

**WALLER COUNTY, TEXAS**

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED DECEMBER 31, 2008*



**WALLER COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

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*Financial Section*

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RUTLEDGE CRAIN & COMPANY, PC  
CERTIFIED PUBLIC ACCOUNTANTS  
2401 Garden Park Court, Suite B  
Arlington, Texas 76013

**Independent Auditors' Report on Financial Statements**

To the Honorable County Judge and Commissioners Comprising the  
Commissioners Court of Waller County, Texas  
Hempstead, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Waller County, Texas as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Waller County, Texas' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Waller County, Texas as of December 31, 2008 for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the budgetary comparison schedules identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted 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 supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise Waller County, Texas' basic financial statements. The 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.

*Rutledge Crain & Company, PC*

July 13, 2009

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*Management's Discussion and Analysis*

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**WALLER COUNTY, TEXAS**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS*  
*DECEMBER 31, 2008*

As management of Waller County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2008. We encourage readers to consider the information presented herein with the County's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The assets of the County exceeded its liabilities at the close of the fiscal year ended December 31, 2008, by \$21,853,758 (net assets). Of this amount, \$10,559,487 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$642,068.
- The County's governmental funds reported combined ending fund balances of \$9,633,135, an increase of \$481,874 in comparison to the previous year. This increase was a result of increases in ad valorem tax, and fines and fees.
- The unreserved portion of the General Fund fund balance at the end of the year was \$4,860,341 or 39% of total General Fund expenditures and transfers out.
- Total General Obligation Debt of the County decreased by \$585,000 during the fiscal year. This decrease is due to the annual principal reduction on the certificates of obligations issue designated for capital projects.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) fiduciary financial statements, and 4) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS.** The government-wide financial statements are designed to provide readers with a broad overview of Waller County's finances. This is done in a manner similar to a private-sector business. Two statements, the Statement of Net Assets and the Statement of Activities, are utilized to provide this financial overview.

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

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In addition, the statement of activities highlights government activities supported by taxes and intergovernmental revenues, along with program revenues classified to the corresponding government activity.

**WALLER COUNTY, TEXAS**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS*  
*DECEMBER 31, 2008*

The government-wide financial statements can be found on pages 14 - 15 of this report.

**FUND FINANCIAL STATEMENTS:** The County, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

**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 a government'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 government'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.

The County maintains thirty-eight individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and Road and Bridge Fund, each of which are considered to be major funds. Data from the other thirty-six funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

**FIDUCIARY FUNDS.** Fiduciary funds account for assets held by the County in a trustee capacity or as an agent on behalf of others. Private Purpose Trust funds account for assets held by the government under the terms of a formal trust agreement.

**NOTES TO THE FINANCIAL STATEMENTS:** The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements

**OTHER INFORMATION:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found after the notes to the financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

At the end of fiscal year 2008, the County's net assets (assets exceeding liabilities) totaled \$21,853,758. This analysis focuses on the net assets (Table 1) and changes in net assets (Table 2).

**NET ASSETS:** The largest portion of the County's net assets, \$11,056,283 or 50.6 percent, reflects its investment in capital assets (land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The County uses these assets to provide services to its citizen's, consequently; these assets are not available for future spending. Although the

## WALLER COUNTY, TEXAS

### MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2008

County reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net assets of \$217,527, in the debt service fund, are restricted for future debt service payments. Net assets of \$20,461 in the capital projects fund are restricted for capital projects.

The remaining balance of unrestricted net assets, \$10,559,487 or 48.3 percent, may be used to meet the government's ongoing obligations to citizens and creditors.

Table 1  
Condensed Statement of Net Assets

	2008	2007	Increase (Decrease)
<b>ASSETS</b>			
Current and other assets	\$29,817,024	\$26,826,277	\$2,990,747
Capital assets, net of depreciation	13,826,231	14,241,139	(414,908)
Total assets	43,643,255	41,067,416	2,575,839
<b>LIABILITIES</b>			
Long-term liabilities	4,444,548	4,544,450	(99,902)
Other liabilities	17,344,949	15,311,276	2,033,673
Total liabilities	21,789,497	19,855,726	1,933,771
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	11,056,283	10,128,603	927,680
Restricted for debt service	217,527	278,227	(60,700)
Restricted for capital projects	20,461	778,276	(757,815)
Unrestricted	10,559,487	10,026,584	532,903
	\$21,853,758	\$21,211,690	\$642,068

**CHANGES IN NET ASSETS.** The net assets of the County increased by \$642,068 for the fiscal year ended December 31, 2008.

**GOVERNMENTAL ACTIVITIES.** Governmental activities increased the County's net assets by \$642,068 from the prior year. This was primarily the result of the increase in property tax revenues.

**WALLER COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2008**

Table 2  
Changes in Net Assets

	2008	2007	Increase (Decrease)
<b>Program Revenues:</b>			
Charges for services	\$3,884,977	\$3,392,612	\$492,365
Operating grants and contributions	485,542	387,129	98,413
Capital grants and contributions	37,198	136,901	(99,703)
<b>General Revenues:</b>			
Property taxes	14,164,691	12,925,436	1,239,255
Interest	488,599	865,273	(376,674)
Miscellaneous	258,446	141,167	117,279
Gain (loss) on disposal of capital assets	(10,000)	(49,534)	39,534
<b>Total Revenues</b>	<b>19,309,453</b>	<b>17,798,984</b>	<b>1,510,469</b>
<b>Expenses:</b>			
General government	2,324,147	2,109,735	214,412
Financial administration	1,164,812	822,095	342,717
Public safety	5,036,432	4,537,648	498,784
Judicial	1,801,157	1,488,348	312,809
Legal	708,627	670,793	37,834
Public transportation	3,763,491	3,200,010	563,481
Culture and recreation	326,260	302,225	24,035
Nondepartmental	3,364,000	2,696,319	667,681
Interest & Fiscal Charges	178,459	172,873	5,586
<b>Total Expenses</b>	<b>18,667,385</b>	<b>16,000,046</b>	<b>2,667,339</b>
Increase (decrease) in net assets	642,068	1,798,938	(1,156,870)
Net assets, January 1	21,211,690	19,412,752	1,798,938
Net assets, December 31	\$21,853,758	\$21,211,690	\$642,068

## **WALLER COUNTY, TEXAS**

### *MANAGEMENT'S DISCUSSION AND ANALYSIS*

*DECEMBER 31, 2008*

#### **REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS**

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

As of the end of the current fiscal year, the County's governmental funds reported combined fund balances of \$9,633,135.

The General Fund is the main operating fund of the County. The General Fund had a decrease in fund balance of \$268,474 and at the end of the current fiscal year unreserved fund balance was \$4,860,341. Key factors of the decrease are as follows:

- A decrease in ad valorem tax collections of \$1,108,325 due to the allocation of the tax rate for the general fund.
- A decrease in interest earnings of \$244,181 due to a decrease in the interest rate.
- A decrease in collection of county clerk recording fees.

The Road and Bridge Fund had an increase in the fund balance of \$1,109,602 and at the end of the current fiscal year the unreserved fund balance was \$2,055,254. The total amount of revenues received for the Road & Bridge Fund was \$5.4 million and the expenditures were \$4.3 million. Key factors of the increases are as follows:

- An increase in ad valorem tax revenue of \$444,715.
- Increase in allocation of the maintenance and operating tax rate.
- Receipt of \$250,000 from Forest Oil Corporation for road repairs for Beckendorff Road.
- Increase in collection of delinquent taxes of \$76,229.

**GENERAL FUND BUDGETARY HIGHLIGHTS.** The Commissioners' Court adopts the annual budget for the County according to State statute. Appropriated budgets are approved and employed as a management control device during the fiscal year. The County maintains strict budgetary controls and sets its appropriations at the department level. Budget amendments and transfers may be made only with the approval of Commissioners' Court.

During the year there was a \$125,150 increase in estimated revenues between the original and final amended budget. Following are the main components of the increase:

- LEOSE monies for Sheriff and Constables of \$7,841
- Grimes County reimbursement of funds for 506<sup>th</sup> District Judge of \$54,435.
- District Attorney longevity of \$3,300
- Assistant District Attorney salary supplement of \$4,393

**WALLER COUNTY, TEXAS**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS*  
 DECEMBER 31, 2008

- Book and Memorial Fund donations of \$2,294.
- HGAC Agreement of \$34,307.
- Elections reimbursements of \$8,000.

During the year there was a \$134,925 increase in appropriations between the original and final amended budget.

There was a positive variance between the final amended budget appropriations and the actual expenditures of \$1,350,173. Key highlights of this variance are as follows:

<u>Function</u>	<u>Final/Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
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**General Government**

All Others	\$1,231,164	\$1,090,105	\$141,059
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Positive variance caused by lower than projected expense for legal fees, utilities, mental commitments and transfers to grants.

**Public Safety**

Jail	\$1,456,555	\$1,349,955	\$106,600
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Positive variance caused by open jailer positions and lower operating expenditures.

Sheriff Administration	\$2,002,335	\$1,875,731	\$126,604
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Positive variance caused by open deputy positions and lower operating expenditures such as less out of state transports and no additional furniture and equipment needed.

**Judicial**

Court Expense	\$401,400	\$326,471	\$74,929
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Positive variance caused by the utilization of grant funds in lieu of County funds.

**Non-departmental**

Indigent Health	\$850,618	\$304,351	\$546,267
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Budget based upon 8% of County General levy by law. Less expense incurred on inpatient hospital and prescriptions.

Employee Benefits	\$1,493,648	\$1,370,837	\$122,811
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Positive variance caused by renewal credits from TAC for health insurance and over budgeting of workers compensation expenditures.

**WALLER COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2008**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**CAPITAL ASSETS:** The County's investment in capital assets as of December 31, 2008, totals \$13,826,231 (net of accumulated depreciation). The investment in capital assets includes land, buildings, and infrastructure. The total increase in the County's investment in capital assets for the current year was 2.9 percent.

Table 3  
 Capital Assets at Year End  
 Net of Accumulated Depreciation

ASSETS	Governmental Activities		Percent Change
	2008	2007	
Land	\$440,812	\$450,812	-2.22%
Buildings	982,328	1,129,790	-13.05%
Roads	9,427,417	9,550,175	-1.29%
Bridges	727,914	814,716	-10.65%
Machinery and equipment	2,247,760	2,295,647	-2.09%
Total capital assets	<u>\$13,826,231</u>	<u>\$14,241,140</u>	-2.91%

Additional information on the County's capital assets can be found in the notes to the financial statements.

