

*ANNUAL FINANCIAL REPORT*

**LIBERTY COUNTY, TEXAS**

For the Year Ended  
September 30, 2008

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# LIBERTY COUNTY, TEXAS

## TABLE OF CONTENTS

For the Year Ended September 30, 2008

|   | <u>Page</u> |
|---|-------------|
| <b>INTRODUCTORY SECTION</b>   |             |
| Letter of Transmittal   | 1           |
| List of Elected and Appointed Officials   | 5           |
| Organizational Chart  | 6           |
| <b>FINANCIAL SECTION</b>  |             |
| <b>Independent Auditors' Report</b>   | 9           |
| <b>Management's Discussion and Analysis</b>   | 13          |
| <b><u>BASIC FINANCIAL STATEMENTS</u></b>  |             |
| <b>Government-Wide Financial Statements</b>   |             |
| Statement of Net Assets   | 23          |
| Statement of Activities   | 25          |
| <b>Governmental Funds Financial Statements</b>  |             |
| Balance Sheet   | 26          |
| Statement of Revenues, Expenditures, and Changes in Fund Balances   | 28          |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes<br>in Fund Balances of Governmental Funds to the Statement of Activities | 31          |
| <b>Proprietary Funds Financial Statements</b>   |             |
| Statement of Net Assets   | 32          |
| Statement of Revenues, Expenses, and Changes in Fund Net Assets   | 33          |
| Statement of Cash Flows   | 35          |
| <b>Fiduciary Funds Financial Statements</b>   |             |
| Statement of Fiduciary Net Assets—Agency Funds  | 37          |
| Notes to Financial Statements   | 39          |
| <b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>  |             |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance-<br>Budget and Actual – General Fund  | 58          |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance-<br>Budget and Actual – Road and Bridge Fund                                    | 61          |
| Schedule of Funding Progress – Texas County and District Retirement System  | 63          |
| <b>Combining Statements and Schedules</b>   |             |
| Combining Balance Sheet – Nonmajor Governmental Funds   | 68          |
| Combining Statement of Revenues, Expenditures, and Changes in<br>Fund Balances – Nonmajor Governmental Funds                                    | 74          |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances-<br>Budget and Actual – Budgeted Special Revenue Funds                         | 81          |
| Combining Statement of Net Assets – Agency Funds  | 94          |

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***INTRODUCTORY SECTION***

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**HAROLD SEAY, CPA**  
**LIBERTY COUNTY AUDITOR**  
LIBERTY COUNTY COURTHOUSE  
1923 SAM HOUSTON, ROOM 115  
LIBERTY, TEXAS 77575  
409/336-4605

September 25, 2009

Honorable District Judges,  
Members of the Commissioners' Court, and  
Citizens of Liberty County:

The County Auditor's Office is pleased to present the Annual Financial Report for Liberty County, Texas (the "County") for the fiscal year ended September 30, 2008.

This report was prepared to provide the Commissioners' Court, our citizens, our bondholders, and other interested parties with detailed information concerning the financial condition and activities of the County. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects, and is presented in a manner designed to fairly present the financial position and results of operations of the County as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain a reasonable understanding of the County's financial affairs have been included.

The Liberty County financial statements have been audited by Belt Harris & Associates, LLLP Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2008 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the financial statements for the year ended September 30, 2008 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Liberty County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only the fair presentation of the financial statements, but also on the County's internal controls and compliance with legal requirements, with special emphasis on internal controls and compliance with legal requirements involving the administration of federal awards.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

## PROFILE OF LIBERTY COUNTY

Liberty County was created in 1836 and is located in southeast Texas on U. S. Highway 90 halfway between Beaumont and Houston. The County occupies an area of 1,176 square miles and serves a population of 75,685.

The County operates as specified under the Constitution of the State of Texas, and in accordance with the provisions of the State Statutes of Texas, which provide for a Commissioners' Court consisting of the County Judge and four Commissioners, each of whom is elected from four geographical precincts. The County Judge is elected for a four-year term and the Commissioners for four-year staggered terms. The Commissioners' Court sets the tax rate, establishes policies for County operations, approves contracts for the County, and adopts the County budget.

The County Auditor has responsibility for prescribing the systems and procedures for handling the finances of the County and examining, auditing, and approving all disbursements from County funds prior to submission to the Commissioners' Court for approval.

The County provides a full range of services authorized by statute. Services include general governmental functions such as recording and licensing, maintaining the county and district court systems, maintaining public facilities, ensuring public safety, maintaining public health and welfare, aiding conservation, and maintaining county roads and bridges.

The annual budget serves as the foundation for Liberty County's financial planning and control. All departments of the County are required to submit budget requests to the County Judge each year. Commissioners' Court is required to hold public hearings on a proposed budget. The County is required to adopt a final budget by the first day of the new fiscal year. The appropriated budget is prepared by fund, department, and category. All transfers of appropriations, either between departments or within an individual department's budget, require approval of Commissioners' Court. Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted.

## FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Liberty County operates.

**Local economy** – The County's economy has historically been based on mineral production (oil and gas), agriculture (cattle, rice, soybeans), and lumber (timber). The County is a significant job source for the area, while additional employment focuses on agribusiness, including ranching, rice, and soybean farming. Liberty County is located halfway between Houston and Beaumont which provides additional nearby employment opportunities.

The 2000 Census for Liberty County reported the population at 70,154. Based on the census of 1990, the population was 52,726. As a result, the ten-year period reflected a 33 percent increase in population. The 2006 population was estimated at 75,434. The County's unemployment rate at September 30, 2008 was 6.3 percent compared to 5.3 percent at September 30, 2007.

**Long-term financial planning** - Liberty County records reflect modest debt levels and acceptable reserve levels that have benefited from sound fiscal management practices. The County practices conservative budgeting and sets general fund reserve targets at eight percent to ten percent of annual

expenditures. In the past fiscal year, the County incurred a significant increase in the general fund unreserved fund balance as a result of additional revenues and a decrease in general fund expenditures.

Liberty County has identified several long-term issues that need to be studied and funded by Commissioners' Court. These issues include additional space outside the courthouse for department offices, additional funds for the maintenance of roads and bridges, and a courthouse security plan.

**Cash management** - The Commissioners' Court has adopted a formal investment policy for the County consistent with State statutes governing the investment of County funds and, by statute, the County Treasurer serves as the County's investment officer. The policy is updated annually. The general objectives set forth in the policy provide for financial security and optimum liquidity of County funds while achieving the maximum yield on funds invested and maximum levels of invested funds. The primary objectives of the County's investment policy are the safety of principal followed by liquidity and yield. Accordingly, deposits were either insured by federal depository insurance or collateralized with securities pledged to the County and held by an independent third-party financial institution.

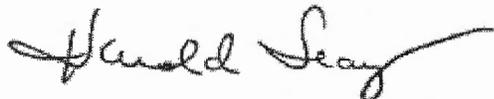
**Risk management** - The County retains various levels of risk and accounts for the associated expenditures in the General Fund. The portions of risk that are not transferred to third party coverage are self-funded by the County under formal arrangements. Additional information concerning the County's risk management activities is included in the notes to the financial statements.

**Pension and other post-employment benefits** - Liberty County provides retirement, disability, and death benefits for all its employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). Specific plan provisions are adopted by the County within the options available in the State statutes governing the TCDRS. Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed. Detailed information on the retirement plan and other post-employment benefits can be found in the notes to the financial statements.

#### ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the efficient and dedicated efforts of the staff of the County Auditor's Office. We express our appreciation to all the members of the office who assisted and contributed to its preparation. We would also like to thank the accounting firm of Belt Harris & Associates, LLLP Certified Public Accountants, for sharing their knowledge and extending their cooperation and support to the County Auditor's Office. I also wish to commend members of the Commissioners' Court for conducting the financial operations of Liberty County in a progressive and responsible manner.

Respectfully submitted,



Harold Seay, CPA  
Liberty County Auditor

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**LIBERTY COUNTY, TEXAS**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**  
For the Year Ended September 30, 2008

**COMMISSIONERS' COURT**

|                 |                            |
|-----------------|----------------------------|
| Phil Fitzgerald | County Judge               |
| Todd Fontenot   | Commissioner, Precinct # 1 |
| Lee Groce       | Commissioner, Precinct # 2 |
| Melvin Hunt     | Commissioner, Precinct # 3 |
| Norman Brown    | Commissioner, Precinct # 4 |

**DISTRICT COURTS**

|                |  |
|----------------|--|
| C. T. Hight    | Judge, 75 <sup>th</sup> Judicial District  |
| Chap Cain, III | Judge, 253 <sup>rd</sup> Judicial District |
| Michael Little | District Attorney                          |
| Melody Gilmore | District Clerk                             |

**COUNTY COURT**

|               |                            |
|---------------|----------------------------|
| Don Taylor    | Judge, County Court at Law |
| Wesley Hinch  | County Attorney            |
| Delia Sellers | County Clerk               |

**JUSTICE COURTS**

|                    |                                |
|--------------------|--------------------------------|
| Bobby Rader        | Justice of Peace, Precinct # 1 |
| Ronnie Davis       | Justice of Peace, Precinct # 2 |
| Cody Parrish       | Justice of Peace, Precinct # 3 |
| Glenn Pruitt       | Justice of Peace, Precinct # 4 |
| Joseph W. McAnally | Justice of Peace, Precinct # 5 |
| Peggy Dunn         | Justice of Peace, Precinct # 6 |

**LAW ENFORCEMENT**

|                 |                         |
|-----------------|-------------------------|
| Henry Patterson | Sheriff                 |
| Tim Allison     | Constable, Precinct # 1 |
| Russell Pierce  | Constable, Precinct # 2 |
| Danny Frankum   | Constable, Precinct # 3 |
| Chad Pafford    | Constable, Precinct # 4 |
| L. W. DeSpain   | Constable, Precinct # 5 |
| Royce Wheeler   | Constable, Precinct # 6 |

**FINANCIAL ADMINISTRATION**

|                 |                        |
|-----------------|------------------------|
| Harold Seay     | County Auditor*        |
| Mark McClelland | Tax Assessor-Collector |
| Kim Harris      | County Treasurer       |

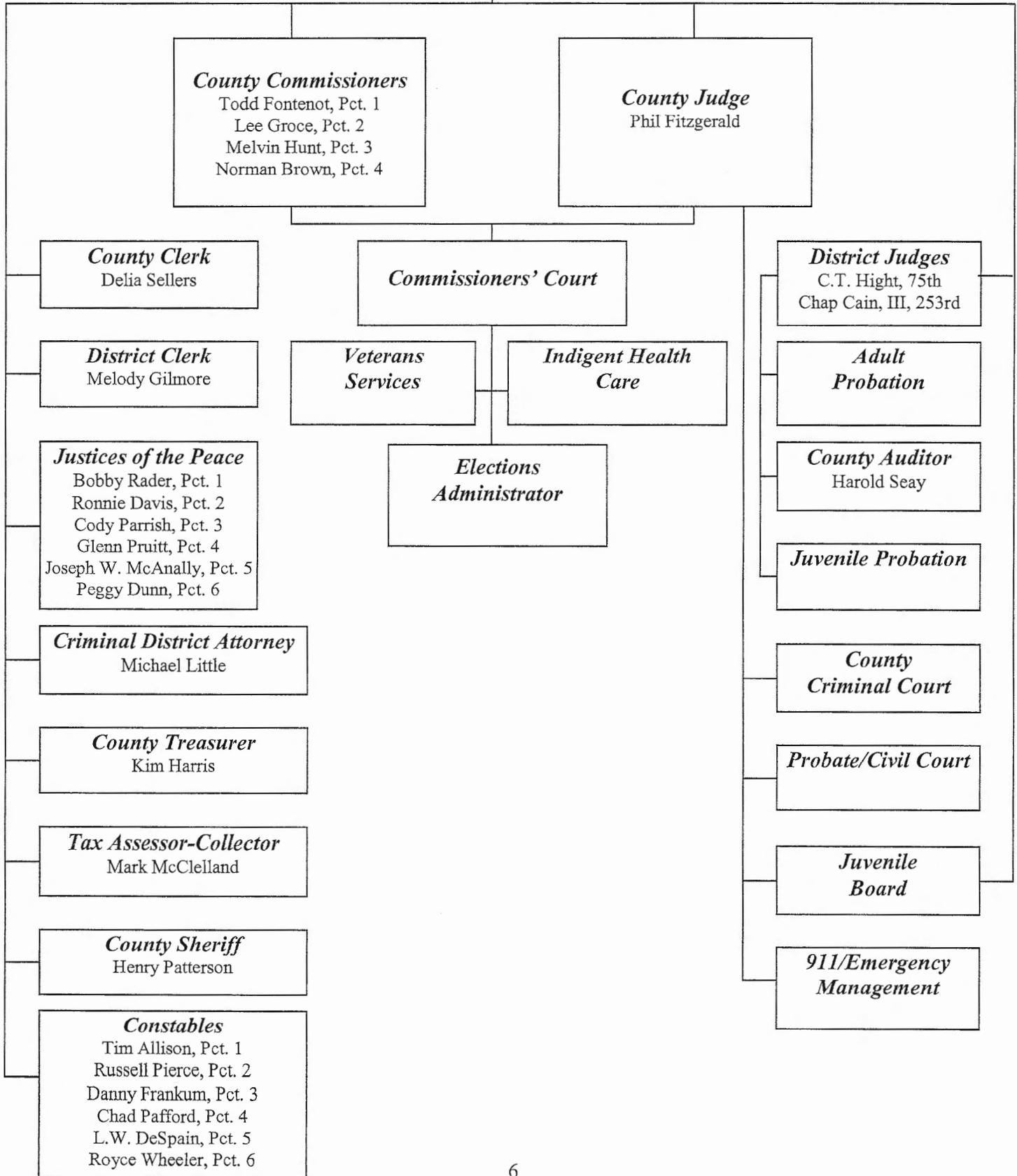
\* Designates appointed official. All others elected.

# LIBERTY COUNTY, TEXAS

## ORGANIZATIONAL CHART

For the Year Ended September 30, 2008

**Liberty County  
Voters**



***FINANCIAL SECTION***

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## INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and  
Members of the Commissioners' Court,  
Liberty County, Texas:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty County, Texas (the "County"), as of and for the year ended September 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of September 30, 2008, and the respective changes in financial position and cash flows where applicable thereof for the year then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2009 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 conjunction with this report in assessing the results of our audit.

The Management's Discussion and Analysis, the budgetary comparison information, and the pension information are not required parts of the basic financial statements but are supplementary information required by generally accepted accounting principles in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on it.

*Belt Harris & Associates, LLLP*

Belt Harris & Associates, LLLP  
*Certified Public Accountants*  
Houston, Texas  
September 25, 2009

*MANAGEMENT'S DISCUSSION  
AND ANALYSIS*

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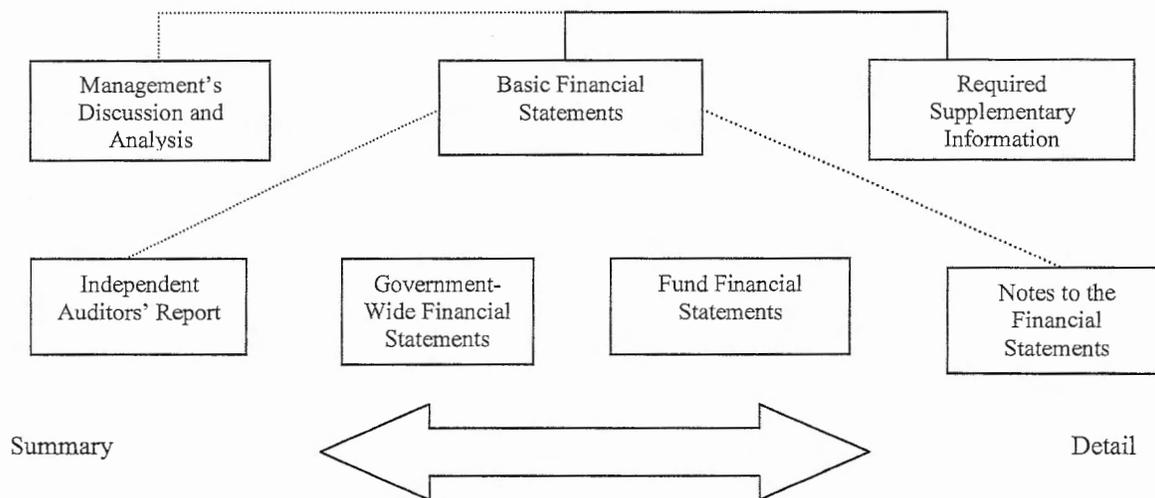
**LIBERTY COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
For the Year Ended September 30, 2008

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of Liberty County, Texas' (the "County") financial activities for the year ended September 30, 2008. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the County's activities, compares current-year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Governmental Accounting Standards Board (GASB) Statement No. 34 establishes the content of the minimum requirements for MD&A. Please read the MD&A in conjunction with the County's financial statements, which follow this section.

**THE STRUCTURE OF OUR ANNUAL REPORT**

The table of contents presented at the beginning of this report provides an overview of the structure of the County's report, as well as the page numbers where the respective sections can be located within the report, as more fully described below.

**Components of the Financial Section**



The Annual Financial Report is presented as compliant with the financial reporting model in effect pursuant to GASB Statement No. 34. The financial reporting model requires governments to present certain basic financial statements as well as a Management's Discussion and Analysis (MD&A) and certain other required supplementary information (RSI). The basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements.

