	Totals
\$ 893	\$ 591	\$ 18,731	\$ 670	\$ -	\$ 22,818	\$ 84,984
298,850	262,877	309,471	138,745	-	27,837,405	29,700,625
-	-	-	-	-	2,490	2,490
-	-	-	-	-	16	16
-	-	-	-	-	13,523,786	13,556,144
<u>\$ 299,743</u>	<u>\$ 263,468</u>	<u>\$ 328,202</u>	<u>\$ 139,415</u>	<u>\$ -</u>	<u>\$ 41,386,515</u>	<u>\$ 43,344,259</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,478,456	\$ 1,478,456
-	-	-	-	-	308,226	308,226
-	929	-	-	-	-	18,503
-	929	-	-	-	1,786,682	1,805,185
299,743	262,539	328,202	139,415	-	26,359,031	28,298,272
-	-	-	-	-	13,240,802	13,240,802
<u>299,743</u>	<u>262,539</u>	<u>328,202</u>	<u>139,415</u>	<u>-</u>	<u>39,599,833</u>	<u>41,539,074</u>
<u>\$ 299,743</u>	<u>\$ 263,468</u>	<u>\$ 328,202</u>	<u>\$ 139,415</u>	<u>\$ -</u>	<u>\$ 41,386,515</u>	<u>\$ 43,344,259</u>



MONTGOMERY COUNTY, TEXAS
Nonmajor Capital Project Funds
Combining Balance Sheet
September 30, 2014

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	Certificates Obligation Series 2010	Certificates Obligation Series 2012	Certificates Obligation Series 2012A	Revenue Toll Bonds Series 2010	Jail Project 13-14	Memo Totals to Page 159
ASSETS:						
Cash	\$ 21,927	\$ -	\$ -	\$ 891	\$ -	\$ 22,818
Investments, at Fair Value	96,788	6,067,800	8,558,693	13,114,124	-	27,837,405
Cash, Restricted for Retainage	-	1,401	1,089	-	-	2,490
Receivables:						
Accounts (net)	-	-	-	16	-	16
Due from Other Funds	-	178,433	100,557	-	13,244,796	13,523,786
TOTAL ASSETS	<u>\$ 118,715</u>	<u>\$ 6,247,634</u>	<u>\$ 8,660,339</u>	<u>\$ 13,115,031</u>	<u>\$ 13,244,796</u>	<u>\$ 41,386,515</u>
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts Payable	\$ -	\$ 102,142	\$ 688,982	\$ 687,332	\$ -	\$ 1,478,456
Retainage Payable	-	136,564	167,668	-	3,994	308,226
Due to Other Funds	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>238,706</u>	<u>856,650</u>	<u>687,332</u>	<u>3,994</u>	<u>1,786,682</u>
FUND BALANCES:						
Restricted	118,715	6,008,928	7,803,689	12,427,699	-	26,359,031
Committed	-	-	-	-	13,240,802	13,240,802
Total Fund Balances	<u>118,715</u>	<u>6,008,928</u>	<u>7,803,689</u>	<u>12,427,699</u>	<u>13,240,802</u>	<u>39,599,833</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 118,715</u>	<u>\$ 6,247,634</u>	<u>\$ 8,660,339</u>	<u>\$ 13,115,031</u>	<u>\$ 13,244,796</u>	<u>\$ 41,386,515</u>

MONTGOMERY COUNTY, TEXAS
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2014

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	<u>Road Bonds Series 2003A</u>	<u>Road Bonds Series 2004</u>	<u>Certificates Obligation Series 2006</u>	<u>Certificates Obligation Series 2008</u>	<u>Road Bonds Series 2006A</u>
REVENUES:					
Interest	\$ 12	\$ 202	\$ 32	\$ 121	\$ 146
TOTAL REVENUES	<u>12</u>	<u>202</u>	<u>32</u>	<u>121</u>	<u>146</u>
EXPENDITURES:					
Professional Services	-	-	-	-	-
Capital Outlay	-	120,068	3,783	160,570	14,573
TOTAL EXPENDITURES	<u>-</u>	<u>120,068</u>	<u>3,783</u>	<u>160,570</u>	<u>14,573</u>
Excess (Deficiency) Revenues Over Expenditures	<u>12</u>	<u>(119,866)</u>	<u>(3,751)</u>	<u>(160,449)</u>	<u>(14,427)</u>
OTHER FINANCING SOURCES/(USES):					
Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES/(USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	12	(119,866)	(3,751)	(160,449)	(14,427)
Fund Balances at Beginning of Year	<u>29,049</u>	<u>581,453</u>	<u>51,092</u>	<u>394,572</u>	<u>151,657</u>
FUND BALANCES AT END OF YEAR	<u>\$ 29,061</u>	<u>\$ 461,587</u>	<u>\$ 47,341</u>	<u>\$ 234,123</u>	<u>\$ 137,230</u>

Road Bonds Series 2006B	Road Bonds Series 2008A	Road Bonds Series 2008B	Revenue Tax Bonds Series 2009	Commissioner Pct 3 Projects	Memo Totals from Page 165	Totals
\$ 146	\$ 206	\$ 146	\$ 136	\$ -	\$ 26,680	\$ 27,827
146	206	146	136	-	26,680	27,827
-	-	-	-	-	163,193	163,193
81,903	640,585	85,048	377,367	22,191	16,508,280	18,014,368
81,903	640,585	85,048	377,367	22,191	16,671,473	18,177,561
(81,757)	(640,379)	(84,902)	(377,231)	(22,191)	(16,644,793)	(18,149,734)
-	-	-	-	(11)	-	(11)
-	-	-	-	(11)	-	(11)
(81,757)	(640,379)	(84,902)	(377,231)	(22,202)	(16,644,793)	(18,149,745)
381,500	902,918	413,104	516,646	22,202	56,244,626	59,688,819
\$ 299,743	\$ 262,539	\$ 328,202	\$ 139,415	\$ -	\$ 39,599,833	\$ 41,539,074



MONTGOMERY COUNTY, TEXAS
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2014

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	Certificates Obligation Series 2010	Certificates Obligation Series 2012	Certificates Obligation Series 2012A	Revenue Toll Bonds Series 2010	Jail Project 2013-2014	Memo Totals to page 163
REVENUES:						
Interest	\$ 74	\$ 1,164	\$ 9,940	\$ 15,502	\$ -	\$ 26,680
TOTAL REVENUES	<u>74</u>	<u>1,164</u>	<u>9,940</u>	<u>15,502</u>	<u>-</u>	<u>26,680</u>
EXPENDITURES:						
Professional Services	-	42,364	-	-	120,829	163,193
Capital Outlay	-	1,803,451	2,699,156	12,005,673	-	16,508,280
TOTAL EXPENDITURES	<u>-</u>	<u>1,845,815</u>	<u>2,699,156</u>	<u>12,005,673</u>	<u>120,829</u>	<u>16,671,473</u>
Excess (Deficiency) Revenues Over Expenditures	<u>74</u>	<u>(1,844,651)</u>	<u>(2,689,216)</u>	<u>(11,990,171)</u>	<u>(120,829)</u>	<u>(16,644,793)</u>
OTHER FINANCING SOURCES/(USES):						
Transfers Out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES/(USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	74	(1,844,651)	(2,689,216)	(11,990,171)	(120,829)	(16,644,793)
Fund Balances at Beginning of Year	<u>118,641</u>	<u>7,853,579</u>	<u>10,492,905</u>	<u>24,417,870</u>	<u>13,361,631</u>	<u>56,244,626</u>
FUND BALANCES AT END OF YEAR	<u>\$ 118,715</u>	<u>\$ 6,008,928</u>	<u>\$ 7,803,689</u>	<u>\$ 12,427,699</u>	<u>\$ 13,240,802</u>	<u>\$ 39,599,833</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 Position
Internal Service Funds
September 30, 2014

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ASSETS:	<u>Medical</u>	<u>Workers'</u> <u>Compensation</u>	<u>Accident</u> <u>Liability</u>	<u>Wellness</u> <u>Clinic</u>	<u>Total</u>
Current Assets:					
Cash and Cash Equivalents	\$ -	\$ 130,181	\$ -	\$ -	\$ 130,181
Prepaid Items	-	-	-	-	-
Accounts	746,747	44,995	5,709	-	797,451
Due from other funds	20,379,652	4,126,185	248,594	2,084,118	26,838,549
Due from other governments	-	34,087	-	-	34,087
Total Current Assets	<u>21,126,399</u>	<u>4,335,448</u>	<u>254,303</u>	<u>2,084,118</u>	<u>27,800,268</u>
Capital Assets (net of accumulated depreciation):					
Buildings	-	-	-	854,431	854,431
Improvements	-	-	-	1,197	1,197
Equipment	-	-	-	87,159	87,159
Total Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>942,787</u>	<u>942,787</u>
Total Assets	<u>21,126,399</u>	<u>4,335,448</u>	<u>254,303</u>	<u>3,026,905</u>	<u>28,743,055</u>
LIABILITIES:					
Current Liabilities:					
Cash Overdraft	142,663	-	-	-	142,663
Accounts Payable	734,766	-	3,254	67	738,087
Claims Payable	3,698,834	1,055,988	-	-	4,754,822
Due to Other Funds	2,084,118	-	-	2,038,549	4,122,667
Total Current Liabilities	<u>6,660,381</u>	<u>1,055,988</u>	<u>3,254</u>	<u>2,038,616</u>	<u>9,758,239</u>
Total Liabilities	<u>6,660,381</u>	<u>1,055,988</u>	<u>3,254</u>	<u>2,038,616</u>	<u>9,758,239</u>
NET POSITION:					
Net Investment in Capital Assets	-	-	-	942,787	942,787
Unrestricted	14,466,018	3,279,460	251,049	45,502	18,042,029
Total Net Position	<u>\$ 14,466,018</u>	<u>\$ 3,279,460</u>	<u>\$ 251,049</u>	<u>\$ 988,289</u>	<u>\$ 18,984,816</u>

MONTGOMERY COUNTY, TEXAS
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
September 30, 2014

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OPERATING REVENUES:	Medical	Workers' Compensation	Accident Liability	Wellness Clinic	Total
Charges for Services	\$ 28,867,718	\$ 609,634	\$ 978,380	\$ 1,106,066	\$ 31,561,798
Miscellaneous	-	1,777	399,581	-	401,358
Total Operating Revenues	<u>28,867,718</u>	<u>611,411</u>	<u>1,377,961</u>	<u>1,106,066</u>	<u>31,963,156</u>
OPERATING EXPENSES:					
Supplies	-	-	-	29,157	29,157
Services	24,253,953	670,516	1,753,161	1,076,976	27,754,606
Depreciation	-	-	-	41,112	41,112
Total Operating Expenses	<u>24,253,953</u>	<u>670,516</u>	<u>1,753,161</u>	<u>1,147,245</u>	<u>27,824,875</u>
Operating Income/(Loss)	<u>4,613,765</u>	<u>(59,105)</u>	<u>(375,200)</u>	<u>(41,179)</u>	<u>4,138,281</u>
Change in Net Position	4,613,765	(59,105)	(375,200)	(41,179)	4,138,281
Total Net Position - beginning	<u>9,852,253</u>	<u>3,338,565</u>	<u>626,249</u>	<u>1,029,468</u>	<u>14,846,535</u>
Total Net Position - ending	<u>\$ 14,466,018</u>	<u>\$ 3,279,460</u>	<u>\$ 251,049</u>	<u>\$ 988,289</u>	<u>\$ 18,984,816</u>

