

WALKER COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2009

Walker County, Texas
Comprehensive Annual Financial Report
For The Year Ended September 30, 2009

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INTRODUCTORY SECTION

WALKER COUNTY AUDITOR

1301 Sam Houston Avenue Room 206 Huntsville, Texas 77320
(936) 436-4948

March 17, 2010

The Honorable District Judges of the 12th and 278th Districts
The Honorable Commissioners' Court
Walker County, Texas

Gentlemen:

The Comprehensive Annual Financial Report of Walker County, Texas, for the year ended September 30, 2009, is submitted herewith. This report was prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board and is in compliance with Vernon's Texas Codes Annotated (VTCA) Local Government Code. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures rests with the County. I believe the data as presented is accurate in all material aspects and presented in a manner designed to fairly set forth the financial position and results of operations of Walker County as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the County's financial activity have been included.

Walker County's financial statements have been audited by Kenneth C. Davis & Company, P.C., a local CPA firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of Walker County for the year ended September 30, 2009 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that Walker County's financial statements for the fiscal year ended September 30, 2009 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Walker County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audits engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal control and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The Single Audit report is in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including a Schedule of Expenditures of Federal Awards, the independent auditors' reports on internal controls and compliance with applicable laws and regulations, and a Schedule of Findings are included in this report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to

complement MD&A and should be read in conjunction with it. Walker County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Walker County, created in 1846, covers approximately 810 square miles in the rolling hills of the East Texas Pineywoods and serves a population of approximately 64,739. Walker County is located approximately 60 miles north of metropolitan Houston and 165 miles south of metropolitan Dallas/Fort Worth. Interstate 45 runs through the County.

The financial reporting entity of Walker County includes all the funds of the County. The County provides a full range of services including police protection, legal and judicial services, and maintenance of roads and bridges. The transactions of all elected county, district and precinct officers are also included. Although these officials are responsible solely to the electorate, the officials receive funding for the operation of their departments from the Commissioners' Court, which has discretion over those expenditures.

The County operates under the Commissioners' Court form of elected government and is a political subdivision of the State of Texas. The County is empowered to levy a property tax on both real and personal property located within its boundaries. Policy and decision making authority are vested in the Commissioners' Court, which consists of the County Judge and four Commissioners. This Court is responsible for adopting the budget, appointing committees, and overseeing the general business of the County. The Commissioners, as well as the Judge, are elected to four-year terms with alternate elections every two years so that the court will contain senior members.

In addition to law enforcement, judicial, and infrastructure expenditures, Walker County funds other services. Additional services include fire protection and comprehensive 911 dispatch operations, which are provided by interlocal agreements between Walker County and the City of Huntsville. Volunteer fire departments within the County also receive financial support from the County. In addition, Emergency Medical Services are provided.

Local Economic Condition and Outlook

Walker County provides access to the highly popular Sam Houston National Forest where rich vegetation and numerous lakes allow visitors to participate in activities such as fishing, camping, and hiking. Also, Walker County visitors and residents alike enjoy the scenery provided by the world's tallest statue of an American hero; the 67-foot high replica of Sam Houston known as *A Tribute to Courage*. Meanwhile, indoor entertainment can be found at the Sam Houston Memorial Museum, the Texas Prison Museum, and a variety of cultural and sporting events offered by Sam Houston State University, in Huntsville.

The county seat is Huntsville, Texas. Two other municipalities located within the County include the City of New Waverly and the City of Riverside. Walker County has abundant wildlife and contains approximately 54,000 acres of the Sam Houston National Forest within its boundaries. Lake Livingston, a popular attraction, borders the County's eastern boundary while Lake Conroe rests on the southern boundary. The rural setting, with access to the outdoors, recreational facilities, and urban amenities, provides Walker County citizens and tourists with much enjoyment year round.

According to the 2000 census, Walker County's population reached 61,758. State and local government are significant sources of employment for this area while additional hiring focuses on agribusiness, forest production, and timber industries due to the vast number of natural resources available.

The unemployment rate in the County for 2009 was 7.8%, compared with the state unemployment rate of 8.2% and national unemployment rate of 9.8%. This county rate

compares to 5.8% for the prior year according to information provided by the Texas Workforce Commission. Walker County has traditionally had very stable employment, due primarily to an economy based on employment at Sam Houston State University and Texas Department of Criminal Justice. The State's prison system is headquartered in Walker County with seven major facilities housing an estimated 13,607 inmates. Sam Houston State University, also located in Walker County, reported an enrollment of approximately 16,798 students for the fall of 2009 as compared to 16,663 in the fall of 2008.

A favorable economic outlook is due to the steady number of building permits issued locally and the associated construction values for residential and commercial development along with a stable enrollment rate at Sam Houston State University. These factors along with Walker County's rural setting, its proximity to major metropolitan areas, and a historically stable job market should contribute to its continued growth.

In FY 2008 Walker County received a \$2,000,000 allocation from the State of Texas to construct a Veteran's Museum of Texas facility. The H.E.A.R.T.S Veteran's Museum of Texas, a local 501 c(3) organization, has built a museum collection over the last 15 years to commemorate and honor U.S. military veterans from all branches of service. In order to provide a facility to house the collection, the State Legislature authorized an allocation to Walker County through the General Land Office. The 12,500 sq. ft. facility is adjacent to the County Storm Shelter project located on a five acre site located at 445 SH 75 S, in Huntsville, TX.

Long-term financial planning. At present there are no immediate plans to issue long-term debt. However, Walker County is discussing the need for additional jail facilities and looking at alternatives. In FY 2009, the County contracted with The C3 Group, Ltd., L.L.P. (C3) to provide consulting services related to the issuance of a request for proposal and related services pertaining to the development of a new jail facility for Walker County. The proposal will solicit proposals from private jail management firms that will address the current and future jail needs. Any fee payable to C3 is contingent on the successful completion of a financing transaction and included as a cost of the financing transaction. To date, a project has not been submitted. Early estimates indicate that the facility could range in the \$6 to \$20 million dollar range with a portion of the capital costs to be borne by "renting" out excess capacity. Initial estimates by the planners are that 200 beds would be used by Walker County. Monies are also included in the budget for continuing improvements to bridges and water way crossings.

The County intends to continue with improving roads and bridges. The Commissioners in a joint effort over the past several years have been able to procure equipment necessary to seal-coat roads with high traffic and high maintenance needs. This has improved the accessibility of property and decreased labor-intensive maintenance in these areas. The budget allocations for the last several years included funds to supplement the road maintenance funds. Bridge and water crossings are a priority for Commissioner's Court.

Walker County continues to support the rural water supply programs throughout the County, which have greatly enhanced services to rural county residents. These projects are funded through federal community development pass-through grants.

Walker County continued implementation of a 911 program focused on assigning a physical address to every residence in the County. Completed in 2008 was the updating of the database and coordinating with other government entities to produce a county-wide standardized addressing GIS map that will serve to improve mapped automatic call identification programs at central dispatch. Walker County is currently awaiting regional standardization and improvements in GIS aided dispatch by the Houston-Galveston Area Council's dispatch contractor.

Emergency planning and public safety. A focus of Walker County in the last several years is enhanced service related to public safety and a greater level of preparedness for emergencies. An emergency notification system (Code Red) was purchased in FY 2006 and the public safety radio system updated, enhancing interoperability for all public safety/emergency management. The

Code Red system allows for telephone notification of citizens about situations that may affect public safety. The County Judge acts as the Director of the Office of Emergency Management (OEM). He is assisted by an Emergency Management Coordinator, a Deputy Coordinator, a volunteer Director of Communications and a Donations Manager. The Emergency Operations Center (EOC), a joint operations center with the Cities of Huntsville, New Waverly and Riverside has been upgraded in many areas. The County added a full time Deputy Emergency Manager in the FY 2008 budget to assist the County Judge. The communications area of the EOC is at its highest level of inter-operability. Walker County EOC has a radio tower and radio system for contact with not only local jurisdictions but also state agencies. Walker County has adopted the NIMS system for running the EOC during an emergency. The Walker County Sheriff's Office has been able to remain above the State average on crime clearance. In 2005, the County received a Homeland Security grant to get fiber communication between the law enforcement facilities/agencies. The City of Huntsville is participating with the County in this endeavor as is Sam Houston State University. Additional fiber was budgeted by each of three participating agencies and installation was completed in early 2010. Additional grants have been received to update the radio systems in FY 2008, FY 2009 and FY 2010.

Walker County received over the last several years funding in the amount of \$3,189,725 from FEMA and ORCA to build a shelter in Walker County. The shelter was completed in early 2009. Walker County continues to maintain and update information to Walker County maps for use by emergency medical services, fire departments, and communications providers among others. As this project progresses, the citizens of Walker County are expected to see more efficient emergency services due to the standardized addressing system as well as have access to updated and more accurate maps.

Cash Management Policies and Practices. The County's investment policies are governed by the laws of the State of Texas. The policies identify authorized investments, collateral requirements, and safekeeping requirements for collateral. Demand deposits are covered by pledged collateral maintained in joint safekeeping accounts at the Federal Reserve Bank or by a third party.

Idle funds not required for day-to-day operations are invested in TEXPOOL, a program initiated by the state and bid out by the state for investment service for public funds, or alternate investment pools, DWS Government Cash Institutional Shares and MBIA Asset Management. The maturities of the investments generally range from 30 days to 180 days. As with all investments, the County is seeing a significant decrease in interest earnings currently. Funds received in the FY 2009 budget year were significantly less than budgeted, and the impact of reduced interest earnings is expected to continue in 2010. The 2010 budget was significantly reduced. However, due to the nature of the investments, there has been no loss of principal.

Internal Controls. Internal controls are management tools designed to help management meet its responsibilities and achieve its objectives. Basic objectives include meeting requirements of the offices as set out in state statute with effectiveness and efficiency (achieving the purpose of the department and county and making good use of the resources entrusted to Walker County elected officials and department heads). While management is primarily responsible for internal controls, the governing body plays a role in assisting management in fulfilling its duties. Commissioners Court, the governing body of the County, has adopted policies and procedures to aid in this process. An internal audit function is funded in the budget and regular internal audits are conducted with the focus on internal controls put in place by management/elected officials of the various departments of the County. Reports are regularly presented to the elected officials and /department heads and Commissioners Court. Inherent limitations are associated with internal controls. Cost considerations often prevent management from ever installing the most desirable system including budget limitations not allowing for the desired segregation of duties; internal controls are potentially subject to management and employee override; and the risk of collusion exists. In County government another limitation is that most department heads are elected officials and state statute grants limited authority to the governing body to direct procedures and operations of an elected official.

Risk Management. The County controls loss through purchased insurance policies. The County purchases workers compensation insurance through the TAC, (Texas Association of Counties) and purchases liability insurance to cover potential losses. The County has a formal safety program. The Commissioners' Court distributes a safety manual for use by all employees.

Financial Polices and impact on current period financial statements. The County has the policy of funding all on-going costs with revenues generated in the current year. Revenue received from interest earnings in the fiscal year ending September 30, 2009, excluding the capital projects funds, was less than budgeted and \$234,743 less than actual receipts for the previous fiscal year. Revenues from fines and revenues from several fee offices were less than budgeted. In the current fiscal year that began October 1, 2009, interest income continues to decrease, and sales tax revenues are approximately 5% less than in the fiscal year ended September 30, 2009. Revenues from fees and fines continue to decrease in some offices. In the fiscal year beginning October 1, 2009, as in previous years, one-time costs were funded with funds available in fund balance. There was a tax rate increase from the \$0.545 in FY 2009 to \$0.577 for the fiscal year beginning October 1, 2009. The fund balance of the General Fund continues to exceed the minimum goal set by Commissioners Court.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Walker County for its comprehensive annual financial report for the fiscal year ended September 30, 2008. This was the thirteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements. The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the County Auditor's Office. I would like to express my appreciation to everyone in the office for their loyal and dedicated service. I would also like to commend the members of the Commissioners' Court for conducting the financial operations of Walker County in a responsible manner.

