

HOUSTON COUNTY, TEXAS
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

INTRODUCTORY SECTION

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**HOUSTON COUNTY, TEXAS
PRINCIPAL PUBLIC OFFICIALS
SEPTEMBER 30, 2011**

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

CERTIFIED PUBLIC ACCOUNTANTS

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301 N 6th Street • PO Box 1249 • Crockett, TX 75835-1249 • (936) 544-2143

Melvin R. Todd, CPA
Daren Hamaker, CPA
Kim Johnson, CPA
Rachel Kennerly, CPA

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, 2011, 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, 2011, 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 9, 2012, 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 63 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 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 and state 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 the *State of Texas Uniform Grant Management Standards*, and is also not a required part of the financial statements. The combining nonmajor fund financial statements and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section 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
Lufkin, Texas

June 9, 2012

**HOUSTON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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, 2011. 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 \$8,992,846 (net assets) at September 30, 2011. Of this amount, \$4,238,386 may be used to meet the County's ongoing obligations to citizens and creditors.
- Overall expenses exceeded revenues (or a decrease in net assets) by \$789,576. Depreciation expense of \$996,553 is included in these expenses.
- At the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$4,747,269, a decrease of \$2,208,787 in comparison with the prior year.
- At September 30, 2011, unassigned fund balance for the General Fund was \$2,507,643, or 40% of total General Fund expenditures.
- The County's total long-term debt increased by \$23,195 during the current fiscal year. Six additional capital leases, totaling \$610,119, were authorized for the purchase of capital assets.
- The jail construction project, with a final cost of \$12,254,654, was completed and placed in service during the year. All remaining funds (resulting from interest earnings and lower than anticipated construction costs) were transferred to the debt service fund to be used for future debt service obligations.

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.

**HOUSTON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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 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 33 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 88 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, 2011**

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 \$8,992,846 as of September 30, 2011.

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 \$851,848 represents resources that are subject to restriction on how they may be used. The remaining balance is \$4,238,386 and is unrestricted in nature.

The County's Net Assets

	2011	2010
Current and other assets	\$ 5,926,142	\$ 8,360,680
Capital assets	18,133,794	16,509,402
Total assets	24,059,936	24,870,082
Long-term liabilities	14,231,182	14,208,987
Other liabilities	835,908	1,083,328
Total liabilities	15,067,090	15,292,315
Net assets:		
Invested in capital assets, net of related debt	3,902,612	2,300,415
Restricted	851,848	3,307,043
Unrestricted	4,238,386	3,970,309
Total net assets	\$ 8,992,846	\$ 9,577,767

**HOUSTON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

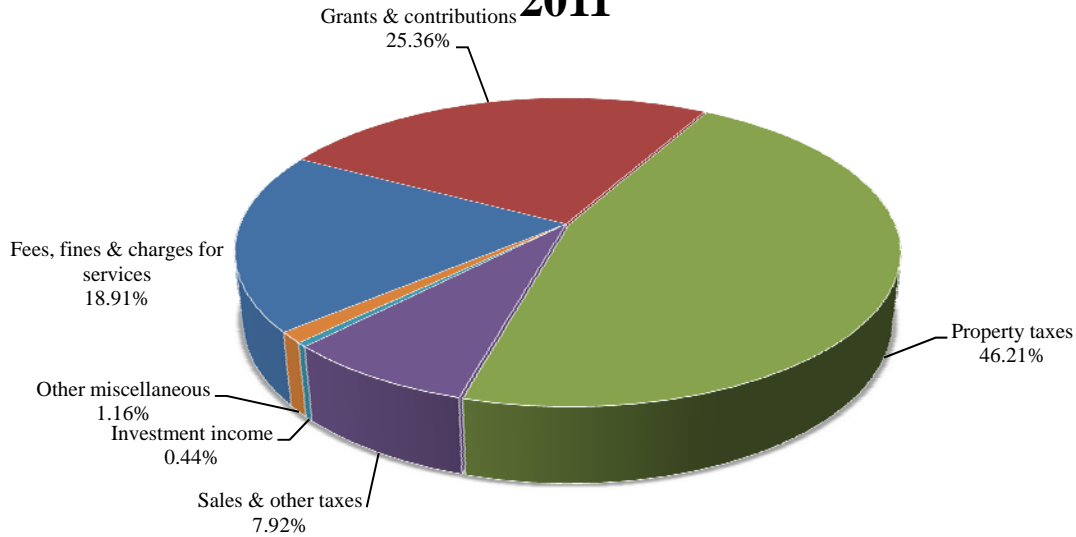
During the year, expenses exceeded revenues (or a decrease in net assets) by \$789,576.

Change in Net Assets

	2011	2010
Revenues		
Fees, fines, charges for services	\$ 1,956,923	\$ 1,802,849
General revenues:		
Property taxes	4,749,651	5,351,271
Sales taxes	774,522	825,739
Other taxes	44,674	44,180
Investment income	45,663	131,096
Grants and contributions	2,624,911	1,587,209
Payment in lieu of taxes	33,322	33,266
Gain on sale of assets	57,627	36,875
Other miscellaneous	120,207	183,318
Total revenues	10,407,500	9,995,803
Expenses		
General government	2,940,593	2,338,576
Judicial and law enforcement	4,403,701	4,056,952
Highways and streets	2,097,127	2,228,665
Health and welfare	890,609	185,632
Culture and recreation	201,147	174,140
Interest on long-term debt	663,899	687,979
Total expenses	11,197,076	9,671,944
Increase (decrease in net assets)	(789,576)	323,859
Prior period adjustment	204,655	-
Net assets at beginning of year	9,577,767	9,253,908
Net assets at end of year	\$ 8,992,846	\$ 9,577,767

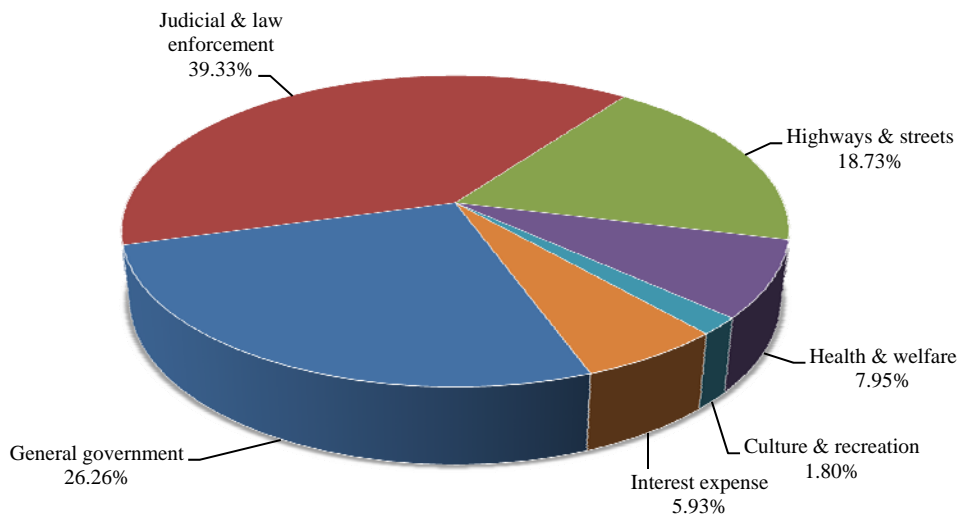
**HOUSTON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**Revenues by Source
2011**



The County's total revenues were \$10,407,500. A significant portion, \$4,782,973 or 46.21%, of the County's revenues come from property taxes.

**Expenses by Function
2011**



The total cost of all governmental programs and services was \$11,197,076. The general government, public safety, and road and bridge functions accounted for \$9,441,421, or 84.32%.

**HOUSTON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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, 2011, the County's governmental funds reported a total fund balance of \$4,747,269. This fund balance is comprised of \$2,239,626 that is either in a nonspendable form, restricted, or assigned for specific purpose. The remaining balance, \$2,507,643, is unassigned. During the year, the fund balance in the County's governmental funds increased by \$383,413.

Budgetary comparisons. A comparison of the general fund, as well as the other major funds, budget and actual results are presented as required supplementary information on pages 49 to 59.

General fund. Actual revenues were higher than budgeted amounts by \$536,813. Actual expenses were lower than budgeted amounts by \$227,725. Actual other financing sources (uses) were unfavorable to budgeted amounts by \$11,466. An overall decrease in fund balance of \$796,772 had been projected, using prior year budget carryovers to fund the decrease.

Actual results were better than expected, resulting in a decrease in fund balance of only \$43,700.

Road and bridge funds. An overall decrease in fund balance of \$205,000 had been projected, using prior year budget carryovers to fund the decrease.

Actual results yielded an overall increase in fund balance of \$74,298 during the fiscal year.

CAPITAL ASSETS

The County's investment in capital assets as of September 30, 2011 totaled \$18,133,794 (net of accumulated depreciation). This investment includes land, building, equipment, improvements (other than buildings), and construction work in progress.

Capital Assets (Net of Depreciation)

	2011	2010
Land	\$ 140,320	\$ 66,974
Construction in progress	150,000	10,988,177
Infrastructure	43,852	-
Buildings and improvements	17,814,322	5,559,668
Furniture and equipment	7,710,177	6,853,406
Less: accumulated depreciation	(7,724,877)	(6,958,824)
Total	\$ 18,133,794	\$ 16,509,401

**HOUSTON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

DEBT ADMINISTRATION

At the end of the current fiscal year, the County had total bond debt and capital lease obligations of \$14,231,182.

