



# *Houston County, Texas*

**FISCAL YEAR**

**OCTOBER 1, 2009 - SEPTEMBER 30, 2010**

## *Independent Auditors' Report*

**TODD, HAMAKER & JOHNSON, LLP**

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**Houston County, Texas**  
**Report on Audit of Financial Statements**  
**September 30, 2010**

## **INTRODUCTORY SECTION**

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**HOUSTON COUNTY, TEXAS  
TABLE OF CONTENTS  
SEPTEMBER 30, 2010**

PAGE NO.

**INTRODUCTORY SECTION**

Table of Contents .....	1-2
Principal Public Officials .....	3

**FINANCIAL SECTION**

Independent Auditors' Report.....	7-8
Management's Discussion and Analysis.....	9-15

**Basic Financial Statements**

Government-wide Financial Statements

Statement of Net Assets .....	21
Statement of Activities.....	22-23

Fund Financial Statements

Balance Sheet – Governmental Funds .....	26-28
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets.....	29
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds .....	30-32
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds to the Statement of Activities .....	33
Statement of Fiduciary Net Assets – Fiduciary Funds.....	35

Notes to Financial Statements .....	39-46
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**Required Supplementary Information**

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund .....	49
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road and Bridge Pct #1 .....	51
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road and Bridge Pct #2 .....	53
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road and Bridge Pct #3 .....	55
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road and Bridge Pct #4.....	57
Schedule of Funding Progress of Pension Plan.....	59

**HOUSTON COUNTY, TEXAS  
TABLE OF CONTENTS  
SEPTEMBER 30, 2010**

PAGE NO.

**SUPPLEMENTARY INFORMATION SECTION**

**Combining Fund Statements**

Combining Balance Sheet – Nonmajor Special Revenue Funds.....	62-75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	76-89
Combining Statement of Fiduciary Assets and Liabilities .....	90-91

**COMPLIANCE SECTION**

Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i> .....	95-96
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 .....	97-98
Schedule of Findings and Questioned Costs .....	99-100
Status of Prior Year Findings .....	101
Schedule of Expenditures of Federal Awards .....	103-104
Notes to the Schedule of Expenditures of Federal Awards .....	105

**HOUSTON COUNTY, TEXAS  
PRINCIPAL PUBLIC OFFICIALS  
SEPTEMBER 30, 2010**

**COMMISSIONERS' COURT**

Lonnie Hunt ..... County Judge  
Roger Dickey ..... Commissioner Precinct #1  
Willie Kitchen ..... Commissioner Precinct #2  
Pat Perry ..... Commissioner Precinct #3  
Kennon Kellum ..... Commissioner Precinct #4

**COUNTY ELECTED OFFICIALS**

Morris Luker ..... Constable Precinct #1  
Kenneth Smith ..... Constable Precinct #2  
Daphne Session ..... County Attorney  
Bridget Lamb ..... County Clerk  
Sarah T. Clark ..... County Court at Law  
Charles R. Hodges ..... County Surveyor  
Dina Herrera ..... County Treasurer  
Clyde Black ..... Justice of the Peace, Precinct #1  
Ronnie Jordan ..... Justice of the Peace, Precinct #2  
Darrel Bobbitt ..... Sheriff  
Danette Millican ..... Tax Assessor/Collector

**DISTRICT ELECTED OFFICIALS**

Donna Gordon Kaspar ..... District Attorney 349th Judicial District  
Carolyn Rains ..... District Clerk  
Mark Alan Calhoon ..... District Judge, 3rd Judicial District  
Pam Foster Fletcher ..... District Judge, 349th Judicial District

**APPOINTED OFFICIALS**

Brandon Sheeley ..... Community Supervision/Corrections Department  
Jennifer Allen ..... County Agriculture Agent  
Melissa Mosley ..... County Auditor  
Mandy Patrick ..... County Home Agent  
David Lamb ..... Emergency Management Coordinator & Fire Marshall  
Angela B. Cross ..... Juvenile Probation Department  
Fred Newtz ..... Veteran Service Officer  
Norman Moore ..... Director of Information Technology  
Odia McWhorter ..... Director of Maintenance

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## **FINANCIAL SECTION**

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# Todd, Hamaker & Johnson, LLP

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CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Houston County, Texas, as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Houston County, Texas' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Houston County, Texas as of September 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2011, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress on pension plan on pages 9 through 15 and 49 through 59 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

## INDEPENDENT AUDITORS' REPORT – CONTINUED

standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Houston County, Texas' financial statements as a whole. The introductory section and combining nonmajor fund statements, on pages 1 through 3 and 62 through 91, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of managements and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has 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.

*Todd, Hamaker & Johnson, LLP*

Todd, Hamaker & Johnson, LLP  
June 24, 2011

**HOUSTON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

As management of Houston County, Texas (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2010. We encourage readers to consider information presented here as well as the County's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The County's overall assets exceeded its total liabilities by \$9,577,767 (net assets) at September 30, 2010. Of this amount, \$3,970,309 may be used to meet the County's ongoing obligations to citizens and creditors.
- Overall revenues exceeded expenses (or an increase in net assets) by \$323,859.
- At the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$6,956,056, a decrease of \$7,591,401 in comparison with the prior year. This decrease is largely the result of funds used to complete jail construction.
- At September 30, 2010, unreserved fund balance for the General Fund was \$2,491,262, or 50% of total General Fund expenditures.
- The County's total long-term debt decreased by \$520,531 during the current fiscal year. Two additional capital leases, totaling \$152,324, were authorized for the purchase of equipment and patrol vehicles.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements 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 other required supplementary that further explains and supports the information in the financial statements.

**Government-wide Financial Statements.** The *government-wide financial statements*, which begin on page 21 of this report, are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net assets changed during the fiscal year. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

**Fund Financial Statements.** 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. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable*

**HOUSTON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

*resources* available at the end of the fiscal year. Revenues are recognized when they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, which are reported as expenditures in the year due.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental fund financial statements can be found on pages 26 to 35 of this report.

***Fiduciary Funds*** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources are not available to support the County's own programs.

The fiduciary fund financial statements can be found on pages 35 and pages 90 to 91 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39 to 46 of this report.

**HOUSTON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**THE COUNTY'S NET ASSETS**

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. The County's assets exceeded its liabilities by \$9,577,767 as of September 30, 2010.

The County has a large investment in capital assets (e.g., land, buildings, equipment, and construction in progress) and related debt used to acquire those assets that remains outstanding. The County uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets totaling \$3,307,043 represents resources that are subject to restriction on how they may be used. The remaining balance is \$3,970,309 and is unrestricted in nature.

**The County's Net Assets**

	2010	2009
Current and other assets	\$ 8,360,680	\$ 18,534,614
Capital assets	<u>16,509,402</u>	<u>6,536,279</u>
Total assets	<u>24,870,082</u>	<u>25,070,893</u>
Long-term liabilities	14,208,987	14,056,663
Other liabilities	<u>1,083,328</u>	<u>1,760,322</u>
Total liabilities	<u>15,292,315</u>	<u>15,816,985</u>
Net assets:		
Invested in capital assets, net of related debt	2,300,415	5,405,503
Restricted	3,307,043	42,470
Unrestricted	<u>3,970,309</u>	<u>3,805,935</u>
Total net assets	<u>\$ 9,577,767</u>	<u>\$ 9,253,908</u>

**HOUSTON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

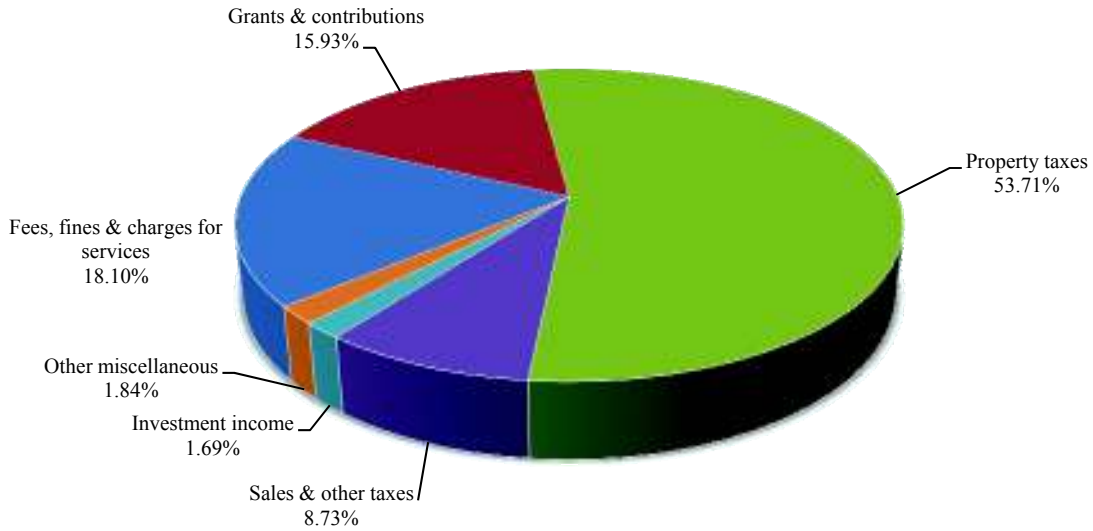
During the year, revenues exceeded expenses (or an increase in net assets) by \$323,859.

	<u>2010</u>	<u>2009</u>
Revenues		
Charges for services	\$ 1,802,849	\$ 2,058,128
General revenues:		
Property taxes	5,351,271	4,929,602
Sales taxes	825,739	821,585
Other taxes	44,180	11,683
Interest income	131,096	461,514
Grants and contributions	1,587,209	2,327,411
Payment in lieu of taxes	33,266	-
Gain on sale of assets	36,875	15,222
Other miscellaneous	183,318	260,613
Total revenues	<u>9,995,803</u>	<u>10,885,758</u>
Expenses		
General government	2,338,576	2,319,860
Judicial and law enforcement	4,056,952	4,982,990
Highways and streets	2,228,665	2,026,650
Health and welfare	185,632	8,947
Culture and recreation	174,140	321,573
Interest on long-term debt	687,979	1,016,909
Total expenses	<u>9,671,944</u>	<u>10,676,929</u>
Increase (decrease in net assets)	323,859	208,829
Prior period adjustment	-	(209,447)
Net assets at beginning of year	<u>9,253,908</u>	<u>9,254,526</u>
Net assets at end of year	<u>\$ 9,577,767</u>	<u>\$ 9,253,908</u>



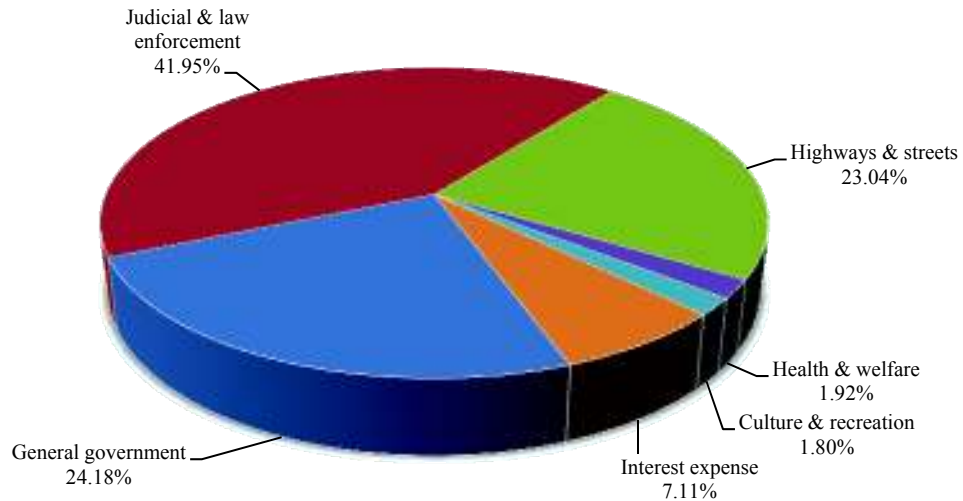
**HOUSTON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**Revenues by Source  
2010**



The County's total revenues were \$9,995,803. A significant portion, \$5,351,271 or 53.717%, of the County's revenues come from property taxes.