Respectfully submitted,

Patricia Allen, CPA, CGFM
County Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Walker County
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

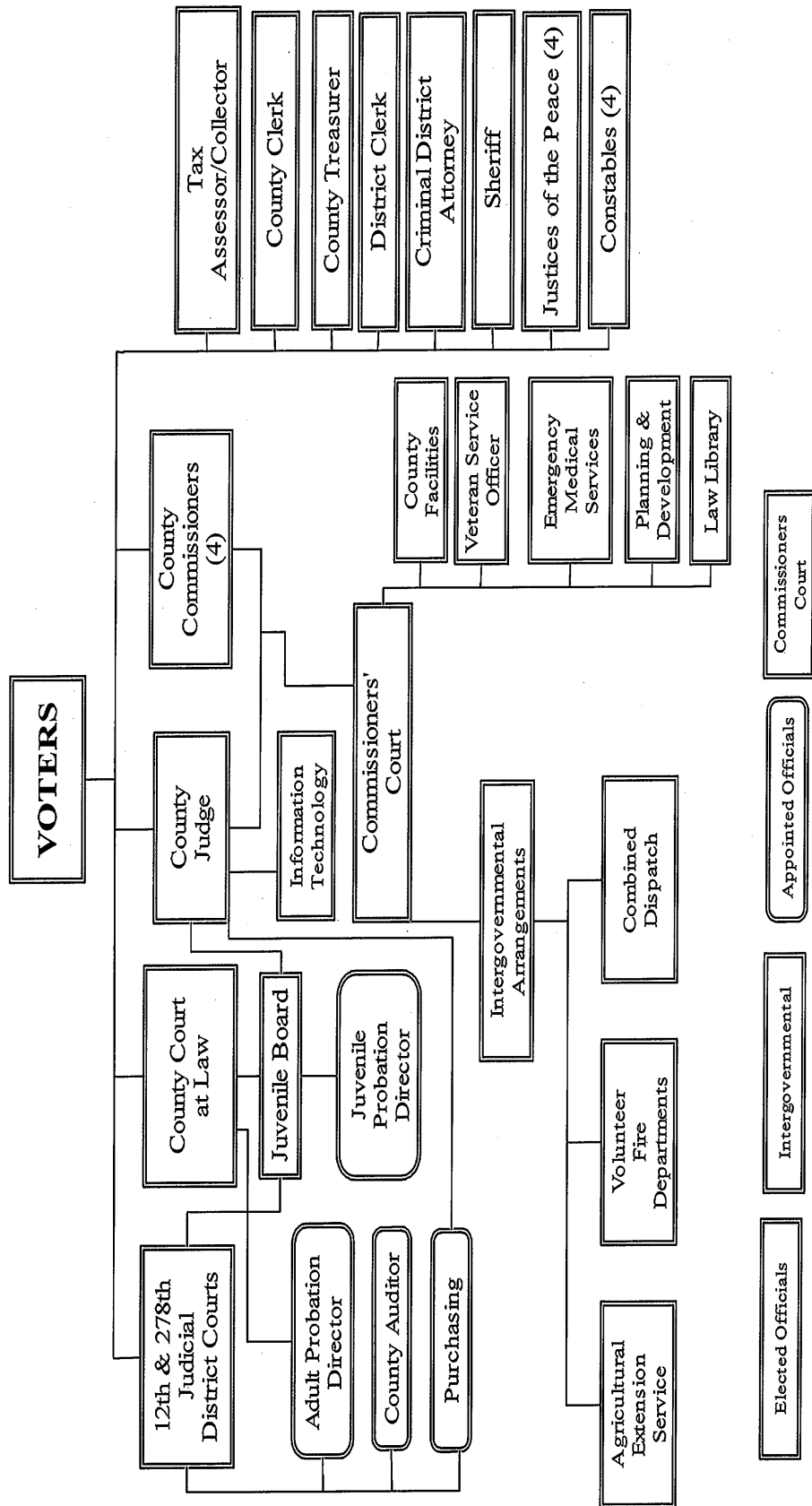
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Walker County, Texas Organization



WALKER COUNTY, TEXAS
LIST OF PRINCIPAL OFFICIALS
 SEPTEMBER 30, 2009

Elected Officials

<u>Name</u>	<u>Office</u>
Donald L. Kraemer	Judge, 12th Judicial District Court
Kenneth H. Keeling	Judge, 278th Judicial District Court
Robert D. Pierce, II	County Judge
Barbara Hale	Judge, County Court at Law
B.J. Gaines, Jr.	Commissioner, Precinct 1
Robert E. Autery	Commissioner, Precinct 2
Bobby Warren	Commissioner, Precinct 3
Tim Paulsel	Commissioner, Precinct 4
Diana L. McRae	Tax Assessor/Collector
Sharon Duke	County Treasurer
Robyn Flowers	District Clerk
James Patton	County Clerk
Clint McRae	Sheriff
David P. Weeks	Criminal District Attorney
Janie H. Farris	Justice of the Peace, Precinct 1
Richard B. Duncan	Justice of the Peace, Precinct 2
Lloyd Roark	Justice of the Peace, Precinct 3
James F. Mature	Justice of the Peace, Precinct 4
John Hooks	Constable, Precinct 1
Reed Prehoda	Constable, Precinct 2
Steve Hill	Constable, Precinct 3
Gene Bartee	Constable, Precinct 4

Appointed Officials

<u>Name</u>	<u>Position</u>
Patricia Allen	County Auditor
John McGuire	Director, Adult Probation
Jill Saumell	Director, Juvenile Probation
Linda McKenzie	County Purchasing Agent

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Kenneth C. Davis & Company

A Professional Corporation

Certified Public Accountants

1300 11TH STREET, SUITE 400

P.O. BOX 6308

HUNTSVILLE, TEXAS 77342

PHONE (936) 291-3020

FAX (936) 291-9607

Independent Auditor's Report on Financial Statements

Commissioners Court
Walker County, Texas
1100 University Avenue
Huntsville, Texas 77340

Members of the Commissioners Court:

We have audited the accompanying basic and combining financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Walker County, Texas as of and for the year ended September 30, 2009, which collectively comprise the County's basic and combining financial statements as listed in the table of contents. These financial statements are the responsibility of Walker County, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

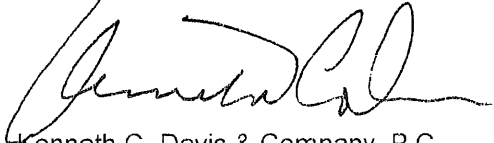
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Walker County, Texas as of September 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the aggregate remaining fund information of Walker County, Texas and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2010, on our consideration of Walker County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information 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 required supplementary 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 the Walker County, Texas' basic and combining financial statements. The accompanying schedule of expenditures of federal awards required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. This information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic and combining financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic and combining financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic and combining financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kenneth C. Davis", with a stylized flourish at the end.

Kenneth C. Davis & Company, P.C.

March 17, 2010

Management's Discussion and Analysis

The following discussion and analysis of Walker County's financial performance provides an overview of the County's financial activities for the year ended September 30, 2009. Please read this discussion and analysis in conjunction with the transmittal letter at the front of this report and the County's financial statements, which follow this section. Walker County has prepared this financial report in compliance with the Governmental Accounting Standards Board (GASB) Statement No. 34 and amendments thereafter.

Financial Highlights

- On a government-wide basis, the assets of Walker County exceeded its liabilities at the close of its most recent fiscal year by \$22,041,675 (net assets). Of this amount \$7,784,884 may be used to meet the ongoing obligations to citizens and creditors. The balance is reserved for special purposes or is invested in capital assets.
- On a government-wide basis for governmental activities, the County had expenses net of program revenue of \$15,111,180. General revenues of \$14,212,196 (Exhibit A-2) were \$898,984 less than expenses net of program revenue. Included in \$898,984 is \$782,774 expense for postemployment benefits. This is the first year the County has recorded this liability. Including a prior adjustment of \$1,481,603 (reduction of EMS accounts receivable), the result is a decrease in net assets from the September 30, 2008 balance of \$24,422,262 to \$22,041,675 at September 30, 2009.
- The General Fund, on a current financial resource basis (fund level), reported revenues and other financing sources over expenditures and other uses of \$503,973, as compared to a planned reduction of \$2,212,999 (Exhibits A-5 and B-1).
- As of September 30, 2009, unreserved fund balance in the General Fund was \$5,586,097 as compared to \$5,082,124 in the prior year. Fund balance as a percentage of expenditures is 38%, well exceeding the minimum requirement goal set by Commissioners Court. The adopted budget included use of fund balance for one-time expenditures. In FY 2008 and FY 2007, the unreserved fund balance is approximately 35% and 38% of the expenditures for each fiscal year.

Overview of the Financial Statements

This discussion and analysis narrative is intended to serve as an introduction to Walker County's basic financial statements. The County's Comprehensive Annual Financial Report consists of five sections: introductory, financial, other supplementary, compliance, and statistical sections. The financial section of this report has three components - management's discussion and analysis (this narrative), the basic financial statements, and required supplementary information. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The primary focus of these financial statements is on both the County as a whole (government-wide financial statements) and individual parts of the County (fund financial statements). The government-wide financial statements provide both long-term and short-term information about the County's overall financial status. The fund financial statements, on the other hand, focus on individual parts of the County and provide more detail of the County's operations than the government-wide financial statements.

Government-wide financial statements. The government-wide financial statements report information about the County as a whole using accounting methods similar to those used by

private-sector companies. The statement of net assets and the statement of activities, which are the government-wide statements, report information about the County as a whole and about its activities in a way that helps answer whether the County is in a better or worse financial position as a result of the current year's activity. The statement of net assets presents information on all of the assets and liabilities of Walker County, 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 condition of Walker County is improving or deteriorating. Other non-financial factors, such as the County's property tax base and the condition of the County's infrastructure, need to be considered to assess the overall health of the County. These statements include all assets and liabilities on the accrual basis of accounting.

The statement of activities presents information showing how the County'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 (cash is received or paid). 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.) Again, this reflects the accrual method of accounting, rather than the modified accrual basis that is used in the fund level financial statements.

Government-wide financial statements of a government distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business activities). Walker County has no business type activities. Services provided by Walker County reported as governmental activities include general government administration, public safety, road and bridge maintenance, health and welfare, cooperative service, EMS services, public safety, and the courts system. Walker County financial statements include only the primary government and do not include other governments or component units such as a county hospital or school district.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Walker County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Traditional users of government financial statements will find the fund financial statement presentation more familiar. The fund financial statements provide more detailed information about the County's most significant funds, rather than the County as a whole. Funds of a County are divided into two categories: governmental funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statement. However, unlike the government-wide financial statements, governmental funds 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. Walker County's basic services are included in the governmental funds. The governmental funds financial statements provide a detailed short-term view that helps readers of the financial statements determine the availability of financial resources to fund the County's major programs.

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.

Walker County's report includes eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital projects fund, road and bridge fund, grants and contracts fund, and the EMS fund which are considered to be major funds. Data from twelve other funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements beginning on page 69.

Walker County adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the general fund and other funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found beginning on page 23.

Proprietary Funds. There are two types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Walker County does not currently have any enterprise funds.

Internal service funds are used by some state and local governments to accumulate and allocate costs internally among the unit's various functions. They may be used for such things as a central garage or for its management of information systems. Walker County does not use internal service funds, but rather accounts for costs in the fund where the activity or program is reported.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support Walker County programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is the trustee, or fiduciary, for assets which are held by the County as an agent, pending distribution to authorized recipients. As an example, the County Clerk and District Clerk each function in a fiduciary capacity. These assets are reported in a separate statement of fiduciary net assets (Exhibit A-7).

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34 to 51 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Walker County. The County adopts an annual budget for its General Fund and special revenue funds including its Road and Bridge Fund. Budgetary comparison schedules have been prepared to demonstrate compliance with the budget for the General Fund (Exhibit B-1), Road and Bridge Fund (Exhibit B-2), the Grants and Contracts Fund (Exhibit B-3), and EMS Fund (Exhibit B-4). Required supplementary information begins on page 53 of this report. Included here you will find budgetary information for the Debt Service Fund (Exhibit C-16), and for the Capital Projects Fund (Exhibit C-17), as well as information on the nonmajor funds.