Debt Outstanding

	Beginning Balance	Additions	Reductions	Ending Balance
Certificates of obligation	\$ 13,165,000	\$ -	\$ 330,000	\$ 12,835,000
Capital leases	<u>1,043,987</u>	<u>610,119</u>	<u>257,924</u>	<u>1,396,182</u>
Total	<u>\$ 14,208,987</u>	<u>\$ 610,119</u>	<u>\$ 587,924</u>	<u>\$ 14,231,182</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 adopted rate of 38.6 cents is the lowest rate in our region and one of the lower rates statewide.

Despite difficult statewide economic times, Houston County continues to be mindful of their financial condition and impact on the local taxpayers. We remain conservative and proactive in all aspects of county activities. We are concerned about the impact of declining state and federal revenue and have reached out to our representatives on all government levels to make them aware of our issues. The Houston County Commissioners Court has worked with all of your elected officials to produce a 2012 budget that is as "lean" as possible, while still providing adequate funding for important county services.

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, 2011**

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	\$ 1,978,037	\$ 1,978,037
Time deposits	1,857,258	1,857,258
Receivables, net of allowance for uncollectibles		
Property taxes	467,531	467,531
Sales taxes	72,977	72,977
Other - miscellaneous	380,696	380,696
Prepays	14,402	14,402
Restricted assets		
Cash and cash equivalents	1,155,241	1,155,241
Capital assets		
Land	140,320	140,320
Infrastructure	43,852	43,852
Buildings and improvements	17,814,322	17,814,322
Furniture and equipment	7,710,177	7,710,177
Construction in progress	150,000	150,000
Accumulated depreciation	(7,724,877)	(7,724,877)
TOTAL ASSETS	24,059,936	24,059,936
LIABILITIES		
Accounts payable	736,686	736,686
Accrued interest	64,702	64,702
Deferred revenues	5,000	5,000
Bond premium	29,520	29,520
Noncurrent liabilities		
Due within one year	706,291	706,291
Due in more than one year	13,524,891	13,524,891
TOTAL LIABILITIES	15,067,090	15,067,090
NET ASSETS		
Invested in capital assets, net of related debt	3,902,612	3,902,612
Restricted for		
Debt service	620,011	620,011
Jail construction project	182,510	182,510
Grants	49,327	49,327
Unrestricted	4,238,386	4,238,386
TOTAL NET ASSETS	\$ 8,992,846	\$ 8,992,846

See accompanying notes to financial statements.

**HOUSTON COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Functions/Programs	Expenses
Primary government	
Governmental activities	
General government	\$ 2,940,593
Judicial and law enforcement	4,403,701
Highways and streets	2,097,127
Health and welfare	890,609
Culture and recreation	201,147
Interest on long-term debt	663,899
Total governmental activities	11,197,076

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
\$ 248,489	\$ 301,317	\$ -	\$ (2,390,787)
1,089,021	594,697	113,618	(2,606,365)
617,913	672,144	-	(807,070)
1,500	829,538	-	(59,571)
-	389	113,208	(87,550)
-	-	-	(663,899)
<u>1,956,923</u>	<u>2,398,085</u>	<u>226,826</u>	<u>(6,615,242)</u>

General revenues	
Property taxes	4,749,651
Sales taxes	774,522
Other taxes	44,674
Investment income	45,663
Payment in lieu of taxes	33,322
Gain on sale of assets	57,627
Miscellaneous income	120,207
Total general revenues	<u>5,825,666</u>
Change in net assets	(789,576)
Net assets - beginning	9,577,767
Prior period adjustment	204,655
Net assets - ending	<u>\$ 8,992,846</u>

See accompanying notes to financial statements.

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FUND FINANCIAL STATEMENTS

**HOUSTON COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011**

	<u>General Fund</u>	<u>Road and Bridge Pct. No. 1</u>	<u>Road and Bridge Pct. No. 2</u>
ASSETS			
Cash and cash equivalents	\$ 581,396	\$ 51,529	\$ 64,120
Time deposits	1,857,258	-	-
Receivables, net of allowance for uncollectibles			
Property taxes	459,172	-	-
Sales taxes	72,977	-	-
Other - miscellaneous	156,908	-	-
Due from other funds	67,642	-	-
Prepaid items	<u>14,402</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 3,209,755</u>	<u>\$ 51,529</u>	<u>\$ 64,120</u>
LIABILITIES			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	175,124	1,209	9,031
Due to other funds	78,758	-	-
Deferred revenues	<u>433,828</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>687,710</u>	<u>1,209</u>	<u>9,031</u>
FUND BALANCES			
Nonspendable	14,402	-	-
Restricted	-	-	-
Assigned	-	50,320	55,089
Unassigned	<u>2,507,643</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>2,522,045</u>	<u>50,320</u>	<u>55,089</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,209,755</u>	<u>\$ 51,529</u>	<u>\$ 64,120</u>

Road and Bridge Pct. No. 3	Road and Bridge Pct. No. 4	Debt Service	Jail Construction Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
\$ 98,204	\$ 100,144	\$ 621,611	\$ 571,188	\$ 1,119,513	\$ 3,207,705
-	-	-	-	-	1,857,258
-	-	32,964	-	-	492,136
-	-	-	-	-	72,977
177	-	-	-	223,611	380,696
-	-	-	-	11,796	79,438
-	-	-	-	-	14,402
<u>\$ 98,381</u>	<u>\$ 100,144</u>	<u>\$ 654,575</u>	<u>\$ 571,188</u>	<u>\$ 1,354,920</u>	<u>\$ 6,104,612</u>
\$ -	\$ -	\$ -	\$ -	\$ 74,427	\$ 74,427
18,894	5,464	1,600	388,678	136,686	736,686
-	-	-	-	680	79,438
-	-	32,964	-	-	466,792
<u>18,894</u>	<u>5,464</u>	<u>34,564</u>	<u>388,678</u>	<u>211,793</u>	<u>1,357,343</u>
-	-	-	-	-	14,402
-	-	620,011	182,510	49,327	851,848
79,487	94,680	-	-	1,093,800	1,373,376
-	-	-	-	-	2,507,643
<u>79,487</u>	<u>94,680</u>	<u>620,011</u>	<u>182,510</u>	<u>1,143,127</u>	<u>4,747,269</u>
<u>\$ 98,381</u>	<u>\$ 100,144</u>	<u>\$ 654,575</u>	<u>\$ 571,188</u>	<u>\$ 1,354,920</u>	<u>\$ 6,104,612</u>

See accompanying notes to financial statements.

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HOUSTON COUNTY, TEXAS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Total fund balances - governmental funds balance sheet	\$ 4,747,269
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.	18,133,794
Certain deferred charges are amortized over the life of the bonds and therefore, do not consume available financial resources.	(29,520)
Certain deferred revenues are not available to pay current period expenditures and therefore, are deferred in the governmental funds.	437,187
Payable for accrued interest on long-term liabilities is not due in the current period and therefore, are not reported in the governmental funds.	(64,702)
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>(14,231,182)</u>
Net assets of governmental activities	<u>\$ 8,992,846</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, 2011

	General Fund	Road and Bridge Pct. No. 1	Road and Bridge Pct. No. 2
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Property taxes	\$ 4,718,558	\$ -	\$ -
General sales and use taxes	774,522	-	-
Selective sales and use taxes	9,451	-	-
Fees, licenses and permits	220,720	91,498	125,617
Charges for services	635,782	-	-
Fines - justice	286,313	-	-
Intergovernmental revenue and grants	395,657	6,564	8,637
Contributions and donations from private sources	5,692	-	4,543
Investment earnings	39,644	63	115
Payments in lieu of taxes	33,322	-	-
Other revenue	84,330	1,050	150
Total revenues	<u>7,203,991</u>	<u>99,175</u>	<u>139,062</u>
EXPENDITURES			
Current			
General government	2,462,636	-	-
Judicial and law enforcement	3,497,625	-	-
Highways and streets	-	326,953	399,055
Health and welfare	33,201	-	-
Culture and recreation	132,524	-	-
Capital outlay	218,655	169,342	155,000
Debt service	-	-	-
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>6,344,641</u>	<u>496,295</u>	<u>554,055</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>859,350</u>	<u>(397,120)</u>	<u>(414,993)</u>
OTHER FINANCING SOURCES (USES)			
Sale of real and personal property	-	53,810	552
Proceeds from capital leases	-	115,532	116,250
Payments on capital leases	(62,831)	(19,465)	(33,642)
Transfers in	374,187	238,902	314,344
Transfers out	(1,214,406)	-	-
Net other financing sources (uses)	<u>(903,050)</u>	<u>388,779</u>	<u>397,504</u>
NET CHANGE IN FUND BALANCE	(43,700)	(8,341)	(17,489)
PRIOR PERIOD ADJUSTMENT	-	-	-
FUND BALANCE - BEGINNING OF YEAR	<u>2,565,745</u>	<u>58,661</u>	<u>72,578</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,522,045</u>	<u>\$ 50,320</u>	<u>\$ 55,089</u>