**Expenses by Function  
2010**



The total cost of all governmental programs and services was \$9,671,944. The general government, public safety, and road and bridge functions accounted for \$8,624,193, or 89.17%.

**HOUSTON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

**Governmental Funds.** The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balances* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2010, the County's governmental funds reported a total fund balance of \$6,956,056. This fund balance is comprised of \$2,726,966 that is reserved for payment of debt service and for completion of the jail construction project and is not available for new spending. The remaining balance, \$4,229,090, is unreserved and undesignated. During the year, the fund balance in the County's governmental funds decreased by \$7,591,401. This decrease is largely the result of funds used to complete jail construction.

**Budgetary comparisons.** A comparison of the general fund budget and actual results, as well as a comparison of the road and bridge funds budget and actual results, are presented as required supplementary information on pages 49 to 57.

*General fund.* Actual revenues were higher than budgeted amounts by \$276,789. Actual expenses were lower than budgeted amounts by \$460,817. Actual other financing sources (uses) were unfavorable to budgeted amounts by \$88,484. The General fund balance decreased by \$40,848 during the fiscal year; no change in fund balance was budgeted.

*Road and bridge funds.* Actual revenues were lower than budgeted amounts by \$25,940. Actual expenses were lower than budgeted amounts by \$168,357. Actual other financing sources (uses) were unfavorable to budgeted amounts by \$17,503. The Road and Bridge fund balances decreased by \$225,086 during the fiscal year; no change in fund balance was budgeted.

**CAPITAL ASSETS**

The County's investment in capital assets as of September 30, 2010 totaled \$16,509,401 (net of accumulated depreciation). This investment includes land, building, equipment, improvements (other than buildings), and construction work in progress.

**Capital Assets (Net of Depreciation)**

	2010	2009
Land	\$ 66,974	\$ 66,974
Construction in progress	10,988,177	3,790,911
Buildings and improvements	5,559,668	5,547,642
Furniture and equipment	6,853,406	6,611,915
Less: accumulated depreciation	(6,958,824)	(6,481,163)
Total	\$ 16,509,401	\$ 9,536,279

**HOUSTON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**DEBT ADMINISTRATION**

At the end of the current fiscal year, the County had total bond debt and capital lease obligations of \$14,208,987.

**Debt Outstanding**

	Beginning Balance	Additions	Reductions	Ending Balance
Certificates of obligation	\$ 13,485,000	\$ -	\$ 320,000	\$ 13,165,000
Capital leases	<u>1,244,517</u>	<u>152,324</u>	<u>352,854</u>	<u>1,043,987</u>
Total	<u>\$ 14,729,517</u>	<u>\$ 152,324</u>	<u>\$ 672,854</u>	<u>\$ 14,208,987</u>

**ECONOMIC FACTORS AND FUTURE FUNDING**

Local property taxes provide the major source of funding for county governments in Texas. Property tax revenue is historically very stable and predictable. Houston County's tax rate is less than half of the rate authorized by the Texas Constitution, which authorizes counties to adopt a maximum general fund tax rate of 80 cents per \$100 of property value. Houston County's adopted rate of 38.6 cents is the lowest rate among area counties and one of the lower rates statewide.

Houston County faces the following challenges in future years:

- Declining federal revenue related to the Davy Crockett National Forest due to changes in the Secure Rural Schools and Community Self-Determination Act (P.L. 110-343)
- Reductions in state funding and unfunded mandates passed down to counties by the Legislature
- Fluctuations in the value of oil and gas properties
- Rising cost of fuel for law enforcement and road and bridge departments
- Rising cost of health insurance for county employees
- Rising cost of operating the court system, including expenses for indigent defense

**REQUESTS FOR INFORMATION**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the County's finances. If you have questions about this report or need any additional information, contact the Houston County Auditor at (936) 544-3255 or write to 401 E. Goliad, Suite 204, Crockett, Texas 75835.

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## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**HOUSTON COUNTY, TEXAS**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2010**

	Primary Government	
	Governmental Activities	Total
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,717,253	\$ 2,717,253
Time deposits	1,459,650	1,459,650
Receivables, net of allowance for uncollectibles		
Property taxes	451,447	451,447
Sales taxes	131,256	131,256
Other - miscellaneous	288,528	288,528
Prepays	5,503	5,503
Restricted assets		
Cash and cash equivalents	3,307,043	3,307,043
Capital assets		
Land	66,974	66,974
Construction in progress	10,988,177	10,988,177
Buildings and improvements	5,559,669	5,559,669
Furniture and equipment	6,853,406	6,853,406
Accumulated depreciation	<u>(6,958,824)</u>	<u>(6,958,824)</u>
<b>TOTAL ASSETS</b>	<u>24,870,082</u>	<u>24,870,082</u>
<b>LIABILITIES</b>		
Accounts payable	883,987	883,987
Accrued interest	66,366	66,366
Deferred revenues	102,049	102,049
Bond premium	30,926	30,926
Noncurrent liabilities		
Due within one year	587,924	587,924
Due in more than one year	<u>13,621,063</u>	<u>13,621,063</u>
<b>TOTAL LIABILITIES</b>	<u>15,292,315</u>	<u>15,292,315</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	2,300,415	2,300,415
Restricted for		
Debt service	613,728	613,728
Jail construction project	2,693,315	2,693,315
Unrestricted	<u>3,970,309</u>	<u>3,970,309</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 9,577,767</u>	<u>\$ 9,577,767</u>

See accompanying notes to financial statements.

**HOUSTON COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Functions/Programs	Expenses
Primary government	
Governmental activities	
General government	\$ 2,338,576
Judicial and law enforcement	4,056,952
Highways and streets	2,228,665
Health and welfare	185,632
Culture and recreation	174,140
Interest on long-term debt	687,979
Total governmental activities	9,671,944

Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
Fees, Fines, Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
\$ 199,322	\$ 98,182	\$ -	\$ (2,041,072)
846,313	597,325	18,006	(2,595,308)
634,604	693,456	-	(900,605)
1,461	684	26,022	(157,465)
121,149	153,534	-	100,543
-	-	-	(687,979)
<u>1,802,849</u>	<u>1,543,181</u>	<u>44,028</u>	<u>(6,281,886)</u>

General revenues	
Property taxes	5,351,271
Sales taxes	825,739
Other taxes	44,180
Investment income	131,096
Payment in lieu of taxes	33,266
Gain on sale of assets	36,875
Miscellaneous income	183,318
Total general revenues	<u>6,605,745</u>
Change in net assets	323,859
Net assets - beginning	<u>9,253,908</u>
Net assets - ending	<u>\$ 9,577,767</u>

See accompanying notes to financial statements.

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**FUND FINANCIAL STATEMENTS**

**HOUSTON COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010**

	General Fund	Road and Bridge Pct. No. 1
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 944,907	\$ 53,104
Time deposits	1,459,650	-
Receivables, net of allowance for uncollectibles		
Property taxes	430,863	-
Sales taxes	131,256	-
Other - miscellaneous	78,164	19,270
Prepaid items	<u>5,256</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,050,096</u></u>	<u><u>\$ 72,374</u></u>
<b>LIABILITIES</b>		
Deficit in pooled cash	\$ -	\$ -
Accounts payable	90,775	7,149
Deferred revenues	<u>468,059</u>	<u>6,564</u>
Total liabilities	<u>558,834</u>	<u>13,713</u>
<b>FUND BALANCES</b>		
Reserved:		
For debt service	-	-
Jail construction	-	-
Unreserved, reported in:		
General fund	2,491,262	-
Special revenue funds	<u>-</u>	<u>58,661</u>
Total fund balances	<u>2,491,262</u>	<u>58,661</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 3,050,096</u></u>	<u><u>\$ 72,374</u></u>

<u>Road and Bridge Pct. No. 2</u>	<u>Road and Bridge Pct. No. 3</u>	<u>Road and Bridge Pct. No. 4</u>	<u>Debt Service</u>	<u>Timber Fund</u>	<u>Jail Construction</u>
\$ 99,900	\$ 86,022	\$ -	\$ 613,728	\$ 720,669	\$ 2,693,315
-	-	-	-	-	-
-	-	-	44,344	-	-
-	-	-	-	-	-
14,168	21,427	15,302	-	-	-
-	-	-	-	-	-
<u>\$ 114,068</u>	<u>\$ 107,449</u>	<u>\$ 15,302</u>	<u>\$ 658,072</u>	<u>\$ 720,669</u>	<u>\$ 2,693,315</u>
\$ -	\$ -	\$ 10,654	\$ -	\$ -	\$ -
32,853	15,011	3,700	-	-	582,631
8,637	10,019	9,328	41,790	-	-
<u>41,490</u>	<u>25,030</u>	<u>23,682</u>	<u>41,790</u>	<u>-</u>	<u>582,631</u>
-	-	-	616,282	-	-
-	-	-	-	-	2,110,684
-	-	-	-	-	-
<u>72,578</u>	<u>82,419</u>	<u>(8,380)</u>	<u>-</u>	<u>720,669</u>	<u>-</u>
<u>72,578</u>	<u>82,419</u>	<u>(8,380)</u>	<u>616,282</u>	<u>720,669</u>	<u>2,110,684</u>
<u>\$ 114,068</u>	<u>\$ 107,449</u>	<u>\$ 15,302</u>	<u>\$ 658,072</u>	<u>\$ 720,669</u>	<u>\$ 2,693,315</u>

See accompanying notes to financial statements.