Government-wide Financial Analysis

Below is condensed financial information for the fiscal year 2009 with comparative data for 2008. The following schedule focuses on the net assets of the County as a whole and gives data as of September 30th (the County's fiscal year end date) of each year.

Walker County Net Assets						
	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Cash, Cash Equivalents, & Investments	\$ 10,926,267	\$ 12,956,762	-	-	\$ 10,926,267	\$ 12,956,762
Receivables	3,514,048	4,934,309	-	-	3,514,048	4,934,309
Capital Assets Net of Depreciation	14,695,797	13,433,379	-	-	14,695,797	13,433,379
Total Assets	\$ 29,136,112	\$ 31,324,450	-	-	\$ 29,136,112	\$ 31,324,450
Current Liabilities	\$ 3,603,921	\$ 4,611,824	-	-	\$ 3,603,921	\$ 4,611,824
Non-Current Liabilities	2,450,096	2,290,363	-	-	2,450,096	2,290,363
Total Liabilities	\$ 7,094,307	\$ 6,902,187	-	-	\$ 7,094,307	\$ 6,902,187
Net Assets	-	-	-	-	-	-
Invested in Capital Assets Net of Debt	\$ 13,024,741	\$ 11,143,016	-	-	\$ 13,024,741	\$ 11,143,016
Restricted	1,232,050	3,414,486	-	-	1,232,050	3,414,486
Unrestricted	7,784,884	9,864,761	-	-	7,784,884	9,864,761
Total Net Assets	\$ 22,041,675	\$ 24,422,262	-	-	\$ 22,041,675	\$ 24,422,262

As mentioned earlier, net assets may serve over time as a useful indicator of a government's financial position. After factoring in a prior period adjustment for EMS accounts receivable, assets exceed liabilities by \$22,041,675 at September 30, 2009 as compared to \$24,422,262 at September 30, 2008. Of the County's net assets at the fiscal year end, 59% is investment in capital assets (land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. Walker County uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although investments in capital assets is reported net of debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the assets at fiscal year end (5.6%) represents resources that are subject to restrictions on how they may be used. Restricted net assets in the amount of \$1,232,050 represent County resources that are subject to restrictions, constitutional provisions, or enabling legislations regarding how they may be used. Unrestricted assets of \$7,784,884 (35% of total net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

Government-wide Activities. Net assets of Walker County on a government-wide view decreased by \$898,984 for the current year, of which \$782,774 is the result of recording post employment benefits. Also posted was a reduction of \$1,481,603 for a prior period adjustment (a reduction of EMS accounts receivable). Key elements of decrease are as follows.

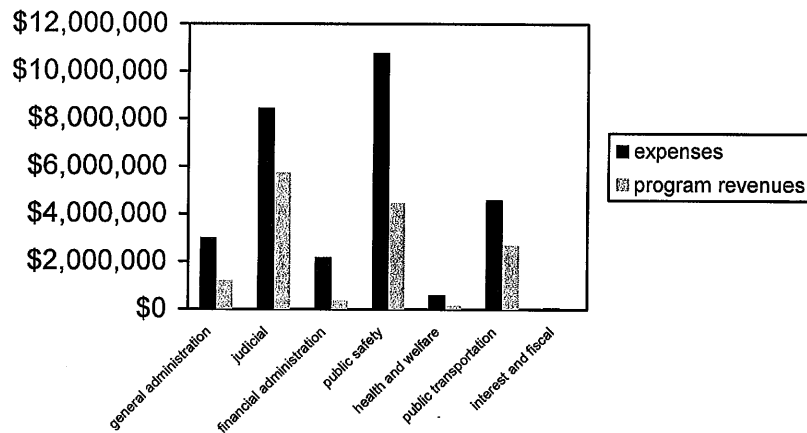
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues						
Charges for Service	\$ 7,637,296	\$ 6,358,928	-	-	\$ 7,637,296	\$ 6,358,928
Operating grants/contributions	6,903,805	6,310,443	-	-	6,903,805	6,310,443
Capital grants/contributions	54,254	4,773,084	-	-	54,254	4,773,084
General Revenues						
Property Taxes	11,522,727	10,460,117	-	-	11,522,727	10,460,117
Other Taxes	2,537,062	2,344,746	-	-	2,537,062	2,344,746
Investment Earnings	152,407	437,532	-	-	152,407	437,532
Total Revenues	\$ 28,807,551	\$ 31,655,647	-	-	\$ 28,807,551	\$ 31,655,647
Net Assets						
Expenses:						
General Administration	\$ 3,000,402	\$ 2,284,682	-	-	\$ 3,000,402	\$ 2,284,682
Judicial	8,457,490	7,613,070	-	-	8,457,490	7,613,070
Financial Administration	2,186,499	2,065,268	-	-	2,186,499	2,065,268
Public Safety	10,775,866	10,290,778	-	-	10,775,866	10,290,778
Health & Welfare	603,749	573,404	-	-	603,749	573,404
Public Transportation	4,596,948	4,632,488	-	-	4,596,948	4,632,488
Interest and fiscal charges	88,581	101,016	-	-	88,581	101,016
Total Expenses	\$ 29,706,535	\$ 27,560,705	-	-	\$ 29,706,535	\$ 27,560,705
Excess (deficiency) before transfer	\$ (898,984)	\$ 4,094,942	-	-	\$ (898,984)	\$ 4,094,942
Transfers	-	-	-	-	-	-
Changes in Net Assets	\$ (898,984)	\$ 4,094,942	-	-	\$ (898,984)	\$ 4,094,942
Net Assets at beginning of year	\$ 24,422,262	\$ 20,327,320	-	-	\$ 24,422,262	\$ 20,327,321
Prior period adjustment (EMS A/R)	(1,481,603)				(1,481,603)	
Net Assets at the end of the year	\$ 22,041,675	\$ 24,422,262	-	-	\$ 22,041,675	\$ 24,422,263

The increase in expenditures for General Administration includes the expense for postemployment benefits, the first time the County has recorded this expense on its books. Included in the total increase for judicial expenditures is an increase of \$516,922 in the SPU grant and state funded expenditures. Walker County is the designated agency to administer the General Revenue and State 421 Grant funds provided for the support of the Special Prosecution Unit. These funds are to be used for the prosecution of offenses committed in the Texas Department of Criminal Justice and the Texas Youth Commission as well as for the civil commitment of sexually violent predators. The increase in the operating grants and contributions category reflects this increase in SPU. The significant decrease from the 2008 capital grants and contributions category reflects monies from

received from FEMA totaling \$2,773,084 for the Shelter Capital Project and \$2,000,000 for the Veterans Heart Museum Capital Project received in 2008.

The following graphic presentation depicts expenses and program revenues for fiscal year 2009 for governmental activities (government-wide).

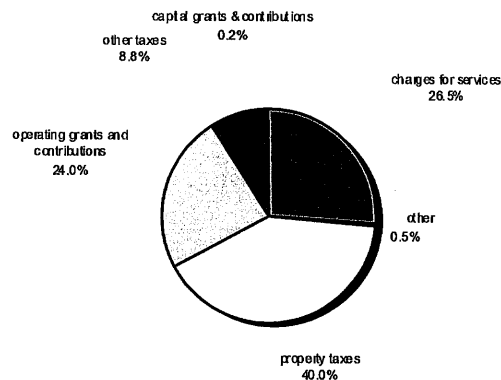
**Walker County, Texas
Expenses and Program Revenues
Government-wide Governmental Activities
For the Year Ending September 30, 2009**



The following graphic presents revenues by source for fiscal year 2009 for governmental activities (government-wide).

**Walker County, Texas
Revenues by Source-Government-wide
Governmental Activities
For the Year Ending September 30, 2009**

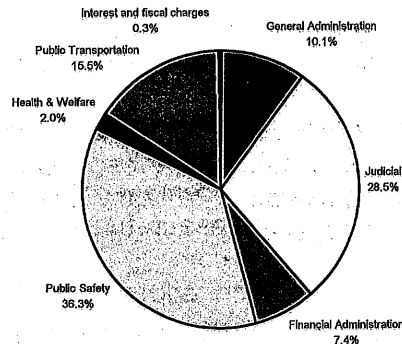
Revenues by Source-Governmental Activities



The following graphic presentation presents expenditures by function for fiscal year 2009 for governmental activities (government-wide).

**Walker County, Texas
Expenses by Function-Government-wide
Governmental Activities
For the Year Ending September 30, 2009**

Expenses by Function-Governmental Funds



Financial Analysis of the County's Funds

As noted earlier, Walker County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Walker County maintains several governmental funds.

Governmental Funds - The focus of the County's governmental funds is to provide information of 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 the County's net resources available for spending at the end of the fiscal year.

The County's governmental funds reflect a combined ending fund balance of \$9,137,335 (Exhibit A-3). Of this total, \$7,957,860 is classified as unreserved fund balance, which is available for spending at the County's discretion. This amount is available for day-to-day operations of the County, while approximately \$1,179,475 is reserved to indicate that it is not available for new spending because it has already been committed. The County has committed \$777,965 of these funds for capital projects, and \$401,510 is reserved for debt service.

This is a decrease of \$3,427,184 in the combined fund balance over the prior year. This is a combination of a \$1,481,603 prior period adjustment reducing the fund balance in the EMS fund for accounts receivable and treating the expected funds to be received as deferred revenues. This adjustment accounts for 43% of the decrease. The remaining decrease is the net of a reduction of \$2,169,167 decrease in Capital Projects fund and increases and decreases in other funds. In the prior year \$2,000,000 was received from the state for building a Veterans Museum. Other decreases in fund balance are reflected in the County Records Preservation Fund where a laser fiche project was begun (\$89,544), reductions in the Adult Probation and Juvenile Probation funds

(\$225,932), a reduction in the Legislatively Designated funds (\$59,183) that included purchase of fire equipment and a reduction of \$69,555 for in the Emergency Management fund. The General Fund, the chief operating fund of Walker County shows an increase in fund balance of \$503,973. The fund balance of the Road and Bridge Fund, a second major fund of the County used to account for the costs of providing road maintenance to the County remains relatively flat at \$914,234. Monies available in the Road and Bridge Fund at the end of the year are reallocated for maintenance in the next year. A third major fund, the EMS fund, shows a decrease in fund balance due to the posting of a prior period adjustment. In FY 2004, the County began operating the Emergency Management Service. The County booked the accounts receivable on the books at that time and for several years treated the fund as an Enterprise Fund. In FY 2006, the County began to account for the fund as a governmental fund. In the financial report for the year ended September 30, 2009, the accounts receivable is adjusted down and is treated as a deferred revenue. A prior period adjustment reflects this change. Monies available in the Road and Bridge Fund at the end of the year are reallocated for maintenance in the next year.

As of September 30, 2009, the unreserved fund balance of the General Funds was \$5,586,097 as compared to \$5,082,124 for the prior year. One measure of liquidity is to compare fund balance to total fund expenditures. Fund balance as a percentage of expenditures is 38% as compared to 35% in FY 2008 and 38% FY 2007. The increase in fund balance was due to a combination of revenues exceeding budget and expenditures coming in under budget. Vacancies and unfilled positions, contingency monies not spent, a much reduced transfer to EMS operations, and monies budgeted for a TDCJ trial not needed combined with property tax collections and sales tax collections exceeding budget primarily accounted for the \$503,973 increase in fund balance.

Road & Bridge Fund expenditures total \$4,379,546 compared to \$4,902,468 in FY 2008 while revenues and other financing sources total \$4,381,433 netting a \$1,887 increase in fund balance. No debt was issued this fiscal year. Funds in all four precincts are reallocated for road and bridge expenditures in the next budget year.

General Fund Budgetary Highlights

The amended budget included an expected decrease to fund balance in the amount of \$2,212,999 which did not take place. The budgeted decrease was a planned reduction of fund balance for one-time capital expenditures and transfers to capital projects funds. It is the policy of the County to maintain the fund balance at 16% to 24% (2 to 3 months) of the operating budget. County policy requires that the fund balance not be drawn down to fund on-going operating costs. The actual difference between revenues and expenditures was an increase to fund balance in the amount of \$503,973. Differences between the original expenditure budget and final amended expenditure budget totaled \$102,835, a 1.0% increase. The largest portion of the adjustment was due to increases for grants and state monies received that were not included in the original budget. A budgetary comparison for the General Fund can be found in required supplementary information section beginning on page 54.