**DEBT ADMINISTRATION:** At the end of the current fiscal year, Waller County had total debt outstanding of \$4,444,548. Of this amount, \$3,280,000 is composed of certificates of obligation debt for public improvement, with principal due annually through 2013 with interest due semi-annually. Capital lease obligations for equipment in the amount of \$143,014 are payable from annual appropriations of the General Fund and the Road & Bridge Fund. Compensated absences payable of \$348,494 consists of amounts earned for vacation. During the current year the County implemented GASB 45 and recorded a liability for unfunded opeb consisting of health care provided to retirees.

Table 4  
 Outstanding Debt at Year End

Type of Debt	Governmental Activities	
	2008	2007
Certificates of obligation	\$3,280,000	\$3,865,000
Capitalized lease obligations	143,014	247,536
Compensated absences	348,494	431,914
Liability for unfunded opeb	673,040	--
Total	<u>\$4,444,548</u>	<u>\$4,544,450</u>

Additional information on the County's long-term debt can be found in the notes to the financial statements.

## **WALLER COUNTY, TEXAS**

### *MANAGEMENT'S DISCUSSION AND ANALYSIS*

*DECEMBER 31, 2008*

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Waller County's unemployment rate is 5.0% at December 31, 2008 and the job growth rate from 2000 - 2008 is 28%. The population for the 2000 census was 32,663, and the estimated population at December 31, 2008 is 35,995.

For fiscal year 2009, the Commissioners' Court adopted a budget of \$22,877,262 in estimated revenues and a property tax rate of 0.642531 per hundred dollars of taxable value. This was an increase of 0.013731 over fiscal year 2008. This is estimated to provide an overall increase of \$2,285,023 in revenue over the 2008 budget. Some of the factors of that increase are:

- Increase in the amount due to tax appraisal district.
- Increases in appraisal value.
- Increase in Public Safety.
- Increase in budget due to salary increases.
- Increases in tax collections.
- Budget allocation of \$115,000 for District Courtroom renovations.
- Additional funds for a health clinic in the amount of \$200,000.
- Additional funds for capital murder cases in the amount of \$100,000.
- Additional funds for final payment of \$151,937 for the telephone equipment.

#### **Requests for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Waller County Auditor, 836 Austin Street, Suite 221, Hempstead, Texas, 77445.

*Basic Financial Statements*

**WALLER COUNTY, TEXAS**

## STATEMENT OF NET ASSETS

DECEMBER 31, 2008

	Governmental Activities
<b>ASSETS</b>	
<i>Cash and cash equivalents</i>	\$ 4,495,592
<i>Investments</i>	10,668,899
<i>Receivables (net of allowances for uncollectibles)</i>	13,835,168
<i>Inventories</i>	732,392
<i>Prepaid items</i>	58,069
<i>Deferred charges</i>	26,904
<i>Capital assets (net of accumulated depreciation)</i>	
<i>Land</i>	440,812
<i>Buildings</i>	982,328
<i>Roads</i>	9,427,417
<i>Bridges</i>	727,914
<i>Machinery and equipment</i>	2,247,760
Total Assets	<u>43,643,255</u>
<b>LIABILITIES</b>	
<i>Accounts payable</i>	653,917
<i>Other payables and accruals</i>	670,087
<i>Due to other governments</i>	756,203
<i>Due to others</i>	22,127
<i>Unearned revenue</i>	15,242,615
Noncurrent liabilities:	
<i>Due within one year</i>	769,231
<i>Due in more than one year</i>	3,675,317
Total Liabilities	<u>21,789,497</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	11,056,283
Restricted For:	
Debt Service	217,527
Capital Projects	20,461
Unrestricted	10,559,487
Total Net Assets	<u>\$ 21,853,758</u>

The accompanying notes are an integral part of this statement.

**WALLER COUNTY, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
<b>Primary Government:</b>					
Governmental activities:					
<i>General government</i>	\$ 2,324,147	\$ 388,241	\$ 49,680	\$ --	\$ (1,886,226)
<i>Financial administration</i>	1,164,812	94,715	--	--	(1,070,097)
<i>Public Safety</i>	5,036,432	85,912	279,115	26,687	(4,644,718)
<i>Judicial</i>	1,801,157	1,495,656	46,520	--	(258,981)
<i>Legal</i>	708,627	125,463	61,898	--	(521,266)
<i>Public transportation</i>	3,763,491	1,690,444	--	10,511	(2,062,536)
<i>Culture and recreation</i>	326,260	4,546	48,329	--	(273,385)
<i>Nondepartmental</i>	3,364,000	--	--	--	(3,364,000)
<i>Interest on long-term debt</i>	178,459	--	--	--	(178,459)
Total governmental activities	<u>18,667,385</u>	<u>3,884,977</u>	<u>485,542</u>	<u>37,198</u>	<u>(14,259,668)</u>
Total Primary Government	<u>\$ 18,667,385</u>	<u>\$ 3,884,977</u>	<u>\$ 485,542</u>	<u>\$ 37,198</u>	<u>(14,259,668)</u>
General Revenues:					
<i>Taxes</i>					14,164,691
<i>Unrestricted Investment Earnings</i>					488,599
<i>Miscellaneous</i>					258,446
<i>Loss on Disposal of Capital Assets</i>					(10,000)
Total General Revenues					<u>14,901,736</u>
Change in Net Assets					642,068
Net Assets - Beginning					<u>21,211,690</u>
Net Assets - Ending					<u>\$ 21,853,758</u>

The accompanying notes are an integral part of this statement.

**WALLER COUNTY, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2008**

	General Fund	Road and Bridge	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
<i>Cash and cash equivalents</i>	\$ 3,317,908	\$ 918,749	\$ 258,935	\$ 4,495,592
<i>Investments</i>	5,237,236	2,825,052	2,606,610	10,668,898
Receivables (net of allowances for uncollectibles):				
<i>Taxes</i>	8,443,182	3,405,348	577,618	12,426,148
<i>Fines</i>	990,901	287,036	21,003	1,298,940
<i>Accounts</i>	15,947	--	--	15,947
<i>Intergovernmental</i>	48,329	--	45,804	94,133
<i>Due from other funds</i>	1,490	--	--	1,490
<b>Total Assets</b>	<b>\$ 18,054,993</b>	<b>\$ 7,436,185</b>	<b>\$ 3,509,970</b>	<b>\$ 29,001,148</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
<i>Accounts payable</i>	\$ 219,995	\$ 431,610	\$ 2,312	\$ 653,917
<i>Other payables and accruals</i>	524,791	80,712	7,972	613,475
<i>Due to other funds</i>	--	--	1,490	1,490
<i>Due to other governments</i>	756,203	--	--	756,203
<i>Due to others</i>	22,126	--	--	22,126
<i>Deferred revenue</i>	8,721,426	3,633,375	593,855	12,948,656
<i>Taxes collected in advance</i>	2,925,148	1,235,234	211,764	4,372,146
<b>Total Liabilities</b>	<b>13,169,689</b>	<b>5,380,931</b>	<b>817,393</b>	<b>19,368,013</b>
<b>Fund balances:</b>				
<i>Reserved for:</i>				
<i>Debt service</i>	--	--	166,044	166,044
<i>Other purposes</i>	24,963	--	--	24,963
<i>Unreserved, reported in:</i>				
<i>General fund</i>	4,860,341	--	--	4,860,341
<i>Special revenue funds</i>	--	2,055,254	2,143,722	4,198,976
<i>Capital projects funds</i>	--	--	382,811	382,811
<b>Total fund balances</b>	<b>4,885,304</b>	<b>2,055,254</b>	<b>2,692,577</b>	<b>9,633,135</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 18,054,993</b>	<b>\$ 7,436,185</b>	<b>\$ 3,509,970</b>	<b>\$ 29,001,148</b>

The accompanying notes are an integral part of this statement.

**WALLER COUNTY, TEXAS**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 DECEMBER 31, 2008

Total fund balances - governmental funds balance sheet	\$ 9,633,135
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	13,826,232
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,416,184
Payables for bond principal which are not due in the current period are not reported in the funds.	(3,328,066)
Payables for capital leases which are not due in the current period are not reported in the funds.	(94,948)
Payables for bond interest which are not due in the current period are not reported in the funds.	(56,613)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(348,494)
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.	817,365
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	662,003
Liability for unfunded retiree insurance benefits which is not due in current period is not reported in the funds.	<u>(673,040)</u>
Net assets of governmental activities - statement of net assets	<u>\$ 21,853,758</u>

The accompanying notes are an integral part of this statement.

**WALLER COUNTY, TEXAS**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	General Fund	Road and Bridge	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
<i>Taxes</i>	\$ 9,886,474	\$ 3,589,836	\$ 667,194	\$ 14,143,504
<i>Licenses and permits</i>	82,566	1,264,525	--	1,347,091
<i>Intergovernmental</i>	371,605	40,716	404,719	817,040
<i>Charges for services</i>	394,006	--	--	394,006
<i>Fines</i>	907,524	130,630	142,142	1,180,296
<i>Interest</i>	336,653	74,731	78,044	489,428
<i>Miscellaneous</i>	233,533	293,016	228,976	755,525
<b>Total revenues</b>	<u>12,212,361</u>	<u>5,393,454</u>	<u>1,521,075</u>	<u>19,126,890</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<i>General government</i>	2,189,921	--	121,603	2,311,524
<i>Financial administration</i>	1,147,737	--	--	1,147,737
<i>Public Safety</i>	4,232,633	--	735,000	4,967,633
<i>Judicial</i>	1,767,414	--	24,476	1,791,890
<i>Legal</i>	514,833	--	189,652	704,485
<i>Public transportation</i>	--	3,903,319	--	3,903,319
<i>Culture and recreation</i>	313,410	--	11,431	324,841
<i>Nondepartmental</i>	2,292,985	380,533	82,401	2,755,919
<b>Debt service:</b>				
<i>Principal</i>	--	--	585,000	585,000
<i>Interest and fiscal charges</i>	--	--	152,668	152,668
<b>Total expenditures</b>	<u>12,458,933</u>	<u>4,283,852</u>	<u>1,902,231</u>	<u>18,645,016</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(246,572)	1,109,602	(381,156)	481,874
<b>Other financing sources (uses):</b>				
<i>Transfers in</i>	--	--	91,776	91,776
<i>Transfers out</i>	(21,902)	--	(69,874)	(91,776)
<b>Total other financing sources (uses)</b>	<u>(21,902)</u>	<u>--</u>	<u>21,902</u>	<u>--</u>
<b>Net change in fund balances</b>	(268,474)	1,109,602	(359,254)	481,874
<b>Fund balances, January 1</b>	5,153,778	945,652	3,051,831	9,151,261
<b>Fund balances, December 31</b>	<u>\$ 4,885,304</u>	<u>\$ 2,055,254</u>	<u>\$ 2,692,577</u>	<u>\$ 9,633,135</u>

The accompanying notes are an integral part of this statement.