**HOUSTON COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010**

	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 935,227	\$ 6,146,872
Time deposits	-	1,459,650
Receivables, net of allowance for uncollectibles		
Property taxes	-	475,207
Sales taxes	-	131,256
Other - miscellaneous	140,197	288,528
Prepaid items	<u>247</u>	<u>5,503</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,075,671</u></u>	<u><u>\$ 8,507,016</u></u>
<b>LIABILITIES</b>		
Deficit in pooled cash	\$ 111,922	\$ 122,576
Accounts payable	151,868	883,987
Deferred revenues	<u>-</u>	<u>544,397</u>
Total liabilities	<u>263,790</u>	<u>1,550,960</u>
<b>FUND BALANCES</b>		
Reserved:		
For debt service	-	616,282
Jail construction	-	2,110,684
Unreserved, reported in:		
General fund	-	2,491,262
Special revenue funds	<u>811,881</u>	<u>1,737,828</u>
Total fund balances	<u>811,881</u>	<u>6,956,056</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 1,075,671</u></u>	<u><u>\$ 8,507,016</u></u>



**HOUSTON COUNTY, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Total fund balances - governmental funds balance sheet	\$ 6,956,056
Amounts reported for governmental activities in the statement of activities are difference because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.	16,509,402
Certain deferred charges are amortized over the life of the bonds and therefore, do not consume available financial resources.	(30,926)
Certain deferred revenues are not available to pay current period expenditures and therefore, are deferred in the governmental funds.	418,588
Payable for accrued interest on long-term liabilities is not due in the current period and therefore, are not reported in the governmental funds.	(66,366)
Payables for long-term liabilities, including certificates of obligations and capital leases, are not due in the current period and therefore, are not reported in the governmental funds.	<u>(14,208,987)</u>
Net assets of governmental activities	<u>\$ 9,577,767</u>

See accompanying notes to financial statements.

**HOUSTON COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	General Fund	Road and Bridge Pct. No. 1
	<u>          </u>	<u>          </u>
REVENUES		
Property taxes	\$ 4,548,837	\$ -
General sales and use taxes	825,739	-
Selective sales and use tax for boat sales	7,757	-
Other taxes	-	-
Licenses and permits	8,482	10,049
Intergovernmental revenue and grants	179,969	6,599
Charges for service fees, licenses	553,274	92,752
Fines - justice	125,296	-
Special assessments	-	-
Investment earnings	43,898	91
Contributions and donations from private sources	18,625	-
Payment in lieu of taxes	33,266	-
Other revenue	81,324	2,617
Total revenues	<u>6,426,467</u>	<u>112,108</u>
EXPENDITURES		
Current		
General government	2,068,712	-
Judicial and law enforcement	2,676,158	-
Highways and streets	-	324,486
Health and welfare	-	-
Culture and recreation	98,031	-
Capital outlay	159,517	85,221
Debt service		
Principal	-	-
Interest	-	-
Total expenditures	<u>5,002,418</u>	<u>409,707</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,424,049</u>	<u>(297,599)</u>
OTHER FINANCING SOURCES (USES)		
Sale of real and personal property	11,920	24,605
Proceeds from capital leases	95,774	56,550
Payments on capital leases	(96,236)	-
Transfers in	13,800	233,202
Transfers out	(1,490,185)	-
Net other financing sources (uses)	<u>(1,464,927)</u>	<u>314,357</u>
NET CHANGE IN FUND BALANCE	(40,878)	16,758
FUND BALANCE - BEGINNING OF YEAR	<u>2,532,140</u>	<u>41,903</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,491,262</u>	<u>\$ 58,661</u>

Road and Bridge Pct. No. 2	Road and Bridge Pct. No. 3	Road and Bridge Pct. No. 4	Debt Service	Timber Fund	Jail Construction
\$ -	\$ -	\$ -	\$ 383,846	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
13,223	15,338	14,280	-	-	-
8,684	10,073	9,378	-	505,618	-
122,042	141,568	131,805	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
141	132	62	325	853	84,554
1,520	13,085	5,072	-	-	-
-	-	-	-	-	-
9,189	-	9,063	-	-	-
<u>154,799</u>	<u>180,196</u>	<u>169,660</u>	<u>384,171</u>	<u>506,471</u>	<u>84,554</u>
-	-	-	-	-	-
-	-	-	-	-	-
410,751	497,074	488,371	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,200	3,400	106,406	-	-	7,197,265
-	-	-	320,000	-	-
-	-	-	648,239	-	-
<u>415,951</u>	<u>500,474</u>	<u>594,777</u>	<u>968,239</u>	<u>-</u>	<u>7,197,265</u>
<u>(261,152)</u>	<u>(320,278)</u>	<u>(425,117)</u>	<u>(584,068)</u>	<u>506,471</u>	<u>(7,112,711)</u>
350	-	-	-	-	-
-	-	-	-	-	-
(83,828)	(30,757)	(101,437)	-	(83,355)	-
306,844	342,139	331,392	1,154,175	-	-
-	-	-	-	(594,089)	(600,000)
<u>223,366</u>	<u>311,382</u>	<u>229,955</u>	<u>1,154,175</u>	<u>(677,444)</u>	<u>(600,000)</u>
(37,786)	(8,896)	(195,162)	570,107	(170,973)	(7,712,711)
<u>110,364</u>	<u>91,315</u>	<u>186,782</u>	<u>46,175</u>	<u>891,642</u>	<u>9,823,395</u>
<u>\$ 72,578</u>	<u>\$ 82,419</u>	<u>\$ (8,380)</u>	<u>\$ 616,282</u>	<u>\$ 720,669</u>	<u>\$ 2,110,684</u>

See accompanying notes to financial statements.

**HOUSTON COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Nonmajor Special Revenue Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>
REVENUES		
Property taxes	\$ -	\$ 4,932,683
General sales and use taxes	-	825,739
Selective sales and use tax for boat sales	-	7,757
Other taxes	36,423	36,423
Licenses and permits	94,047	155,419
Intergovernmental revenue and grants	827,786	1,548,107
Charges for service fees, licenses	157,131	1,198,572
Fines - justice	319,904	445,200
Special assessments	3,658	3,658
Investment earnings	1,040	131,096
Contributions and donations from private sources	800	39,102
Payment in lieu of taxes	-	33,266
Other revenue	81,125	183,318
Total revenues	<u>1,521,914</u>	<u>9,540,340</u>
EXPENDITURES		
Current		
General government	200,648	2,269,360
Judicial and law enforcement	1,246,754	3,922,912
Highways and streets	152,483	1,873,165
Health and welfare	175,925	175,925
Culture and recreation	24,435	122,466
Capital outlay	36,251	7,593,260
Debt service		
Principal	-	320,000
Interest	-	648,239
Total expenditures	<u>1,836,496</u>	<u>16,925,327</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(314,582)</u>	<u>(7,384,987)</u>
OTHER FINANCING SOURCES (USES)		
Sale of real and personal property	-	36,875
Proceeds from capital leases	-	152,324
Payments on capital leases	-	(395,613)
Transfers in	606,246	2,987,798
Transfers out	<u>(303,524)</u>	<u>(2,987,798)</u>
Net other financing sources (uses)	302,722	(206,414)
NET CHANGE IN FUND BALANCE	(11,860)	(7,591,401)
FUND BALANCE - BEGINNING OF YEAR	<u>823,741</u>	<u>14,547,457</u>
FUND BALANCE - END OF YEAR	<u>\$ 811,881</u>	<u>\$ 6,956,056</u>

**HOUSTON COUNTY, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Net change in fund balance - governmental funds	\$ (7,591,401)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are not reported as expenses in the statement of activities.	7,593,260
The depreciation of capital assets used in governmental activities is not reported in the governmental funds.	(620,137)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	418,588
Certain deferred charges are amortized over the life of the bonds and are not available to pay for current period expenditures and therefore, are not reported in the governmental funds.	1,406
Repayment of long-term debt is an expenditure in the governmental funds, but is not an expense in the statement of activities.	672,854
Proceeds from leases do not provide revenue in the statement of activities, but are reported as current resources in the governmental funds.	(152,324)
Amount represents the change in accrued interest from the beginning of the period to the end of the period.	<u>1,613</u>
Change in net assets of governmental activities	<u>\$ 323,859</u>

See accompanying notes to financial statements.

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**HOUSTON COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2010**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 256,256
TOTAL ASSETS	<u>\$ 256,256</u>
LIABILITIES	
Due to other units	\$ 256,256
TOTAL LIABILITIES	<u>\$ 256,256</u>

See accompanying notes to financial statements.

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**NOTES TO FINANCIAL STATEMENTS**

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**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Introduction**

Houston County, Texas (the “County”) is an independent governmental entity under the laws of the State of Texas. The County is governed by an elected Commissioners’ Court, comprised of the County Judge and four Commissioners.

The financial statements of the County include all funds and agencies over which the County is considered financially accountable.

The accounting and reporting framework and the more significant accounting principles and practices of the County are discussed in subsequent sections of this Note. The Notes that follow are organized to provide explanations, including required disclosures, of the County’s financial activities for the fiscal year ended September 30, 2010.

**Government-wide and fund financial statements**

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report information on all of the activities of the County as a whole. *Governmental activities* include programs normally supported by taxes, grants and other intergovernmental revenues.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

**Measurement focus, basis of accounting, and financial statement presentation**

The financial statements of the County are prepared in accordance with generally accepted accounting principles (GAAP). The County’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The County’s reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide 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 tax revenues are recognized in the year for which they are levied. Grants and similar items are recognized as revenue when grantor eligibility requirements are met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The County considers revenues to be available if they are collected within 60 days of the end of

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

the fiscal year. Expenditures are recorded when the related liability is incurred, as under accrual accounting. Debt service expenditures, both principal and interest, are recorded only when payment is due.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, and investment income. In general, all other revenue items are considered to be measurable and available only when cash is received. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The County has the following governmental funds:

The *general fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The principal sources of revenues include local property taxes, sales taxes, fines, fees and forfeitures, as well as licenses and permits. Expenditures include general government, judicial and law enforcement, and culture and recreation.

The *debt service fund* is used to account for the accumulation of restricted monies for the payment of general obligation debt.

The *2008 Certificates of Obligation fund* (Jail Construction fund) is used to account for financial resources to be used for the acquisition and construction and equipping of a new County Law Enforcement Center (County Jail).

*Special revenue funds* are used to account for resources restricted to, or designated for, specific purposes by the County or a grantor in a special revenue fund. The County has elected to present the Road and Bridge Funds for Precincts 1, 2, 3 and 4, as well as the Timber fund, as major funds due to their significance within the County.