MONTGOMERY COUNTY, TEXAS
Combining Statement of Cash Flows
Internal Service Funds
September 30, 2014

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	<u>Medical</u>	<u>Workers' Compensation</u>	<u>Accident Liability</u>	<u>Wellness Clinic</u>	<u>Total</u>
Cash flows from operating activities:					
Receipts from customers	\$ 26,291,872	\$ (22,847)	\$ 963,638	\$ 1,105,999	\$ 28,338,662
Receipts from others	(5,736,753)	(267,083)	786,268	67	(5,217,501)
Insurance recovery	-	1,777	-	-	1,777
Benefits paid	<u>(20,555,119)</u>	<u>385,470</u>	<u>(1,749,906)</u>	<u>(1,106,066)</u>	<u>(23,025,621)</u>
Net cash used by operating activities	<u>-</u>	<u>97,317</u>	<u>-</u>	<u>-</u>	<u>97,317</u>
Net (decrease) in cash and cash equivalents	<u>-</u>	<u>97,317</u>	<u>-</u>	<u>-</u>	<u>97,317</u>
Cash and cash equivalents - October 1, 2013	<u>-</u>	<u>32,864</u>	<u>-</u>	<u>-</u>	<u>32,864</u>
Cash and cash equivalents - September 30, 2014	<u>\$ -</u>	<u>\$ 130,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,181</u>
Reconciliation of operating income (loss) to net cash provided (used) in operating activities:					
Operating income (loss)	\$ 4,613,765	\$ (59,105)	\$ (375,200)	\$ (41,179)	\$ 4,138,281
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
(Increase) decrease in due from other funds	(5,676,798)	(267,083)	386,687	50	(5,557,144)
Depreciation expense	-	-	-	41,112	41,112
(Increase) decrease in intergovernmental receivable	(278,720)	516,243	4,262	-	241,785
Increase (decrease) in accounts payable	<u>1,341,753</u>	<u>(92,738)</u>	<u>(15,749)</u>	<u>17</u>	<u>1,233,283</u>
Total adjustments	<u>(4,613,765)</u>	<u>156,422</u>	<u>375,200</u>	<u>41,179</u>	<u>(4,040,964)</u>
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ 97,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,317</u>

AGENCY FUNDS

Adult Probation Supervision Fund – to account for basic supervision funds received. The funding is based on a formula calculated by the State.

Adult Probation Case Reduction Fund – to account for state funds received to provide high and medium-risk offenders with the needed supervision and services to improve their opportunity to successfully complete community supervision.

Adult Probation Community Correction Fund – to account for community corrections funding. This is based on a percentage of the state’s population which resides in the county and the percentage of all felony defendants in the state under direct community supervision by the department.

Adult Probation Mental Impairment Fund – to account for state funds received for a program that serves all offenders receiving Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) services from the local Mental Health and Mental Retardation agency (MHMR).

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

MONTGOMERY COUNTY, TEXAS
Agency Funds
Combining Statement of Assets and Liabilities
September 30, 2014

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	<u>Adult Probation Supervision</u>	<u>Adult Probation Case Reduction</u>	<u>Adult Probation Community Correction</u>	<u>Adult Probation Mental Impairment</u>	<u>County Officials</u>	<u>Totals</u>
<u>ASSETS:</u>						
Cash	\$ 2,777,559	\$ -	\$ 133,944	\$ 14,387	\$ 19,789,442	\$ 22,715,332
<u>TOTAL ASSETS</u>	<u>\$ 2,777,559</u>	<u>\$ -</u>	<u>\$ 133,944</u>	<u>\$ 14,387</u>	<u>\$ 19,789,442</u>	<u>\$ 22,715,332</u>
<u>LIABILITIES:</u>						
Due to Others	\$ 2,777,559	\$ -	\$ 133,944	\$ 14,387	\$ 19,789,442	\$ 22,715,332
<u>TOTAL LIABILITIES</u>	<u>\$ 2,777,559</u>	<u>\$ -</u>	<u>\$ 133,944</u>	<u>\$ 14,387</u>	<u>\$ 19,789,442</u>	<u>\$ 22,715,332</u>

MONTGOMERY COUNTY, TEXAS
Agency Funds
Statement of Changes in Assets and Liabilities
Year Ended September 30, 2014

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	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014
<u>ADULT PROBATION - SUPERVISION:</u>				
Assets:				
Cash	\$ 2,180,440	\$ 5,928,142	\$ 5,331,023	\$ 2,777,559
Liabilities:				
Due to Others	\$ 2,180,440	\$ 5,928,142	\$ 5,331,023	\$ 2,777,559
<u>ADULT PROBATION - CASE REDUCTION:</u>				
Assets:				
Cash	\$ 4,326	\$ 72,909	\$ 77,235	\$ -
Liabilities:				
Due to Others	\$ 4,326	\$ 72,909	\$ 77,235	\$ -
<u>ADULT PROBATION - COMMUNITY CORRECTION:</u>				
Assets:				
Cash	\$ 206,238	\$ 741,129	\$ 813,423	\$ 133,944
Liabilities:				
Due to Others	\$ 206,238	\$ 741,129	\$ 813,423	\$ 133,944
<u>ADULT PROBATION - MENTAL IMPAIRMENT:</u>				
Assets:				
Cash	\$ 18,773	\$ 120,110	\$ 124,496	\$ 14,387
Liabilities:				
Due to Others	\$ 18,773	\$ 120,110	\$ 124,496	\$ 14,387

MONTGOMERY COUNTY, TEXAS
Agency Funds
Statement of Changes in Assets and Liabilities
Year Ended September 30, 2014

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	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014
<u>COUNTY OFFICIALS:</u>				
Assets:				
Cash	\$ 9,040,896	\$ 3,009,182,546	\$ 2,998,434,000	\$ 19,789,442
Liabilities:				
Due to Others	\$ 9,040,896	\$ 3,009,182,546	\$ 2,998,434,000	\$ 19,789,442
<u>TOTALS - ALL AGENCY FUNDS:</u>				
Assets:				
Cash	\$ 11,450,673	\$ 3,016,044,836	\$ 3,004,780,177	\$ 22,715,332
Liabilities:				
Due to Others	\$ 11,450,673	\$ 3,016,044,836	\$ 3,004,780,177	\$ 22,715,332

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



MONTGOMERY COUNTY, TEXAS
Capital Assets Used in the Operation of Governmental Activities
Schedule by Source
September 30, 2014

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GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$	50,901,250
Buildings		200,917,316
Improvements Other than Buildings		23,206,513
Equipment		96,238,799
Infrastructure		1,211,357,967
Construction in Progress		394,270
		394,270

<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>\$</u>	<u>1,583,016,115</u>
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INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS

BY SOURCE:

General Fund	\$	299,085,737
Special Revenue Funds		1,282,389,576
Capital Project Funds		394,270
Internal Service Funds		1,146,532
		1,146,532

<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>\$</u>	<u>1,583,016,115</u>
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In prior years this schedule only included capital assets in the operation of Governmental Funds. For the 2014 report, Internal Service Funds assets are included in these figures.

MONTGOMERY COUNTY, TEXAS
Capital Assets Used in the Operation of Governmental Activities
Schedule by Function and Activity
September 30, 2014

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Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Equipment	Infrastructure
<u>GENERAL ADMINISTRATION:</u>						
County Judge	\$ 4,159	\$ -	\$ -	\$ -	\$ 4,159	\$ -
Human Resources	6,033	-	-	-	6,033	-
Risk Management	1,184,573	-	951,264	2,394	230,915	-
County Clerk	419,829	-	-	-	419,829	-
Collections	7,593	-	-	-	7,593	-
Purchasing Agent	73,195	-	-	-	73,195	-
Information Technology	7,220,189	-	86,900	1,061,450	6,071,839	-
County Buildings	95,578,396	-	94,899,336	642,570	-	36,490
County Land	6,461,741	6,341,828	-	119,913	-	-
<u>TOTAL GENERAL ADM</u>	<u>110,955,708</u>	<u>6,341,828</u>	<u>95,937,500</u>	<u>1,826,327</u>	<u>6,813,563</u>	<u>36,490</u>
<u>FINANCIAL ADMINISTRATION:</u>						
County Auditor	44,739	-	-	-	44,739	-
County Treasurer	27,291	-	-	-	27,291	-
Tax Assessor/Collector	212,187	7,500	-	-	204,687	-
<u>TOTAL FINANCIAL ADM</u>	<u>284,217</u>	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>276,717</u>	<u>-</u>
<u>CONSERVATION:</u>						
Extension Agents	877,115	1,682	815,958	48,017	11,458	-
Recycling Stations	194,633	-	61,318	53,478	79,837	-
<u>TOTAL CONSERVATION</u>	<u>1,071,748</u>	<u>1,682</u>	<u>877,276</u>	<u>101,495</u>	<u>91,295</u>	<u>-</u>
<u>ELECTIONS:</u>						
Elections Administrator	3,967,030	3,000	493,239	70,469	3,400,322	-
<u>TOTAL ELECTIONS ADM</u>	<u>3,967,030</u>	<u>3,000</u>	<u>493,239</u>	<u>70,469</u>	<u>3,400,322</u>	<u>-</u>
<u>FACILITIES:</u>						
Custodial Services	852,877	30,715	172,561	6,155	643,446	-
Building Maintenance	1,200,653	-	171,407	13,115	1,016,131	-
Parks	28,701,768	9,075,333	4,390,386	15,236,049	-	-
Jail	6,383,328	-	5,778,404	15,125	589,799	-
Civic Center	16,577,793	88,216	14,551,294	1,509,464	428,819	-
<u>TOTAL FACILITIES</u>	<u>53,716,419</u>	<u>9,194,264</u>	<u>25,064,052</u>	<u>16,779,908</u>	<u>2,678,195</u>	<u>-</u>
<u>HEALTH AND WELFARE:</u>						
Public Health	6,827,286	159,705	5,888,499	193,092	585,990	-
Mental Health Treatment	32,030,233	2,631,689	27,792,323	1,114,494	491,727	-
Community Development	11,106,175	563,626	10,096,041	-	446,508	-
<u>TOTAL HEALTH/WELFARE</u>	<u>49,963,694</u>	<u>3,355,020</u>	<u>43,776,863</u>	<u>1,307,586</u>	<u>1,524,225</u>	<u>-</u>

MONTGOMERY COUNTY, TEXAS
Capital Assets Used in the Operation of Governmental Activities
Schedule by Function and Activity
September 30, 2014