**Government-Wide Statements**

The government-wide statements report information for the County as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results and financial position of the County as an economic entity. The Statement of Net Assets and the Statement of Activities, which appear first in the County's financial statements, report information on the County's activities that enable the reader to understand the financial condition of Liberty County. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

**LIBERTY COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For the Year Ended September 30, 2008**

The Statement of Net Assets presents information on all of Liberty County's assets and liabilities. The difference between the two is reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Liberty County is improving or deteriorating. Other non-financial factors, such as the County's property tax base and the condition of the County's infrastructure, need to be considered in order to assess the overall health of the County.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in the net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

In the Statement of Net Assets and the Statement of Activities, the County has only one type of activity:

1. Governmental activities – All of the County's basic services are reported here, including general government, administration of justice, public safety, health and human services, and public transportation. Interest payments on the County's debt are also reported here.

The government-wide financial statements can be found after the MD&A within this report.

## **FUND FINANCIAL STATEMENTS**

Funds may be considered as operating companies of the parent corporation, which is Liberty County. They are usually segregated for specific activities or objectives. Liberty County uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The three categories of County funds are governmental, proprietary, and fiduciary.

### **Governmental Funds**

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*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

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 for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General, Road and Bridge, and Capital Project funds, which are considered to be major funds.

**LIBERTY COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
For the Year Ended September 30, 2008

**Proprietary Funds**

The County maintains one of the two types of proprietary funds, which include enterprise and internal service funds. Enterprise funds are used to report business-type activities. The County does not maintain an enterprise fund. An internal service fund is an accounting device used to accumulate revenue and allocate costs. The County's internal service fund is used in the administration of the County's employee benefits self-insurance program. Since this fund benefits governmental activities rather than a business-type function, it has been included with governmental activities in the government-wide financial statements. The proprietary fund financial statements can be found after the governmental fund financial statements of this report.

**Fiduciary Funds**

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 of those funds are not available to support the County's own programs.

**Notes to Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information**

In addition to basic financial statements, this MD&A, and accompanying notes, this report also presents certain required supplementary information (RSI). The RSI that GASB Statement No. 34 requires includes budgetary comparison schedules for the General and Road and Bridge funds, as well as a schedule of funding progress for the Texas County and District Retirement System.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of the County's financial position. For Liberty County, assets exceed liabilities by \$40,111,616 as of year end.

**LIBERTY COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For the Year Ended September 30, 2008**

A large portion of the County's net assets, \$15,058,090, reflects its investments in capital assets (e.g., land, buildings, and machinery and equipment) less any debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services 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 assets themselves cannot be used to liquidate these liabilities.

**Governmental Activities - Statement of Net Assets**

|  | <u>2008</u>          | <u>2007</u>          |
|--|----------------------|----------------------|
| Current and other assets                           | \$ 35,487,071        | \$ 37,252,664        |
| Capital assets, net                                | <u>27,769,389</u>    | <u>24,777,994</u>    |
| <b>Total Assets</b>                                | <u>63,256,460</u>    | <u>62,030,658</u>    |
| Long-term liabilities                              | 19,638,849           | 20,748,591           |
| Other liabilities                                  | <u>3,505,995</u>     | <u>2,363,577</u>     |
| <b>Total Liabilities</b>                           | <u>23,144,844</u>    | <u>23,112,168</u>    |
| Net assets:  |                      |                      |
| Invested in capital assets,<br>net of related debt | 15,058,090           | 16,598,418           |
| Restricted   | 3,450,634            | 2,771,199            |
| Unrestricted                                       | <u>21,602,892</u>    | <u>19,548,873</u>    |
| <b>Total Net Assets</b>                            | <u>\$ 40,111,616</u> | <u>\$ 38,918,490</u> |

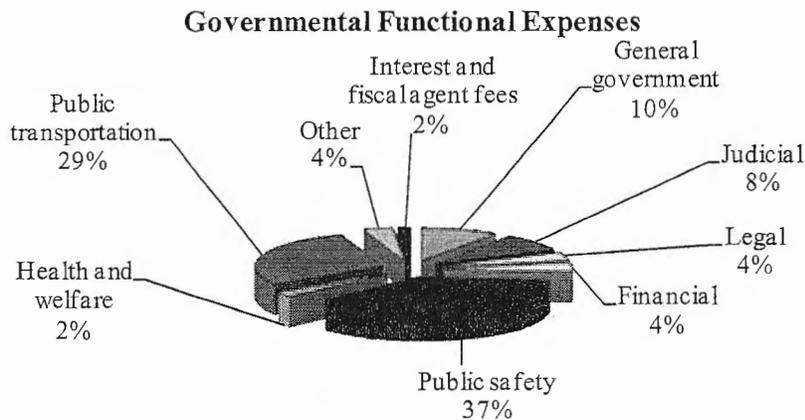
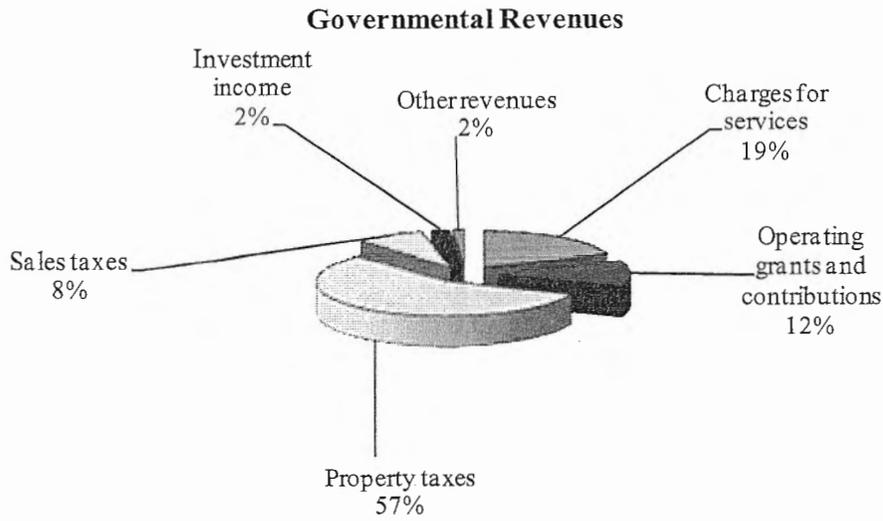
Unrestricted net assets, \$21,602,892, may be used to meet the County's ongoing obligation to citizens and creditors.

**LIBERTY COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
For the Year Ended September 30, 2008

**Governmental Activities - Statement of Activities**

|                                    | 2008                 | 2007                 |
|------------------------------------|----------------------|----------------------|
| <b>Revenues</b>                    |                      |                      |
| Program revenues:                  |                      |                      |
| Charges for services               | \$ 7,425,938         | \$ 7,492,214         |
| Operating grants and contributions | 4,714,650            | 2,340,039            |
| General revenues:                  |                      |                      |
| Property taxes                     | 22,563,037           | 22,451,277           |
| Sales taxes                        | 3,266,899            | 3,031,006            |
| Other taxes                        | 47,085               | 40,215               |
| Investment income                  | 864,490              | 1,303,485            |
| Other revenue                      | 554,845              | 624,493              |
| <b>Total Revenues</b>              | <b>39,436,944</b>    | <b>37,282,729</b>    |
| <b>Expenses</b>                    |                      |                      |
| General government                 | 3,685,321            | 3,100,091            |
| Judicial                           | 3,259,991            | 2,904,734            |
| Legal                              | 1,527,224            | 1,483,824            |
| Financial                          | 1,647,918            | 1,858,120            |
| Public safety                      | 14,227,969           | 11,647,503           |
| Health and welfare                 | 947,547              | 925,955              |
| Public transportation              | 10,919,186           | 5,756,703            |
| Other                              | 1,418,333            | 1,471,741            |
| Debt service                       | 610,329              | 568,686              |
| <b>Total Expenses</b>              | <b>38,243,818</b>    | <b>29,717,357</b>    |
| <b>Change in Net Assets</b>        | <b>1,193,126</b>     | <b>7,565,372</b>     |
| Beginning Net Assets               | 38,918,490           | 31,353,118           |
| <b>Ending Net Assets</b>           | <b>\$ 40,111,616</b> | <b>\$ 38,918,490</b> |

**LIBERTY COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
 For the Year Ended September 30, 2008



**Governmental Activities**

Total revenues for the governmental activities have increased by \$2,154,215 or 5.8 percent when compared to the previous year. The majority of this net increase is a result of additional intergovernmental revenues received due to Hurricane Ike. Total expenses for governmental activities increased compared to the prior year. There was an increase of \$8,526,461 or 28.7 percent. This increase can be largely attributed to increases in public safety expenditures related to Hurricane Ike and expenses related to road repair and maintenance within the County.

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

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

**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

**LIBERTY COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For the Year Ended September 30, 2008**

financing requirements. In particular, the unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

The County's governmental funds reflect a combined fund balance of \$27,341,832. Of this, \$7,610,253 is designated or reserved for various special revenue and capital project programs.

The General fund is the chief operating fund of the County. There was an increase in the fund balance of \$4,067,868 for an ending balance of \$17,109,891. As a measure of the General fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

Unreserved, undesignated fund balance represents 75.4 percent of total General fund expenditures, while total fund balance represents 75.9 percent of the same amount.

The Road and Bridge fund experienced an increase in fund balance as well, in the amount of \$696,751. This increase is due to a reduction in the amount of principal and interest payments as well as public transportation expenditures.

Capital Projects had a decrease in fund balance of \$7,298,054 as a result of expenditures of funds from the previous year's debt issuance.

**Proprietary Funds** - The County's internal service fund is used in the administration of the County's employee benefits self-insurance program. This fund is presented as a governmental activity rather than a business-type function. Revenues and expenses remained relatively stable and net assets decreased by \$431,285 or 20.6 percent when compared to the previous year.

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** - At the end of the year, the County's governmental activities funds had invested \$27,769,389 net of accumulated depreciation in a variety of capital assets. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34.

More detailed information about the County's capital assets is presented in the notes to the financial statements.

**Long-Term Debt** - At the end of the year, the County's total long-term debt consisted of \$16,975,000 in certificates of obligation, \$1,475,000 in general obligation bonds, and capital leases of \$713,649.

More detailed information about the County's long-term liabilities is presented in the notes to the financial statements.

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

The County continues to grow as seen in the increase in assessed property valuations for both residential and commercial entities.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Liberty County's finances. Questions concerning this report or requests for additional financial information should be directed to Harold Seay, CPA, County Auditor, Liberty County, 1923 Sam Houston, Liberty, Texas 77575.

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***BASIC FINANCIAL STATEMENTS***

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# LIBERTY COUNTY, TEXAS

## STATEMENT OF NET ASSETS

September 30, 2008

|   | <u>Primary<br/>Government<br/>Governmental<br/>Activities</u> |
|---|---|
| <b><u>Assets</u></b>                            |   |
| Cash and cash equivalents                       | \$ 28,723,793   |
| Receivables, net                                | 2,778,104   |
| Due from other governments                      | 3,420,456   |
| Due from others                                 | 102,527   |
| Prepays   | 117,903   |
| Other current assets                            | 25,000  |
| Deferred charges                                | 319,288   |
|   | <u>35,487,071</u>   |
| <br>  |   |
| Nondepreciable capital assets                   | 2,138,419   |
| Depreciable capital assets, net                 | 25,630,970  |
|   | <u>27,769,389</u>   |
|   |   |
| <b>Total Assets</b>                             | <u>63,256,460</u>   |
| <br>  |   |
| <b><u>Liabilities</u></b>                       |   |
| Current:  |   |
| Accounts payable and<br>accrued liabilities     | 3,363,544   |
| Accrued interest payable                        | 119,082   |
| Due to other governments                        | 23,369  |
|   | <u>3,505,995</u>  |
| Noncurrent liabilities:                         |   |
| Long-term liabilities due within one year       | 2,041,783   |
| Long-term liabilities due in more than one year | 17,597,066  |
|   | <u>19,638,849</u>   |
|   |   |
| <b>Total Liabilities</b>                        | <u>23,144,844</u>   |
| <br>  |   |
| <b><u>Net Assets</u></b>                        |   |
| Invested in capital assets, net of related debt | 15,058,090  |
| Restricted for:                                 |   |
| Debt service                                    | 417,558   |
| Records management                              | 912,402   |
| Public safety                                   | 1,098,235   |
| Judicial  | 666,403   |
| Other purposes                                  | 356,036   |
| Unrestricted                                    | 21,602,892  |
|   | <u>21,602,892</u>   |
|   |   |
| <b>Total Net Assets</b>                         | <u>\$ 40,111,616</u>  |

See Notes to Financial Statements.

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# LIBERTY COUNTY, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2008

| Functions/Programs                                     | Expenses             | Program Revenues        |  | Net (Expense)<br>Revenue and<br>Changes in Net<br>Assets |
|--|----------------------|-------------------------|--|--|
|  |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Governmental<br>Activities                               |
| <b>Primary Government:</b>                             |                      |                         |  |  |
| <b>Governmental Activities:</b>                        |                      |                         |  |  |
| General government                                     | \$ 3,685,321         | \$ 152,620              | \$ -                                     | \$ (3,532,701)   |
| Judicial   | 3,259,991            | 2,133,405               | 160,917                                  | (965,669)  |
| Legal  | 1,527,224            | 75,826                  | 56,286                                   | (1,395,112)  |
| Financial  | 1,647,918            | 86,889                  | -  | (1,561,029)  |
| Public safety  | 14,227,969           | 2,972,832               | 3,453,441                                | (7,801,696)  |
| Health and welfare                                     | 947,547              | -                       | 79,613                                   | (867,934)  |
| Public transportation                                  | 10,919,186           | 2,004,366               | 56,729                                   | (8,858,091)  |
| Other  | 1,418,333            | -                       | 907,664                                  | (510,669)  |
| Interest and fiscal agent fees on<br>on long-term debt | 610,329              | -                       | -  | (610,329)  |
| <b>Total Governmental Activities</b>                   | <u>38,243,818</u>    | <u>7,425,938</u>        | <u>4,714,650</u>                         | <u>(26,103,230)</u>                                      |
| <b>Total Primary Government</b>                        | <u>\$ 38,243,818</u> | <u>\$ 7,425,938</u>     | <u>\$ 4,714,650</u>                      | <u>(26,103,230)</u>                                      |
| <b>General Revenues:</b>                               |                      |                         |  |  |
|  |                      |                         |  | 22,563,037   |
|  |                      |                         |  | 3,266,899  |
|  |                      |                         |  | 47,085   |
|  |                      |                         |  | 864,490  |
|  |                      |                         |  | 554,845  |
|  |                      |                         | <b>Total General Revenues</b>            | <u>27,296,356</u>  |
|  |                      |                         | <b>Change in Net Assets</b>              | 1,193,126  |
|  |                      |                         | Beginning Net Assets                     | <u>38,918,490</u>  |
|  |                      |                         | <b>Ending Net Assets</b>                 | <u>\$ 40,111,616</u>                                     |

See Notes to Financial Statements.

# LIBERTY COUNTY, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

September 30, 2008

|  | General              | Road<br>and Bridge  | Capital<br>Projects | Nonmajor<br>Governmental<br>Funds |
|--|----------------------|---------------------|---------------------|-----------------------------------|
| <b>Assets</b>                              |                      |                     |                     |                                   |
| Cash and cash equivalents                  | \$ 14,609,904        | \$ 2,904,620        | \$ 4,964,143        | \$ 4,031,637                      |
| Receivables, net                           | 2,018,570            | 596,737             | -                   | 162,797                           |
| Due from other governments                 | 806,973              | -                   | -                   | 2,613,483                         |
| Due from other funds                       | 3,532,156            | 8,799               | -                   | 86,170                            |
| Due from others                            | 28,092               | 1,695               | -                   | 68,356                            |
| Prepays                                    | 117,903              | -                   | -                   | -                                 |
| Other current assets                       | 25,000               | -                   | -                   | -                                 |
| <b>Total Assets</b>                        | <b>\$ 21,138,598</b> | <b>\$ 3,511,851</b> | <b>\$ 4,964,143</b> | <b>\$ 6,962,443</b>               |
| <b>Liabilities</b>                         |                      |                     |                     |                                   |
| Accounts payable and accrued liabilities   | \$ 1,942,734         | \$ 160,335          | \$ 395,894          | \$ 168,046                        |
| Due to other governments                   | 23,369               | -                   | -                   | -                                 |
| Due to other funds                         | -                    | -                   | 1,804,755           | 1,822,370                         |
| Due to others                              | -                    | -                   | -                   | 80,373                            |
| Other liabilities                          | 44,033               | 15,188              | -                   | -                                 |
| Deferred revenue                           | 2,018,571            | 596,737             | -                   | 162,798                           |
| <b>Total Liabilities</b>                   | <b>4,028,707</b>     | <b>772,260</b>      | <b>2,200,649</b>    | <b>2,233,587</b>                  |
| <b>Fund Balances</b>                       |                      |                     |                     |                                   |
| Reserved for:                              |                      |                     |                     |                                   |
| Prepays                                    | 117,903              | -                   | -                   | -                                 |
| Capital projects                           | -                    | -                   | 2,763,494           | -                                 |
| Debt service                               | -                    | -                   | -                   | 417,558                           |
| Special revenue                            | -                    | -                   | -                   | 3,033,076                         |
| Unreserved and designated                  | -                    | -                   | -                   | 1,278,222                         |
| Unreserved, undesignated reported in:      |                      |                     |                     |                                   |
| General fund                               | 16,991,988           | -                   | -                   | -                                 |
| Road and Bridge fund                       | -                    | 2,739,591           | -                   | -                                 |
| <b>Total Fund Balances</b>                 | <b>17,109,891</b>    | <b>2,739,591</b>    | <b>2,763,494</b>    | <b>4,728,856</b>                  |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 21,138,598</b> | <b>\$ 3,511,851</b> | <b>\$ 4,964,143</b> | <b>\$ 6,962,443</b>               |

**Adjustments for the Statement of Net Assets:**

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

Capital assets - non-depreciable

Capital assets - depreciable

Accumulated depreciation

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.