*Fiduciary funds* account for assets held by the government in a trustee capacity or as an agency on behalf of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements

## **ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

### **Deposits and investments**

The County maintains a pooled cash and cash equivalents account. Each fund whose monies are deposited in the pooled cash and cash equivalents account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month's end. The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit and short-term, highly liquid investments that are readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents include investments with original maturities of three months or less. Cash equivalents are stated at fair value.

Time deposits consist of certificates of deposit with maturities greater than three months. Certificates of deposit are recorded at cost, which approximates market value at September 30, 2010.

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

The County is authorized to invest in obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States of America or its agencies and instrumentalities; and obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent; fully insured or collateralized certificates of deposit at commercial banks; and joint pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by current law.

**Property tax receivables**

Property tax receivables are shown net of an allowance for uncollectibles. Property taxes are levied by October 1 and are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure payment of all taxes, penalties, and interest ultimately imposed. The County provides an allowance for all delinquent property taxes.

**Prepaid Items**

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

**Restricted assets**

Certain resources set aside for the repayment of debt and completion of the jail construction project are classified as restricted assets on the statement of net assets. At September 30, 2010, these assets totaled \$3,307,043.

**Capital assets, depreciation, and amortization**

The County's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the applicable governmental type activities column in the government-wide financial statements. The County, a Phase 3 government as described by GASB Statement No. 34, has elected not to report major general infrastructure assets retroactively. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

The estimated useful lives are as follows:

Buildings and improvements	10 to 40 years
Office furniture and equipment	5 to 10 years
Other equipment	5 to 10 years
Infrastructure	50 years

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**Compensated absences**

It is the County's policy not to permit employees to accumulate earned but unused vacation and sick pay benefits. Consequently, there is no liability for unpaid accumulated vacation or sick pay.

**Long-term obligations**

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

The governmental fund financial statements recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The debt proceeds and any premiums received on debt issuances are reported as other financing sources while discounts on debt 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.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financial sources and as capital outlay in the acquiring fund. Lease payments representing both principal and interest are recorded as expenditures in the applicable fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

**Fund equity**

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specific purposes. Designations of fund balances represent tentative management plans that are subject to change.

**Net assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgets and budgetary process**

A proposed annual operating budget is filed by the County Judge and Commissioners' Court with the County Clerk's office and made available for public inspection at least 15 days prior to public budget hearing. Public hearings are conducted to obtain taxpayer comments. The budget is legally enacted by the Commissioners' Court on or before October 1, as required by statute. Only the Commissioners' Court may amend the budget.

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

Under state statute, actual expenditures cannot exceed budgetary appropriations at any level for which the budget is formally approved.

Budgets are adopted for all funds except the fiduciary funds. Several supplemental budget appropriations were made for the period ended September 30, 2010.

**DETAILED NOTES ON ALL FUNDS**

**ASSETS**

**Deposits**

*Interest rate risk.* In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the maturity of any single investment to twelve months or less.

*Credit risk.* State law and the County's investment policy limit investments to obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's investment policy requires funds on deposit at depository banks to be collateralized. As of September 30, 2010, bank balances did not exceed market values of pledged securities and FDIC insurance.

**Receivables**

Receivables at September 30, 2010 for the County's individual major funds, including the related allowances for uncollectible accounts, are as follows:

	General	Debt Service	Total
Property taxes	\$ 430,863	\$ 44,344	\$ 475,207
Sales taxes	131,256	-	131,256
Other	288,528	-	288,528
Less allowance for uncollectibles	(21,543)	(2,217)	(23,760)
Net	\$ 829,104	\$ 42,127	\$ 871,231

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are due October 1 and become delinquent January 31. The combined tax rate to finance general governmental services and principal and interest on general long term debt for the year ended September 30, 2010 was \$.38600 per \$100 of assessed valuation. Of this rate, \$.0300 was allocated to debt service and \$.3560 was allocated to maintenance and operation.

**Capital assets**

Capital asset activity for the County for the year ended September 30, 2010, was as follows:

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

	<u>Balance</u> <u>09/30/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/2010</u>
Land	\$ 66,974	\$ -	\$ -	\$ 66,974
Construction in progress	3,790,911	7,197,265	-	10,988,176
Buildings and improvements	5,547,642	12,025	-	5,559,668
Furniture and equipment	<u>6,611,915</u>	<u>383,969</u>	<u>(142,477)</u>	<u>6,853,406</u>
	\$ 16,017,442	\$ 7,593,260	\$ (142,477)	\$ 23,468,225
Less accumulated depreciation	<u>(6,481,163)</u>	<u>(620,138)</u>	<u>142,477</u>	<u>(6,958,824)</u>
Net	<u>\$ 9,536,279</u>	<u>\$ 6,973,122</u>	<u>\$ -</u>	<u>\$ 16,509,401</u>

Depreciation expense was charged to governmental funds as follows:

General government	\$ 69,216
Judicial and law enforcement	134,040
Highway and streets	355,500
Health and welfare	9,707
Culture and recreation	<u>51,674</u>
Total	<u>\$ 620,138</u>

**LIABILITIES**

**Interfund Transfers**

Interfund transfers during the fiscal year consisted of the following:

Transfers Out:

General	\$ 1,490,185
Timber	594,089
Jail construction	600,000
County attorney forfeiture	8,526
D. A. apportionment	10,347
Unclaimed utility credits	12,935
Permanent improvement	80,000
Right of way	99,187
Road & bridge fines	<u>92,529</u>
Total	<u>\$ 2,987,798</u>

Transfers In:

General	\$ 13,800
Road & Bridge Pct #1	233,202
Road & Bridge Pct #2	306,844
Road & Bridge Pct #3	342,139
Road & Bridge Pct #4	331,392
Debt Service	1,154,175
Courthouse security	54,000
D. A. supplement	27,544
County airport	10,000
Historical commission	2,935
Jury/court support	354,440
Emergency mgmt grant	18,801
Juvenile probation	50,000
Courthouse renovation	80,000
Victims assistance grant	<u>8,526</u>
Total	<u>\$ 2,987,798</u>



**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**Long-term debt**

Long-term liability activity for the year ended September 30, 2010 was as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Series 2008 Certificates of Obligation	\$ 13,485,000	\$ -	\$ 320,000	\$ 13,165,000	\$ 330,000
Capital leases	<u>1,244,517</u>	<u>152,324</u>	<u>352,854</u>	<u>1,043,987</u>	<u>257,924</u>
Long-term liabilities	<u>\$ 14,729,517</u>	<u>\$ 152,324</u>	<u>\$ 672,854</u>	<u>\$ 14,208,987</u>	<u>\$ 330,000</u>

The annual debt service requirements to maturity for all long-term debt are as follows:

Year Ending September 30,	Series 2008 Certificates of Obligation		Capital Leases	
	Principal	Interest	Principal	Interest
2011	\$ 330,000	\$ 635,239	\$ 257,924	\$ 31,737
2012	345,000	621,739	202,924	25,920
2013	360,000	607,639	156,990	20,721
2014	375,000	592,470	196,765	16,121
2015	390,000	576,214	68,105	11,134
2016-2020	2,220,000	2,612,209	161,280	11,869
2021-2025	2,200,000	1,667,995	-	-
2026-2030	3,640,000	1,198,199	-	-
2031-2032	<u>2,685,000</u>	<u>216,169</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 13,165,000</u>	<u>\$ 9,073,383</u>	<u>\$ 1,043,987</u>	<u>\$ 117,502</u>

**OTHER INFORMATION**

**Pension plan**

The County provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, defined benefit plan through its affiliation with Texas County and District Retirement System (TCDRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the County are within the options available in the governing statutes of TCERS.

TCERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TCERS. The report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TCERS, P.O. Box 2034, Austin, Texas 78768-2034 or by calling 800-823-7782. The report is also available on TCERS' website at [www.tcers.org](http://www.tcers.org).

Plan members are required to contribute 7% of their annual covered salary. The County is required to contribute at an actuarially determined rate, as explained below. The contribution rate was 5.5% for the months in calendar year 2009 and 6.07% for the months in calendar year 2010. The County's contributions for the fiscal year ended September 30, 2010 totaled \$217,580.

The required contribution was determined as part of the December 31, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2009 included (a) 8.0% percent investment rate of return (net of investment expenses), and (b) projected salary increases of 5.4%. Both (a) and (b) included an inflation component of 3.5%. 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

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2009 was 20 years.

As of December 31, 2009, the most recent actuarial valuation date, the plan was 90.97% funded. The actuarial accrued liability for benefits was \$6,144,859, and the actuarial value of assets was \$5,589,696, resulting in an unfunded actuarial accrued liability (UAAL) of \$555,163. The covered payroll (annual payroll of active employees covered by the plan) was \$3,667,989, and the ratio of the UAAL to the covered payroll was 15.14%. See schedule of funding progress included as required supplementary information.

**Risk management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The County provides insurance coverage for each of these risks. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims did not exceed this coverage during the current year.

**Contingent liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. 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.

**Subsequent events**

Management has evaluated subsequent events through June 24, 2011, the date when the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Property taxes	\$ 4,489,634	\$ 4,489,634	\$ 4,548,837	\$ 59,203
General sales and use taxes	700,000	699,500	825,739	126,239
Selective sales and use tax for boat sales	7,000	7,000	7,757	757
Other taxes	-	-	-	-
Licenses and permits	8,000	8,000	8,482	482
Intergovernmental revenue and grants	156,500	172,763	179,969	7,206
Charges for service - fees, licenses	496,000	496,000	553,274	57,274
Fines - justice	143,100	143,100	125,296	(17,804)
Special assessments	-	-	-	-
Investment earnings	40,000	40,000	43,898	3,898
Contributions and donations from private sources	-	17,850	18,625	775
Payment in lieu of taxes	19,583	19,583	33,266	13,683
Other revenue	51,168	56,248	81,324	25,076
Total revenues	<u>6,110,985</u>	<u>6,149,678</u>	<u>6,426,467</u>	<u>276,789</u>
<b>EXPENDITURES</b>				
General government	2,511,637	2,341,912	2,068,712	273,200
Judicial and law enforcement	2,886,075	2,952,883	2,676,158	276,725
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	103,710	104,474	98,031	6,443
Capital outlay	40,200	63,966	159,517	(95,551)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>5,541,622</u>	<u>5,463,235</u>	<u>5,002,418</u>	<u>460,817</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>569,363</u>	<u>686,443</u>	<u>1,424,049</u>	<u>737,606</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	-	11,920	11,920	-
Proceeds from capital leases	101,822	101,822	95,774	(6,048)
Payments on capital leases	-	-	(96,236)	(96,236)
Transfers in	-	-	13,800	13,800
Transfers out	(1,361,185)	(1,490,185)	(1,490,185)	-
Net other financing sources (uses)	<u>(1,259,363)</u>	<u>(1,376,443)</u>	<u>(1,464,927)</u>	<u>(88,484)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(690,000)	(690,000)	(40,878)	649,122
<b>PROJECTED BUDGET CARRYOVER</b>	690,000	690,000	-	(690,000)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>2,532,140</u>	<u>2,532,140</u>	<u>2,532,140</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 2,532,140</u>	<u>\$ 2,532,140</u>	<u>\$ 2,491,262</u>	<u>\$ (40,878)</u>