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Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Equipment	Infrastructure
<u>JUDICIAL:</u>						
Courts	638,112	-	-	924	637,188	-
District Attorney	278,334	-	-	-	278,334	-
District Clerk	165,909	-	7,129	-	158,780	-
Justice of Peace	2,465,162	-	2,329,825	4,930	130,407	-
<u>TOTAL JUDICIAL</u>	<u>3,547,517</u>	<u>-</u>	<u>2,336,954</u>	<u>5,854</u>	<u>1,204,709</u>	<u>-</u>
<u>LEGAL SERVICES:</u>						
County Attorney	6,136	-	-	-	6,136	-
Law Library	1,453,174	-	-	-	1,453,174	-
<u>TOTAL LEGAL SERVICES</u>	<u>1,459,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,459,310</u>	<u>-</u>
<u>PUBLIC SAFETY:</u>						
Emergency Management	14,706,828	-	629,431	410,407	13,666,990	-
Fire Marshal	26,952	-	-	-	26,952	-
Constables	3,723,583	22,810	462,577	37,990	3,200,206	-
Sheriff	38,565,616	217,711	2,535,811	702,011	35,110,083	-
District Attorney Forfeitures	425,594	-	-	13,839	411,755	-
County Attorney Forfeitures	7,171	-	-	-	7,171	-
Juvenile Probation	1,858,675	-	1,404,598	-	454,077	-
Adult Probation	62,001	-	13,151	-	48,850	-
<u>TOTAL PUBLIC SAFETY</u>	<u>59,376,420</u>	<u>240,521</u>	<u>5,045,568</u>	<u>1,164,247</u>	<u>52,926,084</u>	<u>-</u>
<u>PUBLIC TRANSPORTATION:</u>						
Engineer	34,869	-	-	-	34,869	-
Commissioners' Operations	1,234,158,005	26,431,679	6,714,524	1,193,112	16,950,459	1,182,868,231
Airport	35,578,923	1,688,128	4,163,397	706,821	567,331	28,453,246
<u>TOTAL PUBLIC TRANSPORTATION</u>	<u>1,269,771,797</u>	<u>28,119,807</u>	<u>10,877,921</u>	<u>1,899,933</u>	<u>17,552,659</u>	<u>1,211,321,477</u>
<u>CULTURE AND RECREATION:</u>						
Memorial Library	28,507,985	3,637,628	16,507,943	50,694	8,311,720	-
<u>TOTAL CULTURE/REC</u>	<u>28,507,985</u>	<u>3,637,628</u>	<u>16,507,943</u>	<u>50,694</u>	<u>8,311,720</u>	<u>-</u>
<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>						
	1,582,621,845	<u>\$ 50,901,250</u>	<u>\$ 200,917,316</u>	<u>\$ 23,206,513</u>	<u>\$ 96,238,799</u>	<u>\$ 1,211,357,967</u>
Construction In Progress	394,270					
<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>\$ 1,583,016,115</u>					

MONTGOMERY COUNTY, TEXAS
Capital Assets Used in the Operation of Governmental Activities
Schedule of Changes by Function and Activity
Year Ended September 30, 2014

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<u>Function and Activity</u>	Govtl Funds Capital Assets October 1, 2013	Additions	Deletions	Govtl Funds Capital Assets September 30, 2014
<u>GENERAL ADMINISTRATION:</u>				
County Judge	\$ 18,491	\$ -	\$ 14,332	\$ 4,159
Human Resources	6,033	-	-	6,033
Risk Management	38,041	1,146,532	-	1,184,573
County Clerk	452,613	-	32,784	419,829
Collections	7,593	-	-	7,593
Purchasing Agent	73,195	1,879,958	1,879,958	73,195
Information Technology	3,655,045	3,584,590	19,446	7,220,189
County Buildings	95,139,072	439,324	-	95,578,396
County Land	6,461,741	-	-	6,461,741
<u>TOTAL GENERAL ADM</u>	<u>105,851,824</u>	<u>7,050,404</u>	<u>1,946,520</u>	<u>110,955,708</u>
<u>FINANCIAL ADMINISTRATION:</u>				
County Auditor	52,264	1,829	9,354	44,739
County Treasurer	27,291	-	-	27,291
Tax Assessor/Collector	221,717	3,355	12,885	212,187
<u>TOTAL FINANCIAL ADM</u>	<u>301,272</u>	<u>5,184</u>	<u>22,239</u>	<u>284,217</u>
<u>CONSERVATION:</u>				
Extension Agents	877,115	-	-	877,115
Recycling Stations	194,633	-	-	194,633
<u>TOTAL CONSERVATION</u>	<u>1,071,748</u>	<u>-</u>	<u>-</u>	<u>1,071,748</u>
<u>ELECTIONS:</u>				
Elections Administrator	3,626,846	361,096	20,912	3,967,030
<u>TOTAL ELECTIONS</u>	<u>3,626,846</u>	<u>361,096</u>	<u>20,912</u>	<u>3,967,030</u>
<u>FACILITIES:</u>				
Custodial Services	835,655	49,509	32,287	852,877
Building Maintenance	1,175,881	35,060	10,288	1,200,653
Parks	28,673,189	29,671	1,092	28,701,768
Jail	3,918,383	2,482,095	17,150	6,383,328
Civic Center	16,555,751	31,156	9,114	16,577,793
<u>TOTAL FACILITIES</u>	<u>51,158,859</u>	<u>2,627,491</u>	<u>69,931</u>	<u>53,716,419</u>
<u>HEALTH AND WELFARE:</u>				
Public Health	6,832,174	10,094	14,982	6,827,286
Mental Health Facility	32,032,889	-	2,656	32,030,233
Community Development	10,328,326	777,849	-	11,106,175
<u>TOTAL HEALTH & WELFARE</u>	<u>49,193,389</u>	<u>787,943</u>	<u>17,638</u>	<u>49,963,694</u>

MONTGOMERY COUNTY, TEXAS
Capital Assets Used in the Operation of Governmental Activities
Schedule of Changes by Function and Activity
Year Ended September 30, 2014

G-3
Page 2 of 2

Function and Activity	Govtl Funds Capital Assets October 1, 2013	Additions	Deletions	Govtl Funds Capital Assets September 30, 2014
<u>JUDICIAL:</u>				
Courts	620,674	89,610	72,172	638,112
District Attorney	258,301	55,155	35,122	278,334
District Clerk	168,315	4,036	6,442	165,909
Justice of Peace	2,466,776	2,342	3,956	2,465,162
<u>TOTAL JUDICIAL</u>	<u>3,514,066</u>	<u>151,143</u>	<u>117,692</u>	<u>3,547,517</u>
<u>LEGAL SERVICES:</u>				
County Attorney	8,987	-	2,851	6,136
Law Library	1,421,136	32,038	-	1,453,174
<u>TOTAL LEGAL SERVICES</u>	<u>1,430,123</u>	<u>32,038</u>	<u>2,851</u>	<u>1,459,310</u>
<u>PUBLIC SAFETY:</u>				
Emergency Management	14,133,243	963,440	389,855	14,706,828
Fire Marshal	26,952	-	-	26,952
Constables	2,725,310	1,244,702	246,429	3,723,583
Sheriff	36,582,759	3,637,720	1,654,863	38,565,616
District Attorney Forfeitures	397,064	43,070	14,540	425,594
County Attorney Forfeitures	-	7,171	-	7,171
Juvenile Probation	1,845,838	43,525	30,688	1,858,675
Adult Probation	62,001	-	-	62,001
<u>TOTAL PUBLIC SAFETY</u>	<u>55,773,167</u>	<u>5,939,628</u>	<u>2,336,375</u>	<u>59,376,420</u>
<u>PUBLIC TRANSPORTATION:</u>				
Engineer	34,869	-	-	34,869
Commissioners' Operations	1,190,618,294	44,371,890	832,179	1,234,158,005
Airport	27,608,970	7,971,012	1,059	35,578,923
<u>TOTAL PUBLIC TRANS</u>	<u>1,218,262,133</u>	<u>52,342,902</u>	<u>833,238</u>	<u>1,269,771,797</u>
<u>CULTURE & RECREATION:</u>				
Memorial Library	28,066,225	452,758	10,998	28,507,985
<u>TOTAL CULTURE/REC</u>	<u>28,066,225</u>	<u>452,758</u>	<u>10,998</u>	<u>28,507,985</u>
Construction In Progress	2,240,455	2,631,150	4,477,335	394,270
<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>\$ 1,520,490,107</u>	<u>\$ 72,381,737</u>	<u>\$ 9,855,729</u>	<u>\$ 1,583,016,115</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. Schedules presenting government-wide information include information beginning in that year.



MONTGOMERY COUNTY, TEXAS

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

TABLE I

Governmental Activities:

	Net Investment in Capital Assets	Restricted for:		Unrestricted	Total Net Position
		Capital Projects	Debt Service		
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
2013	364,555,659	33,463,975	28,522,430	(37,107,523)	389,434,541
2014	266,597,783	38,972,226	32,891,729	59,772,088	398,233,826

Note: Accounting standards require that net position be reported in 3 components in the financial statements: Net Investment in Capital Assets; Restricted; and Unrestricted. Net position is 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 Position

Last Ten Fiscal Years

(accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses				
<i>Governmental Activities:</i>				
General Administration	\$ 11,228,147	\$ 13,416,534	\$ 11,780,620	\$ 16,822,168
Judicial	14,787,696	16,761,386	17,042,393	15,894,641
Legal	1,823,681	2,101,795	2,233,072	2,445,787
Elections	460,869	1,086,378	1,466,229	1,947,963
Financial Administration	4,398,998	4,791,906	4,981,536	5,088,713
Public Facilities	16,611,013	20,768,370	20,208,449	19,887,748
Public Safety	38,293,859	41,162,610	44,725,170	51,558,472
Health and Welfare	6,253,621	8,958,511	7,637,646	16,301,079
Culture and Recreation	6,257,162	7,051,403	8,460,806	8,697,389
Conservation	721,238	721,982	760,370	825,476
Public Transportation	23,780,503	58,874,891	69,455,834	76,212,732
Miscellaneous	4,519,314	3,009,024	2,846,822	1,070,696
Debt Service	7,464,112	10,553,741	11,701,725	15,998,167
Total Governmental Activities Expenses	<u>136,600,213</u>	<u>189,258,531</u>	<u>203,300,672</u>	<u>232,751,031</u>
Total Primary Government Expenses	<u>136,600,213</u>	<u>189,258,531</u>	<u>203,300,672</u>	<u>232,751,031</u>
Program Revenues				
<i>Governmental Activities:</i>				
Fees, Fines, Forfeitures and Charges for Services				
General Administration	5,063,830	6,445,057	7,393,470	5,797,753
Judicial	9,276,673	7,800,759	7,440,711	8,712,572
Legal	399,053	471,138	527,537	483,018
Elections	1,548	30,500	1,569	2,081
Financial Administration	1,167,804	1,325,948	1,459,788	2,101,194
Public Facilities	567,862	843,224	1,000,092	4,548,064
Public Safety	10,794,828	13,425,676	14,774,292	14,255,517
Health and Welfare	1,058,085	1,276,884	1,266,457	1,495,403
Culture and Recreation	230,775	246,400	258,398	294,045
Conservation	-	-	-	-
Public Transportation	7,382,918	7,725,846	7,987,128	7,714,365
Operating Grants and Contributions	8,238,497	8,343,395	8,288,928	15,376,235
Capital Grants and Contributions	27,335,093	41,591,644	65,322,295	60,429,833
Total Governmental Activities Program Revenues	<u>71,516,966</u>	<u>89,526,471</u>	<u>115,720,665</u>	<u>121,210,080</u>
Total Primary Government Program Revenues	<u>71,516,966</u>	<u>89,526,471</u>	<u>115,720,665</u>	<u>121,210,080</u>
Net (Expense) Revenue	<u>(65,083,247)</u>	<u>(99,732,060)</u>	<u>(87,580,007)</u>	<u>(111,540,951)</u>
General Revenues and Other Changes in Net Position				
<i>Governmental Activities:</i>				
Taxes				
Property Taxes	\$ 95,927,528	105,410,635	115,740,129	131,600,844
Other Taxes	1,077,680	1,142,888	1,381,764	1,610,605
Unrestricted Grants and Contributions	-	-	-	-
Investment Earnings	2,007,229	3,582,630	8,442,457	5,680,817
Miscellaneous	776,504	160,887	419,968	1,435,277
Total Governmental Activities	<u>99,788,941</u>	<u>110,297,040</u>	<u>125,984,318</u>	<u>140,327,543</u>
Total Primary Government	<u>99,788,941</u>	<u>110,297,040</u>	<u>125,984,318</u>	<u>140,327,543</u>
Change in Net Position	<u>\$ 34,705,694</u>	<u>\$ 10,564,980</u>	<u>\$ 38,404,311</u>	<u>\$ 28,786,592</u>