**WALLER 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 DECEMBER 31, 2008

Net change in fund balances - total governmental funds	\$ 481,874
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	(410,598)
The depreciation of capital assets used in governmental activities is not reported in the funds.	(10,000)
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	5,690
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	21,190
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	402,544
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	585,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	104,522
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(5,859)
(Increase) decrease in accrued interest from beginning of period to end of period.	(25,791)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	83,419
Certain fine revenues are deferred in the funds. This is the change in these amounts this year.	83,117
Retiree insurance contributions are reported as amount earned in the SOA but as the amount paid in the funds.	<u>(673,040)</u>
Change in net assets of governmental activities - statement of activities	<u>\$ 642,068</u>

The accompanying notes are an integral part of this statement.

**WALLER COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2008**

	Private-purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
<i>Cash and cash equivalents</i>	\$ 1	\$ 6,700,055
<i>Investments</i>	122,536	--
<i>Intergovernmental</i>	401	--
<i>Capital assets</i>	1	--
Total Assets	<u>122,939</u>	<u>6,700,055</u>
<b>LIABILITIES</b>		
<i>Due to other governments</i>	--	1,554,849
<i>Due to others</i>	--	5,145,206
Total Liabilities	<u>--</u>	<u>6,700,055</u>
<b>NET ASSETS</b>		
<i>Held in trust</i>	<u>\$ 122,939</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

**WALLER COUNTY, TEXAS**  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Private- Purpose Trusts
<b>Additions:</b>	
<i>Interest</i>	\$ 2,240
<i>Miscellaneous</i>	49,062
Total Additions	<u>51,302</u>
<b>Deductions:</b>	
<i>Administrative Expenses</i>	4,585
<i>Payments to schools</i>	--
Total Deductions	<u>4,585</u>
<b>Change in Net Assets</b>	46,717
Net Assets-Beginning of the Year	76,222
Net Assets-End of the Year	<u>\$ 122,939</u>

The accompanying notes are an integral part of this statement.

# WALLER COUNTY, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2008

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

The County, a political subdivision of the State of Texas is governed by an elected judge and four county commissioners which comprise the commissioner's court. The County's operational activities include general governmental, financial administration, public safety, judicial, legal, public transportation, culture and recreation, and nondepartmental expenditures.

The accounting policies of Waller County, Texas, conform to generally accepted accounting principals issued by the Governmental Accounting Standards Board which is the recognized financial accounting standard setting body for governmental entities. The notes to the financial statements are an integral part of the County's basic financial statements.

The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, "The Financial Reporting Entity," in that the financial statements include all organizations, activities, functions and component units for which the County (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the County's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the County.

There are no component units which satisfy requirements for blending or discrete presentation within the County's financial statements. Accordingly, the basic financial statements present the County only.

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the 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*, which rely, to a significant extent, on fees and charges for support.

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

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic *resources measurement focus* and the accrual *basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## WALLER COUNTY, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2008

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property 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. Fines and permits, and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Road and Bridge Fund* accounts for the activities of the Road and Bridge department.

Additionally, the County reports the following fund types:

Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specified purposes (not including expendable trusts or major capital projects).

The Debt Service Fund accounts for the accumulation of resources to be used for the payment of principal and interest.

The *Capital Projects Construction Fund* accounts for the proceeds of the certificates of obligation, series 2003.

Private Purpose Trust Funds are used to account for resources legally held in trust for use of other governmental entities. All resources of the funds, including any earnings on invested resources, may be used.

Agency Funds are used to account for assets held by the government as an agent for individuals, private organizations, and/or other funds.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes, miscellaneous revenue, and interest income.

## WALLER COUNTY, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2008

#### D. Assets, liabilities, and net assets or 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.

State statutes authorize the County to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (B) secured by obligations that are described by (1) - (4); or, (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with third party selected or approved by the County, and placed through a primary government securities dealer.

Investments maturing within one year of date of purchase are stated at cost or amortized cost, all other investments are stated at fair value which is based on quoted market prices.

##### 2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter fund 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." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds 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. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectibles.

Property taxes are levied on October 1 by the County based on the January 1 property values as appraised by the Waller County Central Appraisal District. Taxes are due without penalty until January 31, of the next calendar year. After January 31 the County has an enforceable lien with respect to both real and personal property. Under state law, property taxes levied on real property constitute a perpetual lien on the real property which cannot be forgiven without specific approval of the State Legislature. Taxes applicable to personal property can be deemed uncollectible by the County.

##### 3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

**WALLER COUNTY, TEXAS**  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 2008

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. 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.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Buildings	20 - 30 years
Infrastructure	20 - 45 years
Machinery and Equipment	5 - 10 years

5. Compensated absences

Employees accumulate earned but unused vacation and compensatory time. All vacation and compensatory pay is accrued when incurred in the government-wide funds. A liability is reported for these amounts in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are paid in the general, road and bridge, and grant fund.

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. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method which approximate the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**WALLER COUNTY, TEXAS**  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended December 31, 2008

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. Fund balance was reserved or designated as follows:

General Fund	
Reserved for Administration of Justice	\$13,015
Reserved for Library	2,657
Reserved for Library - Brookshire	167
Reserved for LEOSE	<u>9,124</u>
Total General Fund reserved fund balance	<u>\$24,963</u>
Debt Service Fund	
Reserved for Debt Service	<u>\$166,044</u>

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds." The details of this \$817,365 difference are as follows:

Prepaid expense	\$58,069
Inventory	732,392
Bond issuance costs	<u>26,904</u>
	<u>\$817,365</u>

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities :

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Expenses in the Statement of Activities not requiring the use of current financial resources are not reported as expenditures in the funds." The details of this \$402,544 difference are as follows:

Change in inventory balances	\$408,838
Change in prepaid insurance balances	<u>(6,294)</u>
	<u>\$ 402,544</u>

**III. DETAILED NOTES ON ALL FUNDS**

- A. Deposits and investments

Cash

At year end, the carrying amount of the County's cash on hand and deposits was \$11,195,648. All of the bank balance of \$9,227,717 was covered by federal deposit insurance and collateralized by the pledging financial institution with marketable securities held by the depository's agent in the County's name. At year end, the County's depository had pledged securities, with a face value of \$22,900,859 and fair value of \$23,192,233.

**WALLER COUNTY, TEXAS**  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended December 31, 2008

Investments

As of December 31, 2008, the County had the following investments:

Investment type	Fair Value	Years to Maturity
Government sponsored investment pool (TexPool)	\$8,775,988	N/A
MBIA Private Investment Pool	2,015,447	N/A
Total Fair Value	\$10,791,435	

*Interest Rate Risk.* In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the weighted average maturity of its portfolio to less than three years.

*Credit Risk.* State law limits investments as described previously in Note I D.

*Concentration of Credit Risk.* The County's investment policy does not allow for an investment in any one issuer (other than investment pools) that is in excess of five percent of the fair value of the County's total 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 requires all deposits to be covered by Federal Depository Insurance Corporation (FDIC) insurance and/or collateralized by qualified securities pledged by the County's depository in the County's name and held by the depository's agent.

*Custodial Credit Risk – Investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

TexPool and MBIA are external investment pools and are not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Funds Investment Act provide for creation of public funds investments pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The fair value of investments in the pools are independently reviewed monthly. At December 31, 2008 the fair value of the County's positions in the pools approximate the fair value of the shares.

# WALLER COUNTY, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2008

### B. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor, and internal service fund in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Road and Bridge	NonMajor Other Funds	Total
Taxes receivable	\$8,726,793	\$3,463,087	\$591,758	\$12,781,638
Less allowance	(283,611)	(57,739)	(14,140)	(355,490)
	<u>\$8,443,182</u>	<u>\$3,405,348</u>	<u>\$577,618</u>	<u>\$12,426,148</u>
Fines receivable	\$1,351,687	\$643,205	\$46,296	\$2,041,188
Less allowance	(360,786)	(356,169)	(25,293)	(742,248)
	<u>\$990,901</u>	<u>\$287,036</u>	<u>\$21,003</u>	<u>\$1,298,940</u>
Accounts receivable	<u>\$15,947</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$15,947</u>
Intergovernmental	<u>\$48,329</u>	<u>\$ --</u>	<u>\$45,804</u>	<u>\$94,133</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Fines receivable (General Fund)	\$353,653	\$ --	\$353,653
Fines receivable (Road & Bridge Fund)	287,036	--	287,036
Fines Receivable (Nonmajor Special Revenue Funds)	21,315	--	21,315
Grant Revenue (Grant Fund)	--	--	0
Current tax levy receivable (2008) (General Fund)	--	7,308,740	7,308,740
Current tax levy receivable (2008) (Road & Bridge Fund)	--	3,040,671	3,040,671
Current tax levy receivable (2008) (Debt Service Fund)	--	521,057	521,057
Taxes collected in advance (General Fund)	--	2,925,148	2,925,148
Taxes collected in advance (Road & Bridge Fund)	--	1,235,234	1,235,234
Taxes collected in advance (Debt Service Fund)	--	211,764	211,764
Delinquent property taxes receivable (General Fund)	1,059,033	--	1,059,033
Delinquent property taxes receivable (Road & Bridge Fund)	305,668	--	305,668
Delinquent property taxes receivable (Debt Service Fund)	<u>51,483</u>	<u>--</u>	<u>51,483</u>
Total deferred/unearned revenue for governmental funds	<u>\$2,078,188</u>	<u>\$15,242,614</u>	<u>\$17,320,802</u>

Reported in financial statements as:

Deferred revenue	\$12,948,656
Taxes collected in advance	<u>4,372,146</u>
Total	<u>\$17,320,802</u>

**WALLER COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended December 31, 2008

C. Capital assets

Capital asset activity for the year ended December 31, 2008:

	Balance 12/31/07	Additions	Retirements	Completed Construction	Balance 12/31/08
<b>GOVERNMENTAL ACTIVITIES:</b>					
Capital assets, not being depreciated:					
Land	\$450,812	\$ --	(\$10,000)	\$ --	\$440,812
Construction in progress	--	--	--	--	--
Total capital assets not being depreciated	<u>450,812</u>	<u>--</u>	<u>(10,000)</u>	<u>--</u>	<u>440,812</u>
Capital assets, being depreciated:					
Buildings	4,727,681	--	--	--	4,727,681
Roads	13,384,608	624,469	(206,021)	--	13,803,056
Bridges	3,522,706	--	--	--	3,522,706
Machinery and equipment	6,764,086	530,182	(461,599)	--	6,832,669
Total capital assets being depreciated	<u>28,399,081</u>	<u>1,154,651</u>	<u>(667,620)</u>	<u>--</u>	<u>28,886,112</u>
Less accumulated depreciation for:					
Buildings	(3,597,891)	(147,462)	--	--	(3,745,353)
Roads	(3,834,433)	(747,227)	206,021	--	(4,375,639)
Bridges	(2,707,990)	(86,802)	--	--	(2,794,792)
Machinery and equipment	(4,468,439)	(578,069)	461,599	--	(4,584,909)
Total accumulated depreciation	<u>(14,608,753)</u>	<u>(1,559,560)</u>	<u>667,620</u>	<u>--</u>	<u>(15,500,693)</u>
Total capital assets being depreciated, net	<u>13,790,328</u>	<u>(404,909)</u>	<u>--</u>	<u>--</u>	<u>13,385,419</u>
Governmental activities capital assets, net	<u>\$14,241,140</u>	<u>(\$404,909)</u>	<u>(\$10,000)</u>	<u>\$ --</u>	<u>\$13,826,231</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$78,105
Financial administration	15,004
Public safety	269,039
Judicial	10,011
Legal	6,375
Public transportation	1,175,705
Culture and recreation	1,620
Nondepartmental	3,701
Total depreciation expense - governmental activities	<u>\$1,559,560</u>

**WALLER COUNTY, TEXAS**  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 2008

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2007, is as follows:

Fund	Receivable	Payable
Major Governmental Funds		
General Fund	\$1,490	\$ --
Total major funds	1,490	--
Nonmajor Governmental Funds		
Elections	--	91
RPF County Clerk	--	1,399
Total Nonmajor Governmental Funds	--	1,490
Total	\$1,490	\$1,490

Interfund receivables and payables arise because of overdrafts in pooled cash.

Interfund transfers:

Fund	Transfer In	Transfer Out
Major Governmental Funds		
General Fund	\$ --	\$21,902
Total Major Funds	--	21,902
Nonmajor Governmental Funds		
Grant Fund	21,902	--
Narc Program	--	69,874
Federal Forfeiture	69,874	--
Total Nonmajor governmental funds	91,776	69,874
Totals	\$91,776	\$91,776

Interfund transfers arise because of the subsidy of the Grant fund by the General Fund, and a transfer of operating funds from the Narc Fund to the newly created Federal Forfeiture fund.

# WALLER COUNTY, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2008

### E. Long-term debt

The County issues general obligation bonds, certificates of obligation bonds, notes payable and capital lease obligations to provide funds for the acquisition and construction of major capital facilities. These issues are direct obligations and pledge the full faith and credit of the County.

#### General Debt Currently Outstanding:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 12/31/08
General Long-Term Debt Issues					
Certificates of Obligation:					
Construction and repairs	\$6,000,000	9/10/03	8/01/13	3.95%	\$3,280,000
Total General Long-Term Debt					<u>\$3,280,000</u>

#### Annual debt service requirements to maturity for general debt:

Year	General Obligation Bonds		Total
	Principal	Interest	
2009	\$605,000	\$129,560	\$734,560
2010	630,000	105,662	735,662
2011	655,000	80,778	735,778
2012	680,000	54,905	734,905
2013	710,000	28,045	738,045
Total	<u>\$3,280,000</u>	<u>\$398,950</u>	<u>\$3,678,950</u>

#### Capital Lease Obligations Currently Outstanding:

	Original	Date of	Final	Interest	Balance
Telephone System	236,930	10/22/06	9/22/11	8.790%	<u>\$143,014</u>

Capital lease obligation debt service requirements to maturity are as follows:

Year	Total
2009	\$58,737
2010	58,737
2011	<u>44,053</u>
Total payments	161,527
Less imputed interest	<u>(18,513)</u>
Total Capital Lease Obligations	<u>\$143,014</u>

**WALLER COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended December 31, 2008

**CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended December 31, 2008 was as follows:

	Balance 12/31/07	Additions	Retirements	Balance 12/31/08	Due Within One Year
<b>Governmental activities:</b>					
Certificates of obligation	\$3,865,000	\$ --	(\$585,000)	\$3,280,000	\$605,000
Capital lease obligations	247,536	--	(104,522)	143,014	48,066
Compensated absences	431,914	348,494	(431,914)	348,494	116,165
Liability for unfunded opeb	--	673,040	--	673,040	--
<b>Governmental activity Long-Term Liabilities</b>	<b>\$4,544,450</b>	<b>\$1,021,534</b>	<b>(\$1,121,436)</b>	<b>\$4,444,548</b>	<b>\$769,231</b>

For the governmental activities, claims and judgements and compensated absences are generally liquidated by the general fund.

**V. 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; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. The County participates in the Texas Association of Counties Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool which retains the risk of loss beyond the County's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the County's basic financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

**B. Contingent Liabilities and Commitments**

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

The County is defendant in various lawsuits which normally occur in governmental operations. At December 31, 2008 after consultation with the County's attorney, it appears that these legal proceedings are not likely to have a material adverse impact on the County.

The District Clerk has invested trust funds at various financial institutions in accordance with court orders. The County has a fiduciary responsibility over these funds until their final disposition.

**C. Employee Retirement Systems and Pension Plans**

**1. Plan Description**

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of 574 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, 78768-20343.

**WALLER COUNTY, TEXAS**  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 2008

The plan provisions are adopted by the County commissioners' court, within the options available in the state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years 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 contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the County commissioners' court within the 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 contribution and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

2. Funding Policy

The County has elected the annually determined contribution rate (Variable Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 7% for calendar year 2008.

The contribution rate payable by the employee members is the rate of 7% as adopted by the Commissioners' Court. The employee contribution rate and the employer contribution rate may be changed by the Commissioners' Court with the options available in the TCDRS Act.

3. Annual Pension Cost

For the County's accounting year ended December 31, 2008, the annual pension cost for the TCDRS plan for its employees was \$576,035 and the actual contributions were \$576,035.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2006, the basis for determining the contribution rates for calendar year 2008. The December 31, 2007 actuarial valuation is the most recent valuation.

**WALLER COUNTY, TEXAS**  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 2008

**Actuarial Valuation Information**

Actuarial valuation date	12/31/07	12/31/06	12/31/05
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, open	Level percentage of payroll, open
Amortization period in years	5.1	6.4	19.2
Actuarial valuation method	SAF: 10-yr smoothed value. ESF: Fund Value	SAF: 10-yr smoothed value. ESF: Fund Value	Long-term appreciation with adjustment.
Actuarial assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.30%	5.30%	5.30%
Inflation	3.50%	3.50%	3.50%
Cost-of-living adjustments	0.00%	0.00%	0.00%

**Trend Information**

Accounting year ended	12/31/08	12/31/07	12/31/06
Annual Pension Cost (APC)	\$576,035	\$513,683	\$475,679
Percentage of APC Contributed	100.00%	100.00%	100.00%
Net Pension Obligation	\$ --	\$ --	\$ --

**Actuarial Valuation Information**

Actuarial valuation date	12/31/07	12/31/06	12/31/05
Actuarial value of assets	\$16,395,442	\$15,013,329	\$13,537,488
Actuarial Accrued Liability (AAL)	\$16,929,656	\$15,598,426	\$14,740,393
Unfunded AAL (UAAL)	\$534,214	\$585,097	\$1,202,905
Funded Ratio	96.84%	96.25%	91.84%
Annual Covered Payroll (actuarial)	\$6,714,853	\$6,238,260	\$6,254,353
UAAL as a Percentage of Covered Payroll	7.96%	9.38%	19.23%

D. Other Post-Employment Benefits (OPEB)

1. Plan Description

General

The Waller County Retiree Health Care Plan is not a formal document detailing the specific terms of the plan, but is a *substantive* plan - loosely defined as the benefits covered by the plan as understood by the employer and plan members at the time of each actuarial valuation.

## WALLER COUNTY, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2008

Beginning in FY 2008, the County implemented GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions". In connection with such implementation, the County has commissioned an actuarial study from an outside consultant to quantify the amount of the County's OPEB obligations. This study indicates an unfunded actuarial accrued liability as of December 31, 2008 of approximately \$10,045,318.

#### OPEB Plan Eligibility

The OPEB Plan provides retiree health-care benefits for all employees (except temporary staff) must participate in TCDRS and are eligible to receive full retiree health care benefits. Members are eligible for retirement at age 60 with 8 years of service credit or at any age with 20 or 30 years of service credit or when member's age plus service credit totals 75 or 80. Members retiring under early retirement conditions are eligible for retiree health care benefits. Members who terminate employment are not eligible for retiree health care benefits until they retire and they must have left their deposits in the retirement system. Survivors of employees who die while actively employed are not eligible for coverage.

Employees who retire under a disability retirement are immediately eligible for retiree health care benefits. Employees who are not vested in the TCDRS plan cannot apply for disability retirement unless the injury was a result of their job duties. Vested members can apply for disability retirement whether the disability is job related or not. These members do not have to meet the age requirement for service retirement, but must have eight years of service. The injury or illness must keep the member from working in any job, not just his or her current job. Doctors must confirm that the employee's condition will not improve.

Spouses of retired employees are eligible to receive retiree health care benefits for a fee. Coverage continues to non-medicare eligible surviving spouses of deceased retirees for three years. Coverage becomes secondary when the spouse becomes eligible for Medicare.

Retirees are required to enroll in Medicare once eligible. Retiree pays full Medicare premiums. The County coverage becomes secondary when the retiree becomes eligible for Medicare coverage.

Retirees who decide to opt out of the health care plan will be eligible to opt back in when coverage from another entity ceases. There is no additional stipend provided for those who opt out of retiree health care.

#### Health Care Benefit

The health care coverage offered to active employees is available to retirees under 65 and their eligible dependents. The benefit includes medical and prescription drug. Dental coverage is offered for retirees and dependents, but retirees must pay 100% of the premium. Life insurance is offered for retirees, but retirees must pay 100% of the premium.