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**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ROAD AND BRIDGE PCT. #1**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use tax for boat sales	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	6,989	6,989	10,049	3,060
Intergovernmental revenue and grants	6,555	6,555	6,599	44
Charges for service - fees, licenses	107,000	107,000	92,752	(14,248)
Fines - justice	-	-	-	-
Special assessments	-	-	-	-
Investment earnings	500	500	91	(409)
Contributions and donations from private sources	-	-	-	-
Payment in lieu of taxes	-	-	-	-
Other revenue	-	2,500	2,617	117
Total revenues	<u>121,044</u>	<u>123,544</u>	<u>112,108</u>	<u>(11,436)</u>
<b>EXPENDITURES</b>				
General government	-	-	-	-
Judicial and law enforcement	-	-	-	-
Highways and streets	360,246	357,710	324,486	33,224
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	29,641	85,221	(55,580)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>360,246</u>	<u>387,351</u>	<u>409,707</u>	<u>(22,356)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(239,202)</u>	<u>(263,807)</u>	<u>(297,599)</u>	<u>(33,792)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	-	24,605	24,605	-
Proceeds from capital leases	-	56,550	56,550	-
Payments on capital leases	-	(56,550)	-	56,550
Transfers in	214,202	214,202	233,202	19,000
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>214,202</u>	<u>238,807</u>	<u>314,357</u>	<u>75,550</u>
<b>NET CHANGE IN FUND BALANCE</b>	(25,000)	(25,000)	16,758	41,758
<b>PROJECTED BUDGET CARRYOVER</b>	25,000	25,000	-	(25,000)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>41,903</u>	<u>41,903</u>	<u>41,903</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 41,903</u>	<u>\$ 41,903</u>	<u>\$ 58,661</u>	<u>\$ 16,758</u>

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**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ROAD AND BRIDGE PCT. #2**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use tax for boat sales	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	9,196	9,196	13,223	4,027
Intergovernmental revenue and grants	8,625	8,625	8,684	59
Charges for service - fees, licenses	139,000	139,000	122,042	(16,958)
Fines - justice	-	-	-	-
Special assessments	-	-	-	-
Investment earnings	500	500	141	(359)
Contributions and donations from private sources	-	1,000	1,520	520
Payment in lieu of taxes	-	-	-	-
Other revenue	-	9,471	9,189	(282)
Total revenues	<u>157,321</u>	<u>167,792</u>	<u>154,799</u>	<u>(12,993)</u>
<b>EXPENDITURES</b>				
General government	-	-	-	-
Judicial and law enforcement	-	-	-	-
Highways and streets	436,218	446,690	410,751	35,939
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	2,000	1,918	5,200	(3,282)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>438,218</u>	<u>448,608</u>	<u>415,951</u>	<u>32,657</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(280,897)</u>	<u>(280,816)</u>	<u>(261,152)</u>	<u>19,664</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	-	-	350	350
Proceeds from capital leases	-	-	-	-
Payments on capital leases	(83,747)	(83,828)	(83,828)	-
Transfers in	303,644	303,644	306,844	3,200
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>219,897</u>	<u>219,816</u>	<u>223,366</u>	<u>3,550</u>
<b>NET CHANGE IN FUND BALANCE</b>	(61,000)	(61,000)	(37,786)	23,214
<b>PROJECTED BUDGET CARRYOVER</b>	61,000	61,000	-	(61,000)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>110,364</u>	<u>110,364</u>	<u>110,364</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 110,364</u>	<u>\$ 110,364</u>	<u>\$ 72,578</u>	<u>\$ (37,786)</u>

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**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ROAD AND BRIDGE PCT. #3**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use tax for boat sales	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	10,667	10,667	15,338	4,671
Intergovernmental revenue and grants	10,005	10,005	10,073	68
Charges for service - fees, licenses	148,000	148,000	141,568	(6,432)
Fines - justice	-	-	-	-
Special assessments	-	-	-	-
Investment earnings	500	500	132	(368)
Contributions and donations from private sources	-	6,914	13,085	6,171
Payment in lieu of taxes	-	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>169,172</u>	<u>176,086</u>	<u>180,196</u>	<u>4,110</u>
<b>EXPENDITURES</b>				
General government	-	-	-	-
Judicial and law enforcement	-	-	-	-
Highways and streets	550,642	557,556	497,074	60,482
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	3,400	(3,400)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>550,642</u>	<u>557,556</u>	<u>500,474</u>	<u>57,082</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(381,470)</u>	<u>(381,470)</u>	<u>(320,278)</u>	<u>61,192</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	-	-	-	-
Proceeds from capital leases	-	-	-	-
Payments on capital leases	(30,757)	(30,757)	(30,757)	-
Transfers in	352,227	352,227	342,139	(10,088)
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>321,470</u>	<u>321,470</u>	<u>311,382</u>	<u>(10,088)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(60,000)	(60,000)	(8,896)	51,104
<b>PROJECTED BUDGET CARRYOVER</b>	60,000	60,000	-	(60,000)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>91,315</u>	<u>91,315</u>	<u>91,315</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 91,315</u>	<u>\$ 91,315</u>	<u>\$ 82,419</u>	<u>\$ (8,896)</u>

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**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ROAD AND BRIDGE PCT. #4**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use tax for boat sales	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	9,931	9,931	14,280	4,349
Intergovernmental revenue and grants	9,315	9,315	9,378	63
Charges for service - fees, licenses	143,000	143,000	131,805	(11,195)
Fines - justice	-	-	-	-
Special assessments	-	-	-	-
Investment earnings	500	500	62	(438)
Contributions and donations from private sources	-	1,500	5,072	3,572
Payment in lieu of taxes	-	-	-	-
Other revenue	-	11,035	9,063	(1,972)
Total revenues	<u>162,746</u>	<u>175,281</u>	<u>169,660</u>	<u>(5,621)</u>
<b>EXPENDITURES</b>				
General government	-	-	-	-
Judicial and law enforcement	-	-	-	-
Highways and streets	588,216	595,530	488,371	107,159
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	95,000	100,221	106,406	(6,185)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>683,216</u>	<u>695,751</u>	<u>594,777</u>	<u>100,974</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(520,470)</u>	<u>(520,470)</u>	<u>(425,117)</u>	<u>95,353</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	-	-	-	-
Proceeds from capital leases	90,000	90,000	-	(90,000)
Payments on capital leases	(101,466)	(101,466)	(101,437)	29
Transfers in	327,936	327,936	331,392	3,456
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>316,470</u>	<u>316,470</u>	<u>229,955</u>	<u>(86,515)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(204,000)	(204,000)	(195,162)	8,838
<b>PROJECTED BUDGET CARRYOVER</b>	204,000	204,000	-	(204,000)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>186,782</u>	<u>186,782</u>	<u>186,782</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 186,782</u>	<u>\$ 186,782</u>	<u>\$ (8,380)</u>	<u>\$ (195,162)</u>

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**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF FUNDING PROGRESS OF PENSION PLAN**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded AAL (UAAL)	Annual Covered Payrol	UAAL as a Percentage of Covered Payroll
12/31/2006	\$ 4,421,502	\$ 4,485,893	98.56%	\$ 64,391	\$ 2,724,219	2.36%
12/31/2007	4,586,331	4,751,019	96.53%	164,688	3,120,254	5.28%
12/31/2008	4,816,818	5,344,231	90.13%	527,413	3,422,378	15.41%
12/31/2009	5,589,696	6,144,859	90.97%	555,163	3,667,989	15.14%

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**SUPPLEMENTARY INFORMATION**

**HOUSTON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2010**

	<u>Public Officials Fees</u>	<u>Bail Bond Board Fund</u>	<u>Child Abuse Prevention</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,723	\$ 4,146	\$ 10
Receivables, net	3,403	-	-
Prepaid items	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 14,126</u>	<u>\$ 4,146</u>	<u>\$ 10</u>
<b>LIABILITIES</b>			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	<u>14,126</u>	<u>129</u>	<u>-</u>
<b>Total liabilities</b>	<u>14,126</u>	<u>129</u>	<u>-</u>
<b>FUND BALANCES</b>			
Unreserved, undesignated reported in:			
Special revenue funds	<u>-</u>	<u>4,017</u>	<u>10</u>
<b>Total fund balances</b>	<u>-</u>	<u>4,017</u>	<u>10</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 14,126</u>	<u>\$ 4,146</u>	<u>\$ 10</u>

<u>Constable Pct #1 Forfeiture</u>	<u>Constable Pct #1 LEOSE</u>	<u>Constable Pct #2 LEOSE</u>	<u>Hot Check Fees</u>	<u>County Attorney Forfeiture</u>	<u>Courthouse Security</u>
\$ -	\$ 571	\$ 2,682	\$ 44,808	\$ 7,360	\$ 11,885
-	645	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,216</u>	<u>\$ 2,682</u>	<u>\$ 44,808</u>	<u>\$ 7,360</u>	<u>\$ 11,885</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	518	-	-
-	-	-	518	-	-
-	1,216	2,682	44,290	7,360	11,885
-	1,216	2,682	44,290	7,360	11,885
<u>\$ -</u>	<u>\$ 1,216</u>	<u>\$ 2,682</u>	<u>\$ 44,808</u>	<u>\$ 7,360</u>	<u>\$ 11,885</u>

**HOUSTON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2010**

	<u>Criminal Justice Fees</u>	<u>12th Circuit Court of Appeals</u>	<u>District Attorney Forfeiture</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 62,741	\$ 134	\$ 13,185
Receivables, net	-	-	-
Prepaid items	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 62,741</u>	<u>\$ 134</u>	<u>\$ 13,185</u>
<b>LIABILITIES</b>			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	<u>62,741</u>	<u>134</u>	<u>-</u>
<b>Total liabilities</b>	<u>62,741</u>	<u>134</u>	<u>-</u>
<b>FUND BALANCES</b>			
Unreserved, undesignated reported in:			
Special revenue funds	<u>-</u>	<u>-</u>	<u>13,185</u>
<b>Total fund balances</b>	<u>-</u>	<u>-</u>	<u>13,185</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 62,741</u>	<u>\$ 134</u>	<u>\$ 13,185</u>