TABLE II

	2009	2010	2011	2012	2013	2014
\$	22,046,369	\$ 15,339,911	\$ 56,850,436	\$ 54,732,939	\$ 49,084,269	\$ 52,627,252
	22,794,440	24,893,295	25,751,781	27,800,678	29,981,281	32,077,111
	2,678,359	2,824,360	2,893,028	3,254,126	3,170,292	3,548,986
	1,694,067	1,827,247	1,723,583	2,249,037	2,081,998	2,438,670
	5,917,962	6,358,514	6,111,643	6,334,740	6,748,425	6,813,820
	41,255,267	43,618,780	50,133,665	49,812,586	57,821,137	66,496,215
	55,941,218	62,650,758	62,564,836	66,364,576	65,088,893	69,458,813
	29,039,919	9,085,174	14,924,434	28,582,176	22,722,536	25,315,219
	9,981,330	7,456,924	9,061,639	9,607,386	10,121,267	10,285,291
	341,910	986,843	982,337	1,003,159	1,170,933	748,622
	95,536,899	111,627,910	80,597,409	65,221,658	76,521,763	89,687,467
	1,156,114	1,683,887	659,499	-	-	-
	21,121,081	22,946,953	24,566,713	23,989,607	29,179,720	17,797,503
	<u>309,504,935</u>	<u>311,300,556</u>	<u>336,821,003</u>	<u>338,952,668</u>	<u>353,692,514</u>	<u>377,294,969</u>
	<u>309,504,935</u>	<u>311,300,556</u>	<u>336,821,003</u>	<u>338,952,668</u>	<u>353,692,514</u>	<u>377,294,969</u>
	5,402,968	5,948,735	39,240,521	37,812,374	38,371,600	36,601,588
	10,475,877	12,702,190	8,713,071	2,973,713	7,504,357	8,945,991
	501,896	518,257	503,400	499,509	484,413	484,963
	1,131	103,831	177	453	182	317
	2,268,952	2,244,114	2,553,434	2,943,952	3,700,987	4,525,655
	24,717,702	21,800,561	19,812,950	23,655,878	30,568,848	34,120,105
	15,388,348	19,139,564	17,542,034	17,403,723	14,140,176	15,900,947
	1,478,897	1,735,047	10,628,153	16,718,253	16,494,475	17,947,526
	323,520	316,855	309,966	287,967	287,822	309,567
	-	-	-	-	228,653	216,727
	8,442,985	9,118,839	9,219,220	10,489,702	7,538,461	10,634,088
	29,439,925	11,446,490	12,781,928	9,526,211	8,669,829	10,302,710
	55,848,681	56,300,073	24,936,363	27,209,719	92,305,068	60,564,053
	<u>154,290,882</u>	<u>141,374,556</u>	<u>146,241,217</u>	<u>149,521,454</u>	<u>220,294,871</u>	<u>200,554,237</u>
	<u>154,290,882</u>	<u>141,374,556</u>	<u>146,241,217</u>	<u>149,521,454</u>	<u>220,294,871</u>	<u>200,554,237</u>
	<u>(155,214,053)</u>	<u>(169,926,000)</u>	<u>(190,579,786)</u>	<u>(189,431,214)</u>	<u>(133,397,643)</u>	<u>(176,740,732)</u>
	145,696,133	156,397,865	161,327,007	167,297,778	175,901,469	186,842,153
	1,719,903	1,824,262	1,785,343	1,674,934	1,970,594	2,456,460
	-	-	8,364,557	12,855,843	-	-
	1,667,591	790,693	540,642	382,170	459,052	669,309
	463,953	1,006,752	2,900,249	1,264,605	30,938,482	844,937
	<u>149,547,580</u>	<u>160,019,572</u>	<u>174,917,798</u>	<u>183,475,330</u>	<u>209,269,597</u>	<u>190,812,859</u>
	<u>149,547,580</u>	<u>160,019,572</u>	<u>174,917,798</u>	<u>183,475,330</u>	<u>209,269,597</u>	<u>190,812,859</u>
	<u>(5,666,473)</u>	<u>\$ (9,906,428)</u>	<u>\$ (15,661,988)</u>	<u>\$ (5,955,884)</u>	<u>\$ 75,871,953</u>	<u>\$ 14,072,127</u>

MONTGOMERY COUNTY, TEXAS
Governmental Fund Balances
Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
General Fund				
Reserved for:				
Prepaid items	\$ -	\$ 355,284	\$ 405,442	\$ 226,088
Unreserved	9,818,012	16,496,456	20,357,618	25,621,544
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 9,818,012</u>	<u>\$ 16,851,740</u>	<u>\$ 20,763,060</u>	<u>\$ 25,847,632</u>
All Other Governmental Funds				
Reserved for:				
Prepaid items	\$ 1,799,127	\$ 1,464,625	\$ 3,183,467	\$ 769,559
Capital projects	25,183,317	124,460,927	119,067,943	109,016,095
Inventory	80,227	71,186	66,617	67,641
Debt service	2,142,695	2,246,764	2,633,600	4,561,190
Unreserved, reported in:				
Special revenue funds	500,665	4,228,581	3,908,678	21,832,516
Debt service funds	-	-	-	-
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 29,706,031</u>	<u>\$ 132,472,083</u>	<u>\$ 128,860,305</u>	<u>\$ 136,247,001</u>

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

TABLE III

Fiscal Year					
2009	2010	2011 ⁽¹⁾	2012	2013	2014
\$ 1,209,368	\$ 614,103	\$ -	\$ -	\$ -	\$ -
33,804,639	43,326,405	-	-	-	-
-	-	-	11,217	2,010,097	1,442,838
-	-	134,855	91,718	5,909,899	2,292,056
-	-	19,571,942	32,806,254	36,450,842	44,517,198
-	-	29,647,002	30,241,977	35,336,437	39,722,291
<u>\$ 35,014,007</u>	<u>\$ 43,940,508</u>	<u>\$ 49,353,799</u>	<u>\$ 63,151,166</u>	<u>\$ 79,707,275</u>	<u>\$ 87,974,383</u>
\$ 1,533	\$ 42,762	\$ -	\$ -	\$ -	\$ -
91,075,383	35,255,056	-	-	-	-
85,034	91,503	-	-	-	-
12,206,656	10,761,379	-	-	-	-
26,929,735	32,894,308	-	-	-	-
-	-	-	-	-	-
-	-	172,593	363,698	2,654,365	1,533,898
-	-	76,922,025	80,798,663	97,079,589	77,236,101
-	-	19,740	16,848	25,354,566	16,133,816
-	-	7,421,107	10,801,627	11,718,578	14,409,545
<u>\$ 130,298,341</u>	<u>\$ 79,045,008</u>	<u>\$ 84,535,465</u>	<u>\$ 91,980,836</u>	<u>\$ 136,807,098</u>	<u>\$ 109,313,360</u>

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

(modified accrual basis of accounting)

	2005	2006	2007	2008
Revenues				
Taxes	\$ 96,881,886	\$ 106,734,347	\$ 117,303,468	\$ 132,652,213
Licenses and Permits	7,090,124	7,705,191	7,903,148	7,813,929
Fees	11,245,253	13,965,850	14,919,639	14,702,564
Intergovernmental	9,753,650	12,928,979	16,939,038	25,176,883
Charges for Services	1,208,604	1,479,104	1,683,063	1,927,909
Interest	2,007,225	3,582,649	8,580,033	5,898,574
Contract Reimbursements	8,026,103	9,105,696	10,385,885	11,138,260
Inmate Housing	50,430	1,356,977	1,607,241	3,566,886
Fines and Forfeitures	2,338,177	2,010,036	1,933,374	2,026,564
Miscellaneous	2,477,813	2,421,395	2,084,903	3,802,795
Total Revenues	141,079,265	161,290,224	183,339,792	208,706,577
Expenditures				
General Administration	11,956,474	12,249,238	12,293,414	13,532,419
Judicial	14,533,798	16,621,754	17,179,832	18,504,705
Legal Services	1,820,797	2,113,773	2,228,239	2,397,829
Elections	650,970	3,144,556	1,373,213	1,606,046
Financial Administration	4,359,609	4,751,654	4,966,523	5,251,827
Public Facilities	15,795,553	20,439,889	22,477,341	25,448,843
Public Safety	39,990,719	41,794,370	45,184,624	64,484,699
Health and Welfare	6,979,121	8,969,704	8,883,225	17,851,636
Culture and Recreation	6,102,610	6,948,700	7,812,017	7,314,312
Conservation	707,684	646,202	745,767	803,808
Public Transportation	16,857,418	17,390,668	17,161,732	18,991,837
Miscellaneous	4,519,314	3,009,024	2,846,822	1,070,696
Capital Projects	16,092,056	41,126,282	69,694,164	93,906,202
Debt Service:				
Principal Retirement	3,034,930	3,830,069	5,305,000	4,598,741
Interest and Fiscal Charges	8,087,980	8,285,966	13,929,488	16,024,292
Issuance Costs	618,647	-	1,356,675	1,443,423
Total Expenditures	152,107,680	191,321,849	233,438,076	293,231,315
(Deficiency) Revenues over Expenditures	(11,028,415)	(30,031,625)	(50,098,284)	(84,524,738)
Other Financing Sources/(Uses)				
Transfers In	16,324,181	15,894,991	46,199,570	21,663,686
Transfers Out	(16,324,181)	(15,894,991)	(46,199,570)	(21,663,686)
Capital Lease Financing	1,264,452	262,529	3,953,897	16,599,021
Issuance of Refunding Bonds	45,850,000	-	41,495,000	9,855,000
Payment to Refunded Bond Escrow Agent	(49,904,606)	-	(41,706,307)	(10,211,444)
Sale of Capital Asset	-	-	-	-
Issuance of Other Bonds	-	137,870,000	44,834,989	79,885,000
Discounts/Premiums on Debt Issuance	3,772,220	3,650,574	820,247	1,868,429
Total Other Financing Sources/(Uses)	982,066	141,783,103	49,397,826	97,996,006
Net Change in Fund Balances	\$ (10,046,349)	\$ 111,751,478	\$ (700,458)	\$ 13,471,268
Debt Service as a percentage of noncapital expenditures	8.6%	8.1%	12.6%	11.1%