Actual General Fund revenues exceeded the amended budgeted General Fund revenues by \$658,557 during the year ended September 30, 2009. Property tax collections, sales tax collections collected over budget and miscellaneous revenues of \$143,495 collected over budget (including insurance refunds for workers comp and unemployment comp of \$30,273, and a refund from central dispatch operation of \$75,727) make up the bulk of the increase. Interest income was \$185,789 less than budgeted and charges for services were \$185,789 less than budgeted. In addition, General Fund departmental expenditures were \$1,512,468 less than the amended budget. Components of the difference include: approximately \$398,000 less than budget in the Salaries and Benefits category as compared to approximately \$266,000 in the prior year; approximately \$150,000 less than budget spent in the operating budget for centralized costs; \$317,000 budgeted for a TDCJ trial not expended; \$397,735 in contingency funds remaining at

year end; with the balance in other operating expenditures under budget. In addition financing uses were \$545,947 less than the amended budget, a result of reduced funds needed for the transfer to the EMS Fund.

Capital Assets and Debt Administration

Capital Assets. Walker County's investment in capital assets on a government-wide basis as of September 30, 2009 is \$14,695,797 (net of accumulated depreciation). Included in this total is \$483,181 in land and \$1,872,583 in Construction in Progress. Investment in capital assets includes land, buildings, improvements, machinery and equipment, and bridges. As required by GASB 34, depreciation is included for all depreciable assets on the government-wide statements.

Walker County Capital Assets Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 483,181	\$ 483,181	-	-	\$ 483,181	\$ 483,181
Buildings	9,711,395	6,923,218	-	-	9,711,395	6,923,218
Vehicles	1,237,259	1,217,615	-	-	1,237,259	1,217,615
Furniture, Fixtures, Office Equipment	578,349	284,448	-	-	578,349	284,448
Machinery & Equipment	813,030	1,045,513	-	-	813,030	1,045,513
Construction in Progress	1,872,583	3,479,404	-	-	1,872,583	3,479,404
Total Capital Assets	\$ 14,695,797	\$ 13,433,379	-	-	\$ 14,695,797	\$ 13,433,379

Additional information on the County's capital assets can be found in the notes on page 43 and in the other supplementary section on pages 105 to 107 of this report.

Long-term debt. As of September 30, 2009 the County debt for certificates of obligation totals \$1,671,056. Of this amount, \$1,300,000 is for capital improvements that included renovation on the courthouse and purchase of an additional facility to centralize the location of many of the county offices spread throughout the county. The remainder of the debt is for equipment. County policy requires that the term of payment must in all cases be less than the expected life of the equipment. There were no debt issues in FY 2009.

All debt is backed by the full faith and credit of the government, meaning that the County has pledged to levy a property tax sufficient to pay the debt. All current outstanding debt will be paid off by September 2013.

Walker County's Outstanding Debt for Certificates of Obligation

	FY Ending 09/30/09	FY Ending 09/30/08
Certificates of Obligation		
Capital Projects	\$1,300,000	\$1,690,000
Equipment	371,056	600,362
Total Certificates of Obligation	<u>1,671,056</u>	<u>2,290,362</u>
 Total	 <u>\$1,671,056</u>	 <u>\$2,290,362</u>

For the fiscal year ended September 30, 2009, payments on certificates of obligation debt totaled \$619,306.

Additional information on debt can be found in the notes to the financial statements (pages 44 and 45). In addition to debt for certificates of obligation the County has recorded debt for compensated absences of \$797,035 and a long term obligation for post employment benefits of \$782,774. This obligation for post employment benefits is discussed on pages 48 to 50 of this report.

Economic Factors and Budget and Rate information for FY beginning October 1, 2009

- The unemployment rate in the County for 2009 was 7.8%, as compared to the state unemployment rate of 8.2% and national unemployment rate of 9.8%. This rate compares to 5.8% for the prior year according to information provided by the Texas Workforce Commission. Walker County has traditionally had very stable employment, due primarily to an economy based on employment at Sam Houston State University and Texas Department of Criminal Justice. The State's prison system is headquartered in Walker County with seven major facilities housing an estimated 13,607 inmates.
- The new improvement/construction value added to the tax roll for FY 2009 (tax year 2008) totaled \$66,117,900 as compared to \$54,756,227 for the prior year. \$50,000,000+ had been consistent for the last seven years following a reduction of \$8,845,354 between 2001 and 2002.
- Commissioners Court approved a \$26,389,034 expenditure budget for FY 2010, up from \$25,053,296 budget for the 2009 fiscal year.
- The tax rate adopted for the FY 2010 budget is \$0.5770 per \$100 of valuation, up from the \$0.5450 for FY 2009. Included in the increase is \$309,500 for debt issue for road and bridge equipment, pay increases of 2%, an adjustment to full time employee pay for the cost of insurance, addition of an IT analyst, two part time to full time positions in Voter and County facilities maintenance.
- Walker County revenues for FY 2010 at the date of this report generally continue to be in line with exceptions. Sales tax receipts are approximately 5% less to date in FY 2010 as compared to this time in FY 2009. The state wide decrease to date is approximately 12%. The County did not budget for an increase in sales tax. Interest earnings continue to decline and are less than budget, although the budget was less than FY 2009. Charges for service revenues as a total are in line with the budget. Ad valorem tax collections are at the approximate same percentage of levy. Walker County will continue to monitor its revenues and expenditures as we closely watch the economy with the rest of the nation.

Request for Information

This financial report is designed to provide a general overview of Walker County's finances for all of those with an interest in the County's finances. Questions concerning this report or requests for additional financial information should be addressed to Walker County Auditor, 1301 Sam Houston Avenue, Room 206, Huntsville, TX 77340 or P.O. Box 1260, Huntsville, TX 77342-1260.

Basic Financial Statements

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WALKER COUNTY, TEXAS**STATEMENT OF NET ASSETS**

SEPTEMBER 30, 2009

	Governmental Activities
ASSETS:	
Cash and Cash Equivalents	\$ 10,926,267
Taxes Receivable	901,021
Accounts Receivable	508,058
Fines and Fees Receivable	597,547
Due from Other Governments	1,507,422
Capital Assets Not Being Depreciated:	
Land	483,181
Construction in Progress	1,872,583
Capital Assets, Net of Accumulated Depreciation	12,340,033
Total Assets	29,136,112
LIABILITIES:	
Accounts Payable	979,652
Due to State	271,691
Due to Others	123,135
Accrued Interest	39,160
Accrued Liabilities	1,273,911
Unearned Revenue	1,156,023
Noncurrent Liabilities:	
Due Within One Year	800,769
Due in More Than One Year	2,450,096
Total Liabilities	7,094,437
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	13,024,741
Restricted For:	
Debt Service	454,085
Capital Projects	777,965
Unrestricted	7,784,884
Total Net Assets	\$ 22,041,675

The accompanying notes are an integral part of this statement.

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WALKER COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
Governmental Activities					
Government Activities:					
General Administration	\$ 3,000,402	\$ 930,385	\$ 214,102	\$ 54,254	\$ (1,801,661)
Judicial	8,457,490	650,617	5,080,899	--	(2,725,974)
Financial Administration	2,186,499	330,732	36,076	--	(1,819,691)
Public Safety	10,775,866	3,351,915	1,105,923	--	(6,318,028)
Health and Welfare	603,749	88,115	72,699	--	(442,935)
Public Transportation	4,596,948	2,285,532	394,106	--	(1,917,310)
Interest and Fiscal Charges	85,581	--	--	--	(85,581)
Total Governmental Activities	29,706,535	7,637,296	6,903,805	54,254	(15,111,180)
Total Primary Government	\$ 29,706,535	\$ 7,637,296	\$ 6,903,805	\$ 54,254	(15,111,180)
General Revenues:					
Property Taxes					11,522,727
Sales Taxes					2,423,490
Mixed Beverages and Other Taxes					113,572
Investment Earnings					152,407
Total General Revenues					14,212,196
Change in Net Assets					(898,984)
Net Assets - Beginning					24,422,262
Prior Period Adjustment					(1,481,603)
Net Assets - Ending					\$ 22,041,675

The accompanying notes are an integral part of this statement.

WALKER COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

	General Fund	Debt Service Fund	Capital Projects Fund
ASSETS			
Assets:			
Cash and Cash Equivalents	\$ 6,539,423	\$ 401,510	\$ 1,101,484
Taxes Receivable	848,446	52,575	--
Accounts Receivable	105,370	--	--
Due from Other Funds	580,916	--	--
Due from Other Governments	684,993	--	--
Total Assets	<u>\$ 8,759,148</u>	<u>\$ 454,085</u>	<u>\$ 1,101,484</u>
LIABILITIES AND EQUITY			
Liabilities:			
Accounts Payable	\$ 360,942	\$ --	\$ 323,519
Due to State	250,092	--	--
Due to Other Funds	--	--	--
Due to Others	10,616	--	--
Accrued Liabilities	1,063,368	--	--
Deferred Revenue	1,488,033	52,575	--
Total Liabilities	<u>3,173,051</u>	<u>52,575</u>	<u>323,519</u>
Equity:			
Fund balances:			
Reserved for Capital Projects	--	--	777,965
Reserved for Debt Service	--	401,510	--
Unreserved, undesignated			
General Fund	5,586,097	--	--
Special Revenue Funds	--	--	--
Total Equity	<u>5,586,097</u>	<u>401,510</u>	<u>777,965</u>
Total Liabilities & Equity	<u>\$ 8,759,148</u>	<u>\$ 454,085</u>	<u>\$ 1,101,484</u>

The accompanying notes are an integral part of this statement.

Road and Bridge Fund	Grants and Contracts	EMS Fund	Other Governmental Funds	Total Governmental Funds
\$ 944,452	\$ 47,631	\$ 62,542	\$ 1,829,225	\$ 10,926,267
--	--	--	--	901,021
2,287	227	400,082	92	508,058
--	--	--	--	580,916
69,780	747,815	--	4,834	1,507,422
<u>\$ 1,016,519</u>	<u>\$ 795,673</u>	<u>\$ 462,624</u>	<u>\$ 1,834,151</u>	<u>\$ 14,423,684</u>
\$ 102,285	\$ 76,504	\$ 22,824	\$ 93,578	\$ 979,652
--	--	--	21,599	271,691
--	580,916	--	--	580,916
--	--	--	112,519	123,135
--	93,578	--	116,965	1,273,911
--	--	400,082	116,354	2,057,044
<u>102,285</u>	<u>750,998</u>	<u>422,906</u>	<u>461,015</u>	<u>5,286,349</u>
--	--	--	--	777,965
--	--	--	--	401,510
--	--	--	--	5,586,097
914,234	44,675	39,718	1,373,136	2,371,763
<u>914,234</u>	<u>44,675</u>	<u>39,718</u>	<u>1,373,136</u>	<u>9,137,335</u>
<u>\$ 1,016,519</u>	<u>\$ 795,673</u>	<u>\$ 462,624</u>	<u>\$ 1,834,151</u>	<u>\$ 14,423,684</u>

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WALKER COUNTY, TEXAS
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009**

Total fund balances - governmental funds balance sheet \$ 9,137,335

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.	14,695,797
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	901,021
Payables for bond interest which are not due in the current period are not reported in the funds.	(39,160)
Payables for notes which are not due in the current period are not reported in the funds.	(1,671,056)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(797,035)
Obligations for OPEB which are not due in the current period are not reported in the funds.	(782,774)
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	597,547

Net assets of governmental activities - statement of net assets \$ 22,041,675

The accompanying notes are an integral part of this statement.