The internal service fund is used to charge the costs of self-insurance activities to appropriate functions in other funds and therefore not reported in the governmental funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Accrued interest payable

Non-current liabilities due in one year

Non-current liabilities due in more than one year

Deferred charges for issuance costs

See Notes to Financial Statements.

**Net Assets of Governmental Activities**

**Total  
Governmental  
Funds**

\$ 26,510,304  
2,778,104  
3,420,456  
3,627,125  
98,143  
117,903  
25,000  
\$ 36,577,035

\$ 2,667,009  
23,369  
3,627,125  
80,373  
59,221  
2,778,106  
9,235,203

117,903  
2,763,494  
417,558  
3,033,076  
1,278,222

16,991,988  
2,739,591  
27,341,832

2,138,419  
50,677,150  
(25,046,180)

2,778,106  
1,660,932

(119,082)  
(2,041,783)  
(17,597,066)  
319,288

\$ 40,111,616

# LIBERTY COUNTY, TEXAS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

### GOVERNMENTAL FUNDS

For the Year Ended September 30, 2008

|  | General              | Road<br>and Bridge  | Capital<br>Projects | Nonmajor<br>Governmental<br>Funds |
|--|----------------------|---------------------|---------------------|-----------------------------------|
| <b>Revenues</b>  |                      |                     |                     |                                   |
| Property taxes   | \$ 16,790,073        | \$ 4,976,247        | \$ -                | \$ 1,385,997                      |
| Sales taxes  | 3,266,899            | -                   | -                   | -                                 |
| Other taxes  | 47,085               | -                   | -                   | -                                 |
| Licenses and permits   | 86,889               | -                   | -                   | -                                 |
| Intergovernmental revenue  | 489,817              | 56,729              | -                   | 4,269,935                         |
| Charges for services   | 2,903,036            | -                   | -                   | 69,796                            |
| Fines and forfeitures  | 1,983,453            | 1,625,631           | -                   | 757,133                           |
| Investment income  | 758,091              | -                   | 32,658              | 19,790                            |
| Other revenue  | 284,748              | 156,321             | -                   | 113,776                           |
| <b>Total Revenues</b>  | <b>26,610,091</b>    | <b>6,814,928</b>    | <b>32,658</b>       | <b>6,616,427</b>                  |
| <b>Expenditures</b>  |                      |                     |                     |                                   |
| <b>Current:</b>  |                      |                     |                     |                                   |
| General government   | 3,434,550            | -                   | -                   | 49,829                            |
| Judicial   | 3,102,255            | -                   | -                   | 158,106                           |
| Legal  | 1,413,207            | -                   | -                   | 132,807                           |
| Financial  | 1,648,209            | -                   | -                   | -                                 |
| Public safety  | 11,455,967           | -                   | -                   | 2,493,148                         |
| Health and welfare   | 943,614              | -                   | -                   | -                                 |
| Public transportation  | -                    | 5,098,480           | 4,318,345           | 221,487                           |
| Other  | 544,421              | 776,883             | -                   | 102,855                           |
| Capital outlay   | -                    | -                   | 3,012,367           | 1,251,520                         |
| <b>Debt service:</b>   |                      |                     |                     |                                   |
| Principal  | -                    | 211,696             | -                   | 1,030,000                         |
| Interest and fiscal charges  | -                    | 31,118              | -                   | 339,993                           |
| <b>Total Expenditures</b>  | <b>22,542,223</b>    | <b>6,118,177</b>    | <b>7,330,712</b>    | <b>5,779,745</b>                  |
| <b>Excess (Deficiency) of<br/>Revenues over (under) Expenditures</b> | <b>4,067,868</b>     | <b>696,751</b>      | <b>(7,298,054)</b>  | <b>836,682</b>                    |
| <b>Net Change in Fund Balances</b>                                   | <b>4,067,868</b>     | <b>696,751</b>      | <b>(7,298,054)</b>  | <b>836,682</b>                    |
| Beginning Fund Balances  | 13,042,023           | 2,042,840           | 10,061,548          | 3,892,174                         |
| <b>Ending Fund Balances</b>  | <b>\$ 17,109,891</b> | <b>\$ 2,739,591</b> | <b>\$ 2,763,494</b> | <b>\$ 4,728,856</b>               |

See Notes to Financial Statements.

**Total  
Governmental  
Funds**

\$ 23,152,317  
3,266,899  
47,085  
86,889  
4,816,481  
2,972,832  
4,366,217  
810,539  
554,845  
40,074,104

3,484,379  
3,260,361  
1,546,014  
1,648,209  
13,949,115  
943,614  
9,638,312  
1,424,159  
4,263,887

1,241,696  
371,111  
41,770,857

(1,696,753)

(1,696,753)

29,038,585

\$ 27,341,832

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**LIBERTY COUNTY, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2008**

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

|   |                            |
|---|----------------------------|
| Net changes in fund balances - total governmental funds   | \$ (1,696,753)             |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>                       |                            |
| Capital outlay  | 5,472,784                  |
| Depreciation  | (2,366,850)                |
| The net effect of various miscellaneous transactions involving capital assets   | (114,539)                  |
| <p>The County uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net income (loss) of internal service funds is reported with governmental activities.</p>   |                            |
|   | (431,285)                  |
| <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>   |                            |
| Deferred revenue  | (108,217)                  |
| <p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.</p>  |                            |
| Principal payments  | 1,170,029                  |
| Issuance and amortization of bond premiums, issuance costs, and deferred charges  | (116,708)                  |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This adjustment reflects the net change in interest payable on the accrual basis of accounting and the net change in compensated absences.</p> |                            |
| Compensated absences  | 8,459                      |
| Interest payable  | (40,900)                   |
| <p>Various other reclassifications and eliminations to convert from the modified accrual basis of accounting to the accrual basis of accounting.</p>  |                            |
|   | <u>(582,894)</u>           |
| <b>Change in Net Assets of Governmental Activities</b>  | <b>\$ <u>1,193,126</u></b> |

See Notes to Financial Statements.

# LIBERTY COUNTY, TEXAS

## STATEMENT OF NET ASSETS

### PROPRIETARY FUND

September 30, 2008

|                           | <u>Internal<br/>Service Fund</u> |
|---------------------------|----------------------------------|
| <b><u>Assets</u></b>      |                                  |
| Cash and investments      | \$ 2,213,489                     |
| Due from others           | <u>4,384</u>                     |
| <b>Total Assets</b>       | <b><u>2,217,873</u></b>          |
| <b><u>Liabilities</u></b> |                                  |
| Accounts payable          | <u>556,941</u>                   |
| <b>Total Liabilities</b>  | <b><u>556,941</u></b>            |
| <b><u>Net Assets</u></b>  |                                  |
| Unrestricted              | <u>1,660,932</u>                 |
| <b>Total Net Assets</b>   | <b><u>\$ 1,660,932</u></b>       |

See Notes to Financial Statements.

# LIBERTY COUNTY, TEXAS

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUND

For the Year Ended September 30, 2008

|  | <u>Internal<br/>Service Fund</u> |
|--|----------------------------------|
| <b><u>Operating Revenues</u></b>           |                                  |
| County and employee contributions          | \$ 3,456,237                     |
| <b>Total Operating Revenues</b>            | <u>3,456,237</u>                 |
| <b><u>Operating Expenses</u></b>           |                                  |
| Claims, premiums, and administrative costs | 3,941,473                        |
| <b>Total Operating Expenses</b>            | <u>3,941,473</u>                 |
| <b>Operating (Loss)</b>                    | <u>(485,236)</u>                 |
| <b><u>Non-Operating Revenues</u></b>       |                                  |
| Investment income                          | 53,951                           |
| <b>Total Non-Operating Revenues</b>        | <u>53,951</u>                    |
| <b>Change in Net Assets</b>                | (431,285)                        |
| <b>Beginning Net Assets</b>                | <u>2,092,217</u>                 |
| <b>Ending Net Assets</b>                   | <u>\$ 1,660,932</u>              |

See Notes to Financial Statements.

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# LIBERTY COUNTY, TEXAS

## STATEMENT OF CASH FLOWS - PROPRIETARY FUND

For the Year Ended September 30, 2008

|   | <u>Internal<br/>Service Fund</u> |
|---|----------------------------------|
| <b><u>Cash Flows from Operating Activities</u></b>                |                                  |
| Receipts from County and employee contributions                   | \$ 3,650,532                     |
| Payments for insurance claims, premiums, and administrative costs | (3,988,605)                      |
| <b>Net Cash (Used) by Operating Activities</b>                    | <u>(338,073)</u>                 |
| <b><u>Cash Flows from Investing Activities</u></b>                |                                  |
| Interest on investments   | 53,951                           |
| <b>Net Cash Provided by Investing Activities</b>                  | <u>53,951</u>                    |
| <b>Net Decrease in Cash and Equivalents</b>                       | (284,122)                        |
| Beginning Cash and Cash Equivalents                               | <u>2,497,611</u>                 |
| <b>Ending Cash and Cash Equivalents</b>                           | <u>\$ 2,213,489</u>              |
| <br>  |                                  |
| <b>Reconciliation of Operating Income (Loss)</b>                  |                                  |
| <b>to Net Cash (Used) by Operating Activities</b>                 |                                  |
| Operating (loss)  | \$ (485,236)                     |
| <b>Changes in Operating Assets and Liabilities:</b>               |                                  |
| <b>(Increase) Decrease in:</b>                                    |                                  |
| Due from others   | 194,295                          |
| <b>Increase (Decrease) in:</b>                                    |                                  |
| Accounts payable  | <u>(47,132)</u>                  |
| <b>Net Cash (Used) by Operating Activities</b>                    | <u>\$ (338,073)</u>              |

See Notes to Financial Statements.

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# LIBERTY COUNTY, TEXAS

## STATEMENT OF FIDUCIARY NET ASSETS

### AGENCY FUNDS

September 30, 2008

|                            | <u>Total Agency<br/>Funds</u> |
|----------------------------|-------------------------------|
| <b><u>Assets</u></b>       |                               |
| Cash and investments       | \$ 7,198,782                  |
| Due from other funds       | 13,202                        |
| Due from other governments | 15                            |
| Accounts receivable        | <u>331</u>                    |
| <b>Total Assets</b>        | <b>\$ <u>7,212,330</u></b>    |
| <b><u>Liabilities</u></b>  |                               |
| Accounts payable           | \$ 122,944                    |
| Due to other governments   | 202,134                       |
| Due to other funds         | 13,202                        |
| Due to other units         | 6,863,543                     |
| Other liabilities          | <u>10,507</u>                 |
| <b>Total Liabilities</b>   | <b>\$ <u>7,212,330</u></b>    |

See Notes to Financial Statements.

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# LIBERTY COUNTY, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2008

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

Liberty County, Texas (the "County") is an independent governmental entity created in 1836 by an act of the Texas Legislature. The County is governed by Commissioners' Court which is composed of four County Commissioners and the County Judge, all of whom are elected officials.

The County's financial statements include the accounts of all County operations. The County provides a vast array of services including public safety, administration of justice, health and welfare services, public improvements, public transportation, environmental protection, and general government.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the County's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the County is a part of any other governmental or other type of reporting entity. The overriding elements associated with the prescribed criteria considered in determining that the County's financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

#### Blended Component Unit

##### Liberty County Juvenile Probation Department

The Liberty County Juvenile Probation Department is a legally separate entity from the County but is so closely related to the County that it is, in essence, an extension of the County. This entity is considered a blended component unit for reporting purposes. The financial data of this unit is combined with that of the County since the unit is, in substance, part of the County's operations. The financial statements of the unit are separately audited as of their fiscal year end (August 31) to meet the reporting requirements of their major funding source (the State of Texas). Audited financial statements for the blended component unit can be obtained by contacting the Liberty County Auditor, 1923 Sam Houston, Liberty, Texas 77575.

#### B. Financial Statement Presentation

These financial statements include implementation of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the County's overall financial position and results of operations;
- Financial statements prepared using full accrual accounting for all of the County's activities;
- A change in the fund financial statements to focus on the major funds.

GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets and a statement of activities. It requires the

**LIBERTY COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**For the Year Ended September 30, 2008**

classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- **Invested in capital assets, net of related debt** - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** - This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information about the County as a whole, excluding fiduciary activities. These statements include all activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, of which the County has none.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs and grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as taxes and investment earnings, are presented as general revenues.

Separate financial statements are provided for governmental funds and agency funds. Major individual governmental funds are reported as separate columns in the fund financial statements. In the fund financial statements, the accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Following is a description of the various funds:

**Governmental Funds**

Governmental funds are those funds through which most governmental functions are typically financed.

**General Fund**

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales taxes, fines and forfeitures, as well as licenses and permits. Expenditures include general government, judicial, legal, financial, public safety, and health and welfare.

**LIBERTY COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**For the Year Ended September 30, 2008**

**Special Revenue Funds**

The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted or designated for specified activities.

The special revenue funds are considered non-major funds for reporting purposes except one fund. Road and Bridge fund is a major fund for reporting purposes.

**Capital Projects Fund**

The capital projects fund accounts for the acquisition or construction of major capital projects that are being financed from long-term debt issues. The capital projects fund is a major fund for reporting purposes.

**Proprietary Funds**

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all Financial Accounting Standards Board's standards issued prior to November 30, 1989. The County has the following type of proprietary fund:

**Internal Service Fund**

The internal service fund accounts for revenues and expenses related to the County's medical and dental self-insurance program in accordance with Chapter 172 of the Texas Government Code. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. Revenues are derived from County contributions, employee and retiree cobra premiums and investment of idle funds. Expenses are for claims, premiums, and administrative costs. The general fund is contingently liable for liabilities of the internal service fund. Sub-fund accounting is employed to maintain the integrity of the self-insurance activities of the County.

**Fiduciary Funds**

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent 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. The County has the following types of fiduciary funds:

**Agency Funds**

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the County holds for others in an agency capacity.

**LIBERTY COUNTY, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
For the Year Ended September 30, 2008

**C. Measurement Focus and Basis of Accounting**

The government-wide statements of net assets and statements of activities are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are included on the balance sheet or on the statement of fiduciary net assets.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing resources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The County utilizes the modified accrual basis of accounting in the governmental fund types. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues available if they are collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include charges for services and interest on temporary investments.

Property taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Other receipts and other taxes become measurable and available when cash is received by the government and are recognized as revenue at that time. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Under modified accrual accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on general long-term debt, which is recognized when due.

The statements of net assets and statements of activities are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the accounting period in which they are incurred.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

Agency funds are unlike other types of funds, reporting only assets and liabilities. Agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

**D. Assets, Liabilities, and Net Assets or Fund Equity**

**1. Deposits and Investments**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the County reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external

**LIBERTY COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**For the Year Ended September 30, 2008**

investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The County has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Governmental Code. In summary, the County is authorized to invest in the following:

Direct obligations of the U.S. Government  
Fully collateralized certificates of deposit and money market accounts  
Statewide investment pools and commercial paper

## **2. Receivables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements.

Advances between funds are offset by a fund balance reserve account in an applicable governmental fund to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles.

### Property taxes

General property taxes are recorded as revenue when levied for the current year and due, payable, and collected in the current year. Uncollected amounts at year end are reported as deferred revenue. Delinquent property taxes collected within sixty days subsequent to year end were not considered material.

The property tax calendar dates are:

- (a) Levy date - October 1
- (b) Due date - October 1
- (c) Collection dates - October 1 through January 31
- (d) Lien date - February 1

The County bills and collects its own taxes and those for certain governmental entities within the County. Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor's Ad Valorem Agency Fund. Tax collections deposited for the County are distributed on a periodic basis to the General and Road and Bridge funds of the County. This distribution is based upon the tax rate established for each fund by order of the Commissioners' Court for the tax year for which the collections are made.

The appraisal of property within the County is the responsibility of the county-wide appraisal district which is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment ratios. The value of property within the County must be reviewed every three years by the appraisal district unless the County, at its own expense, requires more frequent reviews. The County may challenge the appraised values through various appeals and, if necessary, legal action. Under this legislation, the County sets tax rates on County property.

**LIBERTY COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**For the Year Ended September 30, 2008**

Property taxes are levied during October of each year, are due upon receipt of the County's tax bill, and become delinquent on February 1 of the following year. The County's tax lien exists from January 1 (the assessment date) each year until the taxes are paid. The penalties and interest accumulate on the unpaid accounts until July 1, at which time the delinquent accounts are turned over to the tax attorney for legal action. The interest continues to accumulate on the account at 1% per month, but the penalty remains at a maximum of 12% until paid.

**3. Inventories and Prepaid Items**

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflecting costs applicable to the future accounting period (prepaid expenditures) are recognized as expenditures when utilized.

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental type activities columns in the government-wide financial statements. In accordance with a provision of GASB Statement No. 34, the County has capitalized infrastructure assets retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Buildings and improvements with an initial cost of \$100,000 or more are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are 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.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful years:

| <u>Asset Description</u>        | <u>Estimated<br/>Useful Life</u> |
|---------------------------------|----------------------------------|
| Buildings and improvements      | 30 years                         |
| Vehicles                        | 5 to 8 years                     |
| Furniture and fixtures          | 3 to 10 years                    |
| Machinery and general equipment | 5 to 10 years                    |

**5. Compensated Employee Absences**

It is the County's policy to permit employees to accumulate earned but unused vacation, and compensatory time. Amounts accumulated may be paid to employees upon termination of employment or during employment in accordance with the County's personnel policy. The estimated amount of compensation for services provided that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

**LIBERTY COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
For the Year Ended September 30, 2008

**6. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. The long-term debt consists primarily of bonds payable, notes payable, capital leases payable, and accrued compensated absences.

Long-term debts for governmental funds are not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount, and payment of principal and interest are reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

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 financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

**7. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**8. Estimates**

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

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

The original budget is adopted by the Commissioners' Court prior to the beginning of the period. As defined by State statutes, the legal level of control is the department level. Management may not amend the budget without the approval of Commissioners' Court.