TABLE IV

2009	2010	2011	2012	2013	2014
\$ 147,492,907	\$ 157,541,607	\$ 162,716,956	\$ 169,042,135	\$ 178,176,320	\$ 189,037,048
8,116,936	7,552,220	7,498,169	7,340,620	7,933,209	8,559,827
14,027,489	14,925,021	16,404,832	17,013,807	19,145,966	18,355,114
34,078,838	19,798,654	32,110,368	31,530,494	47,182,714	33,269,063
2,094,454	2,168,606	1,633,673	1,975,389	2,892,355	4,968,141
1,312,224	790,282	540,616	382,173	459,053	669,336
12,126,654	16,506,829	24,213,859	30,930,076	28,960,527	28,370,644
23,895,939	21,085,088	18,958,951	22,670,575	29,373,490	32,383,821
3,192,219	3,047,555	3,662,448	4,247,571	4,392,610	4,792,027
2,741,345	3,568,946	5,055,183	4,354,033	5,557,556	1,920,078
249,079,005	246,984,808	272,795,055	289,486,873	324,073,800	322,325,099
17,048,371	15,758,058	26,145,340	24,829,831	22,145,663	26,136,632
21,795,715	23,657,153	25,547,447	26,939,088	28,623,495	30,585,284
2,550,211	2,716,217	2,982,862	3,136,043	2,963,853	3,332,642
1,258,713	1,410,441	1,344,669	2,156,915	1,887,236	2,512,216
5,624,961	5,877,896	5,983,660	5,997,385	6,237,056	6,346,867
44,144,809	43,995,733	42,038,981	46,681,717	55,409,376	63,531,573
55,809,351	61,405,346	65,088,924	63,136,032	62,574,123	66,190,543
30,236,637	12,520,365	23,540,364	27,684,389	22,365,117	23,979,722
8,008,564	8,393,594	8,480,049	8,621,870	8,800,215	8,967,110
845,288	899,649	960,483	910,093	1,074,697	1,065,899
20,469,397	25,913,518	33,746,483	25,354,154	34,898,188	42,400,671
1,156,114	1,683,887	659,499	-	-	-
71,212,681	91,100,968	26,806,719	8,809,026	18,177,561	27,503,608
6,557,918	7,916,895	11,304,861	16,970,899	20,185,150	19,460,000
18,713,749	20,511,045	23,757,714	23,245,469	23,025,209	17,618,628
1,265,496	1,336,839	329,498	382,183	590,333	435,540
306,697,975	325,097,604	298,717,553	284,855,094	308,957,272	340,066,935
(57,618,970)	(78,112,796)	(25,922,498)	4,631,779	15,116,528	(17,741,836)
24,812,746	27,012,983	20,909,835	27,961,981	98,091,394	23,737,039
(24,812,746)	(27,012,983)	(20,909,835)	(27,961,981)	(98,091,394)	(23,737,039)
1,133,148	3,125,403	1,197,802	830,702	218,758	949,101
-	43,380,000	-	30,885,000	15,880,000	101,760,000
-	(44,643,876)	-	(35,739,475)	(60,594,395)	(118,083,208)
-	-	-	-	65,000,000	-
56,190,000	1,167,562	31,390,000	14,925,000	13,350,000	-
3,513,538	32,756,874	4,238,443	5,709,732	4,353,152	13,889,313
60,836,686	35,785,963	36,826,245	16,610,959	38,207,515	(1,484,794)
\$ 3,217,716	\$ (42,326,833)	\$ 10,903,747	\$ 21,242,738	\$ 53,324,043	\$ (19,226,630)
11.3%	13.4%	13.1%	14.8%	14.8%	11.9%



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⁾
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
2013	27,633,521	4,749,812	3,644,710	3,767,339	(3,089,011)	36,706,371	0.4838
2014	29,215,860	5,529,356	3,600,829	4,345,886	(3,324,961)	39,366,970	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

	2005	2006	2007	2008
<u>MONTGOMERY COUNTY, TEXAS:</u>				
General Fund	\$ 0.3822	\$ 0.3869	\$ 0.3611	\$ 0.3630
Special Revenue Funds	0.0528	0.0528	0.0478	0.0478
Debt Service Fund	0.0613	0.0566	0.0824	0.0780
Total Montgomery County, Texas	0.4963	0.4963	0.4913	0.4888
<u>OVERLAPPING GOVERNMENTS:</u>				
Special Districts:				
Chateau Woods M.U.D.	0.2332	0.1939	0.1939	0.1847
Clover Creek M.U.D.	1.2500	1.2500	1.2500	1.2500
Conroe M.U.D #1	-	-	-	0.6000
Corinthian Point M.U.D.	0.7694	0.7222	0.7122	0.6066
East Montgomery County M.U.D. #3	0.7500	0.9500	0.9500	0.9500
East Plantation U.D.	0.7700	0.8100	0.8000	0.7600
Far Hills U.D.	0.4800	0.4800	0.4700	0.4700
Grand Oaks M.U.D	-	1.3500	1.3500	1.3500
Harris County M.U.D #386	-	-	-	-
Kings Manor M.U.D.	1.2900	1.2000	1.0000	0.8800
Lake Conroe Hills M.U.D.	0.5000	0.5000	0.5000	0.5000
Lazy River I.D.	0.6339	-	0.6050	0.5623
Hendricks - Defined Area	-	-	-	-
Lone Star Community College	0.1145	0.1207	0.1167	0.1144
Montgomery County D.D. #6	0.2800	0.2733	0.2733	0.2666
Montgomery County D.D. #10	0.4580	0.4580	0.4580	0.4580
Montgomery County F.W.S.D. #6	0.3945	0.3945	0.3945	0.3945
Montgomery County Hospital Dist	0.0999	0.0850	0.0781	0.0777
Montgomery County M.U.D. #6	0.2500	0.2200	0.1100	0.1100
Montgomery County M.U.D. #7	0.3400	0.3000	0.2000	0.2000
Montgomery County M.U.D. #8	0.2171	0.2012	0.2272	0.2118
Montgomery County M.U.D. #9	0.6000	0.6000	0.6000	0.6000
Montgomery County M.U.D. #15	1.5000	1.4500	1.3268	1.2937
Montgomery County M.U.D. #16	2.4600	1.5800	1.3600	1.2300
Montgomery County M.U.D. #18	0.5100	0.5100	0.5000	0.4900
Montgomery County M.U.D. #19	0.4000	0.3500	No Tax	0.3243
Montgomery County M.U.D. #24	1.5700	1.4900	No Tax	1.4000
Montgomery County M.U.D. #36	0.3600	0.3230	0.1200	0.1200
Montgomery County M.U.D. #39	0.7000	0.5800	0.4800	0.4700
Montgomery County M.U.D. #40	0.2800	0.2500	0.2100	0.2100
Montgomery County M.U.D. #42	1.3800	1.3500	1.3200	1.2500
Montgomery County M.U.D. #46	0.5800	0.5000	0.4200	0.3800
Montgomery County M.U.D. #47	0.3600	0.3100	0.2800	0.2800
Montgomery County M.U.D. #56	1.2500	1.2500	1.2500	1.2500

TABLE VI

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	2009	2010	2011	2012	2013	2014
\$	0.3647	\$ 0.3576	\$ 0.3582	\$ 0.3629	\$ 0.3715	\$ 0.3657
	0.0464	0.0464	0.0458	0.0464	0.0464	0.0464
	0.0727	0.0798	0.0798	0.0745	0.0659	0.0717
	0.4838	0.4838	0.4838	0.4838	0.4838	0.4838
	0.1793	0.2016	0.2223	0.2317	0.2486	0.2592
	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
	0.5587	0.5487	0.5738	0.5393	0.5393	0.5393
	0.9500	0.9500	0.9500	0.9500	0.9500	0.9500
	0.0729	0.7090	0.7090	0.7090	0.7090	0.7090
	0.4700	0.4700	0.4700	0.4820	0.4820	-
	1.3500	1.3500	1.3500	1.3500	1.3500	1.3500
	-	-	-	0.9900	0.9400	0.7200
	0.8600	0.8600	0.8600	0.8600	0.8300	0.8100
	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
	0.5544	0.5547	0.5599	0.5342	0.5627	0.5662
	-	-	-	-	-	0.5000
	0.1101	0.1101	0.1176	0.1210	0.1198	0.1160
	0.2641	0.2641	0.2641	0.2100	0.2100	0.2050
	0.4470	0.4470	0.4470	0.4470	0.4500	0.4500
	0.3945	0.3945	0.2941	0.2820	0.3385	0.3462
	0.0760	0.0755	0.7540	0.0745	0.0729	0.7270
	0.1100	0.1000	0.0950	0.0875	0.0800	0.0750
	0.1750	0.1750	0.1750	0.1675	0.1675	0.1645
	0.2179	0.2332	0.2494	0.2651	0.2651	0.2651
	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
	1.2450	1.2400	1.2400	1.2400	1.2400	1.2400
	1.2100	1.3000	1.3000	1.3000	1.2600	1.2000
	0.4500	0.4400	0.4400	0.4300	0.3800	0.3800
	0.3243	0.3243	0.3243	0.3243	0.3243	0.3000
	1.2800	1.2800	1.3800	1.1800	1.1800	1.2800
	0.1100	0.1000	0.0550	0.0400	0.0350	0.0350
	0.4400	0.4300	0.4300	0.4200	0.4200	0.4150
	0.1900	0.1800	0.1700	0.1600	0.1500	0.1400
	1.2400	1.2400	1.2300	1.1800	1.1500	1.2500
	0.3100	0.2850	0.2750	0.2650	0.2550	0.2400
	0.2600	0.2500	0.2500	0.2450	0.2450	0.2450
	1.2500	1.0000	1.0000	1.0000	1.0000	1.0000