Road and Bridge Pct. No. 3	Road and Bridge Pct. No. 4	Debt Service	Jail Construction Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
\$ -	\$ -	\$ 12,496	\$ -	\$ -	\$ 4,731,054
-	-	-	-	-	774,522
-	-	-	-	35,223	44,674
139,655	130,022	-	-	183,566	891,078
-	-	-	-	-	635,782
-	-	-	-	143,750	430,063
10,019	9,328	-	3,500	2,098,160	2,531,865
81,811	-	-	-	1,000	93,046
114	70	548	3,560	1,549	45,663
-	-	-	-	-	33,322
-	34,548	-	-	129	120,207
<u>231,599</u>	<u>173,968</u>	<u>13,044</u>	<u>7,060</u>	<u>2,463,377</u>	<u>10,331,276</u>
-	-	-	-	410,129	2,872,765
-	-	-	617	398,361	3,896,603
537,941	337,329	-	-	136,773	1,738,051
-	-	-	-	846,616	879,817
-	-	-	-	16,864	149,388
191,889	235,500	-	1,313,932	129,730	2,414,048
-	-	330,000	-	-	330,000
-	-	635,239	-	-	635,239
<u>729,830</u>	<u>572,829</u>	<u>965,239</u>	<u>1,314,549</u>	<u>1,938,473</u>	<u>12,915,911</u>
<u>(498,231)</u>	<u>(398,861)</u>	<u>(952,195)</u>	<u>(1,307,489)</u>	<u>524,904</u>	<u>(2,584,635)</u>
5,000	3,586	-	-	-	62,948
142,837	235,500	-	-	-	610,119
(17,177)	(76,657)	-	-	(79,882)	(289,654)
364,639	339,492	955,924	-	142,918	2,730,406
-	-	-	(620,685)	(895,315)	(2,730,406)
<u>495,299</u>	<u>501,921</u>	<u>955,924</u>	<u>(620,685)</u>	<u>(832,279)</u>	<u>383,413</u>
(2,932)	103,060	3,729	(1,928,174)	(307,375)	(2,201,222)
-	-	-	-	(7,565)	(7,565)
<u>82,419</u>	<u>(8,380)</u>	<u>616,282</u>	<u>2,110,684</u>	<u>1,458,067</u>	<u>6,956,056</u>
<u>\$ 79,487</u>	<u>\$ 94,680</u>	<u>\$ 620,011</u>	<u>\$ 182,510</u>	<u>\$ 1,143,127</u>	<u>\$ 4,747,269</u>

See accompanying notes to financial statements.

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**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, 2011**

Net change in fund balance - governmental funds	\$ (2,201,222)
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.	2,414,048
The depreciation of capital assets used in governmental activities is not reported in the governmental funds.	(996,553)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	18,597
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.	587,924
Proceeds from leases do not provide revenue in the statement of activities, but are reported as current resources in the governmental funds.	(610,119)
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, donations) is to decrease net assets.	(5,321)
Amount represents the change in accrued interest from the beginning of the period to the end of the period.	<u>1,664</u>
Change in net assets of governmental activities	<u>\$ (789,576)</u>

See accompanying notes to financial statements.

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HOUSTON COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 1,120,158</u>
TOTAL ASSETS	<u><u>\$ 1,120,158</u></u>
LIABILITIES	
Due to other units	<u>\$ 1,120,158</u>
TOTAL LIABILITIES	<u><u>\$ 1,120,158</u></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, 2011

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, 2011.

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, 2011

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 *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 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, 2011.

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

HOUSTON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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 have been set aside for the repayment of debt, completion of the jail construction project and other grant expenditures and are classified as restricted assets on the statement of net assets. At September 30, 2011, these assets totaled \$1,155,241, net of the deficit in pooled cash.

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	3 to 10 years
Other equipment	5 to 10 years
Infrastructure	20 to 50 years

HOUSTON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Compensated absences

It is the County's policy not to permit employees to accumulate earned but unused vacation and sick pay benefits past year end. 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.

Net assets and fund balances

In the government-wide financial statements, the difference between the County's total assets and total liabilities represents net assets. Net assets are displayed in three components – invested in capital assets, net of related debt; restricted; and unrestricted. At September 30, 2011, restricted net assets represent monies that are legally restricted for payment of debt service or grant expenditures. Unrestricted net assets represent the net assets available for future operations.

In the governmental fund financial statements, fund balances are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes due to constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the government's highest level of decision making authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the same body.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – all other spendable amounts.

HOUSTON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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. 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, 2011.

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, 2011, bank balances did not exceed the market values of pledged securities and/or FDIC insurance.

Receivables

Receivables at September 30, 2011 for the County's individual major funds, including the related allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
Property taxes	\$ 459,173	\$ 32,965	\$ 492,138
Sales taxes	72,977	-	72,977
Other	380,696	-	380,696
Less allowance for uncollectibles	<u>(22,959)</u>	<u>(1,648)</u>	<u>(24,607)</u>
Net	<u>\$ 889,887</u>	<u>\$ 31,317</u>	<u>\$ 921,204</u>

HOUSTON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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, 2011 was \$.38600 per \$100 of assessed valuation. All of this rate was allocated to maintenance and operation.

Capital assets

Capital asset activity for the County for the year ended September 30, 2011, was as follows:

	<u>Balance</u> <u>09/30/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/2011</u>
Land	\$ 140,320	\$ -	\$ -	\$ 140,320
Construction in progress	11,127,050	150,000	(11,127,050)	150,000
Buildings and improvements	5,559,668	12,254,654	-	17,814,322
Infrastructure	-	43,852	-	43,852
Furniture and equipment	<u>6,853,406</u>	<u>1,092,592</u>	<u>(235,821)</u>	<u>7,710,177</u>
	\$ 23,680,444	\$ 13,541,098	\$ (11,362,871)	\$ 25,858,671
Less accumulated depreciation	<u>(6,958,824)</u>	<u>(996,553)</u>	<u>230,500</u>	<u>(7,724,877)</u>
Net	<u>\$ 16,721,620</u>	<u>\$ 12,544,545</u>	<u>\$ (11,132,371)</u>	<u>\$ 18,133,794</u>

The jail construction project, with a final cost, \$12,254,654 was placed in service during the year.

Depreciation expense was charged to governmental funds as follows:

General government	\$ 67,211
Judicial and law enforcement	507,715
Highway and streets	359,076
Health and welfare	10,792
Culture and recreation	<u>51,759</u>
Total	<u>\$ 996,553</u>

LIABILITIES

Interfund Transfers

Interfund transfers during the fiscal year consisted of the following:

Transfers Out:

General	\$ 1,214,405
Hotel/motel tax	2,500
Unclaimed utility credits	12,935
Right of way	89,025
Road & bridge fines	97,529
Road & bridge timber	629,251
County attorney forfeiture	3,000
D. A. forfeiture	1,270

Transfers In:

Road & Bridge Pct #1	\$ 238,902
Road & Bridge Pct #2	314,344
Road & Bridge Pct #2	364,639
Road & Bridge Pct #4	339,492
Jury/court support	281,735
County airport	10,000
Courthouse security	51,000
Hotel/motel tax	2,500

HOUSTON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Transfers Out (con't):

Permanent improvement	54,380
Jail construction	620,685
D. A. apportionment	<u>5,426</u>
Total	<u>\$ 2,730,406</u>

Transfers In (con't):

Historical commission	2,935
D. A. supplement	26,017
Debt service	955,924
Emergency mgmt grant	20,768
Victims assistance grant	3,000
Courthouse renovation	54,380
Juvenile probation	<u>64,770</u>
Total	<u>\$ 2,730,406</u>

Long-term debt

Long-term liability activity for the year ended September 30, 2011 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Series 2008 Certificates of Obligation	\$ 13,165,000	\$ -	\$ 330,000	\$ 12,835,000	\$ 345,000
Capital leases	<u>1,043,987</u>	<u>610,119</u>	<u>257,924</u>	<u>1,396,182</u>	<u>361,291</u>
Long-term liabilities	<u>\$ 14,208,987</u>	<u>\$ 610,119</u>	<u>\$ 587,924</u>	<u>\$ 14,231,182</u>	<u>\$ 706,291</u>

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

<u>Year Ending September 30,</u>	<u>Series 2008 Certificates of Obligation</u>		<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 345,000	\$ 621,739	\$ 361,291	\$ 32,378
2013	360,000	607,639	315,357	25,505
2014	375,000	592,470	355,131	19,227
2015	390,000	576,214	174,555	12,568
2016	405,000	559,320	96,674	7,837
2017-2021	2,730,000	2,511,150	93,174	4,331
2022-2026	2,965,000	1,867,854	-	-
2027-2031	3,835,000	1,004,241	-	-
2032-2033	<u>1,835,000</u>	<u>97,519</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 12,835,000</u>	<u>\$ 8,438,146</u>	<u>\$ 1,396,182</u>	<u>\$ 101,846</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 TCDRS.

TCDRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TCDRS. 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 TCDRS, P.O. Box 2034, Austin, Texas 78768-2034 or by calling 800-823-7782. The report is also available on TCDRS' website at www.tcdrs.org.

HOUSTON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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 6.07% for the months in calendar year 2010 and 6.21% for the months in calendar year 2011. The County's contributions for the fiscal year ended September 30, 2011 totaled \$242,587.

The required contribution was determined as part of the December 31, 2010 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2010 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 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, 2010 was 20 years.

As of December 31, 2010, the most recent actuarial valuation date, the plan was 89.98% funded. The actuarial accrued liability for benefits was \$6,777,400, and the actuarial value of assets was \$6,098,317, resulting in an unfunded actuarial accrued liability (UAAL) of \$679,083. The covered payroll (annual payroll of active employees covered by the plan) was \$3,694,203, and the ratio of the UAAL to the covered payroll was 18.38%. See schedule of funding progress included as required supplementary information on page 63.

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.

Prior Period Adjustments

A prior period adjustment of \$7,565 has been made in the governmental funds to reflect the DA Forfeiture Trust fund as an agency fund, rather than a special revenue fund. A prior period adjustment of \$212,220 has been made in the government-wide financial statements to properly reflect 2008 expenditures for the jail construction project. The net effect of these two adjustments (\$204,655) is an increase to the County's net assets.