## 2. Funding Policies

The County has elected to fund the plan on a current pay as you go (PAYGO), i.e., the annual employer contributions each year are equal to the benefits that are paid on behalf of the retirees. Under this funding policy, GASB 45 requires the use of a discount rate consistent with the investment return on the employer's general assets. In the valuation, the discount rate is 4.5%.

The actuarially determined contribution requirement for the County's fiscal year is computed through an actuarial valuation performed as of December 31. The actuarial valuation is performed to determine the adequacy of the contribution rate, to describe the current financial condition of OPEB and to analyze changes in conditions.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi year trend information

**WALLER COUNTY, TEXAS**  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended December 31, 2008

that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on the plan and include the types of benefits in force at the valuations date and the pattern of sharing benefit costs between the County and the plan members to that point. Actuarial calculations reflect a long term perspective and employ methods and assumptions that are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

Significant Actuarial Assumptions

Actuarially assumed investment rate	4.5% per annum compounded annually net after investment expense.
Mortality rates for males and females	Retirement Plans 2000 Healthy Mortality Table
Retirement, disablement and separation rates	Graduated rates based on age (detailed in actuary's report).
Actuarial Cost Method	The projected unit credit cost method
General inflation	3.0% per annum
Payroll growth rate	3.0% per annum
Health cost increase	Graduated rates based on age (detailed in actuary report)
Method used for determining actuarial value of assets	Market value of assets
Amortization method	Level percent, closed
Remaining amortization	29

The County's annual OPEB costs, contributions, percent contributed, and net OPEB asset is as follows:

Year Ended	OPEB Plan			
	Annual			Net
	OPEB Cost	County Contribution	Percentage Contributed	OPEB Liability
December 31, 2008	\$908,261	\$235,221	25.9%	\$673,040

**E. Concentrations of Credit Risk**

Taxes receivable are due from citizens and businesses within the County's boundaries. Risk of loss is immaterial due to wide dispersion of receivables and because of policies which address procedures for filing property tax liens.

### *Required Supplementary Information*

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

**WALLER COUNTY, TEXAS**  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT B-1  
Page 1 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 9,778,473	\$ 9,778,473	\$ 9,886,474	\$ 108,001
Licenses and permits	106,000	106,000	82,566	(23,434)
Intergovernmental	378,744	392,410	371,605	(20,805)
Charges for services	371,350	371,350	394,006	22,656
Fines	817,100	817,100	907,524	90,424
Interest	408,450	408,450	336,653	(71,797)
Miscellaneous	92,700	204,184	233,533	29,349
Total revenues	<u>11,952,817</u>	<u>12,077,967</u>	<u>12,212,361</u>	<u>134,394</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<i>General Government</i>				
Commissioners' Court	349,090	377,590	371,075	6,515
County Clerk	463,084	555,416	547,613	7,803
Veterans Services	17,562	17,562	14,911	2,651
All Others	1,409,398	1,231,164	1,090,105	141,059
County Court	5,000	9,800	7,010	2,790
County Judge	165,046	165,046	159,207	5,839
Total General Government	<u>2,409,180</u>	<u>2,356,578</u>	<u>2,189,921</u>	<u>166,657</u>
<i>Financial Administration</i>				
County Auditor	234,416	234,416	231,486	2,930
County Treasurer	191,824	191,824	188,468	3,356
Central Appraisal District	225,000	279,784	272,389	7,395
Tax Assessor Collector	470,241	471,330	455,394	15,936
Total Financial Administration	<u>1,121,481</u>	<u>1,177,354</u>	<u>1,147,737</u>	<u>29,617</u>
<i>Public Safety</i>				
Short Term Detention	197,843	197,843	190,893	6,950
Jail	1,434,587	1,456,555	1,349,955	106,600
Juvenile Probation	122,983	143,285	141,422	1,863
Domestic Violence Grant	49,142	49,142	45,454	3,688
Constable Precinct Number One	38,928	41,967	37,263	4,704
Constable Precinct Number Two	39,953	39,953	36,944	3,009
Constable Precinct Number Three	39,953	39,953	39,879	74
Constable Precinct Number Four	39,073	45,432	38,020	7,412
Health and Wellness Grant	13,524	13,524	--	13,524
Sheriff Administration	1,966,585	2,002,335	1,875,731	126,604
Sheriff Communication	369,674	379,070	357,830	21,240
Law Enforcement Vehicle Maintenance	50,000	50,000	37,879	12,121
Community Supervision Corrections	10,500	10,500	8,245	2,255
Juvenile Board	5,533	5,533	5,426	107
Department of Public Safety	1,500	1,500	1,415	85
Juvenile Detention	5,000	68,259	66,277	1,982
Total Public Safety	<u>4,384,778</u>	<u>4,544,851</u>	<u>4,232,633</u>	<u>312,218</u>

**WALLER COUNTY, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**EXHIBIT B-1**  
Page 2 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Judicial</i>				
District Judge - 506th District	\$ 76,783	\$ 139,529	\$ 126,044	\$ 13,485
District Judge - 155th District	38,071	38,071	37,371	700
County Court at Law	255,999	256,842	256,840	2
District Court	69,211	61,746	50,009	11,737
Justice Court	2,000	3,000	1,470	1,530
District Clerk	314,741	314,741	311,280	3,461
Justice of the Peace Precinct Number One	149,083	149,083	143,647	5,436
Justice of the Peace Precinct Number Two	115,602	119,973	116,994	2,979
Justice of the Peace Precinct Number Three	104,784	104,784	104,340	444
Justice of the Peace Precinct Number Four	190,837	190,837	187,238	3,599
Court Expense	424,000	401,400	326,471	74,929
Judicial Order	67,000	105,710	105,710	--
<b>Total Judicial</b>	<b>1,808,111</b>	<b>1,885,716</b>	<b>1,767,414</b>	<b>118,302</b>
<i>Legal</i>				
Criminal D.A.	519,946	525,612	514,833	10,779
<b>Total Legal</b>	<b>519,946</b>	<b>525,612</b>	<b>514,833</b>	<b>10,779</b>
<i>Culture and Recreation</i>				
County Library	283,217	289,260	281,410	7,850
Waller County Historical Commission	15,000	15,000	15,000	--
County Museum	17,000	17,000	17,000	--
<b>Total Culture and Recreation</b>	<b>315,217</b>	<b>321,260</b>	<b>313,410</b>	<b>7,850</b>
<i>Nondepartmental</i>				
Other Services and Charges	60,000	60,000	43,686	16,314
Indigent Health	906,618	850,618	304,351	546,267
Extension Service	141,711	143,571	138,237	5,334
Capital Outlay	70,000	70,000	64,031	5,969
Employee Benefits	1,592,000	1,493,648	1,370,837	122,811
Maintenance of Buildings	345,139	379,898	371,843	8,055
<b>Total Nondepartmental</b>	<b>3,115,468</b>	<b>2,997,735</b>	<b>2,292,985</b>	<b>704,750</b>
<b>Total expenditures</b>	<b>13,674,181</b>	<b>13,809,106</b>	<b>12,458,933</b>	<b>1,350,173</b>
Excess (deficiency) of revenues over (under) expenditures	(1,721,364)	(1,731,139)	(246,572)	1,484,567
Other financing sources (uses):				
Transfers out	(60,000)	(58,066)	(21,902)	36,164
<b>Total other financing sources (uses)</b>	<b>(60,000)</b>	<b>(58,066)</b>	<b>(21,902)</b>	<b>36,164</b>
<b>Net change in fund balances</b>	<b>(1,781,364)</b>	<b>(1,789,205)</b>	<b>(268,474)</b>	<b>1,520,731</b>
Fund balance, January 1	5,153,778	5,153,778	5,153,778	--
<b>Fund balance, December 31</b>	<b>\$ 3,372,414</b>	<b>\$ 3,364,573</b>	<b>\$ 4,885,304</b>	<b>\$ 1,520,731</b>

**WALLER COUNTY, TEXAS**  
ROAD AND BRIDGE  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<i>Taxes</i>	\$ 3,437,699	\$ 3,437,699	\$ 3,589,836	\$ 152,137
<i>Licenses and permits</i>	1,297,000	1,297,000	1,264,525	(32,475)
<i>Intergovernmental</i>	29,000	29,000	40,716	11,716
<i>Fines</i>	105,000	105,000	130,630	25,630
<i>Interest</i>	87,500	87,500	74,731	(12,769)
<i>Miscellaneous</i>	11,200	261,200	293,016	31,816
<b>Total revenues</b>	<u>4,967,399</u>	<u>5,217,399</u>	<u>5,393,454</u>	<u>176,055</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<i>Public Transportation</i>				
<i>Road and Bridge Administration</i>	333,808	368,223	345,170	23,053
<i>Road and Bridge Maintenance</i>	4,259,786	4,504,827	3,558,149	946,678
<b>Total Public Transportation</b>	<u>4,593,594</u>	<u>4,873,050</u>	<u>3,903,319</u>	<u>969,731</u>
<i>Nondepartmental</i>				
<i>Employee Benefits</i>	535,000	505,544	380,533	125,011
<b>Total Nondepartmental</b>	<u>535,000</u>	<u>505,544</u>	<u>380,533</u>	<u>125,011</u>
<b>Total expenditures</b>	<u>5,128,594</u>	<u>5,378,594</u>	<u>4,283,852</u>	<u>1,094,742</u>
<b>Net change in fund balances</b>	(161,195)	(161,195)	1,109,602	1,270,797
<b>Fund balance, January 1</b>	945,652	945,652	945,652	--
<b>Fund balance, December 31</b>	<u>\$ 784,457</u>	<u>\$ 784,457</u>	<u>\$ 2,055,254</u>	<u>\$ 1,270,797</u>

# WALLER COUNTY, TEXAS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended December 31, 2008

### STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Budgetary Information

Annual budgets are adopted on the modified accrual basis of accounting for the General Fund; certain Special Revenue Funds (Road and Bridge, Special Revenue, Chapter 19 Voters Registration, Law Library, Title IV Juvenile Justice, RMPF County Clerk/District Clerk, RPF County Clerk, Courthouse Security, JP Technology Fund, and the Grant Fund); and the Debt Service Fund.

The County Judge is, by statute, the Budget Officer of the County and has the responsibility of preparing the County's budget. Under the County's budgeting procedures, each department submits a budget request to the County Judge. The County Judge reviews budget requests and holds informal hearings when needed. Before October 1, a proposed budget is presented to the Commissioners' Court. A public hearing is then held and the Commissioners' Court takes action on the proposed budget. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the estimate of revenues and available fund balance.