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

	2005	2006	2007	2008
Special Districts (continued):				
Montgomery County M.U.D. #60	0.4200	0.3500	0.3000	0.2900
Montgomery County M.U.D. #67	0.4500	0.4300	0.3400	0.3300
Montgomery County M.U.D. #83	1.2500	1.2500	1.2500	No Tax
Montgomery County M.U.D. #84	-	1.2500	1.2500	No Tax
Montgomery County M.U.D. #88	-	No Tax	No Tax	1.3900
Montgomery County M.U.D. #89	1.3900	1.3900	1.3900	1.3700
Montgomery County M.U.D. #90	-	0.6000	0.6000	0.6000
Montgomery County M.U.D. #92	-	0.6000	0.6000	0.6000
Montgomery County M.U.D. #94	1.2200	1.2200	1.2200	1.2100
Montgomery County M.U.D. #95	1.2500	1.2500	No Tax	No Tax
Montgomery County M.U.D. #98	-	1.2500	No Tax	No Tax
Montgomery County M.U.D. #99	-	-	1.0400	1.0400
Montgomery County M.U.D. #107	-	-	0.6000	0.6000
Montgomery County M.U.D. #112	-	-	-	No Tax
Montgomery County M.U. D #113	-	-	-	-
Montgomery County M.U.D. #115	-	-	-	1.3500
Montgomery County M.U.D. #119	-	-	-	-
Montgomery County M.U.D. #123	-	-	-	-
Montgomery County U.D. #2	0.5700	0.5700	0.5700	0.5700
Montgomery County U.D. #3	0.4516	0.4516	0.4516	0.4516
Montgomery County U.D. #4	0.3300	0.3800	0.4200	0.5200
Montgomery County W.C.I.D. #1	0.8200	0.8200	0.8200	0.7750
New Caney M.U.D.	0.5076	0.5376	0.5376	0.5862
Point Aquarius M.U.D.	0.5347	0.5132	0.6777	0.7463
Porter M.U.D.	0.5150	0.5150	0.5150	0.5150
Rayford Road M.U.D.	0.7620	0.7620	0.7020	0.6420
River Plantation M.U.D.	0.4812	0.4504	0.3387	0.3156
Roman Forest Cons. M.U.D.	0.5650	0.4760	0.3974	0.3708
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
South Montgomery County M.U.D.	0.2326	0.2200	0.2200	0.2200
Spring Creek U.D.	1.0100	1.0000	1.0000	1.0000
Stanley Lake M.U.D.	0.5800	0.5800	0.5800	0.5000
Texas National M.U.D.	0.9022	0.8918	0.8966	0.9190
Valley Ranch M.U.D. #1	-	-	1.4000	1.4000
Wood Trace M.U.D. #1	1.2500	1.0000	No Tax	0.7500
Woodlands Metro-Center M.U.D.	0.3000	0.2700	0.2300	0.2100
Woodlands M.U.D. #2	0.3750	0.3350	0.2700	0.2400
Woodlands R.U.D. #1	0.5000	0.4817	0.4800	0.4800
Woodridge M.U.D.	-	-	-	-
Emergency Service District #1	0.1000	0.1000	0.0973	0.1000
Emergency Service District #2	0.1000	0.1000	0.1000	0.1000

TABLE VI
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2009	2010	2011	2012	2013	2014
0.2650	0.2400	0.2400	0.2375	0.2275	0.2175
0.3200	0.3200	0.3200	0.3125	0.3125	0.3025
1.2500	1.2500	1.2000	1.1300	1.0500	0.9800
1.2500	1.2500	1.2500	1.2500	1.2500	1.2000
1.3900	1.3900	1.3900	1.3900	1.3900	1.3900
1.3000	1.2500	1.1800	1.1100	1.0900	1.0600
0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
1.2000	1.1600	1.1600	1.1300	1.1000	1.0100
No Tax	No Tax	No Tax	1.3500	1.3500	1.3500
1.2300	1.2300	1.2300	1.2250	1.2250	1.2250
1.0400	1.0400	1.0400	1.0400	1.0400	1.0400
0.6000	0.7000	0.7000	0.7000	0.7000	0.0700
1.1000	1.1000	1.1000	1.1000	1.1000	1.1000
1.1000	1.1000	1.1900	1.1900	0.7500	0.7100
1.3500	1.3500	1.3500	1.3500	1.3500	1.3500
1.4500	1.4500	1.4500	1.4500	1.4500	1.4500
-	-	-	1.2500	-	-
0.5700	0.5700	0.5700	0.5700	0.5700	0.5700
0.4516	0.4412	0.4554	0.4515	0.4515	0.4515
0.5002	0.4952	0.4895	0.4895	0.4100	0.4100
0.7750	0.7750	0.7750	0.8100	0.8100	0.8100
0.5862	0.6200	0.7100	0.7100	0.7100	0.7100
0.7275	0.7015	0.7032	0.7032	0.7032	0.7032
0.5150	0.5150	0.5150	0.5150	0.5150	0.5150
0.6020	0.5920	0.5920	0.6220	0.6100	0.6000
0.3112	0.3101	0.3101	0.3200	0.3200	0.3200
0.3183	0.3000	0.2900	0.2700	0.2000	0.2200
1.2500	1.2500	1.2500	1.2500	-	-
1.1500	1.1500	1.1500	1.1500	1.1540	1.1540
0.2200	0.2200	0.2266	0.2266	0.2266	0.2258
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.4900	0.5200	0.5200	0.5100	0.5000	0.5200
0.9040	1.0959	1.0959	1.0959	1.0823	1.1330
1.4000	1.4000	1.4000	1.4000	1.4000	1.4000
0.7500	0.7500	0.7500	0.7500	0.7500	0.7500
0.1900	0.1900	0.1900	0.1750	0.1750	0.1650
0.1900	0.2300	0.1900	0.1700	0.1500	0.1300
0.4738	0.4491	0.4300	0.4266	0.4063	0.3600
-	-	-	-	-	1.5000
0.1000	0.0975	0.0974	0.9640	0.0964	0.0964
0.1000	0.0940	0.1000	0.1000	0.1000	0.1000

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

	2005	2006	2007	2008
Special Districts (continued):				
Emergency Service District #3	0.1000	0.1000	0.0968	0.1000
Emergency Service District #4	0.0980	0.0908	0.0843	0.1000
Emergency Service District #5	0.1000	0.1000	0.1000	0.1000
Emergency Service District #6	0.1000	0.1000	0.1000	0.1000
Emergency Service District #7	0.1000	0.0983	0.1000	0.1000
Emergency Service District #8	0.0722	0.0713	0.0725	0.0736
Emergency Service District #9	0.0981	-	0.0998	0.0948
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	0.0908
Emergency Service District #14	0.1000	0.1000	0.1000	0.1000
Total Special Districts	41.4957	43.8165	40.6722	44.6022
Cities:				
Cleveland	-	-	-	-
Conroe	0.4335	0.4335	0.4300	0.4250
Magnolia	0.4963	0.4935	0.4847	0.4914
Montgomery	0.3869	0.5605	0.5605	0.5423
Oak Ridge North	0.7579	0.7300	0.7300	0.7000
Panorama Village	0.6653	0.6653	0.6608	0.6694
Patton Village	0.4585	0.5000	0.5000	0.4851
Roman Forest	0.5198	0.5000	0.4697	0.4697
Shenandoah Village	0.4010	0.4010	0.3610	0.3470
Splendor	0.3000	0.3000	0.3000	0.2955
Stagecoach	0.5330	0.5373	0.5775	0.5675
Willis	0.5784	0.5934	0.5442	0.5431
Woodbranch Village	0.4919	0.4179	0.4031	0.3719
Woodlands Township	-	-	-	-
Woodloch	0.7186	0.6300	0.5954	0.5953
Auburn Trail Defined Area	-	-	-	-
Auburn Trail II Defined Area	-	-	-	-
Houston (County Line City)	0.6500	0.6475	0.6450	0.6438
Total Cities	7.3911	7.4099	7.2619	7.1470
School Districts:				
Cleveland I.S.D.	1.7000	1.7400	1.5850	1.3150
Conroe I.S.D.	1.7325	1.7600	1.5900	1.2400
Humble I.S.D.	-	-	-	-
Magnolia I.S.D.	1.6800	1.7900	1.6600	1.4200

TABLE VI

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2009	2010	2011	2012	2013	2014
0.1000	0.0972	0.1000	0.0998	0.0990	0.0954
0.0984	0.1000	0.1000	0.0986	0.0961	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	0.0998	0.0996
0.0722	0.0762	0.1000	0.1000	0.1000	0.0960
0.0974	0.1000	0.1000	0.0946	0.0917	0.0855
0.1000	0.0950	0.1000	0.0988	0.1000	0.1000
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
0.0999	0.1000	0.1000	0.0996	0.0996	0.1000
0.0100	0.1000	0.1000	0.1000	0.1000	0.0951
50.3512	49.7103	50.0391	53.2208	48.9162	49.9980
-	-	-	0.6850	0.7800	0.7800
0.4200	0.4200	0.4200	0.4200	0.4200	0.4200
0.4914	0.4914	0.4914	0.4814	0.4786	0.4786
0.4523	0.4450	0.4199	0.4155	0.4155	0.4155
0.6431	0.6389	0.5996	0.5996	0.5744	0.5244
0.6474	0.6517	0.6512	0.6698	0.6844	0.6741
0.4366	0.4091	0.3890	0.3779	0.3779	0.3818
0.4750	0.4706	0.4707	0.4721	0.4819	0.4819
0.3470	0.3282	0.3282	0.3237	0.3137	0.2664
0.2984	0.2978	0.2968	0.2797	0.2797	0.2720
0.5525	0.5400	0.5214	0.5044	0.5000	0.5429
0.5376	0.5808	0.5893	0.5669	0.5208	0.5363
0.3537	0.3448	0.3373	0.3514	0.3544	0.3496
-	0.3280	0.3274	0.3250	0.3173	0.2940
0.6257	0.5468	0.5199	1.0000	0.5000	0.4971
-	-	-	-	0.9850	0.5750
-	-	-	-	-	0.5750
0.6388	0.6388	0.6388	0.6388	0.6388	0.6388
6.9195	7.1319	7.0009	8.1112	8.6224	8.7034
1.3150	1.3150	1.3150	1.3150	1.3150	1.3150
1.2700	1.2850	1.2950	1.2950	1.2900	1.2850
-	-	-	1.5200	1.5200	1.5200
1.4000	1.3800	1.3995	1.3995	1.3995	1.3995

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
School Districts (continued):				
Montgomery I.S.D.	1.6600	1.6600	1.5419	1.3500
New Caney I.S.D.	1.7700	1.7900	1.6400	1.4150
Richards I.S.D.	1.5000	1.5000	1.3700	1.0400
Splendora I.S.D.	1.7300	1.6900	1.5447	1.3173
Tomball I.S.D.	1.7300	1.7100	1.5800	1.2750
Willis I.S.D.	1.7100	1.7350	1.6020	1.3060
Total School Districts	<u>15.2125</u>	<u>15.3750</u>	<u>14.1136</u>	<u>11.6783</u>
<u>TOTAL PROPERTY TAX RATES -</u>				
<u>DIRECT AND OVERLAPPING</u>				
<u>GOVERNMENTS</u>	<u>\$64.5956</u>	<u>\$67.0977</u>	<u>\$62.5390</u>	<u>\$63.9163</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

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
1.3500	1.3400	1.3400	1.3400	1.3400	1.3400
1.4400	1.4800	1.5400	1.5400	1.5400	1.6700
1.0400	1.0400	1.0400	1.0400	1.0400	1.0400
1.5100	1.3200	1.3599	1.3300	1.3600	1.3155
1.3600	1.3600	1.3600	1.3600	1.3155	1.3600
1.3700	1.3700	1.3700	1.3700	1.3700	1.3900
<u>12.0550</u>	<u>11.8900</u>	<u>12.0194</u>	<u>13.5095</u>	<u>13.4900</u>	<u>13.6350</u>
<u><u>\$69.8095</u></u>	<u><u>\$69.2160</u></u>	<u><u>\$69.5432</u></u>	<u><u>\$75.3252</u></u>	<u><u>\$71.5123</u></u>	<u><u>\$72.8202</u></u>