Subsequent events

Management has evaluated subsequent events through June 9, 2012, 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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 4,705,707	\$ 4,705,707	\$ 4,718,558	\$ 12,851
General sales and use taxes	722,400	722,400	774,522	52,122
Selective sales and use taxes	7,000	7,000	9,451	2,451
Fees, licenses and permits	68,268	93,153	220,720	127,567
Charges for services	447,350	447,350	635,782	188,432
Fines - justice	162,800	162,800	286,313	123,513
Intergovernmental revenue and grants	378,033	380,928	395,657	14,729
Contributions and donations from private sources	1,000	5,255	5,692	437
Investment earnings	30,160	30,160	39,644	9,484
Payment in lieu of taxes	32,000	32,000	33,322	1,322
Other revenue	69,222	80,425	84,330	3,905
Total revenues	<u>6,623,940</u>	<u>6,667,178</u>	<u>7,203,991</u>	<u>536,813</u>
EXPENDITURES				
General government	2,564,875	2,497,596	2,462,636	34,960
Judicial and law enforcement	3,564,304	3,668,757	3,497,625	171,132
Highways and streets	-	-	-	-
Health and welfare	33,977	37,232	33,201	4,031
Culture and recreation	136,883	160,561	132,524	28,037
Capital outlay	220,000	208,220	218,655	(10,435)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>6,520,039</u>	<u>6,572,366</u>	<u>6,344,641</u>	<u>227,725</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>103,901</u>	<u>94,812</u>	<u>859,350</u>	<u>764,538</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of real and personal property	-	-	-	-
Proceeds from capital leases	-	-	-	-
Payments on capital leases	(63,123)	(63,123)	(62,831)	292
Transfers in	390,923	392,949	374,187	(18,762)
Transfers out	(1,212,438)	(1,221,410)	(1,214,406)	7,004
Net other financing sources (uses)	<u>(884,638)</u>	<u>(891,584)</u>	<u>(903,050)</u>	<u>(11,466)</u>
NET CHANGE IN FUND BALANCE	(780,737)	(796,772)	(43,700)	753,072
PROJECTED BUDGET CARRYOVER	780,737	796,772	-	(796,772)
FUND BALANCE - BEGINNING OF YEAR	<u>2,565,745</u>	<u>2,565,745</u>	<u>2,565,745</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,565,745</u>	<u>\$ 2,565,745</u>	<u>\$ 2,522,045</u>	<u>\$ (43,700)</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses and permits	113,165	113,165	91,498	(21,667)
Charges for services	-	-	-	-
Fines - justice	-	-	-	-
Intergovernmental revenue and grants	6,599	6,599	6,564	(35)
Contributions and donations from private sources	-	-	-	-
Investment earnings	100	100	63	(37)
Payment in lieu of taxes	-	-	-	-
Other revenue	-	-	1,050	1,050
Total revenues	<u>119,864</u>	<u>119,864</u>	<u>99,175</u>	<u>(20,689)</u>
EXPENDITURES				
General government	-	-	-	-
Judicial and law enforcement	-	-	-	-
Highways and streets	362,294	363,294	326,953	36,341
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	2,000	54,810	169,342	(114,532)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>364,294</u>	<u>418,104</u>	<u>496,295</u>	<u>(78,191)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(244,430)</u>	<u>(298,240)</u>	<u>(397,120)</u>	<u>(98,880)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of real and personal property	-	53,810	53,810	-
Proceeds from capital leases	-	-	115,532	115,532
Payments on capital leases	(19,472)	(19,472)	(19,465)	7
Transfers in	238,902	238,902	238,902	-
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>219,430</u>	<u>273,240</u>	<u>388,779</u>	<u>115,539</u>
NET CHANGE IN FUND BALANCE	(25,000)	(25,000)	(8,341)	16,659
PROJECTED BUDGET CARRYOVER	25,000	25,000	-	(25,000)
FUND BALANCE - BEGINNING OF YEAR	<u>58,661</u>	<u>58,661</u>	<u>58,661</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 58,661</u>	<u>\$ 58,661</u>	<u>\$ 50,320</u>	<u>\$ (8,341)</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses and permits	147,112	147,112	125,617	(21,495)
Charges for services	-	-	-	-
Fines - justice	-	-	-	-
Intergovernmental revenue and grants	8,684	8,684	8,637	(47)
Contributions and donations from private sources	-	5,610	4,543	(1,067)
Investment earnings	100	100	115	15
Payment in lieu of taxes	-	-	-	-
Other revenue	-	-	150	150
Total revenues	<u>155,896</u>	<u>161,506</u>	<u>139,062</u>	<u>(22,444)</u>
EXPENDITURES				
General government	-	-	-	-
Judicial and law enforcement	-	-	-	-
Highways and streets	443,598	461,538	399,055	62,483
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	53,000	40,670	155,000	(114,330)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>496,598</u>	<u>502,208</u>	<u>554,055</u>	<u>(51,847)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(340,702)</u>	<u>(340,702)</u>	<u>(414,993)</u>	<u>(74,291)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of real and personal property	-	-	552	552
Proceeds from capital leases	-	-	116,250	116,250
Payments on capital leases	(33,642)	(33,642)	(33,642)	-
Transfers in	314,344	314,344	314,344	-
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>280,702</u>	<u>280,702</u>	<u>397,504</u>	<u>116,802</u>
NET CHANGE IN FUND BALANCE	(60,000)	(60,000)	(17,489)	42,511
PROJECTED BUDGET CARRYOVER	60,000	60,000	-	(60,000)
FUND BALANCE - BEGINNING OF YEAR	<u>72,578</u>	<u>72,578</u>	<u>72,578</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 72,578</u>	<u>\$ 72,578</u>	<u>\$ 55,089</u>	<u>\$ (17,489)</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses and permits	157,409	157,409	139,655	(17,754)
Charges for services	-	-	-	-
Fines - justice	-	-	-	-
Intergovernmental revenue and grants	10,073	10,073	10,019	(54)
Contributions and donations from private sources	-	540	81,811	81,271
Investment earnings	100	100	114	14
Payment in lieu of taxes	-	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>167,582</u>	<u>168,122</u>	<u>231,599</u>	<u>63,477</u>
EXPENDITURES				
General government	-	-	-	-
Judicial and law enforcement	-	-	-	-
Highways and streets	562,544	585,384	537,941	47,443
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	22,500	5,200	191,889	(186,689)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>585,044</u>	<u>590,584</u>	<u>729,830</u>	<u>(139,246)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(417,462)</u>	<u>(422,462)</u>	<u>(498,231)</u>	<u>(75,769)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of real and personal property	-	5,000	5,000	-
Proceeds from capital leases	-	-	142,837	142,837
Payments on capital leases	(17,177)	(17,177)	(17,177)	-
Transfers in	364,639	364,639	364,639	-
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>347,462</u>	<u>352,462</u>	<u>495,299</u>	<u>142,837</u>
NET CHANGE IN FUND BALANCE	(70,000)	(70,000)	(2,932)	67,068
PROJECTED BUDGET CARRYOVER	70,000	70,000	-	(70,000)
FUND BALANCE - BEGINNING OF YEAR	<u>82,419</u>	<u>82,419</u>	<u>82,419</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 82,419</u>	<u>\$ 82,419</u>	<u>\$ 79,487</u>	<u>\$ (2,932)</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses and permits	151,760	151,760	130,022	(21,738)
Charges for services	-	-	-	-
Fines - justice	-	-	-	-
Intergovernmental revenue and grants	9,378	9,378	9,328	(50)
Contributions and donations from private sources	-	-	-	-
Investment earnings	100	100	70	(30)
Payment in lieu of taxes	-	-	-	-
Other revenue	-	43,907	34,548	(9,359)
Total revenues	<u>161,238</u>	<u>205,145</u>	<u>173,968</u>	<u>(31,177)</u>
EXPENDITURES				
General government	-	-	-	-
Judicial and law enforcement	-	-	-	-
Highways and streets	474,073	483,252	337,329	145,923
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	38,314	235,500	(197,186)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>474,073</u>	<u>521,566</u>	<u>572,829</u>	<u>(51,263)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(312,835)</u>	<u>(316,421)</u>	<u>(398,861)</u>	<u>(82,440)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of real and personal property	-	3,586	3,586	-
Proceeds from capital leases	-	-	235,500	235,500
Payments on capital leases	(76,657)	(76,657)	(76,657)	-
Transfers in	339,492	339,492	339,492	-
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>262,835</u>	<u>266,421</u>	<u>501,921</u>	<u>235,500</u>
NET CHANGE IN FUND BALANCE	(50,000)	(50,000)	103,060	153,060
PROJECTED BUDGET CARRYOVER	50,000	50,000	-	(50,000)
FUND BALANCE - BEGINNING OF YEAR	<u>(8,380)</u>	<u>(8,380)</u>	<u>(8,380)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ (8,380)</u>	<u>\$ (8,380)</u>	<u>\$ 94,680</u>	<u>\$ 103,060</u>