Once the budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping members of the Commissioners' Court advised of the conditions of the various funds and accounts.

The appropriated budget is prepared by fund. Any transfers of appropriations are first approved by the Commissioners' Court. No amendments may be made without Commissioners' Court approval to the total budget for each department within a fund. Thus, the legal level of budgetary control is at the department level. No supplemental appropriations were required during the year.

Encumbrance accounting is not employed by the County because it is not considered necessary to assure effective budgetary control.

#### B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2008, the following funds had expenditures exceeding appropriations:

Special Revenue Funds:	
Elections	\$26,020

**WALLER COUNTY, TEXAS****SCHEDULE OF FUNDING PROGRESS - OPEB**

Year Ended December 31, 2008

**EXHIBIT B-3**

Valuation Date	Actuarial Valuation of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Asset (Liability) (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
(1)	(2)	(3)	(2) - (3) (4)	(2)/(3) (5)	(6)	(4)/(6) (7)
12/31/08	N/A	\$10,045,318	(\$10,045,318)	0.00%	\$7,802,152	129.00%

*Combining Statements and Budget Comparisons  
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

**WALLER COUNTY, TEXAS**  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2008

	Special Revenue Funds	Debt Service Fund	Capital Projects Construction	Total Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS</b>				
<i>Cash and cash equivalents</i>	\$ 113,229	\$ 145,706	\$ --	\$ 258,935
<i>Investments</i>	1,996,775	227,024	382,811	2,606,610
Receivables (net of allowances for uncollectibles):				
<i>Taxes</i>	--	577,618	--	577,618
<i>Fines</i>	21,003	--	--	21,003
<i>Intergovernmental</i>	45,804	--	--	45,804
<b>Total Assets</b>	<u>\$ 2,176,811</u>	<u>\$ 950,348</u>	<u>\$ 382,811</u>	<u>\$ 3,509,970</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
<i>Accounts payable</i>	\$ 2,312	\$ --	\$ --	\$ 2,312
<i>Other payables and accruals</i>	7,972	--	--	7,972
<i>Due to other funds</i>	1,490	--	--	1,490
<i>Deferred revenue</i>	21,315	572,540	--	593,855
<i>Taxes collected in advance</i>	--	211,764	--	211,764
<b>Total Liabilities</b>	<u>33,089</u>	<u>784,304</u>	<u>--</u>	<u>817,393</u>
<b>Fund balances:</b>				
<i>Reserved for:</i>				
<i>Debt service</i>	--	166,044	--	166,044
<i>Unreserved, reported in</i>				
<i>Special revenue funds</i>	2,143,722	--	--	2,143,722
<i>Capital projects funds</i>	--	--	382,811	382,811
<b>Total fund balances</b>	<u>2,143,722</u>	<u>166,044</u>	<u>382,811</u>	<u>2,692,577</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,176,811</u>	<u>\$ 950,348</u>	<u>\$ 382,811</u>	<u>\$ 3,509,970</u>

**WALLER COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Special Revenue Funds	Debt Service Fund	Capital Projects Construction	Total Nonmajor Governmental Funds (See Exhibit A-5)
<b>Revenues:</b>				
<i>Taxes</i>	\$ --	\$ 667,194	\$ --	\$ 667,194
<i>Intergovernmental</i>	404,719	--	--	404,719
<i>Fines</i>	142,142	--	--	142,142
<i>Interest</i>	51,398	11,364	15,282	78,044
<i>Miscellaneous</i>	228,976	--	--	228,976
<b>Total revenues</b>	<u>827,235</u>	<u>678,558</u>	<u>15,282</u>	<u>1,521,075</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<i>General government</i>	121,603	--	--	121,603
<i>Public Safety</i>	324,253	--	410,747	735,000
<i>Judicial</i>	24,476	--	--	24,476
<i>Legal</i>	189,652	--	--	189,652
<i>Culture and recreation</i>	11,431	--	--	11,431
<i>Nondepartmental</i>	82,401	--	--	82,401
<b>Debt service:</b>				
<i>Principal</i>	--	585,000	--	585,000
<i>Interest and fiscal charges</i>	--	152,668	--	152,668
<b>Total expenditures</b>	<u>753,816</u>	<u>737,668</u>	<u>410,747</u>	<u>1,902,231</u>
Excess (deficiency) of revenues over (under) expenditures	73,419	(59,110)	(395,465)	(381,156)
<b>Other financing sources (uses):</b>				
<i>Transfers in</i>	91,776	--	--	91,776
<i>Transfers out</i>	(69,874)	--	--	(69,874)
<b>Total other financing sources (uses)</b>	<u>21,902</u>	<u>--</u>	<u>--</u>	<u>21,902</u>
<b>Net change in fund balances</b>	95,321	(59,110)	(395,465)	(359,254)
Fund balances, January 1	2,048,401	225,154	778,276	3,051,831
Fund balances, December 31	<u>\$ 2,143,722</u>	<u>\$ 166,044</u>	<u>\$ 382,811</u>	<u>\$ 2,692,577</u>

**WALLER COUNTY, TEXAS**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2008

	District Attorney Apportionment	Constable Precinct #2 LEOSE	Constable Precinct #3 LEOSE	Sheriff Forfeiture
<b>ASSETS</b>				
<i>Cash and cash equivalents</i>	\$ 8,193	\$ 1,796	\$ 2	\$ 64
<i>Investments</i>	--	--	--	--
Receivables (net of allowances for uncollectibles):				
<i>Fines</i>	--	--	--	--
<i>Intergovernmental</i>	--	--	--	--
<b>Total Assets</b>	<u>\$ 8,193</u>	<u>\$ 1,796</u>	<u>\$ 2</u>	<u>\$ 64</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
<i>Accounts payable</i>	\$ --	\$ --	\$ --	\$ --
<i>Other payables and accruals</i>	--	--	--	--
<i>Due to other funds</i>	--	--	--	--
<i>Deferred revenue</i>	--	--	--	--
<b>Total Liabilities</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Fund balances:</b>				
<i>Unreserved</i>	8,193	1,796	2	64
<b>Total fund balances</b>	<u>8,193</u>	<u>1,796</u>	<u>2</u>	<u>64</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 8,193</u>	<u>\$ 1,796</u>	<u>\$ 2</u>	<u>\$ 64</u>

D.A. Worthless Check	Elections	District Attorney Forfeiture	Law Library	Title IV Juvenile Justice
\$ 3,316	\$ --	\$ 17,840	\$ 291	\$ --
--	15,713	--	72,033	138,618
--	--	--	--	--
--	22,300	--	--	--
<u>\$ 3,316</u>	<u>\$ 38,013</u>	<u>\$ 17,840</u>	<u>\$ 72,324</u>	<u>\$ 138,618</u>
\$ --	\$ 1,001	\$ --	\$ --	\$ --
--	--	--	--	--
--	91	--	--	--
--	--	--	--	--
<u>--</u>	<u>1,092</u>	<u>--</u>	<u>--</u>	<u>--</u>
3,316	36,921	17,840	72,324	138,618
<u>3,316</u>	<u>36,921</u>	<u>17,840</u>	<u>72,324</u>	<u>138,618</u>
<u>\$ 3,316</u>	<u>\$ 38,013</u>	<u>\$ 17,840</u>	<u>\$ 72,324</u>	<u>\$ 138,618</u>

**WALLER COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2008**

	RPF District Clerk	RMPF County Clerk District Clerk	RPF County Clerk	Preservation Fee Birth Death County Clerk
<b>ASSETS</b>				
<i>Cash and cash equivalents</i>	\$ 176	\$ 646	\$ --	\$ 107
<i>Investments</i>	11,690	25,194	309,587	6,374
Receivables (net of allowances for uncollectibles):				
<i>Fines</i>	239	14,467	215	--
<i>Intergovernmental</i>	--	--	--	--
<b>Total Assets</b>	<b>\$ 12,105</b>	<b>\$ 40,307</b>	<b>\$ 309,802</b>	<b>\$ 6,481</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
<i>Accounts payable</i>	\$ --	\$ --	\$ 141	\$ --
<i>Other payables and accruals</i>	--	--	1,550	--
<i>Due to other funds</i>	--	--	1,399	--
<i>Deferred revenue</i>	239	14,467	215	--
<b>Total Liabilities</b>	<b>239</b>	<b>14,467</b>	<b>3,305</b>	<b>--</b>
<b>Fund balances:</b>				
<i>Unreserved</i>	11,866	25,840	306,497	6,481
<b>Total fund balances</b>	<b>11,866</b>	<b>25,840</b>	<b>306,497</b>	<b>6,481</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,105</b>	<b>\$ 40,307</b>	<b>\$ 309,802</b>	<b>\$ 6,481</b>

Courthouse Security	Graffiti Eradication	JP Technology Fee	Family Protection Fee	Court Initiated Guardianship
\$ 2,051	\$ --	\$ --	\$ 2,293	\$ 2,280
496,174	589	153,753	--	--
4,608	7	1,467	--	--
--	--	--	--	--
<u>\$ 502,833</u>	<u>\$ 596</u>	<u>\$ 155,220</u>	<u>\$ 2,293</u>	<u>\$ 2,280</u>
\$ --	\$ --	\$ 66	\$ --	\$ --
--	--	--	--	--
--	--	--	--	--
4,607	8	1,779	--	--
<u>4,607</u>	<u>8</u>	<u>1,845</u>	<u>--</u>	<u>--</u>
498,226	588	153,375	2,293	2,280
<u>498,226</u>	<u>588</u>	<u>153,375</u>	<u>2,293</u>	<u>2,280</u>
<u>\$ 502,833</u>	<u>\$ 596</u>	<u>\$ 155,220</u>	<u>\$ 2,293</u>	<u>\$ 2,280</u>

**WALLER COUNTY, TEXAS**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2008

	D.A. Worthless Check Trust	Hospital Trust
<b>ASSETS</b>		
<i>Cash and cash equivalents</i>	\$ 5,465	\$ --
<i>Investments</i>	--	2,844
Receivables (net of allowances for uncollectibles):		
<i>Fines</i>	--	--
<i>Intergovernmental</i>	--	--
<b>Total Assets</b>	<u>\$ 5,465</u>	<u>\$ 2,844</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
<i>Accounts payable</i>	\$ --	\$ --
<i>Other payables and accruals</i>	--	--
<i>Due to other funds</i>	--	--
<i>Deferred revenue</i>	--	--
<b>Total Liabilities</b>	<u>--</u>	<u>--</u>
 <b>Fund balances:</b>		
<i>Unreserved</i>	5,465	2,844
<b>Total fund balances</b>	<u>5,465</u>	<u>2,844</u>
 <b>Total Liabilities and Fund Balances</b>	 <u>\$ 5,465</u>	 <u>\$ 2,844</u>