MONTGOMERY COUNTY, TEXAS

Principal Taxpayers

Current Year and Nine Years Ago

TABLE VII

<u>2014 Taxpayer</u>	<u>Type of Business</u>	<u>2014 Assessed Valuation ⁽¹⁾</u>	<u>Percentage of Total Assessed Valuation ⁽²⁾</u>
Wal Mart Real Estate Business Trust/ Sams Club	Retail	\$ 266,082,505	0.68 %
Denbury Onshore LLC	Oil & Gas Industrial	194,609,172	0.49
Conroe Hospital Corporation	Medical	155,600,016	0.40
Anadarko Realty Co.	Oil & Gas Industrial	132,301,330	0.34
Woodlands land Devopment, LP	Land Development	112,350,090	0.29
The Woodlands Mall Associates	Retail	85,872,793	0.22
KIMCO	Research & Development	81,268,300	0.21
Hughes Christensen Company	Industrial	79,009,441	0.20
Canrig	Oil & Gas Industrial	76,225,590	0.19
JD Warmack	Developers	71,963,240	0.18
		<u>\$ 1,255,282,477</u>	<u>3.20 %</u>

<u>2005 Taxpayer</u>	<u>Type of Business</u>	<u>2005 Assessed Valuation ⁽¹⁾</u>	<u>Percentage of Total Assessed Valuation ⁽³⁾</u>
Wal-Mart Real Estate Bus Trust	Land Development	\$ 230,295,718	1.21 %
Gulf States Utilities Company	Electric Utility	166,928,160	0.88
Woodlands Land Development, LP	Land Development	101,052,710	0.53
Huntsman Petrochemical Corporation	Industrial	95,626,773	0.50
Conroe Hospital Corporation	Medical	73,584,080	0.39
Consolidated Communications of Texas	Communications	69,977,630	0.37
CVS Distribuion Center and Regional Offices	Retail	61,185,954	0.32
The Woodlands Mall Association	Retail	58,698,870	0.31
SBC Communications Inc.	Telephone Utility	51,764,976	0.27
Devon Energy Operating Company	Industrial	47,211,230	0.25
		<u>\$ 956,326,101</u>	<u>5.03 %</u>

(1) Source: Montgomery Central Appraisal District

(2) Net Assessed Valuation - 2014 \$ 39,366,970,026

(3) Net Assessed Valuation - 2005 \$ 18,968,230,832

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
2005	\$ 94,513,506	\$ 92,527,246	97.9 %	\$ 54,418	\$ 92,581,664	98.0 %
2006	104,074,236	102,113,249	98.1 %	63,533	102,176,782	98.2 %
2007	114,138,148	112,640,155	98.7 %	110,887	112,751,042	98.8 %
2008	129,601,440	127,903,113	98.7 %	216,847	128,119,960	98.9 %
2009	144,971,851	142,781,596	98.5 %	427,591	143,209,187	98.8 %
2010	155,635,330	153,508,163	98.6 %	905,919	154,414,082	99.2 %
2011	160,613,960	158,449,175	98.7 %	1,782,255	160,231,430	99.8 %
2012	166,759,322	164,636,997	98.7 %	1,369,224	166,006,221	99.5 %
2013	175,204,298	173,007,132	98.7 %	745,064	173,752,196	99.2 %
2014	186,703,350	184,735,498	98.9 %	-	184,735,498	98.9 %

⁽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, 2013, and 2014.

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	Net: Interest Premiums and Discounts	Total Long-Term Debt	Percent of Personal Income ⁽²⁾	Per Capita ⁽²⁾
2005	\$ 129,182,674	\$ -	\$ 25,860,000	\$ 1,403,363	\$ 4,745,570	\$ 161,191,607	1.22 %	\$ 429.25
2006	238,529,676	-	50,155,000	1,096,177	7,999,426	297,780,279	1.93 %	791.75
2007	237,618,866	44,834,989	46,660,000	3,452,124	7,715,713	340,281,692	1.94 %	862.53
2008	285,645,701	44,834,989	73,180,000	19,053,887	9,064,658	431,779,235	2.13 %	1,002.36
2009	337,600,000	43,758,601	71,685,000	17,409,156	12,051,322	482,504,079	2.44 %	1,108.18
2010	332,565,000	42,256,701	102,580,000	17,164,115	11,787,129	506,352,945	2.38 %	1,105.16
2011	270,030,000	128,266,840	99,190,000	15,336,959	15,233,295	528,057,094	2.31 %	1,142.62
2012	268,735,000	122,140,941	101,120,000	13,671,491	10,236,430	515,903,862	2.09 %	1,071.90
2013	261,590,000	75,075,000	109,930,000	11,209,724	12,589,534	470,394,258	1.77 %	956.79
2014	278,565,000	67,995,000	74,555,000	9,942,261	28,256,466	459,313,727	N/A	913.29

⁽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 2014 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			Total	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					
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
2013	261,590,000	75,075,000	109,930,000	446,595,000	17,795,351	428,799,649	1.17 %	872.19
2014	278,565,000	67,995,000	74,555,000	421,115,000	20,906,476	400,208,524	1.02 %	795.77

⁽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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Assessed value ⁽²⁾	\$ 16,586,307	\$ 16,655,256	\$ 20,531,197	\$ 23,665,820
Debt limit ⁽³⁾	4,146,577	4,163,814	5,132,799	5,916,455
Debt applicable to limit				
Total bonded debt	155,043	288,685	329,114	403,661
Less: Assets in Debt Service Funds available for payment of principal	<u>(2,143)</u>	<u>(2,247)</u>	<u>(2,631)</u>	<u>(4,561)</u>
Total debt applicable to limit	<u>152,900</u>	<u>286,438</u>	<u>326,483</u>	<u>399,100</u>
Legal debt margin	<u>\$ 3,993,677</u>	<u>\$ 3,877,376</u>	<u>\$ 4,806,316</u>	<u>\$ 5,517,355</u>
Total debt applicable to the limit as a percent of debt limit	3.69%	6.88%	6.36%	6.75%

⁽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.

⁽⁴⁾ Beginning in 2014, total bonded debt includes total debt outstanding for both Montgomery County and Woodlands RUD #1.

TABLE XI

2009	2010	2011	2012	2013	2014
\$ 26,960,161	\$ 32,662,351	\$ 33,862,620	\$ 35,101,086	\$ 36,706,371	\$ 39,366,970
6,740,041	8,165,588	8,465,655	8,775,272	9,176,593	9,841,743
453,044	477,402	497,487	491,996	446,595	493,740 ⁽⁴⁾
(12,207)	(10,761)	(14,239)	(15,950)	(17,795)	(20,906)
440,837	466,640	483,248	476,046	428,800	472,834
\$ 6,299,204	\$ 7,698,947	\$ 7,982,407	\$ 8,299,226	\$ 8,747,794	\$ 9,368,910
6.54%	5.71%	5.71%	5.42%	4.67%	4.80%

MONTGOMERY COUNTY, TEXAS
Direct and Overlapping Debt
September 30, 2014

TABLE XII

	Debt Outstanding	Percentage Applicable to Montgomery County ⁽¹⁾	Amount Applicable to Montgomery County
Montgomery County, Texas	\$ 421,115,000	100.00	\$ 421,115,000
TOTAL DIRECT DEBT	421,115,000		421,115,000

OVERLAPPING GOVERNMENTS:

Special Districts:

Clovercreek M.U.D.	1,130,000	100.00	1,130,000
Corinthian Point M.U.D. #2	1,600,000	100.00	1,600,000
East Montgomery Co M.U.D #3	10,380,000	100.00	10,380,000
East Plantation U.D.	2,495,000	100.00	2,495,000
Far Hills U.D.	5,350,000	100.00	5,350,000
Grand Oaks M.U.D.	1,755,000	100.00	1,755,000
Kings Manor M.U.D.	15,075,000	68.28	10,293,210
Lazy River I.D.	715,000	100.00	715,000
Lone Star College System	470,225,000	25.55	120,142,488
Montgomery Co. D.D. #10	8,470,000	100.00	8,470,000
Montgomery Co. M.U.D. #7	3,800,000	100.00	3,800,000
Montgomery Co. M.U.D. #8	10,455,000	100.00	10,455,000
Montgomery Co. M.U.D. #9	12,850,000	100.00	12,850,000
Montgomery Co. M.U.D. #15	11,345,000	100.00	11,345,000
Montgomery Co. M.U.D. #18	19,710,000	100.00	19,710,000
Montgomery Co. M.U.D. #39	12,990,000	100.00	12,990,000
Montgomery Co. M.U.D. #40	1,265,000	100.00	1,265,000
Montgomery Co. M.U.D. #42	96,470,000	100.00	96,470,000
Montgomery Co. M.U.D. #46	28,365,000	100.00	28,365,000
Montgomery Co. M.U.D. #47	2,025,800	100.00	2,025,800
Montgomery Co. M.U.D. #56	16,915,000	100.00	16,915,000
Montgomery Co. M.U.D. #60	14,290,000	100.00	14,290,000
Montgomery Co. M.U.D. #67	16,570,000	100.00	16,570,000
Montgomery Co. M.U.D. #83	25,135,000	100.00	25,135,000
Montgomery Co. M.U.D. #84	2,520,000	100.00	2,520,000
Montgomery Co. M.U.D. #88	23,790,000	100.00	23,790,000
Montgomery Co. M.U.D. #89	7,165,000	100.00	7,165,000
Montgomery Co. M.U.D. #90	1,745,000	100.00	1,745,000
Montgomery Co. M.U.D. #92	37,810,000	100.00	37,810,000
Montgomery Co. M.U.D. #94	6,155,000	100.00	6,155,000
Montgomery Co. M.U.D. #95	6,215,000	100.00	6,215,000
Montgomery Co. M.U.D. #98	4,215,000	100.00	4,215,000
Montgomery Co. M.U.D. #99	12,050,000	100.00	12,050,000
Montgomery Co. M.U.D. #107	22,435,000	100.00	22,435,000
Montgomery Co. M.U.D. #112	40,935,000	100.00	40,935,000