The final amended budget is used in this report. Budgets are adopted for the general fund, most special revenue funds, and the debt service fund. All funds that adopted a budget did so on a GAAP basis. Several supplemental budget appropriations were made for the period ended September 30, 2008.

**LIBERTY COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
For the Year Ended September 30, 2008

**A. Excess of Expenditures Over Appropriations**

For the year ended, expenditures exceeded appropriations at the legal level of control as follows:

|   |           |
|---|-----------|
| General Fund:                           |           |
| Judicial                                | \$15,651  |
| Legal                                   | \$2,741   |
| Public safety                           | \$19,835  |
| Road and Bridge Fund:                   |           |
| Other                                   | \$248,711 |
| Land Acquisition Fund:                  |           |
| Public transportation                   | \$46,487  |
| Courthouse Security Fund:               |           |
| Judicial                                | \$5,316   |
| District Clerk Child Support Fund:      |           |
| Judicial                                | \$22,252  |
| County Attorney Check Collections Fund: |           |
| Legal                                   | \$18,201  |

**B. Deficit Fund Balance**

The TCDP Programs, District Attorney, and TDHCA Home Program special revenue funds had deficit fund balances of \$7,897, \$14,929, and \$42,236 respectively, as of September 30, 2008.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

*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 the depository bank to be collateralized. As of September 30, 2008, bank balances were sufficiently covered by market values of pledged securities.

**LIBERTY COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
For the Year Ended September 30, 2008

**B. Receivables**

The following comprises receivable balances at year end:

|                   | General             | Road<br>and Bridge | Nonmajor<br>Governmental<br>Funds | Internal<br>Service | Total               |
|-------------------|---------------------|--------------------|-----------------------------------|---------------------|---------------------|
| Property taxes    | \$ 5,046,425        | \$ 1,491,842       | \$ 406,992                        | \$ -                | \$ 6,945,259        |
| Other governments | 806,973             | -                  | 2,613,483                         | -                   | 3,420,456           |
| Other             | 28,092              | 1,695              | 68,356                            | 4,384               | 102,527             |
| Less allowance    | (3,027,855)         | (895,105)          | (244,195)                         | -                   | (4,167,155)         |
|                   | <u>\$ 2,853,635</u> | <u>\$ 598,432</u>  | <u>\$ 2,844,636</u>               | <u>\$ 4,384</u>     | <u>\$ 6,301,087</u> |

A receivable of \$582,894 for fees and fines is reported within the statement of net assets for governmental activities. The receivable is only recorded under the full accrual basis of accounting.

**C. Capital Assets**

A summary of changes in capital assets for the year end were as follows:

|  | Primary Government   |                     |  | Ending<br>Balance    |
|--|----------------------|---------------------|--|----------------------|
|  | Beginning<br>Balance | Increases           | Decreases/<br>Transfers                                |                      |
| <b>Governmental Activities:</b>              |                      |                     |  |                      |
| Capital assets, not being depreciated:       |                      |                     |  |                      |
| Land   | \$ 2,138,419         | \$ -                | \$ -   | \$ 2,138,419         |
| Total capital assets, not being depreciated  | <u>2,138,419</u>     | <u>-</u>            | <u>-</u>   | <u>2,138,419</u>     |
| Capital assets, being depreciated:           |                      |                     |  |                      |
| Buildings and improvements                   | 13,624,257           | 1,844,986           | -  | 15,469,243           |
| Furniture, machinery, and equipment          | 9,718,025            | 2,320,409           | (235,329)  | 11,803,105           |
| Infrastructure                               | 22,097,413           | 1,307,389           | -  | 23,404,802           |
| Total capital assets being depreciated       | <u>45,439,695</u>    | <u>5,472,784</u>    | <u>(235,329)</u>                                       | <u>50,677,150</u>    |
| Total capital assets                         | <u>47,578,114</u>    | <u>5,472,784</u>    | <u>(235,329)</u>                                       | <u>52,815,569</u>    |
| Less accumulated depreciation for:           |                      |                     |  |                      |
| Buildings and improvements                   | (9,001,156)          | (427,386)           | -  | (9,428,542)          |
| Furniture, machinery, and equipment          | (6,807,116)          | (909,065)           | 120,790  | (7,595,391)          |
| Infrastructure                               | (6,991,848)          | (1,030,399)         | -  | (8,022,247)          |
| Total accumulated depreciation               | <u>(22,800,120)</u>  | <u>(2,366,850)</u>  | <u>120,790</u>   | <u>(25,046,180)</u>  |
| Total capital assets, being depreciated, net | <u>22,639,575</u>    | <u>3,105,934</u>    | <u>(114,539)</u>                                       | <u>25,630,970</u>    |
| Governmental activities capital assets, net  | <u>\$ 24,777,994</u> | <u>\$ 3,105,934</u> | <u>\$ (114,539)</u>                                    | <u>\$ 27,769,389</u> |
|  |                      |                     | Less associated debt                                   | (12,711,299)         |
|  |                      |                     | <b>Invested in capital assets, net of related debt</b> | <u>\$ 15,058,090</u> |

**LIBERTY COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
For the Year Ended September 30, 2008

Depreciation was charged to governmental functions as follows:

|   |           |                         |
|---|-----------|-------------------------|
| General government  | \$        | 211,469                 |
| Legal   |           | 6,459                   |
| Public safety   |           | 575,561                 |
| Health and welfare  |           | 3,971                   |
| Public transportation                                     |           | 1,557,033               |
| Other   |           | <u>12,357</u>           |
| <b>Total Governmental Activities Depreciation Expense</b> | <b>\$</b> | <b><u>2,366,850</u></b> |

**D. Long-Term Debt**

The following is a summary of changes in the County's total governmental long-term liabilities for the year ended. In general, the County uses the general and debt service funds to liquidate governmental long-term liabilities.

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Reductions</u>   | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|--|------------------------------|---------------------|---------------------|---------------------------|--------------------------------|
| <b>Governmental Activities:</b>          |                              |                     |                     |                           |                                |
| Certificates, bonds, and other payables: |                              |                     |                     |                           |                                |
| Certificates of obligation               | \$ 17,295,000                | \$ -                | \$ 320,000          | \$ 16,975,000 *           | \$ 510,000                     |
| General obligation bonds                 | 2,185,000                    | -                   | 710,000             | 1,475,000                 | 745,000                        |
| Capital leases                           | 853,613                      | 220,102             | 360,066             | 713,649 *                 | 276,632                        |
| Deferred amounts:                        |                              |                     |                     |                           |                                |
| On issuance premiums                     | 48,550                       | -                   | 16,969              | 31,581 *                  | 16,936                         |
| On issuance discounts                    | (47,587)                     | -                   | 2,799               | (44,788) *                | 2,799                          |
| On refunding                             | (234,739)                    | -                   | (82,850)            | (151,889)                 | (85,850)                       |
|  | <u>20,099,837</u>            | <u>220,102</u>      | <u>1,326,984</u>    | <u>18,998,553</u>         | <u>1,465,517</u>               |
| Other liabilities:                       |                              |                     |                     |                           |                                |
| Compensated absences                     | 648,754                      | 1,278,246           | 1,286,705           | 640,295                   | 576,266                        |
| <b>Total Governmental Activities</b>     | <b>\$ 20,748,591</b>         | <b>\$ 1,498,348</b> | <b>\$ 2,613,689</b> | <b>\$ 19,638,848</b>      | <b>\$ 2,041,783</b>            |

Long-term liabilities due in more than one year \$ 17,597,066

\* Debt associated with capital assets \$ 17,675,442  
Less unspent bond proceeds (4,964,143)

**Total debt associated with governmental activity capital assets** \$ 12,711,299

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

**LIBERTY COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
For the Year Ended September 30, 2008

Long-term debt at year end was comprised of the following debt issues:

| <u>Description</u>                 | <u>Percentage<br/>Interest Rates</u> | <u>Balance</u>              |
|------------------------------------|--------------------------------------|-----------------------------|
| Certificates of obligation         |                                      |                             |
| Series 2001                        | 4.125-4.30%                          | \$ 650,000                  |
| Series 2004B                       | 3.00-3.50%                           | 275,000                     |
| Series 2005                        | 3.00-3.60%                           | 6,080,000                   |
| Series 2007                        | 4.00-4.50%                           | 9,970,000                   |
|                                    |                                      | <u>16,975,000</u>           |
| General obligation refunding bonds |                                      |                             |
| Series 2004A                       | 2.50-3.50%                           | 1,475,000                   |
|                                    | <b>Total Bonds Payable</b>           | <u>18,450,000</u>           |
| Capital leases                     |                                      |                             |
|                                    | 3.99-6.25%                           | 713,649                     |
|                                    | <b>Total Capital Leases</b>          | <u>713,649</u>              |
|                                    | <b>Total Long-Term Debt</b>          | <u><u>\$ 19,163,649</u></u> |

**LIBERTY COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
For the Year Ended September 30, 2008

The annual requirements to amortize debt issues outstanding at year ending were as follows:

**Long-Term Debt**

| Year<br>Ending<br>Sept. 30 | Certificates of Obligation |                     | General Obligation Bonds |                  | Capital Leases    |                  | Total                |
|----------------------------|----------------------------|---------------------|--------------------------|------------------|-------------------|------------------|----------------------|
|                            | Principal                  | Interest            | Principal                | Interest         | Principal         | Interest         |                      |
| 2009                       | \$ 370,000                 | \$ 662,866          | \$ 745,000               | \$ 51,625        | \$ 276,632        | \$ 29,259        | \$ 2,135,382         |
| 2010                       | 395,000                    | 647,211             | 730,000                  | 25,550           | 341,977           | 17,853           | 2,157,591            |
| 2011                       | 1,160,000                  | 630,696             | -                        | -                | 95,040            | 3,435            | 1,889,171            |
| 2012                       | 1,215,000                  | 591,108             | -                        | -                | -                 | -                | 1,806,108            |
| 2013                       | 1,280,000                  | 548,458             | -                        | -                | -                 | -                | 1,828,458            |
| 2014                       | 1,345,000                  | 503,533             | -                        | -                | -                 | -                | 1,848,533            |
| 2015                       | 1,415,000                  | 456,333             | -                        | -                | -                 | -                | 1,871,333            |
| 2016                       | 900,000                    | 405,293             | -                        | -                | -                 | -                | 1,305,293            |
| 2017                       | 965,000                    | 369,293             | -                        | -                | -                 | -                | 1,334,293            |
| 2018                       | 1,000,000                  | 330,693             | -                        | -                | -                 | -                | 1,330,693            |
| 2019                       | 1,040,000                  | 290,693             | -                        | -                | -                 | -                | 1,330,693            |
| 2020                       | 1,080,000                  | 249,093             | -                        | -                | -                 | -                | 1,329,093            |
| 2021                       | 1,130,000                  | 204,543             | -                        | -                | -                 | -                | 1,334,543            |
| 2022                       | 1,175,000                  | 157,648             | -                        | -                | -                 | -                | 1,332,648            |
| 2023                       | 1,225,000                  | 108,885             | -                        | -                | -                 | -                | 1,333,885            |
| 2024                       | 1,280,000                  | 53,760              | -                        | -                | -                 | -                | 1,333,760            |
| <b>Total</b>               | <b>\$ 16,975,000</b>       | <b>\$ 6,210,106</b> | <b>\$ 1,475,000</b>      | <b>\$ 77,175</b> | <b>\$ 713,649</b> | <b>\$ 50,547</b> | <b>\$ 25,501,477</b> |

Machinery and equipment acquired under current capital lease obligations was a total of \$2,167,788, less accumulated depreciation of \$998,120, net \$1,169,668.

The County is not obligated in any manner for special assessment debt.

**E. Interfund Transactions**

| Due To        | Due From        | Amounts             |
|---------------|-----------------|---------------------|
| General       | Capital Project | \$ 1,804,755        |
| General       | Non-Major       | 1,727,401           |
| Road & Bridge | Non-Major       | 8,799               |
| Non-Major     | Non-Major       | 86,170              |
|               |                 | <u>\$ 3,627,125</u> |

Amounts recorded as “due to/from” are considered to be temporary loans and will be repaid during the following year.

**F. Fund Equity**

The County records fund balance reserves on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditures.

**LIBERTY COUNTY, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
For the Year Ended September 30, 2008

The following is a list of fund balances reserved or designated as recognized by the County:

|                                      |              |
|--------------------------------------|--------------|
| <b>General Fund</b>                  |              |
| Reserved for prepaids                | \$ 117,903   |
| <b>Capital Projects Fund</b>         |              |
| Reserved for capital projects        | \$ 2,763,494 |
| <b>Debt Service Fund</b>             |              |
| Reserved for debt service            | \$ 417,558   |
| <b>Special Revenue Funds</b>         |              |
| Reserved for records management      | \$ 912,402   |
| Reserved for public safety           | 252,365      |
| Reserved for judicial                | 666,403      |
| Reserved for other purposes          | 356,036      |
| Designated for public transportation | 1,278,222    |

#### IV. OTHER INFORMATION

##### A. 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; and natural disasters for which the County carries commercial insurance. In addition, the County participates along with 338 other entities in the Texas Association of Counties Workers' Compensation Self-Insurance Fund. This pool was created by the Texas Association of Counties in 1974 to insure the County for worker compensation related claims. This pool purchases commercial insurance at group rates for participants in the pool. The County has no additional risk or responsibility to either of the pools in which it participates, outside of payment of insurance premiums. The County has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three fiscal years.

##### B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

##### C. Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is

**LIBERTY COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**For the Year Ended September 30, 2008**

the risk that if such calculations are not performed correctly, a substantial liability to the County could result. Although the County does not anticipate that it will have any arbitrage liability, it periodically engages an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations.

**D. Pension Plan**

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 573 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by Commissioners' Court within the options available in Texas state statutes governing TCDRS (TCDRS act). Members can retire at ages 60 and above with eight or more years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the Commissioners' Court within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 13.05 percent for the months of the accounting year in 2007 and 13.43 percent for the months of the accounting year in 2008.

The contribution rate payable by the employee members for calendar year 2008 is the rate of seven percent as adopted by Commissioners' Court. The employee contribution rate and the employer contribution rate may be changed by Commissioners' Court within the options available in the TCDRS Act.

Annual Pension Costs

The County's schedule of funding information can be found in the required supplementary information section of this report.

The annual required contributions were actuarially determined as a percentage of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the

**LIBERTY COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
For the Year Ended September 30, 2008

actuarial valuations as of December 31, 2005 and December 31, 2006, the basis for determining the contribution rates for plan years 2007 and 2008.

|                               |   |
|-------------------------------|---|
| Actuarial Cost Method         | Entry Age                                 |
| Amortization Method           | Level Percent of Payroll                  |
| Remaining Amortization Period | 20 Years - Open Period                    |
| Asset Valuation Method        | Long-term Appreciation<br>with Adjustment |
| Investment Rate of Return     | 8%  |
| Projected Salary Increases    | 5.3%                                      |
| Includes Inflation at         | 3.5%                                      |
| Cost of Living Adjustments    | None                                      |

|                                 | <u>2008</u>      | <u>2007</u>      | <u>2006</u>      |
|---------------------------------|------------------|------------------|------------------|
| Annual Req. Contrib. (ARC)      | \$ 1,336,887     | \$ 1,328,164     | \$ 1,244,269     |
| Contributions Made              | <u>1,336,887</u> | <u>1,328,164</u> | <u>1,244,269</u> |
| <b>NPO at the End of Period</b> | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |

**E. Deferred Compensation Plan**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code, Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination, death, or unforeseeable emergencies.

Federal law requires all assets and income of Section 457 plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries. The County's deferred compensation plan is administered by a private corporation under contract with the County.

**F. Commitments and Other Obligations**

The County entered into the Facility Operation and Management Agreement with Civigenics-Texas, Inc. (the "Operator") for operation, management, and maintenance (subject to certain limitations) of the County's jail facility. This agreement is for five years, containing options for both early cancellation and renewal on November 14, 2006 commencing on January 1, 2007. In December 2011, the contract will automatically renew for two years unless the County or Civigenics-Texas, Inc. gives 150 days advance written notice of intent not to renew. Over the term of the contract, the daily rate paid to Civigenics-Texas, Inc. for County and non-County inmates will range from \$44.00 to \$46.50. During the year, the County paid \$5,713,006 for housing County and non-County inmates.

The County has various operating agreements for office space, equipment, and services. Most agreements are for terms of one year or less or contain "funding clauses" enabling the County to cancel such agreements with nominal notice. Future minimum commitments for these agreements are as follows:

**LIBERTY COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
For the Year Ended September 30, 2008

| Year Ending<br>September 30 | Governmental<br>Activities |
|-----------------------------|----------------------------|
| 2009                        | \$ 62,231                  |
| 2010                        | 41,859                     |
|                             | <u>\$ 104,090</u>          |

**G. Health Care**

The County maintains a self-insured health plan (the "Plan") for all eligible employees and retirees. The County contributed approximately \$3.4 million to the Plan to subsidize employee premiums. Employees are responsible for premiums for dependents. Health claim payments include the premiums for dependents' health insurance processed by a third party (Health Administration Services) acting on behalf of the County.

Claims incurred are subject to an individual stop-loss of \$150,000 per participant annually and \$1,850,000 lifetime maximum benefit. Individual employee health claims are self-insured by the County up to \$150,000 annually and stop-loss benefits above \$150,000 are provided by ING/Reliastar Life Insurance Company up to an aggregate County-wide attachment point of \$4,502,147. The latest financial statements available for ING/Reliastar Life Insurance Company are filed with Texas Department of Insurance, Austin, Texas and are public records.