Grant	Narc Program	Federal Forfeiture	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 68,709	\$ --	\$ --	\$ 113,229
560,469	133,413	70,324	1,996,775
--	--	--	21,003
23,504	--	--	45,804
<u>\$ 652,682</u>	<u>\$ 133,413</u>	<u>\$ 70,324</u>	<u>\$ 2,176,811</u>
\$ 1,104	\$ --	\$ --	\$ 2,312
6,422	--	--	7,972
--	--	--	1,490
--	--	--	21,315
<u>7,526</u>	<u>--</u>	<u>--</u>	<u>33,089</u>
645,156	133,413	70,324	2,143,722
<u>645,156</u>	<u>133,413</u>	<u>70,324</u>	<u>2,143,722</u>
<u>\$ 652,682</u>	<u>\$ 133,413</u>	<u>\$ 70,324</u>	<u>\$ 2,176,811</u>

**WALLER COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Chapter 19 Voters Registration	District Attorney Apportionment	Constable Precinct #2 LEOSE	Constable Precinct #3 LEOSE
<b>Revenues:</b>				
<i>Intergovernmental</i>	\$ 10,925	\$ 37,031	\$ 670	\$ 670
<i>Fines</i>	--	--	--	--
<i>Interest</i>	--	112	7	--
<i>Miscellaneous</i>	--	--	--	--
<b>Total revenues</b>	<u>10,925</u>	<u>37,143</u>	<u>677</u>	<u>670</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<i>General government</i>	10,925	--	--	--
<i>Public Safety</i>	--	--	--	711
<i>Judicial</i>	--	--	--	--
<i>Legal</i>	--	40,276	1,521	--
<i>Culture and recreation</i>	--	--	--	--
<i>Nondepartmental</i>	--	--	--	--
<b>Total expenditures</b>	<u>10,925</u>	<u>40,276</u>	<u>1,521</u>	<u>711</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	--	(3,133)	(844)	(41)
<b>Other financing sources (uses):</b>				
<i>Transfers in</i>	--	--	--	--
<i>Transfers out</i>	--	--	--	--
<b>Total other financing sources (uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Net change in fund balances</b>	--	(3,133)	(844)	(41)
<b>Fund balances, January 1</b>	--	11,326	2,640	43
<b>Fund balances, December 31</b>	<u>\$ --</u>	<u>\$ 8,193</u>	<u>\$ 1,796</u>	<u>\$ 2</u>

Sheriff Forfeiture	D.A. Worthless Check	Elections	District Attorney Forfeiture	Law Library
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	12,440
14	57	216	--	1,814
--	10,208	91,758	16,660	--
<u>14</u>	<u>10,265</u>	<u>91,974</u>	<u>16,660</u>	<u>14,254</u>
--	--	--	--	--
2,419	--	--	--	--
--	--	--	--	--
--	9,823	--	19,596	9,132
--	--	--	--	--
--	--	69,364	--	--
<u>2,419</u>	<u>9,823</u>	<u>69,364</u>	<u>19,596</u>	<u>9,132</u>
(2,405)	442	22,610	(2,936)	5,122
--	--	--	--	--
--	--	--	--	--
<u>(2,405)</u>	<u>442</u>	<u>22,610</u>	<u>(2,936)</u>	<u>5,122</u>
2,469	2,874	14,311	20,776	67,202
<u>\$ 64</u>	<u>\$ 3,316</u>	<u>\$ 36,921</u>	<u>\$ 17,840</u>	<u>\$ 72,324</u>

**WALLER COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Title IV Juvenile Justice	RPF District Clerk	RMPF County Clerk District Clerk	RPF County Clerk
<b>Revenues:</b>				
<i>Intergovernmental</i>	\$ 46,520	\$ --	\$ --	\$ --
<i>Fines</i>	--	2,053	11,834	44,140
<i>Interest</i>	3,086	58	486	9,130
<i>Miscellaneous</i>	--	--	--	--
<b>Total revenues</b>	<u>49,606</u>	<u>2,111</u>	<u>12,320</u>	<u>53,270</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<i>General government</i>	--	--	--	110,678
<i>Public Safety</i>	--	362	--	--
<i>Judicial</i>	10,234	--	--	--
<i>Legal</i>	--	--	--	--
<i>Culture and recreation</i>	--	--	--	--
<i>Nondepartmental</i>	--	--	--	--
<b>Total expenditures</b>	<u>10,234</u>	<u>362</u>	<u>--</u>	<u>110,678</u>
Excess (deficiency) of revenues over (under) expenditures	39,372	1,749	12,320	(57,408)
<b>Other financing sources (uses):</b>				
<i>Transfers in</i>	--	--	--	--
<i>Transfers out</i>	--	--	--	--
<b>Total other financing sources (uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Net change in fund balances</b>	39,372	1,749	12,320	(57,408)
Fund balances, January 1	99,246	10,117	13,520	363,905
Fund balances, December 31	<u>\$ 138,618</u>	<u>\$ 11,866</u>	<u>\$ 25,840</u>	<u>\$ 306,497</u>

Preservation Fee Birth Death County Clerk	Courthouse Security	Graffiti Eradication	JP Technology Fee	Family Protection Fee
\$ --	\$ --	\$ --	\$ --	\$ --
1,838	40,788	--	26,756	2,293
51	11,793	15	3,638	--
--	--	--	--	--
<u>1,889</u>	<u>52,581</u>	<u>15</u>	<u>30,394</u>	<u>2,293</u>
--	--	--	--	--
--	--	--	14,242	--
--	--	--	--	--
--	13,037	--	--	--
--	<u>13,037</u>	--	<u>14,242</u>	--
1,889	39,544	15	16,152	2,293
--	--	--	--	--
--	--	--	--	--
1,889	39,544	15	16,152	2,293
4,592	458,682	573	137,223	--
<u>\$ 6,481</u>	<u>\$ 498,226</u>	<u>\$ 588</u>	<u>\$ 153,375</u>	<u>\$ 2,293</u>

**WALLER COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Court Initiated Guardianship	D.A. Worthless Check Trust	Hospital Trust
Revenues:			
<i>Intergovernmental</i>	\$ 2,280	\$ --	\$ --
<i>Fines</i>	--	--	--
<i>Interest</i>	--	159	70
<i>Miscellaneous</i>	--	109,783	--
Total revenues	<u>2,280</u>	<u>109,942</u>	<u>70</u>
Expenditures:			
Current:			
<i>General government</i>	--	--	--
<i>Public Safety</i>	--	--	--
<i>Judicial</i>	--	--	--
<i>Legal</i>	--	109,304	--
<i>Culture and recreation</i>	--	--	--
<i>Nondepartmental</i>	--	--	--
Total expenditures	<u>--</u>	<u>109,304</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	2,280	638	70
Other financing sources (uses):			
<i>Transfers in</i>	--	--	--
<i>Transfers out</i>	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	2,280	638	70
Fund balances, January 1	--	4,827	2,774
Fund balances, December 31	<u>\$ 2,280</u>	<u>\$ 5,465</u>	<u>\$ 2,844</u>

Grant	Narc Program	Federal Forfeiture	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ 305,802	\$ 821	\$ --	\$ 404,719
--	--	--	142,142
15,702	4,540	450	51,398
--	567	--	228,976
<u>321,504</u>	<u>5,928</u>	<u>450</u>	<u>827,235</u>
--	--	--	121,603
320,761	--	--	324,253
--	--	--	24,476
--	--	--	189,652
11,431	--	--	11,431
--	--	--	82,401
<u>332,192</u>	<u>--</u>	<u>--</u>	<u>753,816</u>
(10,688)	5,928	450	73,419
21,902	--	69,874	91,776
--	(69,874)	--	(69,874)
<u>21,902</u>	<u>(69,874)</u>	<u>69,874</u>	<u>21,902</u>
11,214	(63,946)	70,324	95,321
633,942	197,359	--	2,048,401
<u>\$ 645,156</u>	<u>\$ 133,413</u>	<u>\$ 70,324</u>	<u>\$ 2,143,722</u>

**WALLER COUNTY, TEXAS**  
 CHAPTER 19 VOTERS REGISTRATION  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-5

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Intergovernmental</i>	\$ 11,445	\$ 10,925	\$ (520)
Total revenues	<u>11,445</u>	<u>10,925</u>	<u>(520)</u>
Expenditures:			
Current:			
<i>General Government</i>			
<i>Voter Registrar</i>	11,445	10,925	520
Total General Government	<u>11,445</u>	<u>10,925</u>	<u>520</u>
Total expenditures	<u>11,445</u>	<u>10,925</u>	<u>520</u>
Net change in fund balances	--	--	--
Fund balance, January 1	--	--	--
Fund balance, December 31	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**WALLER COUNTY, TEXAS**  
 ELECTIONS  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-6

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Interest</i>	\$ --	\$ 216	\$ 216
<i>Miscellaneous</i>	43,344	91,758	48,414
Total revenues	<u>43,344</u>	<u>91,974</u>	<u>48,630</u>
Expenditures:			
Current:			
<i>Nondepartmental</i>			
<i>Elections</i>	43,344	69,364	(26,020)
Total Nondepartmental	<u>43,344</u>	<u>69,364</u>	<u>(26,020)</u>
Total expenditures	<u>43,344</u>	<u>69,364</u>	<u>(26,020)</u>
Net change in fund balances	--	22,610	22,610
Fund balance, January 1	14,311	14,311	--
Fund balance, December 31	<u>\$ 14,311</u>	<u>\$ 36,921</u>	<u>\$ 22,610</u>

**WALLER COUNTY, TEXAS**

LAW LIBRARY

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-7

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines</i>	\$ 57,850	\$ 12,440	\$ (45,410)
<i>Interest</i>	--	1,814	1,814
Total revenues	<u>57,850</u>	<u>14,254</u>	<u>(43,596)</u>
Expenditures:			
Current:			
<i>Legal</i>			
<i>Law Library</i>	57,850	9,132	48,718
Total Legal	<u>57,850</u>	<u>9,132</u>	<u>48,718</u>
Total expenditures	<u>57,850</u>	<u>9,132</u>	<u>48,718</u>
Net change in fund balances	--	5,122	5,122
Fund balance, January 1	67,202	67,202	--
Fund balance, December 31	<u>\$ 67,202</u>	<u>\$ 72,324</u>	<u>\$ 5,122</u>