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HOUSTON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 15,000	\$ 15,000	\$ 12,496	\$ (2,504)
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Fines - justice	-	-	-	-
Intergovernmental revenue and grants	-	-	-	-
Contributions and donations from private sources	-	-	-	-
Investment earnings	200	200	548	348
Payment in lieu of taxes	-	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>15,200</u>	<u>15,200</u>	<u>13,044</u>	<u>(2,156)</u>
EXPENDITURES				
General government	-	-	-	-
Judicial and law enforcement	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	330,000	330,000	330,000	-
Interest	<u>635,239</u>	<u>635,239</u>	<u>635,239</u>	-
Total expenditures	<u>965,239</u>	<u>965,239</u>	<u>965,239</u>	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(950,039)</u>	<u>(950,039)</u>	<u>(952,195)</u>	<u>(2,156)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of real and personal property	-	-	-	-
Proceeds from capital leases	-	-	-	-
Payments on capital leases	-	-	-	-
Transfers in	335,239	335,239	955,924	620,685
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>335,239</u>	<u>335,239</u>	<u>955,924</u>	<u>620,685</u>
NET CHANGE IN FUND BALANCE	(614,800)	(614,800)	3,729	618,529
PROJECTED BUDGET CARRYOVER	614,800	614,800	-	(614,800)
FUND BALANCE - BEGINNING OF YEAR	<u>616,282</u>	<u>616,282</u>	<u>616,282</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 616,282</u>	<u>\$ 616,282</u>	<u>\$ 620,011</u>	<u>\$ 3,729</u>

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HOUSTON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
JAIL CONSTRUCTION PROJECT
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Fines - justice	-	-	-	-
Intergovernmental revenue and grants	-	-	3,500	3,500
Contributions and donations from private sources	-	-	-	-
Investment earnings	-	-	3,560	3,560
Payment in lieu of taxes	-	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>7,060</u>	<u>7,060</u>
EXPENDITURES				
General government	-	-	617	(617)
Judicial and law enforcement	-	1,000	617	383
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	930,800	1,313,932	(383,132)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>931,800</u>	<u>1,315,166</u>	<u>(383,366)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>-</u>	<u>(931,800)</u>	<u>(1,308,106)</u>	<u>(376,306)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of real and personal property	-	-	-	-
Proceeds from capital leases	-	-	-	-
Payments on capital leases	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(620,685)	(620,685)	-
Net other financing sources (uses)	<u>-</u>	<u>(620,685)</u>	<u>(620,685)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(1,552,485)	(1,928,791)	(376,306)
PROJECTED BUDGET CARRYOVER	-	1,552,485	-	(1,552,485)
FUND BALANCE - BEGINNING OF YEAR	<u>2,110,684</u>	<u>2,110,684</u>	<u>2,110,684</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,110,684</u>	<u>\$ 2,110,684</u>	<u>\$ 181,893</u>	<u>\$ (1,928,791)</u>

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HOUSTON COUNTY, TEXAS
SCHEDULE OF FUNDING PROGRESS OF PENSION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2011

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%
12/31/2010	6,098,317	6,777,400	89.98%	679,083	3,694,203	18.38%

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SUPPLEMENTARY INFORMATION

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COMBINING FUND STATEMENTS

**HOUSTON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2011**

	<u>Hotel Occupancy Tax</u>	<u>Community Development</u>	<u>Justice Court Security</u>
ASSETS			
Cash and cash equivalents	\$ 60,756	\$ 24,615	\$ 8,791
Receivables, net	4,162	-	-
Due from other funds	-	-	93
TOTAL ASSETS	<u>\$ 64,918</u>	<u>\$ 24,615</u>	<u>\$ 8,884</u>
LIABILITIES			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	-	-	3,450
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>3,450</u>
FUND BALANCES			
Restricted	-	-	-
Assigned	<u>64,918</u>	<u>24,615</u>	<u>5,434</u>
Total fund balances	<u>64,918</u>	<u>24,615</u>	<u>5,434</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 64,918</u>	<u>\$ 24,615</u>	<u>\$ 8,884</u>

<u>Justice Court Technology</u>	<u>County & District Court Technology</u>	<u>Family Protection</u>	<u>Child Abuse Prevention</u>	<u>Right of Way</u>	<u>Road & Bridge Fines</u>
\$ 42,347	\$ 1,101	\$ 3,409	\$ 100	\$ 38,709	\$ 20,433
-	-	-	-	-	-
<u>391</u>	<u>12</u>	<u>285</u>	<u>-</u>	<u>-</u>	<u>2,237</u>
<u>\$ 42,738</u>	<u>\$ 1,113</u>	<u>\$ 3,694</u>	<u>\$ 100</u>	<u>\$ 38,709</u>	<u>\$ 22,670</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	115
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115</u>
-	-	-	-	-	-
<u>42,738</u>	<u>1,113</u>	<u>3,694</u>	<u>100</u>	<u>38,709</u>	<u>22,555</u>
<u>42,738</u>	<u>1,113</u>	<u>3,694</u>	<u>100</u>	<u>38,709</u>	<u>22,555</u>
<u>\$ 42,738</u>	<u>\$ 1,113</u>	<u>\$ 3,694</u>	<u>\$ 100</u>	<u>\$ 38,709</u>	<u>\$ 22,670</u>

**HOUSTON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2011**

	<u>Timber Fund</u>	<u>Records Management & Preservation</u>	<u>Co Clerk Records Preservation</u>
ASSETS			
Cash and cash equivalents	\$ 491,087	\$ 21,290	\$ 45,494
Receivables, net	-	-	-
Due from other funds	-	455	4,584
TOTAL ASSETS	<u>\$ 491,087</u>	<u>\$ 21,745</u>	<u>\$ 50,078</u>
LIABILITIES			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted	-	-	-
Assigned	491,087	21,745	50,078
Total fund balances	<u>491,087</u>	<u>21,745</u>	<u>50,078</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 491,087</u>	<u>\$ 21,745</u>	<u>\$ 50,078</u>

<u>District Clerk Records Preservation</u>	<u>County Clerk Vital Records</u>	<u>County Clerk Archives</u>	<u>District Clerk Archives</u>	<u>Co Attorney Pre-trial Intervention</u>	<u>Hot Check Fees</u>
\$ 1,077	\$ 3,206	\$ 28,896	\$ 1,529	\$ 7,448	\$ 57,754
-	-	-	-	-	-
<u>162</u>	<u>97</u>	<u>2,440</u>	<u>150</u>	<u>-</u>	<u>-</u>
<u>\$ 1,239</u>	<u>\$ 3,303</u>	<u>\$ 31,336</u>	<u>\$ 1,679</u>	<u>\$ 7,448</u>	<u>\$ 57,754</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,239</u>	<u>3,303</u>	<u>31,336</u>	<u>1,679</u>	<u>7,448</u>	<u>57,754</u>
<u>1,239</u>	<u>3,303</u>	<u>31,336</u>	<u>1,679</u>	<u>7,448</u>	<u>57,754</u>
<u>\$ 1,239</u>	<u>\$ 3,303</u>	<u>\$ 31,336</u>	<u>\$ 1,679</u>	<u>\$ 7,448</u>	<u>\$ 57,754</u>

**HOUSTON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2011**

	<u>District Attorney Hot Checks</u>	<u>County Attorney Forfeiture</u>	<u>District Attorney Forfeiture</u>
ASSETS			
Cash and cash equivalents	\$ 18	\$ 4,367	\$ 15,878
Receivables, net	-	-	56
Due from other funds	-	-	-
TOTAL ASSETS	<u>\$ 18</u>	<u>\$ 4,367</u>	<u>\$ 15,934</u>
LIABILITIES			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	-	-	600
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>600</u>
FUND BALANCES			
Restricted	-	-	-
Assigned	<u>18</u>	<u>4,367</u>	<u>15,334</u>
Total fund balances	<u>18</u>	<u>4,367</u>	<u>15,334</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 18</u>	<u>\$ 4,367</u>	<u>\$ 15,934</u>

<u>District Attorney Forfeiture Trust</u>	<u>Sheriff Forfeiture</u>	<u>Permanent Improvement</u>	<u>LEOSE Education Funds</u>	<u>District Attorney Apportionment</u>	<u>Vehicle Inventory Tax Interest</u>
\$ -	\$ 24,554	\$ 142,674	\$ 7,617	\$ -	\$ 980
-	55	-	142	2,599	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 24,609</u>	<u>\$ 142,674</u>	<u>\$ 7,759</u>	<u>\$ 2,599</u>	<u>\$ 980</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,280	\$ -
-	590	-	546	319	-
-	-	680	-	-	-
-	590	680	546	2,599	-
-	-	-	-	-	-
-	24,019	141,994	7,213	-	980
-	24,019	141,994	7,213	-	980
<u>\$ -</u>	<u>\$ 24,609</u>	<u>\$ 142,674</u>	<u>\$ 7,759</u>	<u>\$ 2,599</u>	<u>\$ 980</u>

**HOUSTON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2011**

	<u>12th Circuit Court of Appeals</u>	<u>Unclaimed Property</u>	<u>Miscellaneous Grants</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 6,122	\$ 4
Receivables, net	-	-	15,454
Due from other funds	<u>210</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 210</u></u>	<u><u>\$ 6,122</u></u>	<u><u>\$ 15,458</u></u>
LIABILITIES			
Deficit in pooled cash	\$ -	\$ -	\$ 15,461
Accounts payable	190	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>190</u>	<u>-</u>	<u>15,461</u>
FUND BALANCES			
Restricted	-	-	(3)
Assigned	<u>20</u>	<u>6,122</u>	<u>-</u>
Total fund balances	<u>20</u>	<u>6,122</u>	<u>(3)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 210</u></u>	<u><u>\$ 6,122</u></u>	<u><u>\$ 15,458</u></u>