<u>District Attorney Forfeiture Trust</u>	<u>District Attorney Hot Checks</u>	<u>District Attorney LEOSE</u>	<u>District Attorney Supplement</u>	<u>District Attorney Apportionment</u>	<u>Family Protection</u>
\$ 10,163	\$ 199	\$ 995	\$ 907	\$ -	\$ 3,389
-	-	-	-	1,921	-
-	-	-	-	-	-
<u>\$ 10,163</u>	<u>\$ 199</u>	<u>\$ 995</u>	<u>\$ 907</u>	<u>\$ 1,921</u>	<u>\$ 3,389</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,921	\$ -
<u>2,598</u>	<u>-</u>	<u>257</u>	<u>83</u>	<u>-</u>	<u>-</u>
<u>2,598</u>	<u>-</u>	<u>257</u>	<u>83</u>	<u>1,921</u>	<u>-</u>
<u>7,565</u>	<u>199</u>	<u>738</u>	<u>824</u>	<u>-</u>	<u>3,389</u>
<u>7,565</u>	<u>199</u>	<u>738</u>	<u>824</u>	<u>-</u>	<u>3,389</u>
<u>\$ 10,163</u>	<u>\$ 199</u>	<u>\$ 995</u>	<u>\$ 907</u>	<u>\$ 1,921</u>	<u>\$ 3,389</u>

**HOUSTON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2010**

	<u>FEMA</u>	<u>County Airport</u>	<u>Historical Commission</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 21,547	\$ 33,486	\$ 7,835
Receivables, net	-	-	-
Prepaid items	-	-	35
	<u>21,547</u>	<u>33,486</u>	<u>7,870</u>
<b>TOTAL ASSETS</b>	<b>\$ 21,547</b>	<b>\$ 33,486</b>	<b>\$ 7,870</b>
<b>LIABILITIES</b>			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	-	346	97
	<u>-</u>	<u>346</u>	<u>97</u>
<b>Total liabilities</b>	<b>-</b>	<b>346</b>	<b>97</b>
<b>FUND BALANCES</b>			
Unreserved, undesignated reported in:			
Special revenue funds	<u>21,547</u>	<u>33,140</u>	<u>7,773</u>
<b>Total fund balances</b>	<b><u>21,547</u></b>	<b><u>33,140</u></b>	<b><u>7,773</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 21,547</b>	<b>\$ 33,486</b>	<b>\$ 7,870</b>

<u>Unclaimed Property</u>	<u>Jury/Court Support</u>	<u>Justice Court Security</u>	<u>Justice Court Technology</u>	<u>County &amp; District Court Technology</u>	<u>Juvenile Case Manager</u>
\$ 6,122	\$ 41,176	\$ 7,403	\$ 42,894	\$ 591	\$ 10
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 6,122</u>	<u>\$ 41,176</u>	<u>\$ 7,403</u>	<u>\$ 42,894</u>	<u>\$ 591</u>	<u>\$ 10</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	29,475	-	-	-	-
-	29,475	-	-	-	-
<u>6,122</u>	<u>11,701</u>	<u>7,403</u>	<u>42,894</u>	<u>591</u>	<u>10</u>
<u>6,122</u>	<u>11,701</u>	<u>7,403</u>	<u>42,894</u>	<u>591</u>	<u>10</u>
<u>\$ 6,122</u>	<u>\$ 41,176</u>	<u>\$ 7,403</u>	<u>\$ 42,894</u>	<u>\$ 591</u>	<u>\$ 10</u>

**HOUSTON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2010**

	Law Enforcement <u>LEOSE</u>	Unclaimed Utility <u>Credits</u>	Hotel Occupancy <u>Tax</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 917	\$ 49,067	\$ 25,221
Receivables, net	-	-	11,200
Prepaid items	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<b><u>\$ 917</u></b>	<b><u>\$ 49,067</u></b>	<b><u>\$ 36,421</u></b>
 <b>LIABILITIES</b>			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	-	1,000	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities</b>	<b><u>-</u></b>	<b><u>1,000</u></b>	<b><u>-</u></b>
 <b>FUND BALANCES</b>			
Unreserved, undesignated reported in:			
Special revenue funds	917	48,067	36,421
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total fund balances</b>	<b><u>917</u></b>	<b><u>48,067</u></b>	<b><u>36,421</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 917</u></b>	<b><u>\$ 49,067</u></b>	<b><u>\$ 36,421</u></b>



<u>Law Library</u>	<u>Permanent Improvement</u>	<u>Vehicle Inventory Tax Interest</u>	<u>Records Management &amp; Preservation</u>	<u>Co Clerk Records Preservation</u>	<u>District Clerk Records Preservation</u>
\$ 5,659	\$ 196,465	\$ 1,070	\$ 35,151	\$ 133,394	\$ 495
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 5,659</u>	<u>\$ 196,465</u>	<u>\$ 1,070</u>	<u>\$ 35,151</u>	<u>\$ 133,394</u>	<u>\$ 495</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>1,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>4,542</u>	<u>196,465</u>	<u>1,070</u>	<u>35,151</u>	<u>133,394</u>	<u>495</u>
<u>4,542</u>	<u>196,465</u>	<u>1,070</u>	<u>35,151</u>	<u>133,394</u>	<u>495</u>
<u>\$ 5,659</u>	<u>\$ 196,465</u>	<u>\$ 1,070</u>	<u>\$ 35,151</u>	<u>\$ 133,394</u>	<u>\$ 495</u>

**HOUSTON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2010**

	<u>Right of Way</u>	<u>Road &amp; Bridge Fines</u>	<u>Sheriff Forfeiture</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 35,071	\$ 34,412	\$ 20,761
Receivables, net	1,519	-	-
Prepaid items	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 36,590</u>	<u>\$ 34,412</u>	<u>\$ 20,761</u>
<b>LIABILITIES</b>			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	-	-	1,090
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>1,090</u>
<b>FUND BALANCES</b>			
Unreserved, undesignated reported in:			
Special revenue funds	<u>36,590</u>	<u>34,412</u>	<u>19,671</u>
<b>Total fund balances</b>	<u>36,590</u>	<u>34,412</u>	<u>19,671</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 36,590</u>	<u>\$ 34,412</u>	<u>\$ 20,761</u>

<u>County Clerk Vital Records</u>	<u>County Clerk Archives</u>	<u>District Clerk Archives</u>	<u>Project Lifesaver</u>	<u>Emergency Management</u>	<u>HAVA Grant</u>
\$ 5,933	\$ 1,317	\$ 397	\$ 601	\$ -	\$ -
-	-	-	-	15,653	-
-	-	-	-	67	-
<u>\$ 5,933</u>	<u>\$ 1,317</u>	<u>\$ 397</u>	<u>\$ 601</u>	<u>\$ 15,720</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 14,188	\$ -
949	-	-	-	683	-
<u>949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,871</u>	<u>-</u>
<u>4,984</u>	<u>1,317</u>	<u>397</u>	<u>601</u>	<u>849</u>	<u>-</u>
<u>4,984</u>	<u>1,317</u>	<u>397</u>	<u>601</u>	<u>849</u>	<u>-</u>
<u>\$ 5,933</u>	<u>\$ 1,317</u>	<u>\$ 397</u>	<u>\$ 601</u>	<u>\$ 15,720</u>	<u>\$ -</u>

**HOUSTON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2010**

	<u>Homeland Security</u>	<u>Juvenile Probation A Grant</u>	<u>Juvenile Probation Co Funding</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 16,110	\$ 575
Receivables, net	-	-	-
Prepaid items	-	-	145
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 16,110</u>	<u>\$ 720</u>
<b>LIABILITIES</b>			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	-	10,750	571
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities</b>	<u>-</u>	<u>10,750</u>	<u>571</u>
<b>FUND BALANCES</b>			
Unreserved, undesignated reported in:			
Special revenue funds	-	5,360	149
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total fund balances</b>	<u>-</u>	<u>5,360</u>	<u>149</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 16,110</u>	<u>\$ 720</u>

<u>Juvenile Probation Sanctions</u>	<u>Juvenile Probation Y Grant</u>	<u>911 Addressing Grant</u>	<u>RAC Grant</u>	<u>Summer Programs Grant</u>	<u>Courthouse Renovation</u>
\$ -	\$ 6,407	\$ -	\$ -	\$ -	\$ 31,071
-	-	5,544	-	94,483	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 6,407</u>	<u>\$ 5,544</u>	<u>\$ -</u>	<u>\$ 94,483</u>	<u>\$ 31,071</u>
\$ -	\$ -	\$ 5,544	\$ -	\$ 87,693	\$ -
-	2,911	-	-	873	21,420
-	2,911	5,544	-	88,566	21,420
-	3,496	-	-	5,917	9,651
-	3,496	-	-	5,917	9,651
<u>\$ -</u>	<u>\$ 6,407</u>	<u>\$ 5,544</u>	<u>\$ -</u>	<u>\$ 94,483</u>	<u>\$ 31,071</u>

**HOUSTON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2010**

	Victims Assistance Grant	Rita Disaster Funds	TCDP Project
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 171	\$ -	\$ -
Receivables, net	5,829	-	-
Prepaid items	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 6,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>LIABILITIES</b>			
Deficit in pooled cash	\$ -	\$ -	\$ 277
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>277</u>
<b>FUND BALANCES</b>			
Unreserved, undesignated reported in:			
Special revenue funds	<u>6,000</u>	<u>-</u>	<u>(277)</u>
Total fund balances	<u>6,000</u>	<u>-</u>	<u>(277)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 6,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

<u>Miscellaneous Grants</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 935,227
-	140,197
-	247
<u>\$ -</u>	<u>\$ 1,075,671</u>
\$ 2,299	\$ 111,922
<u>-</u>	<u>151,868</u>
<u>2,299</u>	<u>263,790</u>
<u>(2,299)</u>	<u>811,881</u>
<u>(2,299)</u>	<u>811,881</u>
<u>\$ -</u>	<u>\$ 1,075,671</u>

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Public Officials Fees	Bail Bond Board Fund	Child Abuse Prevention
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES			
Other taxes	\$ -	\$ -	\$ -
Licenses and permits	-	500	-
Intergovernmental revenue and grants	-	-	-
Charges for service fees, licenses	-	-	10
Fines - justice	-	-	-
Special assessments	-	-	-
Investment earnings	-	5	-
Contributions & donations from private sources	-	-	-
Other revenue	-	-	-
Total revenues	<u>-</u>	<u>505</u>	<u>10</u>
EXPENDITURES			
Current			
General government	-	-	-
Judicial and law enforcement	-	824	-
Highways and streets	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>-</u>	<u>824</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(319)</u>	<u>10</u>
OTHER FINANCING SOURCES (USES)			
Sale of real and personal property	-	-	-
Proceeds from capital leases	-	-	-
Payments on capital leases	-	-	-
Transfers in	-	-	-
Transfers out (use)	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(319)	10
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>4,336</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 4,017</u>	<u>\$ 10</u>