WALKER COUNTY, TEXAS
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	General Fund	Debt Service Fund	Capital Projects Fund
Revenue:			
Property Taxes	\$ 9,755,125	\$ 715,638	\$ --
Sales Tax	2,447,889	--	--
Mixed Beverage Tax	89,173	--	--
Licenses and Permits	84,288	--	--
Intergovernmental	773,324	--	54,254
Charges for Services	1,625,547	--	--
Fines and Forfeitures	67,936	--	29,339
Interest Income	119,211	2,671	15,899
Other	337,612	--	--
Total Revenues	15,300,105	718,309	99,492
Expenditures:			
Current:			
General Administration	1,607,436	--	2,329,991
Judicial	3,790,524	--	--
Financial Administration	1,833,828	--	--
Public Safety	4,723,113	--	85,034
Health and Welfare	522,896	--	--
Public Transportation	--	--	80,832
Intergovernmental Expenditures	1,069,738	--	--
Debt service:			
Principal Retirement	--	619,306	--
Interest and Fiscal Charges	--	98,972	--
Total Expenditures	13,547,535	718,278	2,495,857
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,752,570	31	(2,396,365)
Other Financing Sources (Uses):			
Transfers In	41,020	--	317,248
Transfers Out	(1,289,617)	--	(90,051)
Total Other Financing Sources (Uses)	(1,248,597)	--	227,197
Net Change in Fund Balances	503,973	31	(2,169,168)
Fund Balance at Beginning of Year	5,082,124	401,479	2,947,133
Increase (decrease) in fund balance	--	--	--
Fund Balance at End of Year	\$ 5,586,097	\$ 401,510	\$ 777,965

The accompanying notes are an integral part of this statement.

Road and Bridge Fund	Grants and Contracts	EMS Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,040,183	\$ --	\$ --	\$ --	\$ 11,510,946
--	--	--	--	2,447,889
--	--	--	--	89,173
--	--	--	--	84,288
389,106	4,942,865	36,006	1,405,893	7,601,448
940,337	--	2,118,104	1,032,817	5,716,805
1,278,588	--	--	37,823	1,413,686
6,027	--	--	8,599	152,407
33,784	--	8,804	72,049	452,249
<u>3,688,025</u>	<u>4,942,865</u>	<u>2,162,914</u>	<u>2,557,181</u>	<u>29,468,891</u>
--	--	--	167,827	4,105,254
--	4,578,388	--	146,973	8,515,885
--	--	--	1,715	1,835,543
--	364,477	2,250,052	2,763,824	10,186,500
--	--	--	--	522,896
4,379,546	--	--	--	4,460,378
--	--	--	--	1,069,738
--	--	--	--	619,306
--	--	--	--	98,972
<u>4,379,546</u>	<u>4,942,865</u>	<u>2,250,052</u>	<u>3,080,339</u>	<u>31,414,472</u>
(691,521)	--	(87,138)	(523,158)	(1,945,581)
693,408	--	126,856	242,157	1,420,689
--	--	--	(41,020)	(1,420,688)
<u>693,408</u>	<u>--</u>	<u>126,856</u>	<u>201,137</u>	<u>1</u>
1,887	--	39,718	(322,021)	(1,945,580)
912,347	44,675	1,481,603	1,695,157	12,564,518
--	--	(1,481,603)	--	(1,481,603)
<u>\$ 9,142,334</u>	<u>\$ 44,675</u>	<u>\$ 39,718</u>	<u>\$ 1,373,136</u>	<u>\$ 9,137,336</u>

WALKER COUNTY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Net change in fund balances - total governmental funds \$ (1,945,580)

Amounts reported for governmental activities in the statement of activities
("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	3,004,162
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,770,151)
Trade-in or disposal of capital assets decrease net assets in the SOA but not in the funds.	28,408
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	11,780
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	(782,774)
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	619,306
(Increase) decrease in accrued interest from beginning of period to end of period	13,391
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(85,030)
Uncollected court fines are not recorded as revenue in the funds.	7,504

Change in net assets of governmental activities - statement of activities \$ (898,984)

The accompanying notes are an integral part of this statement.

WALKER COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2009

Agency
Funds

ASSETS

Assets:

Cash and Cash Equivalents	\$	1,730,916
Restricted Cash and Cash Equivalents		647,214
Due from Other Governments		8,554
Total Assets	\$	2,386,684

LIABILITIES

Liabilities:

Accounts Payable	\$	21,319
Due to Other Governments		868,341
Due to Others		1,497,024
Total Liabilities	\$	2,386,684

The accompanying notes are an integral part of this statement.

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

A. Summary of Significant Accounting Policies

The government of Walker County, Texas is a political subdivision of the State of Texas, formed in 1846. The combined financial statements of Walker County, Texas (the "County") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The County's combined financial statements include the accounts of all its operations. The County evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the County's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County

Based upon the application of these criteria to various separate entities, the organizations are classified as blended or discrete component units, related organizations, joint ventures, or jointly governed organizations with the financial disclosure treated accordingly. The following is a brief review of each potential component unit addressed in defining the government's reporting entity.

Related Organizations - Where the Commissioners Court is responsible for appointing a majority of the members of a board of another organization, but the County's accountability does not extend beyond making such appointments, disclosure is made in the form of the relation between the County and such organization.

Walker County Emergency Services District No. 1 & No. 2:

The emergency services districts are organized under the statutes of the State of Texas as political subdivisions of the State to provide protection from fire for life and property. Although Commissioner's Court appoints a five-member board for each district, the individual boards retain exclusive authority to levy taxes, issue bonded debt and approve appropriation budgets. Each district is required by statute to provide audited financial statements to the County as a matter of record.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." GASB Statement No. 34 establishes new requirements and a new reporting model for the annual reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

Management's Discussion and Analysis

GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis that private sector companies provide in their annual reports.

WALKER COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2009

Government-wide Financial Statements

The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities, but also capital assets and long-term liabilities, if appropriate (such as buildings and infrastructure, including roads and bridges, and general obligation debt). Accrual accounting reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter, as is the case with the modified accrual basis of accounting. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the consolidation process.

Statement of Net Assets

The Schedule of Net Assets is designed to display the financial position of the primary government (governmental and business-type activities) and its discretely presented component unit. Governments report all capital assets, including infrastructure, in the government-wide Schedule of Net Assets and report related depreciation expense, the cost of "using up" capital assets, in the Schedule of Activities. The net assets of a government are broken down into three categories: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities

The new government-wide statement of activities reports expenses and revenue in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (such as user charges or intergovernmental grants).

Budgetary Comparison Schedules

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of the state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets throughout the year for a variety of reasons. Under the GASB 34 reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however is a requirement to add the government's original budget to the current comparison of the final budget and actual results.

Government-wide and Fund Accounting

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. While the previous reporting model emphasized fund types (the total of all funds of a particular type), the new reporting model focuses on either the County as a whole or on major individual funds (within the fund financial statements). Typically, both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. The County reports only governmental type activities within the basic financial statements. In the government-wide Statement of Net Assets, governmental activities are presented on a full accrual, economic resource basis, which incorporates long-term assets and receivables, as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (general administration, financial administration, public safety, etc.), which are otherwise being supported by general government revenues (property taxes, earnings on investments, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues. The program revenues must be directly associated with the function (general administration, financial administration, public safety, etc.).

The governmental funds major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile fund-based financial statements with the governmental column of the government-wide presentation.

The County's fiduciary funds are presented in the fund financial statements by type. Since, by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. Since the County only reports agency funds, a statement of changes in fiduciary net assets is not presented. All assets reported in agency funds should be offset by a corresponding liability, resulting in zero net assets.

The focus of the revised reporting model is on the County as a whole and the fund financial statements, including the major individual funds of the governmental funds, as well as the fiduciary funds and the component units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

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

The County reports the following major governmental funds:

General Fund

The General Fund is the County's primary operating fund. It is used to account for all financial transactions not properly includable in other funds. The principal source of revenue is local property taxes. Expenditures include all costs associated with the daily operations of the County.

Debt Service

The debt service fund accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Capital Projects

The Capital Projects fund is used to account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Road & Bridge

The Road & Bridge Fund is used to account for the costs associated with the construction and maintenance of roads and bridges. Revenues are derived mainly from ad-valorem taxes, intergovernmental revenues, and fees and fines.

Grants & Contracts

This governmental fund accounts for contracts and grants the County enters into with the State of Texas regarding law enforcement matters.

Emergency Medical Service

The Emergency Medical Service (EMS) fund is used to account for all financial transactions incurred by providing emergency medical and ambulance services to the public.

In addition, the County reports the following fund types:

WALKER COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

Fiduciary Funds

County Officials Trusts and Agency fund accounts for monies held by local elected officials in trust for the beneficiary.

b. Measurement Focus, Basis of Accounting

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

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.

The accounts of the Governmental Fund Types (the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects) and certain Component Units are maintained, and the financial statements have been prepared, on the modified accrual basis of accounting. Under this basis of accounting revenues are recognized when they become susceptible to accrual (i.e., both measurable and available.) Available means collectable within the current year or soon enough thereafter to pay liabilities within 60 days of the end of the current fiscal period. Substantially all revenues, except property taxes and fines, are considered to be susceptible to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as expenditure when due.

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Revenues that are generated internally are reported as general revenues, including property taxes.

3. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

4. Due to and Due From Other Funds

During the course of operations, transactions occur between individual funds for specified purposes. These receivables and payables are classified as "due from other funds" or "due to other funds" or "due from component unit/primary government" or "due to component unit/primary government" if the transactions are between the primary government and its component unit.

5. Capital Assets

Capital assets used in governmental fund types of the government are recorded as expenditures of the General, Special Revenue and Capital Projects Funds and as assets in the government-wide financial statements to the extent the County's capitalization threshold is met, currently \$5,000. Depreciation is recorded on capital assets on a government-wide basis. Major outlays for capital assets and improvements are capitalized as projects are constructed and subsequently depreciated over their estimated useful lives on a straight-line basis at the government-wide levels.

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized and are not included.

Upon sale or retirement of capital assets, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and the resulting gain or loss is included in the results of operations.

Capital assets are being depreciated over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	20 - 40
Buildings	10 - 30
Building Improvements	10 - 30
Vehicles	5 - 7
Furniture and Fixtures	5 - 7
Machinery and Equipment	7 - 15

6. **Accrued Compensated Absences**

It is the County's policy to permit employees to accumulate earned but unused vacation, compensatory time and sick pay benefits. Vested or accumulated leave that is expected to be liquidated with expendable financial resources is reported as an expenditure of the governmental fund when paid.

Amounts not expected to be liquidated with expendable available financial resources are reported as long-term debt in the government-wide statements for governmental funds. These amounts are calculated using employee pay rates in effect at year-end. No expenditure is recognized as incurred for these amounts until the actual leave time is used.

All compensated absences and related liabilities are recorded in the government-wide financial statements. However, compensated absences are reported in governmental funds only if they have matured unused reimbursable leave still outstanding following an employee's resignation or retirement.

7. **Debt Service**

Required amounts for debt service are provided by the debt service portion of the annual tax levy and interest earned in the debt service fund.

8. **Estimates**

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

WALKER COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

9. Prior Period Adjustment

The County made a prior period adjustment during the year to reduce the accounts receivable of the EMS Fund for amounts not expected to be susceptible to accrual in the amount of \$1,481,603. This prior period adjustment resulted in the decrease of the EMS Fund's fund balance in the same amount.

B. Compliance and Accountability

Budgets

The statutes of the State of Texas provides that "the amounts budgeted in a fiscal year for expenditures from the various funds to the County may not exceed the balances in those funds as of the first day of the fiscal year, plus the anticipated revenue for the fiscal year as estimated by the County Auditor." In addition, the law provides that the Commissioners Court may, upon proper application, transfer an existing budget during the year to a budget of like kind but no such transfer shall increase the total of the budget.

An itemized budget must be prepared to allow as clear a comparison as practicable between the proposed budget and actual expenditures for the same of similar purposes that were made for the preceding fiscal year. The budget must contain a complete financial statement of the county that shows: 1) the outstanding obligations of the County; 2) the cash on hand to the credit of each fund of the County government; 3) the funds received from all sources during the preceding year; 4) the funds available from all sources during the ensuing fiscal year; 5) the estimated revenues available to cover the proposed budget; and 6) the estimated tax rate required to cover the proposed budget.