<u>FEMA Grant</u>	<u>Emergency Management Grant</u>	<u>Homeland Security Grant</u>	<u>Victims Assistance Grant</u>	<u>Summer Programs Grant</u>	<u>HAVA Grant</u>
\$ 21,547	\$ -	\$ -	\$ -	\$ -	\$ -
3,449	26,203	110,118	4,924	-	533
-	-	-	-	-	-
<u>\$ 24,996</u>	<u>\$ 26,203</u>	<u>\$ 110,118</u>	<u>\$ 4,924</u>	<u>\$ -</u>	<u>\$ 533</u>
\$ -	\$ 24,980	\$ 637	\$ 85	\$ -	\$ 533
3,449	1,223	109,481	-	-	-
-	-	-	-	-	-
<u>3,449</u>	<u>26,203</u>	<u>110,118</u>	<u>85</u>	<u>-</u>	<u>533</u>
21,547	-	-	4,839	-	-
-	-	-	-	-	-
<u>21,547</u>	<u>-</u>	<u>-</u>	<u>4,839</u>	<u>-</u>	<u>-</u>
<u>\$ 24,996</u>	<u>\$ 26,203</u>	<u>\$ 110,118</u>	<u>\$ 4,924</u>	<u>\$ -</u>	<u>\$ 533</u>

**HOUSTON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2011**

	<u>911 Addressing Grant</u>	<u>Courthouse Renovation Grant</u>	<u>Energy Block Grant</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Receivables, net	3,901	34,365	4,059
Due from other funds	-	680	-
TOTAL ASSETS	<u>\$ 3,901</u>	<u>\$ 35,045</u>	<u>\$ 4,059</u>
LIABILITIES			
Deficit in pooled cash	\$ 3,901	\$ 680	\$ 4,059
Accounts payable	-	10,710	-
Due to other funds	-	-	-
Total liabilities	<u>3,901</u>	<u>11,390</u>	<u>4,059</u>
FUND BALANCES			
Restricted	-	23,655	-
Assigned	-	-	-
Total fund balances	<u>-</u>	<u>23,655</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,901</u>	<u>\$ 35,045</u>	<u>\$ 4,059</u>

<u>US Forest RAC Grant</u>	<u>Juvenile Probation Grants</u>	<u>Juvenile Probation Co Funding</u>	<u>TCDP Grant - Berea Water Plant</u>	<u>TCDP Grant - Emerg Generators</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 13,021	\$ 24,670	\$ 19	\$ -	\$ 1,119,513
-	13,591	-	-	-	223,611
-	-	-	-	-	11,796
<u>\$ -</u>	<u>\$ 26,612</u>	<u>\$ 24,670</u>	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ 1,354,920</u>
\$ -	\$ 20,974	\$ -	\$ 277	\$ 560	\$ 74,427
-	5,531	482	-	-	136,686
-	-	-	-	-	680
<u>-</u>	<u>26,505</u>	<u>482</u>	<u>277</u>	<u>560</u>	<u>211,793</u>
-	107	-	(258)	(560)	49,327
-	-	24,188	-	-	1,093,800
<u>-</u>	<u>107</u>	<u>24,188</u>	<u>(258)</u>	<u>(560)</u>	<u>1,143,127</u>
<u>\$ -</u>	<u>\$ 26,612</u>	<u>\$ 24,670</u>	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ 1,354,920</u>

HOUSTON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Hotel Occupancy Tax	Community Development	Justice Court Security
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Other taxes	\$ 35,204	\$ -	\$ -
Fees, licenses and permits	-	-	1,472
Fines - justice	-	-	-
Intergovernmental revenue and grants	-	389	-
Contributions & donations from private sources	-	-	-
Investment earnings	55	41	9
Other revenue	83	-	-
Total revenues	<u>35,342</u>	<u>430</u>	<u>1,481</u>
EXPENDITURES			
General government	4,345	-	-
Judicial and law enforcement	-	-	3,450
Highways and streets	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	10,947	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>4,345</u>	<u>10,947</u>	<u>3,450</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>30,997</u>	<u>(10,517)</u>	<u>(1,969)</u>
OTHER FINANCING SOURCES (USES)			
Sale of real and personal property	-	-	-
Proceeds from capital leases	-	-	-
Payments on capital leases	-	-	-
Transfers in	-	-	-
Transfers out	(2,500)	(12,935)	-
Net other financing sources (uses)	(2,500)	(12,935)	-
NET CHANGE IN FUND BALANCE	28,497	(23,452)	(1,969)
PRIOR PERIOD ADJUSTMENT	-	-	-
FUND BALANCE - BEGINNING OF YEAR	<u>36,421</u>	<u>48,067</u>	<u>7,403</u>
FUND BALANCE - END OF YEAR	<u>\$ 64,918</u>	<u>\$ 24,615</u>	<u>\$ 5,434</u>

<u>Justice Court Technology</u>	<u>County & District Court Technology</u>	<u>Family Protection</u>	<u>Child Abuse Prevention</u>	<u>Right of Way</u>	<u>Road & Bridge Fines</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	521	1,500	90	92,038	-
6,178	-	-	-	-	97,989
-	-	-	-	-	-
-	-	-	-	-	-
46	1	5	-	56	41
-	-	-	-	-	-
<u>6,224</u>	<u>522</u>	<u>1,505</u>	<u>90</u>	<u>92,094</u>	<u>98,030</u>
-	-	-	-	-	-
6,380	-	-	-	-	-
-	-	-	-	950	12,358
-	-	1,200	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,380</u>	<u>-</u>	<u>1,200</u>	<u>-</u>	<u>950</u>	<u>12,358</u>
<u>(156)</u>	<u>522</u>	<u>305</u>	<u>90</u>	<u>91,144</u>	<u>85,672</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(89,025)	(97,529)
-	-	-	-	(89,025)	(97,529)
(156)	522	305	90	2,119	(11,857)
-	-	-	-	-	-
<u>42,894</u>	<u>591</u>	<u>3,389</u>	<u>10</u>	<u>36,590</u>	<u>34,412</u>
<u>\$ 42,738</u>	<u>\$ 1,113</u>	<u>\$ 3,694</u>	<u>\$ 100</u>	<u>\$ 38,709</u>	<u>\$ 22,555</u>

HOUSTON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Timber Fund</u>	<u>Records Management & Preservation</u>	<u>Co Clerk Records Preservation</u>
REVENUES			
Other taxes	\$ -	\$ -	\$ -
Fees, licenses and permits	-	8,079	43,341
Fines - justice	-	-	-
Intergovernmental revenue and grants	478,789	-	-
Contributions & donations from private sources	-	-	-
Investment earnings	762	25	98
Other revenue	-	-	-
Total revenues	<u>479,551</u>	<u>8,104</u>	<u>43,439</u>
EXPENDITURES			
General government	-	21,510	126,755
Judicial and law enforcement	-	-	-
Highways and streets	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>-</u>	<u>21,510</u>	<u>126,755</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>479,551</u>	<u>(13,406)</u>	<u>(83,316)</u>
OTHER FINANCING SOURCES (USES)			
Sale of real and personal property	-	-	-
Proceeds from capital leases	-	-	-
Payments on capital leases	(79,882)	-	-
Transfers in	-	-	-
Transfers out	<u>(629,251)</u>	<u>-</u>	<u>-</u>
Net other financing sources (uses)	(709,133)	-	-
NET CHANGE IN FUND BALANCE	(229,582)	(13,406)	(83,316)
PRIOR PERIOD ADJUSTMENT	-	-	-
FUND BALANCE - BEGINNING OF YEAR	<u>720,669</u>	<u>35,151</u>	<u>133,394</u>
FUND BALANCE - END OF YEAR	<u>\$ 491,087</u>	<u>\$ 21,745</u>	<u>\$ 50,078</u>

<u>District Clerk Records Preservation</u>	<u>County Clerk Vital Records</u>	<u>County Clerk Archives</u>	<u>District Clerk Archives</u>	<u>Co Attorney Pre-trial Intervention</u>	<u>Hot Check Fees</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,541	1,919	30,012	1,281	-	-
-	-	-	-	8,675	20,322
-	-	-	-	-	-
-	-	-	-	-	-
1	6	7	1	4	57
-	-	-	-	-	46
<u>1,542</u>	<u>1,925</u>	<u>30,019</u>	<u>1,282</u>	<u>8,679</u>	<u>20,425</u>
798	3,606	-	-	-	-
-	-	-	-	1,231	6,961
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>798</u>	<u>3,606</u>	<u>-</u>	<u>-</u>	<u>1,231</u>	<u>6,961</u>
<u>744</u>	<u>(1,681)</u>	<u>30,019</u>	<u>1,282</u>	<u>7,448</u>	<u>13,464</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
744	(1,681)	30,019	1,282	7,448	13,464
-	-	-	-	-	-
<u>495</u>	<u>4,984</u>	<u>1,317</u>	<u>397</u>	<u>-</u>	<u>44,290</u>
<u>\$ 1,239</u>	<u>\$ 3,303</u>	<u>\$ 31,336</u>	<u>\$ 1,679</u>	<u>\$ 7,448</u>	<u>\$ 57,754</u>

HOUSTON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	District Attorney <u>Hot Checks</u>	County Attorney <u>Forfeiture</u>	District Attorney <u>Forfeiture</u>
REVENUES			
Other taxes	\$ -	\$ -	\$ -
Fees, licenses and permits	-	-	-
Fines - justice	219	-	4,358
Intergovernmental revenue and grants	-	-	-
Contributions & donations from private sources	-	-	-
Investment earnings	-	7	16
Other revenue	-	-	-
Total revenues	<u>219</u>	<u>7</u>	<u>4,374</u>
EXPENDITURES			
General government	-	-	-
Judicial and law enforcement	400	-	955
Highways and streets	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>400</u>	<u>-</u>	<u>955</u>
EXCESS (DEFICIENCY) OF REVENUES			
OVER EXPENDITURES	<u>(181)</u>	<u>7</u>	<u>3,419</u>
OTHER FINANCING SOURCES (USES)			
Sale of real and personal property	-	-	-
Proceeds from capital leases	-	-	-
Payments on capital leases	-	-	-
Transfers in	-	-	-
Transfers out	-	(3,000)	(1,270)
Net other financing sources (uses)	-	(3,000)	(1,270)
NET CHANGE IN FUND BALANCE	(181)	(2,993)	2,149
PRIOR PERIOD ADJUSTMENT	-	-	-
FUND BALANCE - BEGINNING OF YEAR	<u>199</u>	<u>7,360</u>	<u>13,185</u>
FUND BALANCE - END OF YEAR	<u>\$ 18</u>	<u>\$ 4,367</u>	<u>\$ 15,334</u>