At year end, the County has recorded current health claim liabilities of \$557,571 in the internal service fund. Of this amount, \$526,482 represents estimated claims incurred but not reported. These liabilities are based on requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements and the amount of loss can be reasonably estimated. Changes in the balances of claims liabilities during the last two years ended September 30, are as follows:

|                   | <u>2008</u>       | <u>2007</u>       |
|-------------------|-------------------|-------------------|
| Beginning balance | \$ 604,073        | \$ 513,781        |
| Claims incurred   | 3,894,971         | 3,614,274         |
| Claim paid        | (3,941,473)       | (3,523,982)       |
| Ending balance    | <u>\$ 557,571</u> | <u>\$ 604,073</u> |

**H. Other Post Employee Benefits**

In addition to a pension plan, the County presently offers other benefits after retirement (other post employment benefits – OPEB), which consists of indirectly subsidized health insurance which allows retirees to participate in the County's plan at the rate charged to other employees. This OPEB meets the requirements of GASB 45. GASB 45, will be required to be implemented by the County during the fiscal year ended 2009. To comply with GASB 45 the County will have to engage an actuary every two years to determine the County's OPEB liability and annual required contribution. Presently, the County has not engaged an actuary and the liability is not known.

**I. Hurricane Ike**

Prior to making landfall on September 12, 2008, the National Hurricane Center forecasted that Hurricane Ike, a category 4 hurricane, would likely come ashore just west of the County, placing the County on the "dirty side"

**LIBERTY COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**For the Year Ended September 30, 2008**

of the storm. In the days leading up to landfall, revised forecasts placed the storm's path directly across the County. Actual landfall occurred west of the County in Galveston, Texas. Although, at landfall, the storm was rated as a category 2 hurricane, Ike was unusually large and had a storm surge disproportional to its wind speed (category). The storm resulted in extensive flooding, wind damage, and a massive amount of debris removal. Ike's damage along the Gulf Coast could reach \$31.5 billion, which would make it the third costliest hurricane on record.

The County incurred substantial expenses: planning and preparing for the event, providing refuge and assistance to citizens of the area, manning emergency operations, and cleaning up debris. Many of these expenditures incurred by the County are expected to be reimbursed by the Federal Emergency Management Agency (FEMA). The County has estimated the amount it anticipates to recover from FEMA for the portion of expenditures incurred. However, FEMA's policies have and will likely change; therefore, the actual reimbursement could differ from the amount estimated based on the County's current understanding and interpretation of FEMA's policies.

**J. Subsequent Event**

On October 23, 2008, the County issued \$5,000,000 of certificates of obligation to finance the acquisition, renovation, and equipping of a building to house several county offices. The interest rate on the certificates range from seven to ten percent and the maturity date is September 30, 2028.

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***REQUIRED SUPPLEMENTARY INFORMATION***

# LIBERTY COUNTY, TEXAS

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 1 of 2)

For the Year Ended September 30, 2008

With Comparative Totals for the Year Ended September 30, 2007

|                            | 2008              |                   | Actual<br>Amounts | Variance with<br>Final Budget | 2007<br>Actual    |
|----------------------------|-------------------|-------------------|-------------------|-------------------------------|-------------------|
|                            | Budgeted Amounts  |                   |                   | Positive<br>(Negative)        |                   |
|                            | Original          | Final             |                   |                               |                   |
| <b>Revenues</b>            |                   |                   |                   |                               |                   |
| Property taxes             | \$ 16,245,638     | \$ 16,245,638     | \$ 16,790,073     | \$ 544,435                    | \$ 15,867,894     |
| Sales taxes                | 2,833,510         | 2,833,510         | 3,266,899         | 433,389                       | 3,031,006         |
| Other taxes                | 26,000            | 26,000            | 47,085            | 21,085                        | 40,215            |
| Licenses and permits       | 76,000            | 76,000            | 86,889            | 10,889                        | 86,257            |
| Intergovernmental revenue  | 335,400           | 335,400           | 489,817           | 154,417                       | 353,967           |
| Charges for services       | 2,790,000         | 2,790,000         | 2,903,036         | 113,036                       | 2,890,216         |
| Fines and forfeitures      | 1,705,900         | 1,705,900         | 1,983,453         | 277,553                       | 2,013,389         |
| Investment income          | 500,000           | 500,000           | 758,091           | 258,091                       | 1,056,147         |
| Other revenue              | 208,300           | 208,300           | 284,748           | 76,448                        | 267,160           |
| <b>Total Revenues</b>      | <b>24,720,748</b> | <b>24,720,748</b> | <b>26,610,091</b> | <b>1,889,343</b>              | <b>25,606,251</b> |
| <b>Expenditures</b>        |                   |                   |                   |                               |                   |
| <b>General government:</b> |                   |                   |                   |                               |                   |
| Commissioners court        | 399,562           | 399,562           | 351,486           | 48,076                        | 337,390           |
| County clerk               | 669,252           | 714,252           | 718,589           | (4,337)                       | 590,561           |
| Veterans services          | 91,742            | 91,742            | 108,311           | (16,569)                      | 87,100            |
| General administration     | 2,205,300         | 1,811,888         | 1,519,579         | 292,309                       | 1,261,847         |
| Employee benefits          | 1,340,900         | 881,350           | 341,808           | 539,542                       | 202,025           |
| Building maintenance       | 398,202           | 398,202           | 394,777           | 3,425                         | 390,621           |
|                            | <b>5,104,958</b>  | <b>4,296,996</b>  | <b>3,434,550</b>  | <b>862,446</b>                | <b>2,869,544</b>  |
| <b>Judicial:</b>           |                   |                   |                   |                               |                   |
| County judge               | 266,061           | 266,061           | 311,190           | (45,129)                      | 217,815           |
| County court at law        | 255,461           | 267,761           | 266,079           | 1,682                         | 260,043           |
| District judges            | 483,017           | 497,887           | 496,821           | 1,066                         | 482,597           |
| Court costs                | 639,408           | 712,408           | 703,382           | 9,026                         | 573,529           |
| Court collections          | 130,021           | 136,971           | 130,349           | 6,622                         | 142,467           |
| District clerk             | 448,384           | 448,384           | 452,150           | (3,766)                       | 386,966           |
| Justice courts             | 706,232           | 757,132           | 742,284           | 14,848                        | 695,497           |
|                            | <b>2,928,584</b>  | <b>3,086,604</b>  | <b>3,102,255</b>  | <b>(15,651) *</b>             | <b>2,758,914</b>  |
| <b>Legal:</b>              |                   |                   |                   |                               |                   |
| County attorney            | 600,842           | 615,842           | 619,642           | (3,800)                       | 592,574           |
| District attorney          | 746,914           | 794,624           | 793,565           | 1,059                         | 761,371           |
|                            | <b>1,347,756</b>  | <b>1,410,466</b>  | <b>1,413,207</b>  | <b>(2,741) *</b>              | <b>1,353,945</b>  |
| <b>Financial:</b>          |                   |                   |                   |                               |                   |
| County auditor             | 328,344           | 325,844           | 295,097           | 30,747                        | 270,301           |
| County treasurer           | 230,310           | 230,310           | 206,011           | 24,299                        | 184,176           |
| Tax assessor-collector     | 607,296           | 635,096           | 638,951           | (3,855)                       | 625,057           |
| Data processing            | -                 | -                 | (241)             | 241                           | 295,197           |
| Purchasing                 | -                 | -                 | -                 | -                             | 33,832            |
| Central appraisal district | 480,000           | 509,000           | 508,391           | 609                           | 449,557           |
|                            | <b>1,645,950</b>  | <b>1,700,250</b>  | <b>1,648,209</b>  | <b>52,041</b>                 | <b>1,858,120</b>  |

# LIBERTY COUNTY, TEXAS

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 2 of 2)

For the Year Ended September 30, 2008

With Comparative Totals for the Year Ended September 30, 2007

|                                      | 2008                |                     | Actual<br>Amounts    | Variance with<br>Final Budget | 2007<br>Actual      |
|--------------------------------------|---------------------|---------------------|----------------------|-------------------------------|---------------------|
|                                      | Budgeted Amounts    |                     |                      | Positive<br>(Negative)        |                     |
|                                      | Original            | Final               |                      |                               |                     |
| <b>Expenditures (continued)</b>      |                     |                     |                      |                               |                     |
| <b>Public safety:</b>                |                     |                     |                      |                               |                     |
| Sheriff                              | \$ 3,661,926        | \$ 4,030,126        | \$ 4,224,827         | \$ (194,701)                  | \$ 3,862,523        |
| Jail operations and prisoner support | 5,990,000           | 5,990,000           | 5,713,006            | 276,994                       | 5,369,244           |
| Juvenile probation                   | 195,571             | 265,571             | 125,929              | 139,642                       | 148,845             |
| Constables                           | 421,215             | 499,293             | 532,508              | (33,215)                      | 837,988             |
| Fire marshall                        | 18,866              | 18,866              | 249,177              | (230,311)                     | 14,947              |
| Emergency management                 | 108,905             | 114,955             | 120,092              | (5,137)                       | 98,467              |
| DARE                                 | 83,270              | 72,870              | 71,989               | 881                           | 72,953              |
| Weight division                      | 450,726             | 444,451             | 418,439              | 26,012                        | 91,085              |
| Environmental program                | -                   | -                   | -                    | -                             | 6,560               |
| Other public safety                  | -                   | -                   | -                    | -                             | 192,278             |
|                                      | <u>10,930,479</u>   | <u>11,436,132</u>   | <u>11,455,967</u>    | <u>(19,835) *</u>             | <u>10,694,890</u>   |
| <b>Health and welfare:</b>           |                     |                     |                      |                               |                     |
| Public welfare                       | 569,384             | 569,384             | 470,340              | 99,044                        | 510,068             |
| Indigent services                    | 652,665             | 652,665             | 473,274              | 179,391                       | 427,446             |
|                                      | <u>1,222,049</u>    | <u>1,222,049</u>    | <u>943,614</u>       | <u>278,435</u>                | <u>937,514</u>      |
| <b>Other:</b>                        |                     |                     |                      |                               |                     |
| Extension service                    | 162,009             | 161,919             | 152,829              | 9,090                         | 147,350             |
| Engineering and permits              | 328,276             | 328,276             | 296,338              | 31,938                        | 239,935             |
| Special projects                     | 100,000             | 100,000             | 95,254               | 4,746                         | 115,146             |
|                                      | <u>590,285</u>      | <u>590,195</u>      | <u>544,421</u>       | <u>45,774</u>                 | <u>502,431</u>      |
| <b>Debt Service:</b>                 |                     |                     |                      |                               |                     |
| Principal                            | -                   | -                   | -                    | -                             | 187,151             |
| Interest                             | -                   | -                   | -                    | -                             | 3,476               |
|                                      | <u>-</u>            | <u>-</u>            | <u>-</u>             | <u>-</u>                      | <u>190,627</u>      |
| <b>Total Expenditures</b>            | <u>23,770,061</u>   | <u>23,742,692</u>   | <u>22,542,223</u>    | <u>1,200,469</u>              | <u>21,165,985</u>   |
| <b>Excess of Revenues</b>            |                     |                     |                      |                               |                     |
| <b>Over (Under) Expenditures</b>     | <u>\$ 950,687</u>   | <u>\$ 978,056</u>   | <u>4,067,868</u>     | <u>\$ 3,089,812</u>           | <u>\$ 4,440,266</u> |
| <b>Other Financing Sources:</b>      |                     |                     |                      |                               |                     |
| Transfer (out):                      | <u>700,000</u>      | <u>700,000</u>      | <u>-</u>             | <u>700,000</u>                | <u>-</u>            |
| <b>Total Other Financing Sources</b> | <u>700,000</u>      | <u>700,000</u>      | <u>-</u>             | <u>700,000</u>                | <u>-</u>            |
| <b>Net Change in Fund Balance</b>    | <u>\$ 1,650,687</u> | <u>\$ 1,678,056</u> | <u>4,067,868</u>     | <u>\$ 3,789,812</u>           | <u>\$ 4,440,266</u> |
| Beginning Fund Balance               |                     |                     | 13,042,023           |                               |                     |
| <b>Ending Fund Balance</b>           |                     |                     | <u>\$ 17,109,891</u> |                               |                     |

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- \* 2. Excess of expenditures over appropriations at the legal level of control.

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# LIBERTY COUNTY, TEXAS

## ROAD AND BRIDGE FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended September 30, 2008

With Comparative Totals for the Year Ended September 30, 2007

|   | 2008               |                  |                     | Variance with      | 2007<br>Actual    |
|---|--------------------|------------------|---------------------|--------------------|-------------------|
|   | Budgeted Amounts   |                  | Actual              | Positive           |                   |
|   | Original           | Final            | Amounts             | (Negative)         |                   |
| <b>Revenues</b>   |                    |                  |                     |                    |                   |
| Property taxes  | \$ 4,802,135       | \$ 4,802,135     | \$ 4,976,247        | \$ 174,112         | \$ 4,698,734      |
| Intergovernmental revenue   | 57,000             | 57,000           | 56,729              | (271)              | 56,862            |
| Fines and forfeitures   | 1,695,000          | 1,695,000        | 1,625,631           | (69,369)           | 1,602,432         |
| Other revenue   | 3,000              | 3,000            | 156,321             | 153,321            | 268,529           |
| <b>Total Revenues</b>   | <u>6,557,135</u>   | <u>6,557,135</u> | <u>6,814,928</u>    | <u>257,793</u>     | <u>6,626,557</u>  |
| <b>Expenditures</b>   |                    |                  |                     |                    |                   |
| <b>Public transportation:</b>   |                    |                  |                     |                    |                   |
| Precinct No. 1  | 1,136,096          | 1,135,796        | 1,055,197           | 80,599             | 1,264,048         |
| Precinct No. 2  | 2,174,006          | 2,107,636        | 1,913,498           | 194,138            | 1,964,725         |
| Precinct No. 3  | 1,011,585          | 1,053,835        | 958,624             | 95,211             | 980,432           |
| Precinct No. 4  | 1,345,734          | 1,412,734        | 1,171,161           | 241,573            | 1,299,607         |
|   | <u>5,667,421</u>   | <u>5,710,001</u> | <u>5,098,480</u>    | <u>611,521</u>     | <u>5,508,812</u>  |
| <b>Other:</b>   |                    |                  |                     |                    |                   |
| Landfill and solid waste  | 528,172            | 528,172          | 776,883             | (248,711)          | 520,011           |
|   | <u>528,172</u>     | <u>528,172</u>   | <u>776,883</u>      | <u>(248,711) *</u> | <u>520,011</u>    |
| <b>Debt Service:</b>  |                    |                  |                     |                    |                   |
| Principal   | 351,954            | 261,844          | 211,696             | 50,148             | 225,479           |
| Interest  | 31,118             | 31,118           | 31,118              | -                  | 49,987            |
|   | <u>383,072</u>     | <u>292,962</u>   | <u>242,814</u>      | <u>50,148</u>      | <u>275,466</u>    |
| <b>Total Expenditures</b>   | <u>6,578,665</u>   | <u>6,531,135</u> | <u>6,118,177</u>    | <u>412,958</u>     | <u>6,304,289</u>  |
| <b>Excess of Revenues<br/>Over (Under) Expenditures</b>                       | <u>(21,530)</u>    | <u>26,000</u>    | <u>696,751</u>      | <u>670,751</u>     | <u>322,268</u>    |
| <b>Other Financing Sources</b>  |                    |                  |                     |                    |                   |
| Debt issuance   | -                  | -                | -                   | -                  | 29,060            |
| <b>Total Other Financing Sources</b>  | <u>-</u>           | <u>-</u>         | <u>-</u>            | <u>-</u>           | <u>29,060</u>     |
| <b>Revenues and Other<br/>Financing Sources Over<br/>(Under) Expenditures</b> | <u>\$ (21,530)</u> | <u>\$ 26,000</u> | <u>696,751</u>      | <u>\$ 670,751</u>  | <u>\$ 351,328</u> |
| Beginning Fund Balance  |                    |                  | <u>2,042,840</u>    |                    |                   |
| <b>Ending Fund Balance</b>  |                    |                  | <u>\$ 2,739,591</u> |                    |                   |

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- \* 2. Excess of expenditures over appropriations at the legal level of control.

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**LIBERTY COUNTY, TEXAS**  
**SCHEDULE OF FUNDING PROGRESS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
For the Year Ended September 30, 2008

The County's annual covered payroll and pension costs are actuarially valued on a calendar year basis. Because the County makes all the annually required contributions, no net pension obligation (NPO) exists. The information presented below represents the County's Schedule of Funding Progress.

| Fiscal Year                          | <u>2008</u>   | <u>2007</u>   | <u>2006</u>   | <u>2005</u>   |
|--------------------------------------|---------------|---------------|---------------|---------------|
| Actuarial Valuation Date             | 12/31/2007    | 12/31/2006    | 12/31/2005    | 12/31/2004    |
| Actuarial Value of Assets            | \$ 29,150,307 | \$ 26,564,516 | \$ 23,826,265 | \$ 21,372,941 |
| Actuarial Accrued Liability          | \$ 35,047,588 | \$ 31,714,904 | \$ 29,769,496 | \$ 27,128,846 |
| Percentage Funded                    | 83.17%        | 83.76%        | 80.04%        | 78.78%        |
| Unfunded Actuarial                   |               |               |               |               |
| Accrued Liability                    | \$ 5,897,281  | \$ 5,150,388  | \$ 5,943,231  | \$ 5,755,905  |
| Annual Covered Payroll               | \$ 10,798,763 | \$ 9,963,651  | \$ 9,290,254  | \$ 8,893,367  |
| Unfunded Actuarial Accrued Liability |               |               |               |               |
| (UAAL) % of Covered Payroll          | 54.61%        | 51.69%        | 63.97%        | 64.72%        |
| Net Pension Obligation (NPO)         |               |               |               |               |
| at the Beginning of Period           | \$ -          | \$ -          | \$ -          | \$ -          |
| Annual Req. Contrib. (ARC)           | \$ 1,543,768  | \$ 1,328,164  | \$ 1,244,269  | \$ 1,143,000  |
| Contributions Made                   | \$ 1,543,768  | \$ 1,328,164  | \$ 1,244,269  | \$ 1,143,000  |
| NPO at the End of Period             | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   |

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***COMBINING STATEMENTS  
AND SCHEDULES***

# LIBERTY COUNTY, TEXAS

## NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2008

### SPECIAL REVENUE FUNDS

The Land Acquisition fund accounts for special vehicle registration fees designated for the acquisition of right-of-way for road expansion.