**WALLER COUNTY, TEXAS**  
 TITLE IV JUVENILE JUSTICE  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-8

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Intergovernmental</i>	\$ 109,777	\$ 46,520	\$ (63,257)
<i>Interest</i>	--	3,086	3,086
Total revenues	<u>109,777</u>	<u>49,606</u>	<u>(60,171)</u>
Expenditures:			
Current:			
<i>Judicial</i>			
<i>Title V Juvenile Justice</i>	109,777	10,234	99,543
Total Judicial	<u>109,777</u>	<u>10,234</u>	<u>99,543</u>
Total expenditures	<u>109,777</u>	<u>10,234</u>	<u>99,543</u>
Net change in fund balances	--	39,372	39,372
Fund balance, January 1	99,246	99,246	--
Fund balance, December 31	<u>\$ 99,246</u>	<u>\$ 138,618</u>	<u>\$ 39,372</u>

**WALLER COUNTY, TEXAS**  
 RPF DISTRICT CLERK  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-9

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines</i>	\$ 5,000	\$ 2,053	\$ (2,947)
<i>Interest</i>	--	58	58
Total revenues	<u>5,000</u>	<u>2,111</u>	<u>(2,889)</u>
Expenditures:			
Current:			
<i>Public Safety</i>			
TJPC-Y	5,000	362	4,638
Total Public Safety	<u>5,000</u>	<u>362</u>	<u>4,638</u>
Total expenditures	<u>5,000</u>	<u>362</u>	<u>4,638</u>
Net change in fund balances	--	1,749	1,749
Fund balance, January 1	10,117	10,117	--
Fund balance, December 31	<u>\$ 10,117</u>	<u>\$ 11,866</u>	<u>\$ 1,749</u>

**WALLER COUNTY, TEXAS**  
 RPF COUNTY CLERK  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-10

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines</i>	\$ 340,939	\$ 44,140	\$ (296,799)
<i>Interest</i>	--	9,130	9,130
Total revenues	<u>340,939</u>	<u>53,270</u>	<u>(287,669)</u>
Expenditures:			
Current:			
<i>General Government</i>			
<i>Records Preservation</i>	340,939	110,678	230,261
Total General Government	<u>340,939</u>	<u>110,678</u>	<u>230,261</u>
Total expenditures	<u>340,939</u>	<u>110,678</u>	<u>230,261</u>
Net change in fund balances	--	(57,408)	(57,408)
Fund balance, January 1	363,905	363,905	--
Fund balance, December 31	<u>\$ 363,905</u>	<u>\$ 306,497</u>	<u>\$ (57,408)</u>

**WALLER COUNTY, TEXAS**  
 COURTHHOUSE SECURITY  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-11

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines</i>	\$ 417,517	\$ 40,788	\$ (376,729)
<i>Interest</i>	--	11,793	11,793
Total revenues	<u>417,517</u>	<u>52,581</u>	<u>(364,936)</u>
Expenditures:			
Current:			
<i>Nondepartmental</i>			
<i>Courthouse Security</i>	417,517	13,037	404,480
Total Nondepartmental	<u>417,517</u>	<u>13,037</u>	<u>404,480</u>
Total expenditures	<u>417,517</u>	<u>13,037</u>	<u>404,480</u>
Net change in fund balances	--	39,544	39,544
Fund balance, January 1	458,682	458,682	--
Fund balance, December 31	<u>\$ 458,682</u>	<u>\$ 498,226</u>	<u>\$ 39,544</u>

**WALLER COUNTY, TEXAS**  
 JP TECHNOLOGY FUND  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-12

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines</i>	\$ 112,233	\$ 26,756	\$ (85,477)
<i>Interest</i>	--	3,638	3,638
Total revenues	<u>112,233</u>	<u>30,394</u>	<u>(81,839)</u>
Expenditures:			
Current:			
<i>Judicial</i>			
<i>Justice Court Technology</i>	112,233	14,242	97,991
Total Judicial	<u>112,233</u>	<u>14,242</u>	<u>97,991</u>
Total expenditures	<u>112,233</u>	<u>14,242</u>	<u>97,991</u>
Net change in fund balances	--	16,152	16,152
Fund balance, January 1	137,223	137,223	--
Fund balance, December 31	<u>\$ 137,223</u>	<u>\$ 153,375</u>	<u>\$ 16,152</u>

**WALLER COUNTY, TEXAS**  
 GRANT  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
<i>Intergovernmental</i>	\$ 399,199	\$ 305,802	\$ (93,397)
<i>Interest</i>	--	15,702	15,702
<b>Total revenues</b>	<u>399,199</u>	<u>321,504</u>	<u>(77,695)</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<i>Public Safety</i>			
<i>Juvenile Probation Grants 2</i>	146,634	146,330	304
<i>Vine Grant</i>	3,465	3,465	--
<i>Formula Grant</i>	22,041	21,681	360
<i>Juvenile Probation Grants 3</i>	5,602	5,602	--
<i>Domestic Violence Grant</i>	22,521	15,913	6,608
<i>CJD</i>	6,025	6,022	3
<i>911</i>	17,925	17,925	--
<i>CJEC 911 Grant</i>	17,925	17,925	--
<i>CSEC 911 Addressing Grant</i>	31,849	29,700	2,149
<i>TJPC Grant</i>	126,497	56,198	70,299
<b>Total Public Safety</b>	<u>400,484</u>	<u>320,761</u>	<u>79,723</u>
<i>Culture and Recreation</i>			
<i>Lone Star Library Grant</i>	20,617	11,431	9,186
<b>Total Culture and Recreation</b>	<u>20,617</u>	<u>11,431</u>	<u>9,186</u>
<b>Total expenditures</b>	<u>421,101</u>	<u>332,192</u>	<u>88,909</u>
<b>Excess (deficiency) of revenues over   (under) expenditures</b>	(21,902)	(10,688)	11,214
<b>Other financing sources (uses):</b>			
<i>Transfers in</i>	21,902	21,902	--
<b>Total other financing sources (uses)</b>	<u>21,902</u>	<u>21,902</u>	<u>--</u>
<b>Net change in fund balances</b>	--	11,214	11,214
<b>Fund balance, January 1</b>	633,942	633,942	--
<b>Fund balance, December 31</b>	<u>\$ 633,942</u>	<u>\$ 645,156</u>	<u>\$ 11,214</u>

**WALLER COUNTY, TEXAS**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

EXHIBIT C-14

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Taxes</i>	\$ 667,434	\$ 667,194	\$ (240)
<i>Interest</i>	23,000	11,364	(11,636)
Total revenues	<u>690,434</u>	<u>678,558</u>	<u>(11,876)</u>
Expenditures:			
Debt service:			
<i>Principal</i>	585,000	585,000	--
<i>Interest and fiscal charges</i>	152,668	152,668	--
Total Debt Service	<u>737,668</u>	<u>737,668</u>	<u>--</u>
Total expenditures	<u>737,668</u>	<u>737,668</u>	<u>--</u>
Net change in fund balances	(47,234)	(59,110)	(11,876)
Fund balance, January 1	225,154	225,154	--
Fund balance, December 31	<u>\$ 177,920</u>	<u>\$ 166,044</u>	<u>\$ (11,876)</u>

**WALLER COUNTY, TEXAS**

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

PRIVATE-PURPOSE TRUST FUNDS

DECEMBER 31, 2008

	Permanent School	Permanent School Available
<b>ASSETS</b>		
<i>Cash and cash equivalents</i>	\$ --	\$ --
<i>Investments</i>	--	5,894
<i>Intergovernmental</i>	--	401
<i>Capital assets</i>	1	--
<b>Total Assets</b>	<u>\$ 1</u>	<u>\$ 6,295</u>
 <b>LIABILITIES</b>		
 <b>NET ASSETS</b>		
<i>Held in trust</i>	<u>\$ 1</u>	<u>\$ 6,295</u>

<u>Ogg Trust</u>	<u>Dismuke Estate Trust</u>	<u>Total Private- Purpose Trust Funds (See Exhibit A-7)</u>
\$ 1	\$ --	\$ 1
55,176	61,466	122,536
--	--	401
--	--	1
<u>\$ 55,177</u>	<u>\$ 61,466</u>	<u>\$ 122,939</u>
<u>\$ 55,177</u>	<u>\$ 61,466</u>	<u>\$ 122,939</u>

**WALLER COUNTY, TEXAS**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

ALL PRIVATE-PURPOSE TRUST FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2008

	Permanent School	Permanent School Available	Ogg Trust
<b>Additions:</b>			
<i>Interest</i>	\$ --	\$ 91	637
<i>Miscellaneous</i>	--	6,562	42,500
Total Additions	<u>--</u>	<u>6,653</u>	<u>43,137</u>
<b>Deductions:</b>			
<i>Administrative expenses</i>		410	4,175
<i>Payments to schools</i>	--	--	--
Total Deductions	<u>--</u>	<u>410</u>	<u>4,175</u>
<b>Change in Net Assets</b>	--	6,243	38,962
Net Assets-Beginning of the Year	1	52	16,215
Net Assets-End of the Year	<u>\$ 1</u>	<u>\$ 6,295</u>	<u>\$ 55,177</u>

EXHIBIT C-16

Dismuke Estate Trust	Total Private-Purpose Trust Funds (See Exhibit A-8)
\$ 1,512	\$ 2,240
--	49,062
<u>1,512</u>	<u>51,302</u>
	4,585
--	--
<u>--</u>	<u>4,585</u>
1,512	46,717
59,954	76,222
<u>\$ 61,466</u>	<u>\$ 122,939</u>

**WALLER COUNTY, TEXAS**

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
DECEMBER 31, 2008

	<u>Agency</u>	<u>Automated Revenue</u>	<u>Total Agency Funds (See Exhibit A-7)</u>
<b>ASSETS</b>			
<i>Cash and cash equivalents</i>	\$ 6,700,048	\$ 7	\$ 6,700,055
<b>Total Assets</b>	<u>\$ 6,700,048</u>	<u>\$ 7</u>	<u>\$ 6,700,055</u>
<i>Due to other governments</i>	\$ 1,554,849	\$ --	\$ 1,554,849
<i>Due to others</i>	5,145,199	7	5,145,206
<b>Total Liabilities</b>	<u>\$ 6,700,048</u>	<u>\$ 7</u>	<u>\$ 6,700,055</u>
<b>NET ASSETS</b>			