<u>District Attorney Forfeiture Trust</u>	<u>Sheriff Forfeiture</u>	<u>Permanent Improvement</u>	<u>LEOSE Education Funds</u>	<u>District Attorney Apportionment</u>	<u>Vehicle Inventory Tax Interest</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19
-	-	-	-	-	-
-	4,332	-	-	-	-
-	-	19,612	8,236	29,639	-
-	-	-	-	-	-
-	26	207	8	-	1
-	-	-	-	-	-
<u>-</u>	<u>4,358</u>	<u>19,819</u>	<u>8,244</u>	<u>29,639</u>	<u>20</u>
-	-	298	-	-	110
-	10	-	6,584	24,214	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	19,612	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>10</u>	<u>19,910</u>	<u>6,584</u>	<u>24,214</u>	<u>110</u>
<u>-</u>	<u>4,348</u>	<u>(91)</u>	<u>1,660</u>	<u>5,425</u>	<u>(90)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>(54,380)</u>	<u>-</u>	<u>(5,425)</u>	<u>-</u>
-	-	(54,380)	-	(5,425)	-
-	4,348	(54,471)	1,660	-	(90)
(7,565)	-	-	-	-	-
<u>7,565</u>	<u>19,671</u>	<u>196,465</u>	<u>5,553</u>	<u>-</u>	<u>1,070</u>
<u>\$ -</u>	<u>\$ 24,019</u>	<u>\$ 141,994</u>	<u>\$ 7,213</u>	<u>\$ -</u>	<u>\$ 980</u>

HOUSTON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	12th Circuit Court of Appeals	Unclaimed Property	Miscellaneous Grants
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Other taxes	\$ -	\$ -	\$ -
Fees, licenses and permits	1,772	-	-
Fines - justice	-	-	-
Intergovernmental revenue and grants	-	-	44,872
Contributions & donations from private sources	-	-	-
Investment earnings	-	-	4
Other revenue	-	-	-
Total revenues	<u>1,772</u>	<u>-</u>	<u>44,876</u>
EXPENDITURES			
General government	-	-	-
Judicial and law enforcement	1,752	-	15,455
Highways and streets	-	-	-
Health and welfare	-	-	27,125
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>1,752</u>	<u>-</u>	<u>42,580</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>20</u>	<u>-</u>	<u>2,296</u>
OTHER FINANCING SOURCES (USES)			
Sale of real and personal property	-	-	-
Proceeds from capital leases	-	-	-
Payments on capital leases	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	-	-	-
NET CHANGE IN FUND BALANCE	20	-	2,296
PRIOR PERIOD ADJUSTMENT	-	-	-
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>6,122</u>	<u>(2,299)</u>
FUND BALANCE - END OF YEAR	<u>\$ 20</u>	<u>\$ 6,122</u>	<u>\$ (3)</u>

<u>FEMA Grant</u>	<u>Emergency Management Grant</u>	<u>Homeland Security Grant</u>	<u>Victims Assistance Grant</u>	<u>Summer Programs Grant</u>	<u>HAVA Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
3,449	43,188	110,118	37,403	-	533
-	1,000	-	-	-	-
-	2	-	1	-	-
-	-	-	-	-	-
<u>3,449</u>	<u>44,190</u>	<u>110,118</u>	<u>37,404</u>	<u>-</u>	<u>533</u>
-	-	-	-	-	533
-	65,807	-	41,565	-	-
-	-	-	-	-	-
3,449	-	-	-	-	-
-	-	-	-	5,917	-
-	-	110,118	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,449</u>	<u>65,807</u>	<u>110,118</u>	<u>41,565</u>	<u>5,917</u>	<u>533</u>
<u>-</u>	<u>(21,617)</u>	<u>-</u>	<u>(4,161)</u>	<u>(5,917)</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	20,768	-	3,000	-	-
-	-	-	-	-	-
-	20,768	-	3,000	-	-
-	(849)	-	(1,161)	(5,917)	-
-	-	-	-	-	-
<u>21,547</u>	<u>849</u>	<u>-</u>	<u>6,000</u>	<u>5,917</u>	<u>-</u>
<u>\$ 21,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,839</u>	<u>\$ -</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, 2011

	911 Addressing <u>Grant</u>	Courthouse Renovation <u>Grant</u>	Energy Block <u>Grant</u>
REVENUES			
Other taxes	\$ -	\$ -	\$ -
Fees, licenses and permits	-	-	-
Fines - justice	-	-	-
Intergovernmental revenue and grants	25,315	207,739	4,059
Contributions & donations from private sources	-	-	-
Investment earnings	-	-	-
Other revenue	-	-	-
Total revenues	<u>25,315</u>	<u>207,739</u>	<u>4,059</u>
EXPENDITURES			
General government	-	248,115	4,059
Judicial and law enforcement	-	-	-
Highways and streets	25,315	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>25,315</u>	<u>248,115</u>	<u>4,059</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(40,376)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Sale of real and personal property	-	-	-
Proceeds from capital leases	-	-	-
Payments on capital leases	-	-	-
Transfers in	-	54,380	-
Transfers out	-	-	-
Net other financing sources (uses)	-	54,380	-
NET CHANGE IN FUND BALANCE	-	14,004	-
PRIOR PERIOD ADJUSTMENT	-	-	-
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>9,651</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 23,655</u>	<u>\$ -</u>

US Forest RAC Grant	Juvenile Probation Grants	Juvenile Probation Co Funding	TCDP Grant - Berea Water Plant	TCDP Grant - Emerg Generators	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,223
-	-	-	-	-	183,566
-	-	1,677	-	-	143,750
98,150	172,387	-	251,250	563,032	2,098,160
-	-	-	-	-	1,000
-	10	33	19	-	1,549
-	-	-	-	-	129
<u>98,150</u>	<u>172,397</u>	<u>1,710</u>	<u>251,269</u>	<u>563,032</u>	<u>2,463,377</u>
-	-	-	-	-	410,129
-	176,307	47,290	-	-	398,361
98,150	-	-	-	-	136,773
-	-	-	251,250	563,592	846,616
-	-	-	-	-	16,864
-	-	-	-	-	129,730
-	-	-	-	-	-
-	-	-	-	-	-
<u>98,150</u>	<u>176,307</u>	<u>47,290</u>	<u>251,250</u>	<u>563,592</u>	<u>1,938,473</u>
-	(3,910)	(45,580)	19	(560)	524,904
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(79,882)
-	-	64,770	-	-	142,918
-	-	-	-	-	(895,315)
-	-	64,770	-	-	(832,279)
-	(3,910)	19,190	19	(560)	(307,375)
-	-	-	-	-	(7,565)
-	4,017	4,998	(277)	-	1,458,067
<u>\$ -</u>	<u>\$ 107</u>	<u>\$ 24,188</u>	<u>\$ (258)</u>	<u>\$ (560)</u>	<u>\$ 1,143,127</u>

HOUSTON COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2011

	<u>County Attorney Hot Check</u>	<u>DA Forfeiture Trust Fund</u>	<u>Sheriff's Inmate Trust Fund</u>
ASSETS			
Cash and cash equivalents	\$ 11,804	\$ 8,944	\$ 9,777
TOTAL ASSETS	<u>\$ 11,804</u>	<u>\$ 8,944</u>	<u>\$ 9,777</u>
LIABILITIES			
Due to other units	\$ 11,804	\$ 8,944	\$ 9,777
TOTAL LIABILITIES	<u>\$ 11,804</u>	<u>\$ 8,944</u>	<u>\$ 9,777</u>

<u>Sheriff's Commissary Funds</u>	<u>County Clerk Trust Fund</u>	<u>District Clerk Trust Fund</u>	<u>Tax Assessor's Ad Valorem</u>	<u>Tax Assessor's Highway Department</u>
\$ 5,159	\$ 394,194	\$ 392,895	\$ 39,771	\$ 227,366
<u>\$ 5,159</u>	<u>\$ 394,194</u>	<u>\$ 392,895</u>	<u>\$ 39,771</u>	<u>\$ 227,366</u>
\$ 5,159	\$ 394,194	\$ 392,895	\$ 39,771	\$ 227,366
<u>\$ 5,159</u>	<u>\$ 394,194</u>	<u>\$ 392,895</u>	<u>\$ 39,771</u>	<u>\$ 227,366</u>

HOUSTON COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2011

	<u>Tax Assessor's Farm Fund Fee</u>	<u>Tax Assessor's Hwy Emission Reg Fee</u>	<u>Tax Assessor's Boat Registration</u>
ASSETS			
Cash and cash equivalents	\$ 565	\$ 6,922	\$ 93
TOTAL ASSETS	<u>\$ 565</u>	<u>\$ 6,922</u>	<u>\$ 93</u>
LIABILITIES			
Due to other units	\$ 565	\$ 6,922	\$ 93
TOTAL LIABILITIES	<u>\$ 565</u>	<u>\$ 6,922</u>	<u>\$ 93</u>