<u>Constable Pct #1 Forfeiture</u>	<u>Constable Pct #1 LEOSE</u>	<u>Constable Pct #2 LEOSE</u>	<u>Hot Check Fees</u>	<u>County Attorney Forfeiture</u>	<u>Courthouse Security</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	1,282	638	-	-	-
-	-	-	-	-	7,758
-	-	-	24,101	-	4,734
-	-	-	-	-	-
-	2	3	47	10	21
-	-	-	-	-	-
-	-	-	-	4,091	-
<u>-</u>	<u>1,284</u>	<u>641</u>	<u>24,148</u>	<u>4,101</u>	<u>12,513</u>
-	-	-	-	-	-
66	2,085	1,387	12,650	810	57,652
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>66</u>	<u>2,085</u>	<u>1,387</u>	<u>12,650</u>	<u>810</u>	<u>57,652</u>
<u>(66)</u>	<u>(801)</u>	<u>(746)</u>	<u>11,498</u>	<u>3,291</u>	<u>(45,139)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	54,000
-	-	-	-	(8,526)	-
-	-	-	-	(8,526)	54,000
(66)	(801)	(746)	11,498	(5,235)	8,861
<u>66</u>	<u>2,017</u>	<u>3,428</u>	<u>32,792</u>	<u>12,595</u>	<u>3,024</u>
<u>\$ -</u>	<u>\$ 1,216</u>	<u>\$ 2,682</u>	<u>\$ 44,290</u>	<u>\$ 7,360</u>	<u>\$ 11,885</u>

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Criminal Justice Fees	12th Circuit Court of Appeals	District Attorney Forfeiture
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES			
Other taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue and grants	-	-	-
Charges for service fees, licenses	98,017	1,151	-
Fines - justice	160,925	-	-
Special assessments	-	-	-
Investment earnings	23	-	9
Contributions & donations from private sources	-	-	-
Other revenue	-	-	13,298
	<u>258,965</u>	<u>1,151</u>	<u>13,307</u>
Total revenues			
EXPENDITURES			
Current			
General government	-	-	-
Judicial and law enforcement	258,965	1,151	2,504
Highways and streets	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
	<u>258,965</u>	<u>1,151</u>	<u>2,504</u>
Total expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>10,803</u>
OTHER FINANCING SOURCES (USES)			
Sale of real and personal property	-	-	-
Proceeds from capital leases	-	-	-
Payments on capital leases	-	-	-
Transfers in	-	-	-
Transfers out (use)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net other financing sources (uses)			
NET CHANGE IN FUND BALANCE	-	-	10,803
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>2,382</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,185</u>

<u>District Attorney Forfeiture Trust</u>	<u>District Attorney Hot Checks</u>	<u>District Attorney LEOSE</u>	<u>District Attorney Supplement</u>	<u>District Attorney Apportionment</u>	<u>Family Protection</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	36,370	-
-	-	-	-	-	1,461
-	235	-	-	-	-
-	-	-	-	-	-
-	-	1	8	-	3
-	-	-	-	-	-
35,121	-	-	-	-	-
<u>35,121</u>	<u>235</u>	<u>1</u>	<u>8</u>	<u>36,370</u>	<u>1,464</u>
-	-	-	-	-	-
37,455	223	(76)	26,728	24,177	-
-	-	-	-	-	-
-	-	-	-	-	1,200
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>37,455</u>	<u>223</u>	<u>(76)</u>	<u>26,728</u>	<u>24,177</u>	<u>1,200</u>
<u>(2,334)</u>	<u>12</u>	<u>77</u>	<u>(26,720)</u>	<u>12,193</u>	<u>264</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	27,544	-	-
-	-	-	-	(10,347)	-
-	-	-	27,544	(10,347)	-
(2,334)	12	77	824	1,846	264
<u>9,899</u>	<u>187</u>	<u>661</u>	<u>-</u>	<u>(1,846)</u>	<u>3,125</u>
<u>\$ 7,565</u>	<u>\$ 199</u>	<u>\$ 738</u>	<u>\$ 824</u>	<u>\$ -</u>	<u>\$ 3,389</u>

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<u>FEMA</u>	<u>County Airport</u>	<u>Historical Commission</u>
<b>REVENUES</b>			
Other taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue and grants	-	1,596	-
Charges for service fees, licenses	-	-	-
Fines - justice	-	-	-
Special assessments	-	3,658	-
Investment earnings	-	41	9
Contributions & donations from private sources	-	-	300
Other revenue	-	7,942	2,410
Total revenues	<u>-</u>	<u>13,237</u>	<u>2,719</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
General government	-	-	-
Judicial and law enforcement	-	-	-
Highways and streets	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	11,001	4,164
Capital outlay	-	5,096	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>-</u>	<u>16,097</u>	<u>4,164</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>-</u>	<u>(2,860)</u>	<u>(1,445)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of real and personal property	-	-	-
Proceeds from capital leases	-	-	-
Payments on capital leases	-	-	-
Transfers in	-	10,000	2,935
Transfers out (use)	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>10,000</u>	<u>2,935</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>7,140</u>	<u>1,490</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>21,547</u>	<u>26,000</u>	<u>6,283</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 21,547</u>	<u>\$ 33,140</u>	<u>\$ 7,773</u>

<u>Unclaimed Property</u>	<u>Jury/Court Support</u>	<u>Justice Court Security</u>	<u>Justice Court Technology</u>	<u>County &amp; District Court Technology</u>	<u>Juvenile Case Manager</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	76,844	-	-	-	-
-	-	1,579	-	591	10
-	-	-	6,229	-	-
-	-	-	-	-	-
-	54	8	50	-	-
-	-	-	-	-	-
-	6,963	-	-	-	-
<u>-</u>	<u>83,861</u>	<u>1,587</u>	<u>6,279</u>	<u>591</u>	<u>10</u>
18	-	-	-	-	-
-	416,254	-	9,859	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,406	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>18</u>	<u>416,254</u>	<u>-</u>	<u>13,265</u>	<u>-</u>	<u>-</u>
<u>(18)</u>	<u>(332,393)</u>	<u>1,587</u>	<u>(6,986)</u>	<u>591</u>	<u>10</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	354,440	-	-	-	-
-	-	-	-	-	-
-	354,440	-	-	-	-
(18)	22,047	1,587	(6,986)	591	10
<u>6,140</u>	<u>(10,346)</u>	<u>5,816</u>	<u>49,880</u>	<u>-</u>	<u>-</u>
<u>\$ 6,122</u>	<u>\$ 11,701</u>	<u>\$ 7,403</u>	<u>\$ 42,894</u>	<u>\$ 591</u>	<u>\$ 10</u>

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Law Enforcement <u>LEOSE</u>	Unclaimed Utility <u>Credits</u>	Hotel Occupancy <u>Tax</u>
<b>REVENUES</b>			
Other taxes	\$ -	\$ -	\$ 36,405
Licenses and permits	-	-	-
Intergovernmental revenue and grants	4,027	583	-
Charges for service fees, licenses	-	-	-
Fines - justice	-	-	-
Special assessments	-	-	-
Investment earnings	1	70	16
Contributions & donations from private sources	-	-	-
Other revenue	-	-	-
Total revenues	<u>4,028</u>	<u>653</u>	<u>36,421</u>
<b>EXPENDITURES</b>			
Current			
General government	-	-	-
Judicial and law enforcement	3,311	-	-
Highways and streets	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	9,270	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>3,311</u>	<u>9,270</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>			
<b>OVER EXPENDITURES</b>			
	<u>717</u>	<u>(8,617)</u>	<u>36,421</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of real and personal property	-	-	-
Proceeds from capital leases	-	-	-
Payments on capital leases	-	-	-
Transfers in	-	-	-
Transfers out (use)	-	(12,935)	-
Net other financing sources (uses)	-	(12,935)	-
<b>NET CHANGE IN FUND BALANCE</b>	717	(21,552)	36,421
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>200</u>	<u>69,619</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 917</u>	<u>\$ 48,067</u>	<u>\$ 36,421</u>

<u>Law Library</u>	<u>Permanent Improvement</u>	<u>Vehicle Inventory Tax Interest</u>	<u>Records Management &amp; Preservation</u>	<u>Co Clerk Records Preservation</u>	<u>District Clerk Records Preservation</u>
\$ -	\$ -	\$ 18	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
8,572	-	-	10,162	22,288	1,910
-	-	-	-	-	-
-	-	-	-	-	-
7	284	1	38	160	1
-	-	-	-	-	-
-	-	-	-	-	-
<u>8,579</u>	<u>284</u>	<u>19</u>	<u>10,200</u>	<u>22,448</u>	<u>1,911</u>
-	-	1,496	19,795	47,009	2,322
12,681	23,118	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	12,025	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>12,681</u>	<u>35,143</u>	<u>1,496</u>	<u>19,795</u>	<u>47,009</u>	<u>2,322</u>
<u>(4,102)</u>	<u>(34,859)</u>	<u>(1,477)</u>	<u>(9,595)</u>	<u>(24,561)</u>	<u>(411)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(80,000)	-	-	-	-
-	(80,000)	-	-	-	-
(4,102)	(114,859)	(1,477)	(9,595)	(24,561)	(411)
<u>8,644</u>	<u>311,324</u>	<u>2,547</u>	<u>44,746</u>	<u>157,955</u>	<u>906</u>
<u>\$ 4,542</u>	<u>\$ 196,465</u>	<u>\$ 1,070</u>	<u>\$ 35,151</u>	<u>\$ 133,394</u>	<u>\$ 495</u>

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<u>Right of Way</u>	<u>Road &amp; Bridge Fines</u>	<u>Sheriff Forfeiture</u>
<b>REVENUES</b>			
Other taxes	\$ -	\$ -	\$ -
Licenses and permits	93,547	-	-
Intergovernmental revenue and grants	-	-	-
Charges for service fees, licenses	-	-	-
Fines - justice	-	121,150	-
Special assessments	-	-	-
Investment earnings	29	40	28
Contributions & donations from private sources	-	-	-
Other revenue	8,483	-	2,817
Total revenues	<u>102,059</u>	<u>121,190</u>	<u>2,845</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
General government	-	-	-
Judicial and law enforcement	-	-	3,150
Highways and streets	860	11,841	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>860</u>	<u>11,841</u>	<u>3,150</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>101,199</u>	<u>109,349</u>	<u>(305)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of real and personal property	-	-	-
Proceeds from capital leases	-	-	-
Payments on capital leases	-	-	-
Transfers in	-	-	-
Transfers out (use)	(99,187)	(92,529)	-
Net other financing sources (uses)	(99,187)	(92,529)	-
<b>NET CHANGE IN FUND BALANCE</b>	2,012	16,820	(305)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>34,578</u>	<u>17,592</u>	<u>19,976</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 36,590</u>	<u>\$ 34,412</u>	<u>\$ 19,671</u>