MONTGOMERY COUNTY, TEXAS
Direct and Overlapping Debt
September 30, 2014

TABLE XII

	Debt <u>Outstanding</u>	Percentage Applicable to <u>Montgomery County ⁽¹⁾</u>	Amount Applicable to Montgomery <u>County</u>
Special Districts:(Continued)			
Montgomery Co. M.U.D. #113	16,450,000	100.00	16,450,000
Montgomery Co. M.U.D. #115	9,715,000	100.00	9,715,000
Montgomery Co. M.U.D. #119	7,525,000	100.00	7,525,000
Montgomery Co. U.D. #2	150,000	100.00	150,000
Montgomery Co. U.D. #3	13,095,000	100.00	13,095,000
Montgomery Co. U.D. #4	13,800,000	100.00	13,800,000
Montgomery Co. W.C.I.D. #1	121,803,916	100.00	121,803,916
New Caney M.U.D.	8,345,000	100.00	8,345,000
Point Aquarius M.U.D.	10,445,000	100.00	10,445,000
Porter M.U.D.	1,800,000	100.00	1,800,000
Rayford Road M.U.D.	25,620,000	100.00	25,620,000
Roman Forest Con. M.U.D.	1,130,000	100.00	1,130,000
Harris-Montgomery Co MUD #386	113,615,000	11.54	13,111,171
Spring Creek U.D.	38,900,000	100.00	38,900,000
Stanley Lake M.U.D.	14,645,000	100.00	14,645,000
Southern Montgomery County MUD	9,025,000	100.00	9,025,000
Texas National M.U.D.	895,000	100.00	895,000
Valley Ranch M.U.D. #1	9,045,000	100.00	9,045,000
Woodlands Metro-Center I.D.	16,385,000	100.00	16,385,000
Roman Forest P.U.D. #4	765,000	100.00	765,000
Woodlands R.U.D. #1	72,625,000	100.00	72,625,000
The Woodlands Township	42,855,000	96.57	41,385,074
Emergency Service District #3	381,626	100.00	381,626 ⁽²⁾
Emergency Service District #4	821,700	100.00	821,700 ⁽²⁾
Emergency Service District #7	201,590	100.00	201,590 ⁽²⁾
Emergency Service District #9	244,141	100.00	244,141 ⁽²⁾
Emergency Service District #12	167,769	100.00	167,769 ⁽²⁾
Total Special Districts	<u>1,504,866,542</u>		<u>1,048,028,484</u>
Cities:			
Cleveland	15,160,000	0.15	22,740
Conroe	124,930,000	100.00	124,930,000
Magnolia	5,775,000	100.00	5,775,000
Montgomery	279,004,409	100.00	279,004,409
Oak Ridge North	4,165,000	100.00	4,165,000
Panorama Village	13,275,000	100.00	13,275,000
Shenandoah	25,405,000	100.00	25,405,000



MONTGOMERY COUNTY, TEXAS
Direct and Overlapping Debt
September 30, 2014

TABLE XII

	<u>Debt</u> <u>Outstanding</u>	<u>Percentage</u> <u>Applicable to</u> <u>Montgomery County ⁽¹⁾</u>	<u>Amount Applicable</u> <u>to Montgomery</u> <u>County</u>
Cities: (Continued)			
Splendora	4,360,000	100.00	4,360,000
Willis	15,525,000	100.00	15,525,000
Woodbranch Village	319,000	100.00	319,000
Houston	<u>3,239,735,000</u>	0.25	<u>8,099,338</u>
Total Cities	<u>3,727,653,409</u>		<u>480,880,487</u>
School Districts			
Cleveland I.S.D.	36,060,785	1.68	605,821
Conroe I.S.D.	978,090,000	100.00	978,090,000
Magnolia I.S.D.	138,960,000	100.00	138,960,000
Montgomery I.S.D.	7,285,000	100.00	7,285,000
New Caney I.S.D.	18,415,000	97.93	18,033,810
Richards I.S.D.	25,000	26.45	6,613
Splendora I.S.D.	52,225,000	100.00	52,225,000
Tomball I.S.D.	366,490,000	7.20	26,387,280
Willis I.S.D.	<u>66,528,956</u>	97.79	<u>65,058,666</u>
Total School Districts	<u>1,664,079,741</u>		<u>1,286,652,189</u>
TOTAL OVERLAPPING DEBT	<u>6,896,599,692</u>		<u>2,815,561,160</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$ 7,317,714,692</u>		<u>\$ 3,236,676,160</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

Year	Lease Revenue Bonds ⁽¹⁾			Debt Service		Coverage
	Lease Payments	Less: Operating Expenses	Net: Available Revenue	Principal	Interest	
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
2013	19,053,761	17,818,794	1,234,967	1,715,150	1,728,330	0.36
2014	-	-	-	-	-	-

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 were backed from the lease payments that the County will make to the Jail Financing Corporation. During fiscal year 2013, the detention facility was sold to the operator, GEO Corrections, and utilized the proceeds of the sale to defease the debt.

⁽²⁾ The County has pledged pass-through tolling revenue to repay the debt service on selected bond issues.

TABLE XIIIPass -Through Toll Revenue Bonds ⁽²⁾

TXDOT Revenue	Debt Service		Coverage
	Principal	Interest	
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	79,300	-
7,883,095	-	1,077,755	7.31
19,235,365	4,485,000	2,733,321	2.66
25,969,528	6,785,000	3,589,583	2.50
29,275,155	7,080,000	3,356,300	2.81

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>
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	24,638,680	51,192	96,912	91,276	5.7 %
2013	491,636	26,549,916	53,192	95,815	91,235	5.3 %
2014	502,920	N/A	N/A	98,887	92,983	4.7 %

(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 2012 from The Bureau of Economic Analysis website
Personal income information for 2014 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 2005 through 2008 was obtained from the financial reports of the appropriate year.

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

TABLE XV

<u>2014 Employer ⁽¹⁾</u>	<u>Employees</u>	<u>Percentage of Total County Employment ⁽²⁾</u>
Conroe Independent School District	6,540	2.57 %
Anadarko Petroleum	3,481	1.37
Montgomery County, Texas	2,156	0.85
Aon Hewitt	1,800	0.71
New Caney Independent School District	1,615	0.63
Magnolia Independent School District	1,534	0.60
Memorial Hermann - The Woodlands	1,400	0.55
St. Luke's The Woodlands Hospital	1,348	0.53
Willis Independent School District	840	0.33
Montgomery Independent School District	825	0.32
	<u>21,539</u>	<u>8.45 %</u>

<u>2005 Employer ⁽³⁾</u>	<u>Employees</u>	<u>Percentage of Total County Employment ⁽²⁾</u>
Hughes Christensen	5,149	2.99 %
Anadarko Petroleum	1,900	1.10
Hewitt Associates	1,800	1.05
Montgomery County, Texas	1,471	0.85
Conroe Regional Medical Center	1,200	0.70
Memorial Hermann The Woodlands Hospital	1,050	0.61
Montgomery College	751	0.44
Lexicon Genetics, Inc.	710	0.41
Woodlands Resort & Conference Center	611	0.36
Chevron Phillips Chemical Co.	600	0.35
	<u>15,242</u>	<u>8.86 %</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 2014.

⁽²⁾ Total County Employment for 2014 and 2005:

254,539 and 172,082 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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Administration	101	104	111	111	116	118	135	127	132	132
Judicial	201	205	213	213	231	265	269	278	289	297
Legal Services	26	25	29	28	30	29	30	32	32	32
Elections	6	8	9	9	10	10	11	11	11	12
Financial Administration	87	88	89	90	93	93	95	101	103	93
Public Facilities	238	261	334	348	357	372	388	405	404	415
Public Safety	498	502	529	565	612	611	628	655	662	714
Health and Welfare	49	52	55	57	57	71	77	77	48	47
Culture and Recreation	89	124	136	148	148	153	161	161	161	163
Conservation	14	13	15	13	17	18	20	21	21	19
Public Transportation	162	164	163	161	165	174	205	213	226	232
	<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>	<u>2,089</u>	<u>2,156</u>

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

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

<u>Function</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government				
Construction permits issued ⁽¹⁾	5,565	6,592	5,304	3,699
Estimated value of construction ⁽¹⁾⁽²⁾	1,088,171	1,276,959	1,203,248	1,206,874
Health inspections performed ⁽³⁾	7,882	11,077	11,338	11,194
Birth certificates filed ⁽⁴⁾	4,453	4,809	5,233	5,343
Death certificates filed ⁽⁴⁾	1,520	1,849	1,766	1,994
Marriage license applications ⁽⁴⁾	2,122	2,282	2,417	2,324
Registered voters ⁽⁵⁾	213,414	225,184	223,157	237,299
Number of voting precincts ⁽⁵⁾	85	85	85	85
Public Safety - Sheriff				
Total arrests ⁽⁶⁾	19,036	19,222	21,098	19,676
Average number of inmates ⁽⁶⁾	815	977	1,093	1,025
Calls for service ⁽⁶⁾	240,844	292,929	239,492	265,255
Number of accidents investigated ⁽⁶⁾	6,438	12,242	2,838	3,588
Miles patrolled ⁽⁶⁾	2,795,393	2,619,133	2,752,276	2,582,405
Gallons of gas used ⁽⁶⁾	229,864	201,058	296,675	364,159
Culture and Recreation - Libraries (tentative)				
Number of items checked out ⁽⁷⁾	1,210,339	1,451,208	1,628,139	1,697,999
Number of libraries ⁽⁷⁾	6	7	7	7
Volumes in collection ⁽⁷⁾	586,668	477,681	523,000	580,378
Number of library visits ⁽⁷⁾	1,026,802	1,089,855	1,099,870	1,202,297
Library programs attendance ⁽⁷⁾	84,228	99,788	127,971	100,655

(1) Source: Montgomery County Engineer.

(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					
2009	2010	2011	2012	2013	2014
2,455	2,598	2,440	2,905	4,336	4,947
1,085,532	719,797	575,758	1,054,912	1,344,371	2,019,423
11,234	11,281	11,638	14,214	14,968	15,623
5,674	5,419	5,283	5,213	5,325	5,392
2,017	2,087	2,214	2,235	2,384	2,638
2,432	2,160	2,351	2,399	2,630	2,795
239,246	249,620	244,080	260,253	265,424	274,536
85	85	85	86	86	89
18,229	19,402	20,802	22,057	22,758	24,679
881	964	1,026	965	1,033	1,152
285,098	259,486	286,719	312,405	333,548	346,749
1,621	1,485	1,122	951	1,356	2,385
3,224,282	2,615,320	2,717,733	3,867,763	5,906,651	5,747,155
362,958	281,746	409,337	444,854	465,391	468,806
1,924,198	2,035,605	2,008,110	1,963,074	1,996,503	2,018,491
7	7	7	7	7	7
655,756	652,426	670,068	683,803	691,892	686,870
1,402,326	1,386,130	1,296,899	1,286,333	1,184,833	1,108,782
141,744	132,916	127,694	101,789	118,959	124,738

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

<u>Function</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government				
Office Buildings/Courthouses ⁽¹⁾	25	25	31	34
Public Safety - Sheriff				
Sheriff's Vehicles ⁽²⁾	269	273	278	382
Academy Square Footage ⁽¹⁾	13,800	13,800	13,800	13,800
Public Transportation				
County Roads (miles) ⁽³⁾	2,342	2,391	2,475	2,525
Bridges ⁽³⁾	140	157	157	157
Public Facilities				
Park Acreage ⁽⁴⁾	228	228	1,657	1,748
Convention Center Square Footage ⁽⁵⁾	56,000	56,000	56,000	56,000
Community Centers ⁽²⁾	17	17	17	17
Culture and Recreation				
Total Library Square Footage ⁽⁶⁾	138,516	145,395	169,776	169,776

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

2009	2010	2011	2012	2013	2014
35	39	42	43	43	38
351	374	427	460	463	467
13,800	13,800	13,800	13,800	13,800	13,800
2,589	2,636	2,640	2,656	2,685	2,703
157	158	158	158	159	159
1,974	1,870	2,072	2,956	2,061	2,061
56,000	56,000	56,000	56,000	56,000	56,000
18	17	18	17	17	17
169,776	169,776	171,400	171,400	171,400	171,400