<u>Tax Assessor's VIT Escrow</u>	<u>Tax Assessor's Mobile Home Mvmt Escrow</u>	<u>Total Fiduciary Funds</u>
\$ 19,741	\$ 2,927	\$ 1,120,158
<u>\$ 19,741</u>	<u>\$ 2,927</u>	<u>\$ 1,120,158</u>
<u>\$ 19,741</u>	<u>\$ 2,927</u>	<u>\$ 1,120,158</u>
<u>\$ 19,741</u>	<u>\$ 2,927</u>	<u>\$ 1,120,158</u>

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COMPLIANCE SECTION

Todd, Hamaker & Johnson, LLP

CERTIFIED PUBLIC ACCOUNTANTS

420 S 1st Street • PO Box 468 • Lufkin, TX 75902-0468 • (936) 632-8181
301 N 6th Street • PO Box 1249 • Crockett, TX 75835-1249 • (936) 544-2143

Melvin R. Todd, CPA
Daren Hamaker, CPA
Kim Johnson, CPA
Rachel Kennerly, CPA

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, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 9, 2012. 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

Management of Houston County, Texas is responsible for establishing and maintaining effective 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
Lufkin, Texas

June 9, 2012

Todd, Hamaker & Johnson, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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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 AND THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

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

COMPLIANCE

We have audited Houston County, Texas' (the County) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State of Texas Uniform Grants Management Standards (UGMS)* that could have a direct and material effect on each of the County's major federal and state programs for the year ended September 30, 2011. The County's major federal and state 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 and state 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* and the *State of Texas UGMS*. 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 and/or state 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 and state programs for the year ended September 30, 2011.

INTERNAL CONTROL OVER COMPLIANCE

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 and state 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

**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 AND
THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS
- CONTINUED**

compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and UGMS, 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.

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
Lufkin, Texas

June 9, 2012

**HOUSTON COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Section I – Summary of Auditors’ Results

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 and State 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 or STSAC? _____ yes ✓ no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal or State Program or Cluster</i>
14.228	Community Development Block Grant
16.804	ARRA – Edward Byrne Justice Assistance Program
16.588	ARRA – S.T.O.P. Violence Against Women Grant
81.128	ARRA – Energy Efficiency and Conservation Grant

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

Auditee qualified as a low-risk auditee for federal and state programs? ✓ yes _____ no

**HOUSTON COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Section II – Financial Statement Findings

None

Section III – Federal and State Award Findings and Questioned Costs

None

**HOUSTON COUNTY, TEXAS
STATUS OF PRIOR YEAR'S FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

None

HOUSTON COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Federal or State Grantor/ Pass-through Grantor/Other Grantor Program Title/Grant Title	Federal CFDA Number	Grant Number	Expenditures
FEDERAL AWARDS			
<u>U.S. Department of Agriculture</u>			
Schools and Roads – Grants to States	10.665	Direct	98,150
Schools and Roads – Grants to Counties	10.666	Direct	<u>957,577</u> ⁵
Total U.S. Department of Agriculture:			<u>1,055,727</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Texas General Land Office			
Community Development Block Grant	14.228	DRS010071/ 10-5069-000-5046	563,032 ⁵
Passed through Texas Department of Agriculture			
Community Development Block Grant	14.228	728211	<u>216,049</u>
Total U.S. Department of Housing and Urban Development:			<u>779,081</u>
<u>U.S. Department of Justice</u>			
Passed through Texas Office of the Governor – Criminal Justice Division			
ARRA – S.T.O.P. Violence Against Women Grant	16.588	EF-09-V30-22972-01	29,417
ARRA – Edward Byrne Memorial Justice Assistance Program/Grants to Units of Local Government	16.804	2010-SB-B9-0048	15,255 ⁵
Passed through Texas Alcoholic Beverage Commission			
Enforcing Underage Drinking Laws Program	16.727	80010	<u>200</u>
Total U.S. Department of Justice:			<u>44,872</u>
<u>U.S. Department of Transportation</u>			
Passed through Texas Department of Transportation – Aviation Division			
Airport Improvement Program	20.106	M211CRCKT	<u>112,500</u> [*]
Total U.S. Department of Transportation:			<u>112,500</u>
<u>U.S. Department of Energy</u>			
Passed through Texas State Energy Conservation Office			
ARRA – Energy Efficiency and Conservation Block Grant Program	81.128	DE-EE0000893	<u>4,059</u>
Total U.S. Department of Energy:			<u>4,059</u>

* Includes expenditures processed by Texas Department of Transportation.

See accompanying notes to schedule of expenditures of federal and state awards.

HOUSTON COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Federal or State Grantor/ Pass-through Grantor/Other Grantor Program Title/Grant Title	Federal CFDA Number	Grant Number	Expenditures
<u>U.S. Election Assistance Commission</u>			
Passed through Texas Office of the Secretary of State			
Help America Vote Act Requirements Payments	90.401	78588	<u>533</u>
Total U.S. Election Assistance Commission:			<u>533</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through Texas Department of Aging and Disability Services			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044		12,000
Social Services Block Grant	93.667		<u>19,283</u>
Total U.S. Department of Health and Human Services:			<u>31,283</u>
<u>U.S. Department of Homeland Security</u>			
Passed through Texas Department of Public Safety – Division of Emergency Management			
Hazard Mitigation Grant	97.039	DR4209	3,449
Emergency Management Performance Grants	97.042	2011-EP-00046 11 TX-EMPG-1242	24,387
State Homeland Security Program	97.073	10-SR48225-01/ 2010-SS-T0-008	<u>110,118</u>
Total U.S. Department of Homeland Security:			<u>137,954</u>
Total Federal Awards Expended:			<u>\$ 2,166,009</u>
 STATE AWARDS			
<u>Texas Juvenile Probation Commission</u>			
State Aid	N/A	TJPC-A-2011-113	42,259
Commitment Reduction Program	N/A	TJPC-C-2011-113	478
Diversionary H	N/A	TJPC-H-2011-113	17,544
ICBP Regional	N/A	TJPC-X-2011-113	5,506
Community Corrections Assistance	N/A	TJPC-Y-2011-113	44,910
Salary Adjustment	N/A	TJPC-Z-2011-113	5,258
Progressive Sanctions	N/A	TJPC-L-2011-113	33,956
State Aid	N/A	TJPC-A-2012-113	<u>13,590</u>
Total Texas Juvenile Probation Commission:			<u>163,501</u>

See accompanying notes to schedule of expenditures of federal and state awards.

HOUSTON COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Federal or State Grantor/ Pass-through Grantor/Other Grantor Program Title/Grant Title	Federal CFDA Number	Grant Number	Expenditures
<u>Office of Court Administration of Texas Judicial System</u>			
County Attorney Salary Supplement	N/A	Direct	62,500
County Judge Salary Supplement	N/A	Direct	15,000
County Court at Law Salary Supplement	N/A	Direct	<u>75,000</u>
Total Office of Court Administration:			<u>152,500</u>
<u>Office of Attorney General – Crime Victim Services Division</u>			
Victim Information and Notification Everyday Program	N/A	1012384	5,843
Victim Coordinator Liaison Grant	N/A	1014307	<u>37,403</u>
Total Office of Attorney General:			<u>43,246</u>
<u>Texas Historical Commission</u>			
Historic Courthouse Preservation Program – Phase VI	N/A	CTH-06-2010	<u>207,739</u>
Total Texas Historical Commission:			<u>207,739</u>
<u>Texas Office of the Governor – Criminal Justice Division</u>			
Law Enforcement Officer Standards and Education Funds	N/A	Direct	<u>1,870</u>
Total Texas Office of the Governor:			<u>1,870</u>
<u>Texas Commission on State Emergency Communications</u>			
Passed through Deep East Texas Council of Governments			
Voice Recorder	N/A		3,500
911 Emergency Services	N/A		<u>25,315</u>
Total Texas Commission on State Emergency Communications:			<u>28,815</u>
<u>Texas Task Force on Indigent Defense</u>			
Indigent Defense Formula Grant	N/A	212-11-113	<u>52,638</u>
Total Texas Task Force on Indigent Defense:			<u>52,638</u>
<u>Texas Department of Transportation</u>			
Routine Airport Maintenance Program Grants	N/A	M211CRCKT	<u>708</u>
Total Texas Department of Transportation:			<u>708</u>
Total State Awards Expended:			<u>\$ 651,017</u>
Total Federal and State Awards Expended:			<u>\$ 2,817,026</u>

See accompanying notes to schedule of expenditures of federal and state awards.

HOUSTON COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

NOTE 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (Schedule) includes the federal and state grant activity of Houston County, Texas under programs of the federal government and state of Texas for the year ended September 30, 2011. 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 accrual basis of accounting and, accordingly, all significant receivables, payables and other liabilities are included.

NOTE 3 – State Awards Guidelines

State awards are subject to the *State of Texas Single Audit Circular (STSAC)* requirements. Such guidelines are consistent with those required under the Single Audit Act of 1996, OMB Circular A-133 and *Government Auditing Standards*, issued by the Comptroller General of the United States.

NOTE 4 – Presentation of Expenditures

Expenditures included in the federal section of the Schedule are reported exclusive of non-federal matching funds. Expenditures included in the state section of the Schedule are reported exclusive of local matching funds.

NOTE 5 – Subrecipients

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

CFDA Number	Program Name	Amount Provided To Subrecipients
10.666	Schools and Roads – Grants to Counties	\$ 478,789
14.228	Community Development Block Grant	563,032
16.804	ARRA – Edward Byrne Memorial Justice Assistance Program	6,110
Total federal awards provided to subrecipients:		\$ 1,047,931

NOTE 6 – Other

Pass-through entity identifying numbers are presented where available.