The Courthouse Security fund accounts for court filing fees designated for security services for buildings housing a district or county court.

The Law Library fund accounts for the operation of a law library for use by members of the Texas Bar Association. Financing is provided from fees assessed in each civil case filed in County and District Courts.

The Juvenile Probation fund accounts for revenues received from the Texas Juvenile Probation Commission under an agreement to provide juvenile offenders with a program of rehabilitation. Funds are restricted for this purpose.

The DARE fund accounts for revenues received from the surrounding community to support work with children to increase drug awareness and resistance. Funds are restricted for this purpose.

The Commissary fund accounts for revenues received from commissary activities in the County jail. Expenditure of these funds is restricted to: replenish commissary inventory; fund, staff, and equip a program addressing the social needs of the County prisoners, including an educational or recreational program and religious or rehabilitative counseling; supply County prisoners with clothing, writing materials, and hygiene supplies; establish, staff and equip a library for the educational use of County prisoners; verify any contracts for services to ensure compliance.

The TCDP Programs fund accounts for revenues received from the Texas Office of Rural Community Affairs and the Federal Emergency Management Agency to develop viable communities by providing decent housing and suitable living environments, and expanding economic opportunities principally for persons of low and moderate income.

The Homeland Security fund accounts for revenues received from the Texas Engineering Extension Service to purchase equipment for the prevention of and response to potential terrorist acts.

The Commissioners Court Records Management fund accounts for revenues received from a special records management and preservation fee designated for records management and preservation services performed by the Commissioners' Court.

The District Attorney Federal Forfeiture fund accounts for Federally forfeited property received from the U.S. Department of Justice. Funds are restricted for law enforcement purposes.

The District Attorney fund accounts for revenues received from the State of Texas and fees collected in connection with processing checks issued or passed in violation of the Texas Penal Code. Fees deposited in this fund are used to defray expenses of the District Attorney's office.

The District Attorney Programs fund accounts for revenues received from the State of Texas. Fees deposited in this fund are used to cover expenses for special investigation, welfare fraud, and crime prevention.

The District Clerk - TDCJ fund accounts for revenues received from Texas Department of Criminal Justice (TDCJ), designated for the use of a district clerk in a county in which a state prison facility is located.

# **LIBERTY COUNTY, TEXAS**

## ***NONMAJOR GOVERNMENTAL FUNDS***

**For the Year Ended September 30, 2008**

### ***SPECIAL REVENUE FUNDS (Continued)***

The District Clerk Child Support fund accounts for reimbursements received from the Office of the Attorney General for processing child support payments sent to the County as part of the Cooperative Agreement for Title IV, Part-D of the Federal Social Security Act (IV-D) child support enforcement program. The purpose of this program is to provide the County child support registry with a mechanism for supporting and improving the IV-D child support case services provided by the County.

The District Clerk Records Management fund accounts for revenues received from a special records management and preservation fee designated for records management and preservation services performed by the District Clerk.

The County Clerk Records Management fund accounts for revenues received from a special records management and preservation fee designated for records managements and preservation services performed by the County Clerk.

The County Attorney Check Collections fund accounts for fees collected in connection with processing checks issued or passed in violation of the Texas Penal Code. Fees deposited in this fund are used to defray expenses of the County Attorney's office.

The County Constable Seizures fund accounts for drug seizure funds seized in drug related arrests. Funds are restricted for law enforcement purposes.

The County Sheriff Programs fund accounts for revenues received by the Sheriff's office for participation in the seizure of property during criminal investigation. Funds are restricted for law enforcement purposes.

The JP Technology fund accounts for technology fees collected as a cost of court from defendants convicted of misdemeanor offenses. The fund may be used only to finance the purchase of technological enhancements for a justice court and is administered by the Commissioners' Court.

The COPS fund accounts for revenues received from the Office of Community Oriented Policing Services (COPS) for entry-level salaries and benefits of additional officers.

The CDBG Disaster Recovery fund accounts for Community Development Block Grant revenues received for disaster recovery relief.

The Infections Disease fund accounts for revenues received from the Texas Department of State Health Services to provide mosquito surveillance and mosquito abatement activities for staff and community education on mosquito control actions.

The CDBG fund accounts for revenues received from the Department of Housing and Urban Development.

The SEP fund accounts for revenue received from the state used for environmental enforcement purposes.

The Hurricane Ike fund accounts for revenue received for the reimbursement of expenditures from Hurricane Ike.

The TDHCA Home Program fund is for the purchase of homes that have become condemned or abandoned.

### ***DEBT SERVICE FUND***

This fund is used to account for the accumulation of resources for and the payment of long-term liabilities (principal, interest, and other related costs).

**LIBERTY COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (page 1 of 3)**  
September 30, 2008

|  | <u>Special Revenue Funds</u> |                                |                        |                               |
|--|------------------------------|--------------------------------|------------------------|-------------------------------|
|  | <u>Land<br/>Acquisition</u>  | <u>Courthouse<br/>Security</u> | <u>Law<br/>Library</u> | <u>Juvenile<br/>Probation</u> |
| <b><u>Assets</u></b>                       |                              |                                |                        |                               |
| Cash and cash equivalents                  | \$ 1,278,222                 | \$ 95,858                      | \$ 43,172              | \$ 148,890                    |
| Receivables, net                           | -                            | -                              | -                      | -                             |
| Due from other governments                 | -                            | -                              | -                      | 34                            |
| Due from other funds                       | -                            | 949                            | -                      | -                             |
| Due from others                            | -                            | -                              | -                      | 4,029                         |
| <b>Total Assets</b>                        | <b>\$ 1,278,222</b>          | <b>\$ 96,807</b>               | <b>\$ 43,172</b>       | <b>\$ 152,953</b>             |
| <b><u>Liabilities</u></b>                  |                              |                                |                        |                               |
| Accounts payable                           | \$ -                         | \$ -                           | \$ 4,782               | \$ 2,940                      |
| Due to other funds                         | -                            | -                              | -                      | -                             |
| Due to others                              | -                            | -                              | -                      | -                             |
| Deferred revenue                           | -                            | -                              | -                      | -                             |
| <b>Total Liabilities</b>                   | <b>-</b>                     | <b>-</b>                       | <b>4,782</b>           | <b>2,940</b>                  |
| <b><u>Fund Balances</u></b>                |                              |                                |                        |                               |
| Reserved for:                              |                              |                                |                        |                               |
| Debt service                               | -                            | -                              | -                      | -                             |
| Records management                         | -                            | -                              | -                      | -                             |
| Public safety                              | -                            | -                              | -                      | 150,013                       |
| Judicial                                   | -                            | 96,807                         | 38,390                 | -                             |
| Other purposes                             | -                            | -                              | -                      | -                             |
| Unreserved and designated for:             |                              |                                |                        |                               |
| Public transportation                      | 1,278,222                    | -                              | -                      | -                             |
| <b>Total Fund Balances</b>                 | <b>1,278,222</b>             | <b>96,807</b>                  | <b>38,390</b>          | <b>150,013</b>                |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 1,278,222</b>          | <b>\$ 96,807</b>               | <b>\$ 43,172</b>       | <b>\$ 152,953</b>             |

**Special Revenue Funds**

| <u>DARE</u>      | <u>Commissary</u> | <u>TCDP<br/>Programs</u> | <u>Homeland<br/>Security</u> | <u>Commissioners'<br/>Court<br/>Records<br/>Management</u> | <u>District<br/>Attorney<br/>Federal<br/>Forfeiture</u> |
|------------------|-------------------|--------------------------|------------------------------|--|---|
| \$ 43,298        | \$ 15,658         | \$ -                     | \$ 643                       | \$ 257,416   | \$ 11,990   |
| -                | -                 | -                        | -                            | -  | -   |
| -                | -                 | 62,433                   | 15,582                       | -  | -   |
| -                | -                 | 54,070                   | -                            | -  | -   |
| 250              | -                 | -                        | -                            | -  | -   |
| <u>\$ 43,548</u> | <u>\$ 15,658</u>  | <u>\$ 116,503</u>        | <u>\$ 16,225</u>             | <u>\$ 257,416</u>  | <u>\$ 11,990</u>  |
| \$ 423           | \$ -              | \$ 92,300                | \$ -                         | \$ -   | \$ -  |
| -                | -                 | 32,100                   | -                            | -  | -   |
| -                | -                 | -                        | -                            | -  | -   |
| -                | -                 | -                        | -                            | -  | -   |
| 423              | -                 | 124,400                  | -                            | -  | -   |
| -                | -                 | -                        | -                            | -  | -   |
| -                | -                 | -                        | -                            | 257,416  | -   |
| 43,125           | 15,658            | -                        | -                            | -  | 11,990  |
| -                | -                 | -                        | 16,225                       | -  | -   |
| -                | -                 | (7,897)                  | -                            | -  | -   |
| -                | -                 | -                        | -                            | -  | -   |
| <u>43,125</u>    | <u>15,658</u>     | <u>(7,897)</u>           | <u>16,225</u>                | <u>257,416</u>   | <u>11,990</u>   |
| <u>\$ 43,548</u> | <u>\$ 15,658</u>  | <u>\$ 116,503</u>        | <u>\$ 16,225</u>             | <u>\$ 257,416</u>  | <u>\$ 11,990</u>  |

# LIBERTY COUNTY, TEXAS

## COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (page 2 of 3)

September 30, 2008

|  | Special Revenue Funds |                                  |                           |                                       |
|--|-----------------------|----------------------------------|---------------------------|---------------------------------------|
|  | District<br>Attorney  | District<br>Attorney<br>Programs | District<br>Clerk<br>TDCJ | District<br>Clerk<br>Child<br>Support |
| <b>Assets</b>                              |                       |                                  |                           |                                       |
| Cash and cash equivalents                  | \$ -                  | \$ 107,216                       | \$ 296                    | \$ 390,574                            |
| Receivables, net                           | -                     | -                                | -                         | -                                     |
| Due from other governments                 | 4,732                 | -                                | -                         | 11,395                                |
| Due from other funds                       | -                     | -                                | -                         | -                                     |
| Due from others                            | 54                    | -                                | -                         | 290                                   |
| <b>Total Assets</b>                        | <b>\$ 4,786</b>       | <b>\$ 107,216</b>                | <b>\$ 296</b>             | <b>\$ 402,259</b>                     |
| <b>Liabilities</b>                         |                       |                                  |                           |                                       |
| Accounts payable                           | \$ 357                | \$ 1,104                         | \$ -                      | \$ -                                  |
| Due to other funds                         | -                     | -                                | -                         | -                                     |
| Due to others                              | 19,358                | -                                | -                         | -                                     |
| Deferred revenue                           | -                     | -                                | -                         | -                                     |
| <b>Total Liabilities</b>                   | <b>19,715</b>         | <b>1,104</b>                     | <b>-</b>                  | <b>-</b>                              |
| <b>Fund Balances</b>                       |                       |                                  |                           |                                       |
| Reserved for:                              |                       |                                  |                           |                                       |
| Debt service                               | -                     | -                                | -                         | -                                     |
| Records management                         | -                     | -                                | -                         | -                                     |
| Public safety                              | -                     | -                                | -                         | -                                     |
| Judicial                                   | (14,929)              | 106,112                          | 296                       | 402,259                               |
| Other purposes                             | -                     | -                                | -                         | -                                     |
| Unreserved and designated for:             |                       |                                  |                           |                                       |
| Public transportation                      | -                     | -                                | -                         | -                                     |
| <b>Total Fund Balances</b>                 | <b>(14,929)</b>       | <b>106,112</b>                   | <b>296</b>                | <b>402,259</b>                        |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 4,786</b>       | <b>\$ 107,216</b>                | <b>\$ 296</b>             | <b>\$ 402,259</b>                     |

**Special Revenue Funds**

| <u>District Clerk Records Management</u> | <u>County Clerk Records Management</u> | <u>County Attorney Check Collections</u> | <u>County Constable Seizures</u> | <u>County Sheriff Programs</u> | <u>JP Technology</u> |
|--|--|--|----------------------------------|--------------------------------|----------------------|
| \$ 22,551                                | \$ 634,162                             | \$ 24,898                                | \$ 32,049                        | \$ 102,781                     | \$ 155,977           |
| -  | -                                      | -  | -                                | -                              | -                    |
| -  | -                                      | -  | -                                | -                              | -                    |
| -  | -                                      | (949)                                    | -                                | -                              | -                    |
| -  | -                                      | -  | -                                | -                              | -                    |
| <u>\$ 22,551</u>                         | <u>\$ 634,162</u>                      | <u>\$ 23,949</u>                         | <u>\$ 32,049</u>                 | <u>\$ 102,781</u>              | <u>\$ 155,977</u>    |
| \$ -                                     | \$ 1,727                               | \$ 2,706                                 | \$ -                             | \$ -                           | \$ -                 |
| -  | -                                      | -  | -                                | -                              | -                    |
| -  | -                                      | -  | 20,175                           | 40,840                         | -                    |
| -  | -                                      | -  | -                                | -                              | -                    |
| -  | 1,727                                  | 2,706                                    | 20,175                           | 40,840                         | -                    |
| -  | -                                      | -  | -                                | -                              | -                    |
| 22,551                                   | 632,435                                | -  | -                                | -                              | -                    |
| -  | -                                      | -  | 11,874                           | 61,941                         | -                    |
| -  | -                                      | 21,243                                   | -                                | -                              | -                    |
| -  | -                                      | -  | -                                | -                              | 155,977              |
| -  | -                                      | -  | -                                | -                              | -                    |
| <u>22,551</u>                            | <u>632,435</u>                         | <u>21,243</u>                            | <u>11,874</u>                    | <u>61,941</u>                  | <u>155,977</u>       |
| <u>\$ 22,551</u>                         | <u>\$ 634,162</u>                      | <u>\$ 23,949</u>                         | <u>\$ 32,049</u>                 | <u>\$ 102,781</u>              | <u>\$ 155,977</u>    |

**LIBERTY COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (page 3 of 3)**  
**September 30, 2008**

|  | Special Revenue Funds |                              |                       |                   |
|--|-----------------------|------------------------------|-----------------------|-------------------|
|  | COPS<br>Fund          | CDBG<br>Disaster<br>Recovery | Infectious<br>Disease | CDBG              |
| <b>Assets</b>                              |                       |                              |                       |                   |
| Cash and cash equivalents                  | \$ 53,964             | \$ 22,654                    | \$ 17,644             | \$ 133,794        |
| Receivables, net                           | -                     | -                            | -                     | -                 |
| Due from other governments                 | -                     | -                            | -                     | -                 |
| Due from other funds                       | -                     | 32,100                       | -                     | -                 |
| Due from others                            | -                     | 63,733                       | -                     | -                 |
| <b>Total Assets</b>                        | <b>\$ 53,964</b>      | <b>\$ 118,487</b>            | <b>\$ 17,644</b>      | <b>\$ 133,794</b> |
| <b>Liabilities</b>                         |                       |                              |                       |                   |
| Accounts payable                           | \$ -                  | \$ -                         | \$ -                  | \$ -              |
| Due to other funds                         | 53,964                | 46,200                       | 8,799                 | 7,870             |
| Due to others                              | -                     | -                            | -                     | -                 |
| Deferred revenue                           | -                     | -                            | -                     | -                 |
| <b>Total Liabilities</b>                   | <b>53,964</b>         | <b>46,200</b>                | <b>8,799</b>          | <b>7,870</b>      |
| <b>Fund Balances</b>                       |                       |                              |                       |                   |
| Reserved for:                              |                       |                              |                       |                   |
| Debt service                               | -                     | -                            | -                     | -                 |
| Records management                         | -                     | -                            | -                     | -                 |
| Public safety                              | -                     | -                            | -                     | -                 |
| Judicial                                   | -                     | -                            | -                     | -                 |
| Other purposes                             | -                     | 72,287                       | 8,845                 | 125,924           |
| Unreserved and designated for:             |                       |                              |                       |                   |
| Public transportation                      | -                     | -                            | -                     | -                 |
| <b>Total Fund Balances</b>                 | <b>-</b>              | <b>72,287</b>                | <b>8,845</b>          | <b>125,924</b>    |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 53,964</b>      | <b>\$ 118,487</b>            | <b>\$ 17,644</b>      | <b>\$ 133,794</b> |