On or before the second Monday in July each year, all agencies of the County submit requests for appropriations to the County Judge so that a budget may be prepared. A copy of the proposed budget must be filed with the Clerk of the County Court and made available to the public by the last day of July. Before September 30, the proposed budget is presented to the Commissioners Court for review and adoption. The Court holds public hearings as necessary and may add to, subtract from, or change appropriations but may not change the form of the budget.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The legal level of budgetary control is the category defined as Salary, Other Pay and Benefits, Operations, Capital Expenditures and Transfers. The budget is prepared by fund, function, department, and category and includes information about the past, year current year estimates, and requested appropriations for the next fiscal year. The County's department heads may make transfers of appropriations within categories established for their departments. Transfers of appropriations between categories and/or departments require a budget amendment and approval of Commissioners Court. All annual appropriations lapse at fiscal year end.

Encumbrance accounting is employed in governmental funds. Encumbrances represent commitments related to unperformed contracts for goods or services. Available funds are encumbered during the year upon execution of purchase orders, contracts, or other appropriate documents in order to reserve that portion of the applicable appropriation. As all encumbrances lapse at year end, those encumbrances (e.g. purchase orders, contracts) outstanding at September 30 must be reappropriated in the budget of the subsequent year.

C. Deposits and Investments

The County's funds are required to be deposited under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County's agent bank approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Cash Deposits:

The County's cash and cash equivalents at September 30, 2009 are summarized as follows:

	Carrying Amount
Cash Deposits	\$ 3,021,776
Investments considered cash and cash equivalents	
Investors Cash Trust Treasury Portfolio - Institutional Shares	1,491,823
Texas Local Government Investment Pool	4,746,940
DWS Government Cash Institutional Shares	639,587
Cooperative Liquid Assets Securities System Trust (Texas Class)(MBIA)	1,026,141
Total Cash and Cash Equivalents	<u>\$ 10,926,267</u>

Investments:

The County is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The County invests surplus funds in accordance with its investment policy. The investments are in investment pools which are not categorized securities that exist in physical or book entry form. The fair value of the position in the external investment pool is the same as the value of the pool shares.

Analysis of Specific Deposit and Investment Risks

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. It is the County's policy to focus on safety and liquidity. The current policy is to invest only in investment pools. At year end, the County was not significantly exposed to credit risk. As of September 30, 2009, the government's investment in all money market investment accounts were rated AAAM by Standard & Poor's.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

or agent but not in the County's name.

At year end, the County was not exposed to custodial credit risk.

c. **Concentration of Credit Risk**

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County was not exposed to concentration of credit risk.

d. **Interest Rate Risk**

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the County was not exposed to interest rate risk.

e. **Foreign Currency Risk**

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the County was not exposed to foreign currency risk.

D. Receivables

Receivables, including applicable allowances for uncollectible accounts, as of September 30, 2009 are as follows:

	General	Other Governmental	Debt Service	EMS	Total
Receivables					
Taxes, net	\$ 848,446	\$ --	\$ 52,575	\$ --	\$ 901,021
Grants	684,993	822,429	--	--	1,507,422
Fees and fines	597,547	--	--	--	597,547
Accounts	105,370	2,606	--	400,082	508,058
Total	<u>\$ 2,236,356</u>	<u>\$ 825,035</u>	<u>\$ 52,575</u>	<u>\$ 400,082</u>	<u>\$ 3,514,048</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. As of September 30, 2009 the various components of deferred revenue reported in the governmental funds are as follows:

	Unavailable	Unearned
Delinquent property taxes (general fund)	\$ 848,446	\$ --
Delinquent property taxes (debt service funds)	52,575	--
Revenue received subject to lawsuit	--	639,587
Grant funds received prior to meeting all eligibility requirements	--	516,436
Total deferred revenue for governmental funds	<u>\$ 901,021</u>	<u>\$ 1,156,023</u>

E. Property Taxes

The County's tax year covers the period October 1 through September 30. The County's property taxes are levied annually in October on the basis of the Walker County Appraisal District's ("WCAD") assessed values as of January 1 of that calendar year. The WCAD establishes appraised values at 100% of market value less exemptions. The County's property taxes are billed and collected by the Walker County Appraisal District. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

1. 2008 Tax Year

Property taxes are prorated between the General, Road and Bridge, and Debt Service Funds based on rates

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

adopted for the year of the levy. For the 2009 fiscal year (2008 tax year), the County levied property taxes of \$0.545 per \$100 of assessed valuation. The 2008 rates resulted in total tax levies of approximately \$11.46 million based on a total adjusted valuation of approximately \$2.14 billion. The total tax rate in the 2008 tax year was prorated as follows:

	2008 Rate
Walker County, Texas	
General Fund	\$ 0.5132
Debt Service Fund	0.0318
Total Tax Rate	<u>\$ 0.5450</u>

2. Walker County Appraisal District

Walker County Appraisal District ("WCAD"), a separate governmental entity, is responsible for the recording and appraisal of property for all taxing units in the County.

The WCAD is required by state law to assess property at 100% of its appraised value. Further, real property must be appraised at least every three years. Under certain circumstances, the taxpayers and taxing units, including the County, may challenge orders of the WCAD's Appraisal Review Board through various appeals and, if necessary, legal action may be taken.

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest imposed.

F. Interfund Receivables and Payables

At September 30, 2009, the interfund receivables and payables were as follows:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 580,916	Short-term loan
		<u>\$ 580,916</u>	

WALKER COUNTY, TEXAS**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009****G. Capital Assets**

Capital asset activity for the year ended September 30, 2009, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 483,181	\$ --	\$ --	\$ 483,181
Construction in progress	3,575,135	1,715,522	3,418,074	1,872,583
Total capital assets not being depreciated	4,058,316	1,715,522	3,418,074	2,355,764
<i>Capital assets being depreciated:</i>				
Vehicles	3,705,484	364,647	127,808	3,942,323
Office furniture and fixtures	1,519,222	419,368	25,198	1,913,392
Machinery and Equipment	3,661,076	--	23,436	3,637,640
Buildings, facilities and improvements	14,991,038	3,937,134	--	18,928,172
Total capital assets being depreciated	23,876,820	4,721,149	176,442	28,421,527
Less accumulated depreciation for:				
Vehicles	2,443,461	431,059	169,456	2,705,064
Office furniture and fixtures	1,234,774	112,227	11,958	1,335,043
Machinery and Equipment	2,529,622	303,988	9,000	2,824,610
Buildings, facilities and improvements	8,293,900	922,877	--	9,216,777
Total accumulated depreciation	14,501,757	1,770,151	190,414	16,081,494
Total capital assets being depreciated, net	9,375,063	2,950,998	(13,972)	12,340,033
Governmental activities capital assets, net	\$ 13,433,379	\$ 4,666,520	\$ 3,404,102	\$ 14,695,797

Depreciation was charged to functions as follows:

Governmental activities:	
General Administrative	\$ 396,141
Judicial	23,544
Financial Administration	4,961
Public Safety	903,215
Health and Welfare	7,113
Road and Bridge	394,258
Other	40,919
	\$ 1,770,151

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

H. Long-Term Debt

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Long-term bonded debt and certificates of obligation at September 30, 2009 are listed below:

Description	Interest Rate %	Date of Issue	Matures	Debt Outstanding	Original Issue
Certificates of Obligation:					
04-03 Road and Bridge Reclaimer	2.94	05/14/2004	05/14/2009	\$ --	\$ 205,345
05-05 Precinct 4 Motorgrader	3.49	03/28/2005	03/28/2009	--	100,000
06-02 Precinct 1 Ford Flatbed	4.80	08/02/2006	08/02/2009	--	35,226
07-01 Precinct 2 Holland Tractor	4.25	6/22/2007	9/22/2009	--	23,985
07-02 Precinct 2 Case Excavator	4.25	12/10/2007	12/10/2012	81,371	99,795
07-03 Precinct 4 Kubota Tractor	3.29	12/27/2007	12/27/2010	24,159	35,589
08-01 Precinct 4 Ford Truck	3.59	3/10/2008	3/10/2011	14,077	20,752
08-02 Precinct 2 Ford Patch Truck	3.29	04/04/2008	04/01/2011	34,321	50,669
08-03 Precinct 4 Ford Patch Truck	3.29	04/01/2008	04/01/2011	34,321	50,669
Gen Chipspreader Etnyre	3.47	06/16/2008	06/16/2013	182,807	224,838
Series 2002 Capital Projects	4.60	02/11/2002	03/15/2012	1,300,000	3,100,000
Total Certificates of Obligation				\$ 1,671,056	\$ 3,946,868

A summary of long-term liability transactions of the County for the year ended September 30, 2009, follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
Certificates of Obligations	\$ 2,290,362	\$ --	\$ 619,306	\$ 1,671,056	\$ 535,091
Compensated absences *	712,005	85,030	--	797,035	265,678
OPEB obligations *	--	782,774	--	782,774	--
Total governmental activities	\$ 3,002,367	\$ 867,804	\$ 619,306	\$ 3,250,865	\$ 800,769

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated absences	Governmental	General Fund and Special Revenue Funds

Annual debt service requirements (excluding accrued compensated absences) to maturity are summarized as follows:

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2010	\$ 535,091	73,065	\$ 608,156
2011	549,165	49,671	598,836
2012	517,176	25,676	542,852
2013	69,624	2,528	72,152
Totals	\$ 1,671,056	\$ 150,940	\$ 1,821,996

I. Leases

Operating Leases

The County is a party to several lease agreements either as a lessor or lessee. The significant terms for each lease are discussed below.

Walker County Health Center

The County has leased approximately 6400 square feet in the Walker County Health Center to the Senior Center of Walker County, Inc. for an annual rental of \$1. The lease term is twenty years beginning November 14, 1985. The County provides general maintenance services to the building exterior and grounds and provides up to \$6,000 for general operating expenses. The Senior Center of Walker County, Inc. is responsible for janitorial services. Insurance coverage is split between the County and the Senior Center of Walker County, Inc.

In addition, the County leases in 12-month terms approximately 2,800 square feet of office space located in the Health Center facility to the Special Prosecution Unit (SPU) - Criminal for \$15,120 annually. An agency funded by state grant money, the SPU budget pays for janitorial services, insurance, and utilities in addition to the lease. The County is responsible for repairs to the facility.

Total Cost of Health Center	\$ 250,000
Accumulated Depreciation	206,250
Carrying Cost of Health Center	<u>\$ 43,750</u>
Current Year Depreciation	\$ 12,500

Buildings at 115 Highway 75 North

The County leases two wooden buildings comprising approximately 3,240 square feet to Community Organization of Missionary Endeavor (COME) for an annual rental of \$1. The original lease has expired and the lease is now on a month to month basis. The County provides insurance and building maintenance. COME pays utilities and provides janitorial services.

Total Cost of COME Center	\$ 20,000
Accumulated Depreciation	16,500
Carrying Cost of COME Center	<u>\$ 3,500</u>
Current Year Depreciation	\$ 1,000

Building at SH 75 North, Suite 100

The County has leased approximately 3,000 square feet to the Special Prosecution Unit (SPU) for \$14,040 annually. An agency funded by state grant money, the SPU budget pays for janitorial services, insurance, and utilities in addition to the lease. The County is responsible for repairs to the facility. The contract period begins September 1, 2007 and terminates August 31, 2008, with successive one year renewals.

Total Cost of Building	\$ 150,000
Accumulated Depreciation	123,750
Carrying Cost of Building	<u>\$ 26,250</u>
Current Year Depreciation	\$ 7,500

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

344 Highway 75 North, Suite 200

The County leases office space to the Special Prosecution Unit (SPU) at \$16,200 annually. SPU is responsible for janitorial services, insurance and utilities in addition to the lease. The County is responsible for repairs to the facility. The contract period begins April 1, 2008 and terminates on August 31, 2008, with successive one year renewals.

Total Cost of Building	\$	150,000
Accumulated Depreciation		123,750
Carrying Cost of Building	\$	<u>26,250</u>

Current Year Depreciation	\$	7,500
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340 Highway 75 North, Suite A

The County leases office space to the Special Prosecution Unit (SPU) at \$31,200 annually. SPU is responsible for janitorial services, insurance and utilities in addition to the lease. The County is responsible for repairs to the facility. The contract period begins September 1, 2007 and terminates on August 31, 2008, with successive one year renewals.