<u>County Clerk Vital Records</u>	<u>County Clerk Archives</u>	<u>District Clerk Archives</u>	<u>Project Lifesaver</u>	<u>Emergency Management</u>	<u>HAVA Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	55,528	22,323
1,909	1,316	397	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7	1	-	1	-	-
-	-	-	500	-	-
-	-	-	-	-	-
<u>1,916</u>	<u>1,317</u>	<u>397</u>	<u>501</u>	<u>55,528</u>	<u>22,323</u>
3,066	-	-	-	-	19,823
-	-	-	-	61,162	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	2,500
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,162</u>	<u>22,323</u>
<u>(1,150)</u>	<u>1,317</u>	<u>397</u>	<u>501</u>	<u>(5,634)</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	18,801	-
-	-	-	-	-	-
-	-	-	-	18,801	-
(1,150)	1,317	397	501	13,167	-
<u>6,134</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>(12,318)</u>	<u>-</u>
<u>\$ 4,984</u>	<u>\$ 1,317</u>	<u>\$ 397</u>	<u>\$ 601</u>	<u>\$ 849</u>	<u>\$ -</u>

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<u>Homeland Security</u>	<u>Juvenile Probation A Grant</u>	<u>Juvenile Probation Co Funding</u>
<b>REVENUES</b>			
Other taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue and grants	7,316	101,424	-
Charges for service fees, licenses	-	-	-
Fines - justice	-	-	2,530
Special assessments	-	-	-
Investment earnings	-	21	14
Contributions & donations from private sources	-	-	-
Other revenue	-	-	-
Total revenues	<u>7,316</u>	<u>101,445</u>	<u>2,544</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
General government	-	-	-
Judicial and law enforcement	-	87,586	50,586
Highways and streets	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	7,316	3,158	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>7,316</u>	<u>90,744</u>	<u>50,586</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>10,701</u>	<u>(48,042)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of real and personal property	-	-	-
Proceeds from capital leases	-	-	-
Payments on capital leases	-	-	-
Transfers in	-	-	50,000
Transfers out (use)	-	-	-
Net other financing sources (uses)	-	-	50,000
<b>NET CHANGE IN FUND BALANCE</b>	-	10,701	1,958
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>-</u>	<u>(5,341)</u>	<u>(1,809)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 5,360</u>	<u>\$ 149</u>

<u>Juvenile Probation Sanctions</u>	<u>Juvenile Probation Y Grant</u>	<u>911 Addressing Grant</u>	<u>RAC Grant</u>	<u>Summer Programs Grant</u>	<u>Courthouse Renovation</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
55,620	56,506	19,593	133,514	151,354	36,757
-	-	-	-	-	-
-	-	-	-	-	-
-	7	-	-	-	13
-	-	-	-	-	-
-	-	-	-	-	-
<u>55,620</u>	<u>56,513</u>	<u>19,593</u>	<u>133,514</u>	<u>151,354</u>	<u>36,770</u>
-	-	-	-	-	107,119
62,460	49,752	-	-	-	-
-	-	16,843	122,939	-	-
-	-	-	-	145,437	-
-	-	-	-	-	-
-	-	2,750	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>62,460</u>	<u>49,752</u>	<u>19,593</u>	<u>122,939</u>	<u>145,437</u>	<u>107,119</u>
<u>(6,840)</u>	<u>6,761</u>	<u>-</u>	<u>10,575</u>	<u>5,917</u>	<u>(70,349)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	80,000
-	-	-	-	-	-
-	-	-	-	-	80,000
(6,840)	6,761	-	10,575	5,917	9,651
<u>6,840</u>	<u>(3,265)</u>	<u>-</u>	<u>(10,575)</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 3,496</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,917</u>	<u>\$ 9,651</u>

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Victims Assistance Grant	Rita Disaster Funds	TCDP Project
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES			
Other taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue and grants	39,805	5,571	20,451
Charges for service fees, licenses	-	-	-
Fines - justice	-	-	-
Special assessments	-	-	-
Investment earnings	1	-	6
Contributions & donations from private sources	-	-	-
Other revenue	-	-	-
Total revenues	<u>39,806</u>	<u>5,571</u>	<u>20,457</u>
EXPENDITURES			
Current			
General government	-	-	-
Judicial and law enforcement	40,234	-	-
Highways and streets	-	-	-
Health and welfare	-	5,571	20,734
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>40,234</u>	<u>5,571</u>	<u>20,734</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(428)</u>	<u>-</u>	<u>(277)</u>
OTHER FINANCING SOURCES (USES)			
Sale of real and personal property	-	-	-
Proceeds from capital leases	-	-	-
Payments on capital leases	-	-	-
Transfers in	8,526	-	-
Transfers out (use)	-	-	-
Net other financing sources (uses)	8,526	-	-
NET CHANGE IN FUND BALANCE	8,098	-	(277)
FUND BALANCE - BEGINNING OF YEAR	<u>(2,098)</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ (277)</u>

Miscellaneous Grants	Total Nonmajor Governmental Funds
\$ -	\$ 36,423
-	94,047
684	827,786
-	157,131
-	319,904
-	3,658
-	1,040
-	800
-	81,125
684	1,521,914
-	200,648
-	1,246,754
-	152,483
2,983	175,925
-	24,435
-	36,251
-	-
-	-
-	-
2,983	1,836,496
(2,299)	(314,582)
-	-
-	-
-	-
-	606,246
-	(303,524)
-	302,722
(2,299)	(11,860)
-	823,741
\$ (2,299)	\$ 811,881

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2010**

	<u>Tax Assessor's Ad Valorem</u>	<u>Tax Assessor's Highway Department</u>	<u>Tax Assessor's Farm Fund Fee</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 34,026	\$ 190,658	\$ 495
TOTAL ASSETS	<u>\$ 34,026</u>	<u>\$ 190,658</u>	<u>\$ 495</u>
<b>LIABILITIES</b>			
Due to other units	\$ 34,026	\$ 190,658	\$ 495
TOTAL LIABILITIES	<u>\$ 34,026</u>	<u>\$ 190,658</u>	<u>\$ 495</u>

<u>Tax Assessor's Hwy Emission Reg Fee</u>	<u>Tax Assessor's Boat Registration</u>	<u>Tax Assessor's VIT Escrow</u>	<u>Tax Assessor's Mobile Home Mvmt Escrow</u>	<u>Total Fiduciary Funds</u>
\$ 6,118	\$ 54	\$ 21,083	\$ 3,822	\$ 256,256
<u>\$ 6,118</u>	<u>\$ 54</u>	<u>\$ 21,083</u>	<u>\$ 3,822</u>	<u>\$ 256,256</u>
\$ 6,118	\$ 54	\$ 21,083	\$ 3,822	\$ 256,256
<u>\$ 6,118</u>	<u>\$ 54</u>	<u>\$ 21,083</u>	<u>\$ 3,822</u>	<u>\$ 256,256</u>

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## **COMPLIANCE SECTION**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Houston County, Texas, as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 24, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS – CONTINUED**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use by the County Judge, Commissioners' Court, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Todd, Hamaker & Johnson, LLP*

Todd, Hamaker & Johnson, LLP  
June 24, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of Houston County, Texas (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2010. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Houston County, Texas complied, in all material respects, with the compliance requirements referred to above that could have a direct a material effect on each of its major federal programs for the year ended September 30, 2010.

Internal Control Over Compliance

The management of Houston County, Texas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Houston County's internal control over compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
- CONTINUED**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

*A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use by the County Judge, Commissioners' Court, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Todd, Hamaker & Johnson, LLP*

Todd, Hamaker & Johnson, LLP  
June 24, 2011

**HOUSTON COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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Section I – Summary of Auditors’ Results

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*Financial Statements*

Type of auditors’ report issued: unqualified

- Material weaknesses identified: \_\_\_\_\_ yes     ✓ no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes     ✓ no

Noncompliance material to financial statements noted? \_\_\_\_\_ yes     ✓ no

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ yes     ✓ no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes     ✓ no

Type of auditors’ report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ yes     ✓ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.666	U.S. Forestry – Schools and Roads

Dollar threshold used to distinguish between type A and type B programs:     \$ 300,000

Auditee qualified as a low-risk auditee?     ✓ yes     \_\_\_\_\_ no

**HOUSTON COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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Section II – Financial Statement Findings

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None

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Section III – Federal Award Findings and Questioned Costs

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None



**HOUSTON COUNTY, TEXAS  
STATUS OF PRIOR YEAR'S FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

None

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**HOUSTON COUNTY, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<b><u>U.S. Department of Homeland Security</u></b>			
Passed through Texas Department of Public Safety – Division of Emergency Management			
Emergency Management Performance Grant	97.042	EMPG	\$ 36,727
Passed through Texas Department of Public Safety – Deep East Texas Council of Governments			
State Homeland Security Grant	97.067	SHSP	22,323
Law Enforcement Terrorism Prevention	97.074	LEAP	<u>7,316</u>
Subtotal U.S. Department of Homeland Security			<u>66,366</u>
<b><u>U.S. Department of Agriculture</u></b>			
U.S. Forestry– RAC Title II	10.665	Direct	133,514
U.S. Forestry – Schools and Roads	10.666	Direct	<u>1,011,236</u> <sup>3</sup>
Subtotal U.S. Department of Agriculture			<u>1,144,750</u>
<b><u>U.S. Election Assistance Commission</u></b>			
Passed through Texas Office of the Secretary of State			
Help America Vote Act Grant	90.401	HAVA	<u>22,323</u>
Subtotal U.S. Election Assistance Commission			<u>22,323</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Passed through Texas Department of Rural Affairs			
Community Development Block Grant	14.228	DRS060034	5,571
Community Development Block Grant	14.228	728211	<u>20,451</u>
Subtotal U.S. Department of Housing and Urban Development			<u>26,022</u>

**HOUSTON COUNTY, TEXAS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<b><u>U.S. Department of Justice</u></b>			
Passed through Texas Office of the Governor – Criminal Justice Division			
ARRA – S.T.O.P. Violence Against Women	16.588	VAWA	684
Subtotal U.S. Department of Justice			684
Total Federal Awards Expended			\$ <u>1,260,145</u>

**HOUSTON COUNTY, TEXAS  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**NOTE 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Houston County, Texas under programs of the federal government for the year ended September 30, 2010. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Houston County, Texas, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Houston County, Texas.

**NOTE 2 – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

**NOTE 3 – Subrecipients**

Of the federal expenditures presented in the Schedule, Houston County, Texas provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided To Subrecipients</u>
10.666	U.S. Forestry – Schools and Road	\$ <u>505,618</u>