**Special Revenue Funds**

| <b>Supplemental<br/>Environmental<br/>Project</b> | <b>Hurricane<br/>Ike</b> | <b>TDHCA<br/>Home<br/>Program</b> | <b>Total<br/>Nonmajor<br/>Special Revenue<br/>Funds</b> | <b>Debt<br/>Service</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
|---|--------------------------|-----------------------------------|---|-------------------------|--|
| \$ 900  | \$ -                     | \$ -                              | \$ 3,594,607  | \$ 437,030              | \$ 4,031,637   |
| -   | -                        | -                                 | -   | 162,797                 | 162,797  |
| -   | 2,519,307                | -                                 | 2,613,483   | -                       | 2,613,483  |
| -   | -                        | -                                 | 86,170  | -                       | 86,170   |
| -   | -                        | -                                 | 68,356  | -                       | 68,356   |
| <u>\$ 900</u>                                     | <u>\$ 2,519,307</u>      | <u>\$ -</u>                       | <u>\$ 6,362,616</u>                                     | <u>\$ 599,827</u>       | <u>\$ 6,962,443</u>                                  |
| \$ -  | \$ -                     | \$ 42,236                         | \$ 148,575  | \$ 19,471               | \$ 168,046   |
| -   | 1,673,437                | -                                 | 1,822,370   | -                       | 1,822,370  |
| -   | -                        | -                                 | 80,373  | -                       | 80,373   |
| -   | -                        | -                                 | -   | 162,798                 | 162,798  |
| -   | 1,673,437                | 42,236                            | 2,051,318   | 182,269                 | 2,233,587  |
| -   | -                        | -                                 | -   | 417,558                 | 417,558  |
| -   | -                        | -                                 | 912,402   | -                       | 912,402  |
| -   | 845,870                  | (42,236)                          | 1,098,235   | -                       | 1,098,235  |
| -   | -                        | -                                 | 666,403   | -                       | 666,403  |
| 900   | -                        | -                                 | 356,036   | -                       | 356,036  |
| -   | -                        | -                                 | 1,278,222   | -                       | 1,278,222  |
| <u>900</u>  | <u>845,870</u>           | <u>(42,236)</u>                   | <u>4,311,298</u>  | <u>417,558</u>          | <u>4,728,856</u>                                     |
| <u>\$ 900</u>                                     | <u>\$ 2,519,307</u>      | <u>\$ -</u>                       | <u>\$ 6,362,616</u>                                     | <u>\$ 599,827</u>       | <u>\$ 6,962,443</u>                                  |

**LIBERTY COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (page 1 of 3)**  
**For the Year Ended September 30, 2008**

|  | <u>Special Revenue Funds</u> |                                |                        |                               |
|--|------------------------------|--------------------------------|------------------------|-------------------------------|
|  | <u>Land<br/>Acquisition</u>  | <u>Courthouse<br/>Security</u> | <u>Law<br/>Library</u> | <u>Juvenile<br/>Probation</u> |
| <b><u>Revenues</u></b>   |                              |                                |                        |                               |
| Property taxes   | \$ -                         | \$ -                           | \$ -                   | \$ -                          |
| Intergovernmental revenue  | -                            | -                              | -                      | 394,686                       |
| Charges for services   | -                            | -                              | -                      | -                             |
| Fines and forfeitures  | 378,735                      | 64,815                         | 49,607                 | -                             |
| Investment income  | -                            | -                              | -                      | 1,303                         |
| Other revenue  | -                            | -                              | -                      | -                             |
| <b>Total Revenues</b>  | <u>378,735</u>               | <u>64,815</u>                  | <u>49,607</u>          | <u>395,989</u>                |
| <b><u>Expenditures</u></b>   |                              |                                |                        |                               |
| <b>Current:</b>  |                              |                                |                        |                               |
| General government   | -                            | -                              | -                      | -                             |
| Judicial   | -                            | 59,217                         | 41,202                 | -                             |
| Legal  | -                            | -                              | -                      | -                             |
| Public safety  | -                            | -                              | -                      | 524,478                       |
| Public transportation  | 221,487                      | -                              | -                      | -                             |
| Other  | -                            | -                              | -                      | -                             |
| Capital outlay   | -                            | 4,818                          | -                      | -                             |
| <b>Debt Service:</b>   |                              |                                |                        |                               |
| Principal  | -                            | -                              | -                      | -                             |
| Interest and fiscal charges  | -                            | -                              | -                      | -                             |
| <b>Total Expenditures</b>  | <u>221,487</u>               | <u>64,035</u>                  | <u>41,202</u>          | <u>524,478</u>                |
| <b>Excess (Deficiency) of<br/>Revenues Over (Under) Expenditures</b> | <u>157,248</u>               | <u>780</u>                     | <u>8,405</u>           | <u>(128,489)</u>              |
| <b>Net Change in Fund Balances</b>                                   | 157,248                      | 780                            | 8,405                  | (128,489)                     |
| Beginning Fund Balances  | <u>1,120,974</u>             | <u>96,027</u>                  | <u>29,985</u>          | <u>278,502</u>                |
| <b>Ending Fund Balances</b>  | <u>\$ 1,278,222</u>          | <u>\$ 96,807</u>               | <u>\$ 38,390</u>       | <u>\$ 150,013</u>             |

**Special Revenue Funds**

| <u>DARE</u>      | <u>Commissary</u> | <u>TCDP Programs</u> | <u>Homeland Security</u> | <u>Commissioners' Court Records Management</u> | <u>District Attorney Federal Forfeiture</u> |
|------------------|-------------------|----------------------|--------------------------|--|---|
| \$ -             | \$ -              | \$ -                 | \$ -                     | \$ -   | \$ -  |
| -                | -                 | 133,718              | 15,582                   | -  | -   |
| -                | 69,796            | -                    | -                        | -  | -   |
| -                | -                 | -                    | -                        | 35,975   | -   |
| -                | -                 | -                    | -                        | -  | 84  |
| 22,835           | 547               | -                    | -                        | -  | -   |
| <u>22,835</u>    | <u>70,343</u>     | <u>133,718</u>       | <u>15,582</u>            | <u>35,975</u>                                  | <u>84</u>                                   |
| -                | -                 | -                    | -                        | 7,055  | -   |
| -                | -                 | -                    | -                        | -  | -   |
| -                | -                 | -                    | -                        | -  | -   |
| 18,962           | 97,525            | -                    | -                        | -  | -   |
| -                | -                 | 102,855              | -                        | -  | -   |
| -                | -                 | -                    | -                        | -  | -   |
| -                | -                 | -                    | -                        | -  | -   |
| <u>18,962</u>    | <u>97,525</u>     | <u>102,855</u>       | <u>-</u>                 | <u>7,055</u>                                   | <u>-</u>                                    |
| <u>3,873</u>     | <u>(27,182)</u>   | <u>30,863</u>        | <u>15,582</u>            | <u>28,920</u>                                  | <u>84</u>                                   |
| 3,873            | (27,182)          | 30,863               | 15,582                   | 28,920   | 84  |
| <u>39,252</u>    | <u>42,840</u>     | <u>(38,760)</u>      | <u>643</u>               | <u>228,496</u>                                 | <u>11,906</u>                               |
| <u>\$ 43,125</u> | <u>\$ 15,658</u>  | <u>\$ (7,897)</u>    | <u>\$ 16,225</u>         | <u>\$ 257,416</u>                              | <u>\$ 11,990</u>                            |

**LIBERTY COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (page 2 of 3)**  
**For the Year Ended September 30, 2008**

|  | Special Revenue Funds |                                  |                           |                                       |
|--|-----------------------|----------------------------------|---------------------------|---------------------------------------|
|  | District<br>Attorney  | District<br>Attorney<br>Programs | District<br>Clerk<br>TDCJ | District<br>Clerk<br>Child<br>Support |
| <b>Revenues</b>  |                       |                                  |                           |                                       |
| Property taxes   | \$ -                  | \$ -                             | \$ -                      | \$ -                                  |
| Intergovernmental revenue  | 25,036                | -                                | -                         | 74,158                                |
| Charges for services   | -                     | -                                | -                         | -                                     |
| Fines and forfeitures  | 10,758                | 12,935                           | -                         | -                                     |
| Investment income  | -                     | 717                              | -                         | -                                     |
| Other revenue  | -                     | -                                | -                         | -                                     |
| <b>Total Revenues</b>  | <u>35,794</u>         | <u>13,652</u>                    | <u>-</u>                  | <u>74,158</u>                         |
| <b>Expenditures</b>  |                       |                                  |                           |                                       |
| <b>Current:</b>  |                       |                                  |                           |                                       |
| General government   | -                     | -                                | -                         | -                                     |
| Judicial   | -                     | -                                | -                         | 53,852                                |
| Legal  | 45,069                | 8,537                            | -                         | -                                     |
| Public safety  | -                     | -                                | -                         | -                                     |
| Public transportation  | -                     | -                                | -                         | -                                     |
| Other  | -                     | -                                | -                         | -                                     |
| Capital outlay   | -                     | -                                | -                         | -                                     |
| <b>Debt Service:</b>   |                       |                                  |                           |                                       |
| Principal  | -                     | -                                | -                         | -                                     |
| Interest and fiscal charges  | -                     | -                                | -                         | -                                     |
| <b>Total Expenditures</b>  | <u>45,069</u>         | <u>8,537</u>                     | <u>-</u>                  | <u>53,852</u>                         |
| <b>Excess (Deficiency) of<br/>Revenues Over (Under) Expenditures</b> | <u>(9,275)</u>        | <u>5,115</u>                     | <u>-</u>                  | <u>20,306</u>                         |
| <b>Net Change in Fund Balances</b>                                   | <u>(9,275)</u>        | <u>5,115</u>                     | <u>-</u>                  | <u>20,306</u>                         |
| Beginning Fund Balances  | <u>(5,654)</u>        | <u>100,997</u>                   | <u>296</u>                | <u>381,953</u>                        |
| <b>Ending Fund Balances</b>  | <u>\$ (14,929)</u>    | <u>\$ 106,112</u>                | <u>\$ 296</u>             | <u>\$ 402,259</u>                     |

**Special Revenue Funds**

| <u>District Clerk Records Management</u> | <u>County Clerk Records Management</u> | <u>County Attorney Check Collections</u> | <u>County Constable Seizures</u> | <u>County Sheriff Programs</u> | <u>JP Technology</u> |
|--|--|--|----------------------------------|--------------------------------|----------------------|
| \$ -                                     | \$ -                                   | \$ -                                     | \$ -                             | \$ -                           | \$ -                 |
| -  | -                                      | -  | -                                | -                              | -                    |
| -  | -                                      | -  | -                                | -                              | -                    |
| 8,507                                    | 116,645                                | 52,133                                   | -                                | -                              | 27,023               |
| -  | -                                      | -  | -                                | -                              | -                    |
| -  | -                                      | -  | 30,775                           | 59,619                         | -                    |
| <u>8,507</u>                             | <u>116,645</u>                         | <u>52,133</u>                            | <u>30,775</u>                    | <u>59,619</u>                  | <u>27,023</u>        |
| -  | 27,869                                 | -  | -                                | -                              | -                    |
| 3,536                                    | -                                      | -  | -                                | -                              | 299                  |
| -  | -                                      | 79,201                                   | -                                | -                              | -                    |
| -  | -                                      | -  | 22,086                           | -                              | -                    |
| -  | -                                      | -  | -                                | -                              | -                    |
| 1,930                                    | 29,009                                 | -  | -                                | -                              | 18,997               |
| -  | -                                      | -  | -                                | -                              | -                    |
| -  | -                                      | -  | -                                | -                              | -                    |
| <u>5,466</u>                             | <u>56,878</u>                          | <u>79,201</u>                            | <u>22,086</u>                    | <u>-</u>                       | <u>19,296</u>        |
| <u>3,041</u>                             | <u>59,767</u>                          | <u>(27,068)</u>                          | <u>8,689</u>                     | <u>59,619</u>                  | <u>7,727</u>         |
| 3,041                                    | 59,767                                 | (27,068)                                 | 8,689                            | 59,619                         | 7,727                |
| <u>19,510</u>                            | <u>572,668</u>                         | <u>48,311</u>                            | <u>3,185</u>                     | <u>2,322</u>                   | <u>148,250</u>       |
| <u>\$ 22,551</u>                         | <u>\$ 632,435</u>                      | <u>\$ 21,243</u>                         | <u>\$ 11,874</u>                 | <u>\$ 61,941</u>               | <u>\$ 155,977</u>    |

**LIBERTY COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (page 3 of 3)**  
**For the Year Ended September 30, 2008**

|  | Special Revenue Funds |                              |                       |                   |
|--|-----------------------|------------------------------|-----------------------|-------------------|
|  | COPS<br>Fund          | CDBG<br>Disaster<br>Recovery | Infectious<br>Disease | CDBG              |
| <b>Revenues</b>  |                       |                              |                       |                   |
| Property taxes   | \$ -                  | \$ -                         | \$ -                  | \$ -              |
| Intergovernmental revenue  | -                     | 315,019                      | 31,452                | 140,829           |
| Charges for services   | -                     | -                            | -                     | -                 |
| Fines and forfeitures  | -                     | -                            | -                     | -                 |
| Investment income  | -                     | -                            | -                     | -                 |
| Other revenue  | -                     | -                            | -                     | -                 |
| <b>Total Revenues</b>  | <b>-</b>              | <b>315,019</b>               | <b>31,452</b>         | <b>140,829</b>    |
| <b>Expenditures</b>  |                       |                              |                       |                   |
| <b>Current:</b>  |                       |                              |                       |                   |
| General government   | -                     | -                            | -                     | 14,905            |
| Judicial   | -                     | -                            | -                     | -                 |
| Legal  | -                     | -                            | -                     | -                 |
| Public safety  | -                     | -                            | 22,607                | -                 |
| Public transportation  | -                     | -                            | -                     | -                 |
| Other  | -                     | -                            | -                     | -                 |
| Capital outlay   | -                     | 290,500                      | -                     | -                 |
| <b>Debt Service:</b>   |                       |                              |                       |                   |
| Principal  | -                     | -                            | -                     | -                 |
| Interest and fiscal charges  | -                     | -                            | -                     | -                 |
| <b>Total Expenditures</b>  | <b>-</b>              | <b>290,500</b>               | <b>22,607</b>         | <b>14,905</b>     |
| <b>Excess (Deficiency) of<br/>Revenues Over (Under) Expenditures</b> | <b>-</b>              | <b>24,519</b>                | <b>8,845</b>          | <b>125,924</b>    |
| <b>Net Change in Fund Balances</b>                                   | <b>-</b>              | <b>24,519</b>                | <b>8,845</b>          | <b>125,924</b>    |
| Beginning Fund Balances  | -                     | 47,768                       | -                     | -                 |
| <b>Ending Fund Balances</b>  | <b>\$ -</b>           | <b>\$ 72,287</b>             | <b>\$ 8,845</b>       | <b>\$ 125,924</b> |

**Special Revenue Funds**

| <b>Supplemental<br/>Environmental<br/>Project</b> | <b>Hurricane<br/>Ike</b> | <b>TDHCA<br/>Home<br/>Program</b> | <b>Total<br/>Nonmajor<br/>Special Revenue<br/>Funds</b> | <b>Debt<br/>Service</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
|---|--------------------------|-----------------------------------|---|-------------------------|--|
| \$ -  | \$ -                     | \$ -                              | \$ -  | \$ 1,385,997            | \$ 1,385,997   |
| -   | 2,519,307                | 620,148                           | 4,269,935   | -                       | 4,269,935  |
| -   | -                        | -                                 | 69,796  | -                       | 69,796   |
| -   | -                        | -                                 | 757,133   | -                       | 757,133  |
| -   | -                        | -                                 | 2,104   | 17,686                  | 19,790   |
| -   | -                        | -                                 | 113,776   | -                       | 113,776  |
| -   | 2,519,307                | 620,148                           | 5,212,744   | 1,403,683               | 6,616,427  |
| -   | -                        | -                                 | 49,829  | -                       | 49,829   |
| -   | -                        | -                                 | 158,106   | -                       | 158,106  |
| -   | -                        | -                                 | 132,807   | -                       | 132,807  |
| -   | 1,145,106                | 662,384                           | 2,493,148   | -                       | 2,493,148  |
| -   | -                        | -                                 | 221,487   | -                       | 221,487  |
| -   | -                        | -                                 | 102,855   | -                       | 102,855  |
| -   | 528,331                  | -                                 | 873,585   | 377,935                 | 1,251,520  |
| -   | -                        | -                                 | -   | 1,030,000               | 1,030,000  |
| -   | -                        | -                                 | -   | 339,993                 | 339,993  |
| -   | 1,673,437                | 662,384                           | 4,031,817   | 1,747,928               | 5,779,745  |
| -   | 845,870                  | (42,236)                          | 1,180,927   | (344,245)               | 836,682  |
| -   | 845,870                  | (42,236)                          | 1,180,927   | (344,245)               | 836,682  |
| 900   | -                        | -                                 | 3,130,371   | 761,803                 | 3,892,174  |
| <u>\$ 900</u>                                     | <u>\$ 845,870</u>        | <u>\$ (42,236)</u>                | <u>\$ 4,311,298</u>                                     | <u>\$ 417,558</u>       | <u>\$ 4,728,856</u>                                  |

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**LIBERTY COUNTY, TEXAS**  
**LAND ACQUISITION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2008**

|                                   | Budgeted<br>Amounts |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|---------------------|-------------------|---|
|                                   | Original &<br>Final | Actual<br>Amounts |   |
| <b><u>Revenues</u></b>            |                     |                   |   |
| Fines and forfeitures             | \$ 300,000          | \$ 378,735        | \$ 78,735   |
| <b>Total Revenues</b>             | 300,000             | 378,735           | 78,735  |
| <b><u>Expenditures</u></b>        |                     |                   |   |
| <b>Public Transportation:</b>     |                     |                   |   |
| Rural addressing - 911            | 25,000              | 3,630             | 21,370  |
| Road and bridge supplies          | 50,000              | 51,722            | (1,722)   |
| Right-of-way expenses             | 100,000             | 166,135           | (66,135)  |
| <b>Total Expenditures</b>         | 175,000             | 221,487           | (46,487) *  |
| <b>Net Change in Fund Balance</b> | \$ 125,000          | 157,248           | \$ 32,248   |
| Beginning Fund Balance            |                     | 1,120,974         |   |
| <b>Ending Fund Balance</b>        |                     | \$ 1,278,222      |   |