Total Cost of Building	\$	250,000
Accumulated Depreciation		206,250
Carrying Cost of Building	\$	<u>43,750</u>

Current Year Depreciation	\$	12,500
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Office Space at 1301 Sam Houston Avenue

The County has leased approximately 216 square feet of the 10,000 square foot Courthouse Annex to State Representative Lois Kolkhorst for \$2,400 annually. The leased premises is used in connection with official business as a State Representative.

Total Cost of Courthouse Annex (216 of 10,000 square feet)	\$	32,454
Accumulated Depreciation		8,115
Carrying Cost of Courthouse Annex	\$	<u>24,339</u>

Current Year Depreciation	\$	1,623
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Powell Family Home

The County leases from the Estate of Ben H. Powell III the Powell Family Home for an annual rental of \$1 for the purpose of operating a historical museum. The lease term is fifty years beginning January 1, 1984. Additional rent assessments are charged for property taxes and other costs. The County maintains and repairs the premises as well as incurs rights and obligations to operate and manage the leased premises in accordance with the provisions of the lease agreement and laws applicable to the Walker County Historical Commission.

1313 University Avenue

The County leases office space to the Department of Public Safety (DPS) at no charge. Prior to March 2008, DPS leased the building at 344 Highway 75 North, Suite 200. DPS is responsible for all charges for utilities, maintenance, repairs and other similar charges for services rendered on the premise. The contract is for ten years beginning September 1, 2004 and terminating August 31, 2014. The original contract remains in effect for the remainder of the term.

Total Cost of Building	\$	86,163
Accumulated Depreciation		9,693
Carrying Cost of Building	\$	<u>76,470</u>

Current Year Depreciation	\$	4,308
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WALKER COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2009

J. Reserved Fund Balances

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

	Fund Balance
Capital Projects	\$ 777,965
Debt Service	401,510
Totals	<u>\$ 1,179,475</u>

K. Interfund Transactions

A summary of interfund transactions for the year ended September 30, 2009 is as follows:

Transfers From	Transfers to	Amount	Reason
		\$	
Capital Projects	Special Revenue	90,051	Supplement other funds' sources
General Fund	Capital Projects Fund	317,248	Supplement other funds' sources
General fund	Special Revenue Funds	931,350	Supplement other funds' sources
		<u>\$ 1,338,649</u>	

L. Pension Plan

1. Plan Description

The County provides retirement, disability, and death benefits for all of its full time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 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, TX 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with eight or more years of service, with 20 years of service regardless of age, or when the sum of their age and years equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

2. Contributions

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 10.31% for the months of the accounting year in 2008, and 10.41% for the months of the accounting year in 2009. The contribution rate payable by the employee members is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

For the years ended September 30, 2009, 2008 and 2007, the pension cost for the TCDRS plan and the actual contributions made were \$1,445,018, \$1,310,054 and \$1,877,744, respectively. Because all contributions are made as required, no pension obligation existed at September 30, 2009.

The following is a summary of the actuarial assumptions:

	12/31/05	12/31/06	12/31/07	12/31/08
Actuarial valuation date	entry age	entry age	entry age	entry age
Actuarial cost method	level	level	level	level
Amortization method	percentage of payroll, open	percentage of payroll, closed	percentage of payroll, closed	percentage of payroll, closed
Amortization period in years	20	15	15	20
Asset valuation method	long-term appreciation with adjustment	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value
Assumptions:				
Investment return (1)	8.00%	8.00%	8.00%	8.00%
Projected salary increases (1)	5.30%	5.30%	5.30%	5.30%
Inflation	3.50%	3.50%	3.50%	3.50%
Cost of living adjustments	--	--	--	--

(1) included inflation at the stated rate

	12/31/05	12/31/06	12/31/07	12/31/08
Actuarial valuation date	12/31/05	12/31/06	12/31/07	12/31/08
Actuarial value of assets	18,594,952	21,164,930	23,820,411	24,395,551
Actuarial accrued liability	22,644,182	25,325,388	28,284,920	30,708,123
Percentage funded	82.12%	83.57%	84.22%	79.44%
Unfunded actuarial accrued liability	4,049,230	4,160,458	4,464,509	6,312,572
Annual Covered payroll	10,185,191	10,818,015	11,728,338	13,284,133
Unfunded actuarial accrued liability (UAAL) percentage of covered payroll	39.76%	38.46%	38.07%	47.52%

M. Other Postemployment Benefits

1. Plan Description

Permanent full-time employees of the County who retire after October 1, 2006 and begin receiving payments from TCDRS, who have 20 consecutive years of service are eligible to participate in the retiree health care plan at the cost of the County until the retiree reaches age 65. Members with less than 20 years are eligible to participate at their own expense. Currently, nine retired employees are covered by the plan.

Permanent full-time employees of the County who retire after October 1, 2006, are eligible to participate in County Choice Silver (a Medicare supplement) for themselves and any eligible dependents at their own expense.

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

2. Funding Policy

The County has elected to fund the retiree health care benefits using the pay-as-you-go (or cash-disbursement) method. The County's annual contribution for these benefits is equal to the actual disbursements during the year for health care benefits for retired employees. This method of funding will result in increasing contributions over time. Per capita cash disbursements will tend to increase from year to year as the cost of health care services, or the utilization of these services increase.

A retiree health care plan is similar to a defined benefit pension plan, in that promises are made to employees to provide to them with a benefit payable at some future date. For defined benefit pension plan sponsors a common funding objective is to contribute annual amounts to a fund which will i) remain level as a percentage of active member payroll, and ii) when combined with present assets and future investment return will be sufficient to meet the financial obligations of the Plan to current and future retirees.

The ultimate determination as to the level of pre-funding will be the result of decisions made in an attempt to reconcile the often conflicting needs of benefit security for members and fiscal responsibility for the County.

3. Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The County had its OPEB actuarial valuation performed for the fiscal year beginning October 1, 2008 as required by GASB. The annual OPEB cost for the fiscal year ending September 30, 2009, is as follows:

Annual Required Contribution (ARC)	\$	841,869
Interest on net OPEB obligation		--
Adjustment to annual required contribution		--
Annual OPEB cost (expense)		841,869
Contributions made		(59,095)
Increase in net OPEB obligation		782,774
Net OPEB obligation - beginning of year		--
Net OPEB obligation - end of year	\$	<u>782,774</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 are as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net Pension Obligation
September 30, 2009	\$ 841,869	7%	\$ 782,774

Fiscal year 2009 was the year of implementation of GASB Statements Nos. 43 and 45 and the County has elected to implement prospectively. In future years, three-year trend information will be presented.

4. Funded Status and Funding Progress

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

The funded status of the plan based on an actuarial update using age-adjusted premiums as of December 31, 2008, was as follows:

Actuarial accrued liability (AAL)	\$ 6,093,030
Actuarial value of plan assets	—
Unfunded actuarial accrued liability (UAAL)	\$ <u>6,093,030</u>
Funded ratio (actuarial value of plan assets/AAL)	0%

Actuarial valuations for an ongoing plan estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the County's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

5. Actuarial Methods and Assumptions

Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions:

Actuarial valuation date	12/31/08
Actuarial cost method	Projected unit credit cost
Amortization method	Level percentage of payroll
Asset valuation method	N/A
Actuarial Assumptions:	
Investment rate of return	4.50%
Payroll growth rate	3.00%

N. Commitments and Contingencies

1. Contingencies

The County participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

WALKER COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2009

2. Litigation

The County is currently involved in a lawsuit concerning whether an apartment complex is qualified for tax exempt status and, consequently, not liable for the payment of ad valorem taxes. The County has received \$639,587 in ad valorem tax payments under protest. This case is currently under appeal. The County has made the determination that due to the uncertainty of the outcome of this case, that the monies received will be recorded as deferred revenues until an appeal ruling is received.

The County is contingently liable with respect to lawsuits and other claims in the ordinary course of its operations. The settlement of such contingencies under the budgetary process would not materially affect the financial position of the County as of September 30, 2009.

3. Construction Contract Commitments

The County had several capital improvement commitments at September 30, 2009. A contract between two parties does not result immediately in the recognition of a liability. Instead, a liability is incurred when performance has occurred under the contract. Until such time as performance takes place, these contracts represent a commitment rather than a liability.

O. Risk Management

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the fiscal year 2009, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for any of the past three fiscal years.

The County purchases workers compensation insurance through the TAC (Texas Association of Counties) and has a formal safety program. The Commissioners' Court adopted and distributed a safety manual for use by all employees.

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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.

WALKER COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-1
Page 1 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
<i>AD VALOREM TAXES</i>				
Current Taxes	\$ 9,036,119	\$ 9,036,119	\$ 9,341,540	\$ 305,421
Delinquent Taxes	210,000	210,000	248,852	38,852
Penalty and Interest	150,000	150,000	164,734	14,734
Total Ad Valorem Taxes	9,396,119	9,396,119	9,755,126	359,007
<i>OTHER TAXES</i>				
Sales Taxes	2,268,095	2,268,095	2,423,490	155,395
In Lieu of Tax	12,500	12,500	24,399	11,899
Mixed Beverage Tax	77,225	77,225	89,173	11,948
Total Other Taxes	2,357,820	2,357,820	2,537,062	179,242
<i>LICENSES AND PERMITS</i>				
Building and Utility Permits	90,000	90,000	84,288	(5,712)
Total Licenses and Permits	90,000	90,000	84,288	(5,712)
<i>FINES AND FORFEITURES</i>				
Bond Forfeiture	--	--	2,183	2,183
License and Weight - Operations	65,753	65,753	65,753	--
Total Fines and Forfeitures	65,753	65,753	67,936	2,183
<i>INTERGOVERNMENTAL</i>				
Federal Funds				
Local Law Enforcement	15,238	15,238	8,779	(6,459)
State Criminal Alien Assistance	--	--	5,390	5,390
Total Federal Funds	15,238	15,238	14,169	(1,069)
State Funds				
State Grant Funds	67,729	109,317	125,785	16,468
Other State Funds	165,800	385,835	397,244	11,409
Total State Funds	233,529	495,152	523,029	27,877
Other Governmental Funds				
Appraisal District	7,000	7,000	--	(7,000)
Other	85,642	123,962	236,126	112,164
Total Other Governmental Funds	92,642	130,962	236,126	105,164
Total Intergovernmental	341,409	641,352	773,324	131,972
<i>CHARGES FOR SERVICES</i>				
General Administrative	38,000	38,000	51,991	13,991
County Clerk	400,000	400,000	350,427	(49,573)
County Court-at-Law	39,000	39,000	40,636	1,636
Courts - Central Costs	--	--	500	500
District Court	26,400	26,400	46,090	19,690
District Clerk	125,000	125,000	122,651	(2,349)
District Attorney	1,200	1,200	1,813	613
Justice of the Peace - Precinct 1	80,000	80,000	71,929	(8,071)
Justice of the Peace - Precinct 2	80,000	80,000	68,905	(11,095)
Justice of the Peace - Precinct 3	32,750	32,750	21,617	(11,133)
Justice of the Peace - Precinct 4	80,000	80,000	85,184	5,184