Notes to Supplementary Information

1. Excess of expenditures over appropriations at the legal level of control. \*

**LIBERTY COUNTY, TEXAS**  
**COURTHOUSE SECURITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended September 30, 2008

|                                   | Budgeted<br>Amounts |                   | Variance with<br>Final Budget |
|-----------------------------------|---------------------|-------------------|-------------------------------|
|                                   | Original &<br>Final | Actual<br>Amounts | Positive<br>(Negative)        |
| <b>Revenues</b>                   |                     |                   |                               |
| Fines and forfeitures             | \$ 57,000           | \$ 64,815         | \$ 7,815                      |
| <b>Total Revenues</b>             | 57,000              | 64,815            | 7,815                         |
| <b>Expenditures</b>               |                     |                   |                               |
| <b>Judicial:</b>                  |                     |                   |                               |
| Salaries and benefits             | 55,788              | 56,351            | (563)                         |
| Office expense and supplies       | 931                 | 178               | 753                           |
| Education and training            | 2,000               | 2,688             | (688)                         |
| Capital outlay                    | -                   | 4,818             | (4,818)                       |
| <b>Total Expenditures</b>         | 58,719              | 64,035            | (5,316) *                     |
| <b>Net Change in Fund Balance</b> | \$ (1,719)          | 780               | \$ 2,499                      |
| Beginning Fund Balance            |                     | 96,027            |                               |
| <b>Ending Fund Balance</b>        |                     | \$ 96,807         |                               |

Notes to Supplementary Information

1. Excess of expenditures over appropriations at the legal level of control. \*

**LIBERTY COUNTY, TEXAS**  
**LAW LIBRARY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended September 30, 2008

|                                   | <u>Budgeted<br/>Amounts</u>     |                           | <u>Variance with<br/>Final Budget</u> |
|-----------------------------------|---------------------------------|---------------------------|---------------------------------------|
|                                   | <u>Original &amp;<br/>Final</u> | <u>Actual<br/>Amounts</u> | <u>Positive<br/>(Negative)</u>        |
| <b><u>Revenues</u></b>            |                                 |                           |                                       |
| Fines and forfeitures             | \$ 51,000                       | \$ 49,607                 | \$ (1,393)                            |
| <b>Total Revenues</b>             | <u>51,000</u>                   | <u>49,607</u>             | <u>(1,393)</u>                        |
| <b><u>Expenditures</u></b>        |                                 |                           |                                       |
| <b>Judicial:</b>                  |                                 |                           |                                       |
| Salaries and benefits             | 12,028                          | 1,269                     | 10,759                                |
| Office expense and supplies       | 2,472                           | 1,677                     | 795                                   |
| Law books                         | 28,000                          | 27,625                    | 375                                   |
| Copier lease                      | 6,000                           | 1,631                     | 4,369                                 |
| Office lease                      | 2,500                           | 9,000                     | (6,500)                               |
| <b>Total Expenditures</b>         | <u>51,000</u>                   | <u>41,202</u>             | <u>9,798</u>                          |
| <b>Net Change in Fund Balance</b> | <u>\$ -</u>                     | <u>8,405</u>              | <u>\$ 8,405</u>                       |
| Beginning Fund Balance            |                                 | <u>29,985</u>             |                                       |
| <b>Ending Fund Balance</b>        |                                 | <u>\$ 38,390</u>          |                                       |

**LIBERTY COUNTY, TEXAS**  
**COMMISSIONERS' COURT RECORDS MANAGEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended September 30, 2008

|                                   | Budgeted<br>Amounts |                   | Variance with<br>Final Budget |
|-----------------------------------|---------------------|-------------------|-------------------------------|
|                                   | Original &<br>Final | Actual<br>Amounts | Positive<br>(Negative)        |
| <b><u>Revenues</u></b>            |                     |                   |                               |
| Fines and forfeitures             | \$ 40,000           | \$ 35,975         | \$ (4,025)                    |
| <b>Total Revenues</b>             | 40,000              | 35,975            | (4,025)                       |
| <br><b><u>Expenditures</u></b>    |                     |                   |                               |
| <b>General government:</b>        |                     |                   |                               |
| Office expense and supplies       | 28,000              | 7,055             | 20,945                        |
| Capital outlay                    | 12,000              | -                 | 12,000                        |
| <b>Total Expenditures</b>         | 40,000              | 7,055             | 32,945                        |
| <b>Net Change in Fund Balance</b> | \$ -                | 28,920            | \$ 28,920                     |
| Beginning Fund Balance            |                     | 228,496           |                               |
| <b>Ending Fund Balance</b>        |                     | \$ 257,416        |                               |

**LIBERTY COUNTY, TEXAS**  
**DISTRICT CLERK CHILD SUPPORT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2008**

|                                   | Budgeted<br>Amounts |  | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|---------------------|--|-------------------|---|
| <u>Revenues</u>                   | Original &<br>Final |  | Amounts           | (Negative)  |
| Intergovernmental                 | \$ 55,000           |  | \$ 74,158         | \$ 19,158   |
| <b>Total Revenues</b>             | 55,000              |  | 74,158            | 19,158  |
| <br><u>Expenditures</u>           |                     |  |                   |   |
| <b>Judicial:</b>                  |                     |  |                   |   |
| Salaries and benefits             | 31,600              |  | 39,152            | (7,552)   |
| Office expense and supplies       | -                   |  | 14,700            | (14,700)  |
| <b>Total Expenditures</b>         | 31,600              |  | 53,852            | (22,252) *  |
| <b>Net Change in Fund Balance</b> | \$ 23,400           |  | 20,306            | \$ (3,094)  |
| Beginning Fund Balance            |                     |  | 381,953           |   |
| <b>Ending Fund Balance</b>        |                     |  | \$ 402,259        |   |

Notes to Supplementary Information

1. Excess of expenditures over appropriations at the legal level of control. \*

**LIBERTY COUNTY, TEXAS**  
**DISTRICT CLERK RECORDS MANAGEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended September 30, 2008

|                                   | Budgeted<br>Amounts |                   | Variance with<br>Final Budget |
|-----------------------------------|---------------------|-------------------|-------------------------------|
|                                   | Original &<br>Final | Actual<br>Amounts | Positive<br>(Negative)        |
| <b><u>Revenues</u></b>            |                     |                   |                               |
| Fines and forfeitures             | \$ 8,000            | \$ 8,507          | \$ 507                        |
| <b>Total Revenues</b>             | 8,000               | 8,507             | 507                           |
| <br><b><u>Expenditures</u></b>    |                     |                   |                               |
| <b>Judicial:</b>                  |                     |                   |                               |
| Office expense and supplies       | 4,500               | 3,536             | 964                           |
| Capital outlay                    | 3,500               | 1,930             | 1,570                         |
| <b>Total Expenditures</b>         | 8,000               | 5,466             | 2,534                         |
| <b>Net Change in Fund Balance</b> | \$ -                | 3,041             | \$ 3,041                      |
| Beginning Fund Balance            |                     | 19,510            |                               |
| <b>Ending Fund Balance</b>        |                     | \$ 22,551         |                               |

**LIBERTY COUNTY, TEXAS**  
**COUNTY CLERK RECORDS MANAGEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended September 30, 2008

|                                   | Budgeted<br>Amounts |                   | Variance with<br>Final Budget |
|-----------------------------------|---------------------|-------------------|-------------------------------|
|                                   | Original &<br>Final | Actual<br>Amounts | Positive<br>(Negative)        |
| <b><u>Revenues</u></b>            |                     |                   |                               |
| Fines and forfeitures             | \$ 90,000           | \$ 116,645        | \$ 26,645                     |
| <b>Total Revenues</b>             | 90,000              | 116,645           | 26,645                        |
| <b><u>Expenditures</u></b>        |                     |                   |                               |
| <b>General government:</b>        |                     |                   |                               |
| Office expense and supplies       | 25,000              | 27,869            | (2,869)                       |
| Equipment lease                   | 15,000              | -                 | 15,000                        |
| Capital outlay                    | 50,000              | 29,009            | 20,991                        |
| <b>Total Expenditures</b>         | 90,000              | 56,878            | 33,122                        |
| <b>Net Change in Fund Balance</b> | \$ -                | 59,767            | \$ 59,767                     |
| Beginning Fund Balance            |                     | 572,668           |                               |
| <b>Ending Fund Balance</b>        |                     | \$ 632,435        |                               |

**LIBERTY COUNTY, TEXAS**  
**COUNTY ATTORNEY CHECK COLLECTIONS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended September 30, 2008

|                                   | Budgeted<br>Amounts |                   | Variance with<br>Final Budget |
|-----------------------------------|---------------------|-------------------|-------------------------------|
|                                   | Original &<br>Final | Actual<br>Amounts | Positive<br>(Negative)        |
| <b><u>Revenues</u></b>            |                     |                   |                               |
| Fines and forfeitures             | \$ 61,000           | \$ 52,133         | \$ (8,867)                    |
| <b>Total Revenues</b>             | 61,000              | 52,133            | (8,867)                       |
| <br><b><u>Expenditures</u></b>    |                     |                   |                               |
| <b>Legal:</b>                     |                     |                   |                               |
| Salaries and benefits             | 36,350              | 49,650            | (13,300)                      |
| Office expense and supplies       | 20,000              | 29,551            | (9,551)                       |
| Law books                         | 3,150               | -                 | 3,150                         |
| Capital outlay                    | 1,500               | -                 | 1,500                         |
| <b>Total Expenditures</b>         | 61,000              | 79,201            | (18,201) *                    |
| <b>Net Change in Fund Balance</b> | \$ -                | (27,068)          | \$ (27,068)                   |
| Beginning Fund Balance            |                     | 48,311            |                               |
| <b>Ending Fund Balance</b>        |                     | \$ 21,243         |                               |

Notes to Supplementary Information

1. Excess of expenditures over appropriations at the legal level of control. \*

**LIBERTY COUNTY, TEXAS**  
*JP TECHNOLOGY FUND*  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended September 30, 2008

|                                   | Budgeted<br>Amounts |  | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|---------------------|--|-------------------|---|
|                                   | Original &<br>Final |  |                   |   |
| <b><u>Revenues</u></b>            |                     |  |                   |   |
| Fines and forfeitures             | \$ 30,999           |  | \$ 27,023         | \$ (3,976)  |
| <b>Total Revenues</b>             | 30,999              |  | 27,023            | (3,976)   |
| <br><b><u>Expenditures</u></b>    |                     |  |                   |   |
| <b>Judicial:</b>                  |                     |  |                   |   |
| Office expense and supplies       | 1,000               |  | 299               | 701   |
| Capital outlay                    | 25,000              |  | 18,997            | 6,003   |
| <b>Total Expenditures</b>         | 26,000              |  | 19,296            | 6,704   |
| <b>Net Change in Fund Balance</b> | \$ 4,999            |  | 7,727             | \$ 2,728  |
| Beginning Fund Balance            |                     |  | 148,250           |   |
| <b>Ending Fund Balance</b>        |                     |  | \$ 155,977        |   |

**LIBERTY COUNTY, TEXAS**  
**HURRICANE IKE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2008**

|                                      | <u>Budgeted Amounts</u> |                       | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--------------------------------------|-------------------------|-----------------------|---------------------------|---|
|                                      | <u>Original</u>         | <u>Final</u>          |                           |   |
| <b><u>Revenues</u></b>               |                         |                       |                           |   |
| Intergovernmental                    | \$ -                    | \$ 2,000,000          | \$ 2,519,307              | \$ 519,307  |
| <b>Total Revenues</b>                | <u>-</u>                | <u>2,000,000</u>      | <u>2,519,307</u>          | <u>519,307</u>  |
| <b><u>Expenditures</u></b>           |                         |                       |                           |   |
| <b>Public Safety:</b>                |                         |                       |                           |   |
| Debris removal                       | -                       | 2,000,000             | 1,145,106                 | 854,894   |
| Capital outlay                       | -                       | 1,000,000             | 528,331                   | 471,669   |
| <b>Total Expenditures</b>            | <u>-</u>                | <u>3,000,000</u>      | <u>1,673,437</u>          | <u>1,326,563</u>  |
| <b>Other Financing Sources:</b>      |                         |                       |                           |   |
| Transfers in                         | -                       | 2,000,000             | -                         | (2,000,000)   |
| <b>Total Other Financing Sources</b> | <u>-</u>                | <u>2,000,000</u>      | <u>-</u>                  | <u>(2,000,000)</u>  |
| <b>Net Change in Fund Balance</b>    | <u>\$ -</u>             | <u>\$ (1,000,000)</u> | 845,870                   | <u>\$ (154,130)</u>   |
| Beginning Fund Balance               |                         |                       | <u>-</u>                  |   |
| <b>Ending Fund Balance</b>           |                         |                       | <u>\$ 845,870</u>         |   |

**LIBERTY COUNTY, TEXAS**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2008**  
**With Comparative Totals for the Year Ended September 30, 2007**

|                                   | 2008                |                     |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2007              |
|-----------------------------------|---------------------|---------------------|-------------------|---|-------------------|
|                                   | Budgeted Amounts    |                     | Actual<br>Amounts |   |                   |
|                                   | Original            | Final               |                   |   |                   |
| <b>Revenues</b>                   |                     |                     |                   |   |                   |
| Taxes                             | \$ 1,307,801        | \$ 1,307,801        | \$ 1,385,997      | \$ 78,196   | \$ 1,558,143      |
| Investment income                 | 30,000              | 30,000              | 17,686            | (12,314)  | 58,992            |
| <b>Total Revenues</b>             | <u>1,337,801</u>    | <u>1,337,801</u>    | <u>1,403,683</u>  | <u>65,882</u>   | <u>1,617,135</u>  |
| <b>Expenditures</b>               |                     |                     |                   |   |                   |
| Capital outlay                    | 408,375             | 408,375             | 377,935           | 30,440  | -                 |
| Principal                         | 1,030,000           | 1,030,000           | 1,030,000         | -   | 1,015,000         |
| Interest and fiscal charges       | 343,493             | 343,493             | 339,993           | 3,500   | 375,069           |
| <b>Total Expenditures</b>         | <u>1,781,868</u>    | <u>1,781,868</u>    | <u>1,747,928</u>  | <u>33,940</u>   | <u>1,390,069</u>  |
| <b>Net Change in Fund Balance</b> | <u>\$ (444,067)</u> | <u>\$ (444,067)</u> | (344,245)         | <u>\$ 99,822</u>  | <u>\$ 227,066</u> |
| Beginning Fund Balance            |                     |                     | <u>761,803</u>    |   |                   |
| <b>Ending Fund Balance</b>        |                     |                     | <u>\$ 417,558</u> |   |                   |

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# LIBERTY COUNTY, TEXAS

## *AGENCY FUND DESCRIPTIONS*

For the Year Ended September 30, 2008

The State Court Costs fund accounts for assets held by the County on behalf of other governments.

The Old River District No. 1 fund accounts for funds held on behalf of Old River District No.1.

The Social Security fund accounts for social security taxes and other employee benefits of the County and certain other governmental units.

The District Attorney Seizure Account fund accounts for funds seized in drug arrests until said funds are forfeited to the arresting police agency (sometimes more than one agency), District Attorney, or rightful owner.

The County Officials Escrow fund accounts for assets held by the County as agent for other governments, courts or individuals.

The Fine and Bond fund accounts for funds received from inmates for fines and bonds.

The Inmate Release fund accounts for funds received by or for the benefit of inmates. Funds are used for the inmates' commissary and medical needs.

# LIBERTY COUNTY, TEXAS

## COMBINING STATEMENT OF NET ASSETS

### AGENCY FUNDS

September 30, 2008

|                            | <u>State Court<br/>Costs</u> | <u>Old River<br/>District No. 1</u> | <u>Social Security</u> | <u>District<br/>Attorney<br/>Seizure Account</u> |
|----------------------------|------------------------------|-------------------------------------|------------------------|--|
| <b><u>Assets</u></b>       |                              |                                     |                        |  |
| Cash and investments       | \$ 198,672                   | \$ 596,356                          | \$ 2,006               | \$ 45,997  |
| Due from other funds       | 13,202                       | -                                   | -                      | -  |
| Due from other governments | 15                           | -                                   | -                      | -  |
| Accounts receivable        | 331                          | -                                   | -                      | -  |
| <b>Total Assets</b>        | <b>\$ 212,220</b>            | <b>\$ 596,356</b>                   | <b>\$ 2,006</b>        | <b>\$ 45,997</b>                                 |
| <b><u>Liabilities</u></b>  |                              |                                     |                        |  |
| Accounts payable           | \$ 1,864                     | \$ 119,881                          | \$ -                   | \$ 1,199   |
| Due to other governments   | 199,849                      | -                                   | -                      | -  |
| Due to other funds         | -                            | -                                   | -                      | -  |
| Due to other units         | -                            | 476,475                             | 2,006                  | 44,798   |
| Other liabilities          | 10,507                       | -                                   | -                      | -  |
| <b>Total Liabilities</b>   | <b>\$ 212,220</b>            | <b>\$ 596,356</b>                   | <b>\$ 2,006</b>        | <b>\$ 45,997</b>                                 |

| <u>County Officials</u><br><u>Escrow</u> | <u>Fine and Bond</u> | <u>Inmate Release</u> | <u>Total Agency</u><br><u>Funds</u> |
|--|----------------------|-----------------------|-------------------------------------|
| \$ 6,289,235                             | \$ 2,285             | \$ 64,231             | \$ 7,198,782                        |
| -  | -                    | -                     | 13,202                              |
| -  | -                    | -                     | 15                                  |
| -  | -                    | -                     | 331                                 |
| <u>\$ 6,289,235</u>                      | <u>\$ 2,285</u>      | <u>\$ 64,231</u>      | <u>\$ 7,212,330</u>                 |
| \$ -                                     | \$ -                 | \$ -                  | \$ 122,944                          |
| -  | 2,285                | -                     | 202,134                             |
| 13,202                                   | -                    | -                     | 13,202                              |
| 6,276,033                                | -                    | 64,231                | 6,863,543                           |
| -  | -                    | -                     | 10,507                              |
| <u>\$ 6,289,235</u>                      | <u>\$ 2,285</u>      | <u>\$ 64,231</u>      | <u>\$ 7,212,330</u>                 |

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