WALKER COUNTY, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-1

Page 2 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
County Auditor	35,116	35,116	44,239	9,123
County Collections	5,100	5,100	5,371	271
Vehicle Registration	235,300	235,300	280,221	44,921
Voter Registration	500	500	—	(500)
County Facilities	89,816	89,816	79,254	(10,562)
County Jail	102,473	102,473	122,400	19,927
Sheriff's Office	23,000	23,000	20,840	(2,160)
Sheriff's Estray	2,200	2,200	5,220	3,020
Constables Central Service	206,000	206,000	190,312	(15,688)
Constable - Precinct 1	—	—	2,260	2,260
Constable - Precinct 2	—	—	1,060	1,060
Constable - Precinct 3	—	—	530	530
Constable - Precinct 4	—	—	11,996	11,996
Utility Department	—	—	101	101
Total Charges for Services	1,601,855	1,601,855	1,625,547	23,692
INTEREST	305,000	305,000	119,211	(185,789)
OTHER INCOME				
Sale of Fixed Assets	—	—	10,467	10,467
Miscellaneous	180,000	183,650	327,145	143,495
Total Other	180,000	183,650	337,612	153,962
TOTAL REVENUES	14,337,956	14,641,549	15,300,106	658,557
EXPENDITURES				
GENERAL ADMINISTRATION				
County Judge				
Salary, Other Pay, and Benefits	154,295	154,295	154,142	153
Operations	15,786	15,786	13,831	1,955
Total County Judge	170,081	170,081	167,973	2,108
IT				
Salary, Other Pay, and Benefits	136,831	136,831	136,815	16
Operations	75,158	68,158	66,147	2,011
Total IT	211,989	204,989	202,962	2,027
Commissioners Court				
Salary, Other Pay, and Benefits	47,977	44,790	43,099	1,691
Operations	10,928	12,428	10,966	1,462
Total Commissioners' Court	58,905	57,218	54,065	3,153
Non-Departmental				
Salary, Other Pay, and Benefits	77,348	77,348	66,116	11,232
Operations	1,365,659	1,010,000	462,086	547,914
Total Non-Departmental	1,443,007	1,087,348	528,202	559,146
Elections				
Salary, Other Pay, and Benefits	44,481	59,905	59,786	119
Operations	29,796	34,061	33,343	718
Total Elections	74,277	93,966	93,129	837

WALKER COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-1
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
HAVA Grant				
Operations	--	36,076	36,076	--
Total HAVA Grant	--	36,076	36,076	--
Voter Registration				
Salary, Other Pay, and Benefits	16,549	26,750	26,675	75
Operations	15,359	16,223	8,340	7,883
Total Voter Registration	31,908	42,973	35,015	7,958
County Facilities				
Salary, Other Pay, and Benefits	220,149	220,149	213,701	6,448
Operations	325,100	309,769	276,313	33,456
Total County Facilities	545,249	529,918	490,014	39,904
TOTAL GENERAL ADMINISTRATION	2,535,416	2,222,569	1,607,436	615,133
JUDICIAL				
County Court-at-Law				
Salary, Other Pay, and Benefits	265,521	266,121	266,104	17
Operations	130,738	283,963	282,964	999
Total County Court-at-Law	396,259	550,084	549,068	1,016
Courts - Central Costs				
Salary, Other Pay, and Benefits	12,074	12,074	10,001	2,073
Operations	885,665	560,665	221,718	338,947
Total District Court	897,739	572,739	231,719	341,020
12th District Court				
Salary, Other Pay, and Benefits	153,489	153,489	152,527	962
Operations	114,860	210,470	201,123	9,347
Total District Court	268,349	363,959	353,650	10,309
278th District Court				
Salary, Other Pay, and Benefits	164,076	167,476	165,577	1,899
Operations	117,577	230,127	227,008	3,119
Total District Court	281,653	397,603	392,585	5,018
District Clerk				
Salary, Other Pay, and Benefits	334,927	334,927	331,102	3,825
Operations	53,983	53,983	52,872	1,111
Total District Clerk	388,910	388,910	383,974	4,936
Criminal District Attorney				
Salary, Other Pay, and Benefits	1,121,656	1,121,656	1,098,035	23,621
Operations	27,640	48,907	45,799	3,108
Total Criminal District Attorney	1,149,296	1,170,563	1,143,834	26,729
Justice of the Peace - Precinct 1				
Salary, Other Pay, and Benefits	167,315	167,315	163,488	3,827
Operations	13,333	13,333	12,797	536
Total Justice of the Peace - Precinct 1	180,648	180,648	176,285	4,363

WALKER COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-1
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Justice of the Peace - Precinct 2				
Salary, Other Pay, and Benefits	159,302	159,302	158,023	1,279
Operations	11,391	11,391	9,661	1,730
Total Justice of the Peace - Precinct 2	170,693	170,693	167,684	3,009
Justice of the Peace - Precinct 3				
Salary, Other Pay, and Benefits	166,476	166,476	164,796	1,680
Operations	9,954	11,312	10,202	1,110
Total Justice of the Peace - Precinct 3	176,430	177,788	174,998	2,790
Justice of the Peace - Precinct 4				
Salary, Other Pay, and Benefits	203,550	203,550	201,098	2,452
Operations	17,682	17,682	15,629	2,053
Total Justice of the Peace - Precinct 4	221,232	221,232	216,727	4,505
TOTAL JUDICIAL	4,131,209	4,194,219	3,790,524	403,695
FINANCIAL ADMINISTRATION				
County Clerk				
Salary, Other Pay, and Benefits	398,656	398,656	386,228	12,428
Operations	119,187	119,187	114,190	4,997
Total County Clerk	517,843	517,843	500,418	17,425
Purchasing				
Salary, Other Pay, and Benefits	151,265	151,265	146,974	4,291
Operations	19,388	19,388	17,857	1,531
Total Purchasing	170,653	170,653	164,831	5,822
County Auditor				
Salary, Other Pay, and Benefits	513,160	513,160	447,569	65,591
Operations	77,612	67,612	58,350	9,262
Total County Auditor	590,772	580,772	505,919	74,853
County Treasurer				
Salary, Other Pay, and Benefits	258,807	255,607	217,123	38,484
Operations	48,429	56,629	52,749	3,880
Total County Treasurer	307,236	312,236	269,872	42,364
County Collections				
Salary, Other Pay, and Benefits	128,324	124,124	86,015	38,109
Operations	16,320	25,520	22,820	2,700
Total County Collections	144,644	149,644	108,835	40,809
Vehicle Registration				
Salary, Other Pay, and Benefits	285,330	285,330	272,786	12,544
Operations	12,910	12,910	11,167	1,743
Total Vehicle Registration	298,240	298,240	283,953	14,287
TOTAL FINANCIAL ADMINISTRATION	2,029,388	2,029,388	1,833,828	195,560

WALKER COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-1
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
PUBLIC SAFETY				
County Jail				
Salary, Other Pay, and Benefits	1,523,310	1,523,310	1,468,983	54,327
Operations	432,122	454,797	398,426	56,371
Total County Jail	1,955,432	1,978,107	1,867,409	110,698
Sheriff's Department				
Salary, Other Pay, and Benefits	1,951,981	1,951,981	1,871,855	80,126
Operations	332,141	337,524	324,622	12,902
Capital Expenditures	173,000	174,633	174,632	1
Total County Sheriff's Office	2,457,122	2,464,138	2,371,109	93,029
Estray				
Operations	6,000	7,200	5,972	1,228
Total Estray	6,000	7,200	5,972	1,228
Constable Central				
Salary, Other Pay, and Benefits	37,412	37,412	36,890	522
Operations	9,329	9,329	2,387	6,942
Total Constable Central	46,741	46,741	39,277	7,464
Constable - Precinct 1				
Salary, Other Pay, and Benefits	59,006	59,311	59,309	2
Operations	5,040	7,892	4,884	3,008
Total Constable - Precinct 1	64,046	67,203	64,193	3,010
Constable - Precinct 2				
Salary, Other Pay, and Benefits	59,006	59,006	58,973	33
Operations	8,023	11,042	7,572	3,470
Capital Expenditures	23,055	23,055	23,055	--
Total Constable - Precinct 2	90,084	93,103	89,600	3,503
Constable - Precinct 3				
Salary, Other Pay, and Benefits	59,006	59,366	59,363	3
Operations	5,564	9,371	6,209	3,162
Total Constable - Precinct 3	64,570	68,737	65,572	3,165
Constable - Precinct 4				
Salary, Other Pay, and Benefits	59,006	59,557	59,558	(1)
Operations	5,294	10,078	9,183	895
Total Constable - Precinct 4	64,300	69,635	68,741	894
Department of Public Safety				
Salary, Other Pay, and Benefits	45,473	45,473	45,071	402
Operations	2,215	2,215	1,130	1,085
Total Department of Public Safety	47,688	47,688	46,201	1,487
Department of Public Safety - Weigh Station				
Operations	25,187	25,187	19,093	6,094
Total Department of Public Safety	25,187	25,187	19,093	6,094

WALKER COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-1
Page 6 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Probation Support				
Salary, Other Pay, and Benefits	40,505	40,505	38,272	2,233
Operations	54,297	54,297	47,674	6,623
Total Probation Support	94,802	94,802	85,946	8,856
TOTAL PUBLIC SAFETY	4,915,972	4,962,541	4,723,113	239,428
HEALTH AND WELFARE				
Veterans Service				
Salary, Other Pay, and Benefits	18,914	18,914	16,621	2,293
Operations	2,873	2,873	1,255	1,618
Total Veterans Service	21,787	21,787	17,876	3,911
Utility Department				
Salary, Other Pay, and Benefits	252,166	255,353	242,475	12,878
Operations	88,680	93,347	87,227	6,120
Total Utility Department	340,846	348,700	329,702	18,998
Master Gardener's Grant				
Operations	--	5,512	5,490	22
Total Master Gardener's Grant	--	5,512	5,490	22
Solid Waste Grant				
Operations	--	22,350	22,350	--
Total Solid Waste Grant	--	22,350	22,350	--
Social Services				
Operations	23,800	23,800	7,777	16,023
Total Social Services	23,800	23,800	7,777	16,023
Historical Commission				
Operations	1,200	1,200	1,184	16
Total Historical Commission	1,200	1,200	1,184	16
Texas AgriLife Extension Service				
Salary, Other Pay, and Benefits	136,349	136,349	123,298	13,051
Operations	17,322	17,322	15,219	2,103
Total Agriculture Extension Agent	153,671	153,671	138,517	15,154
TOTAL HEALTH AND WELFARE	541,304	577,020	522,896	54,124
INTERGOVERNMENTAL / SERVICE CONTRACTS				
Intra-County Services				
FINANCIAL ADMINISTRATION				
Appraisal District	286,966	286,966	286,965	1
HEALTH AND WELFARE				
Tri-County MHMR	28,730	28,730	28,730	--
Rita B. Huff Humane Society	24,000	24,000	23,510	490
Senior Citizen's Center	6,000	6,000	6,000	--
Soil Conservation	500	500	500	--
Boys & Girls Club	15,000	15,000	15,000	--

WALKER COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-1
Page 7 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
PUBLIC SAFETY				
Walker County Public Safety Communications Center	400,000	400,000	400,000	--
City of Huntsville Fire Department	246,487	246,487	246,487	--
Crabbs Prairie Fire Department	7,200	7,200	7,200	--
Riverside Fire Department	9,100	9,100	9,100	--
Pine Prairie Fire Department	7,200	7,200	7,200	--
New Waverly Fire Department	17,700	17,700	17,700	--
Thomas Lake Fire Department	7,200	7,200	7,200	--
Dodge Fire Department	7,200	7,200	7,200	--
Additional Fire Department Funding	7,200	--	--	--
General Administration	10,983	10,983	6,946	4,037
Total Intra-County Services	1,081,466	1,074,266	1,069,738	4,528
TOTAL INTERGOVERNMENTAL / SERVICE CONTRACTS	1,081,466	1,074,266	1,069,738	4,528
TOTAL EXPENDITURES	15,234,755	15,060,003	13,547,535	1,512,468
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(896,799)	(418,454)	1,752,571	2,171,025
OTHER FINANCING SOURCES (USES)				
Transfers In	--	41,020	41,020	--
Transfers Out	(1,557,978)	(1,835,565)	(1,289,618)	545,947
Total Other Financing Sources (Uses)	(1,557,978)	(1,794,545)	(1,248,598)	545,947
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(2,454,777)	(2,212,999)	503,973	2,716,972
FUND BALANCE AT BEGINNING OF YEAR	5,082,124	5,082,124	5,082,124	--
FUND BALANCE AT END OF YEAR	\$ 2,627,347	\$ 2,869,125	\$ 5,586,097	\$ 2,716,972

WALKER COUNTY, TEXAS
ROAD AND BRIDGE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-2
Page 1 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
<i>AD VALOREM TAXES</i>				
Current Taxes	\$ 933,124	\$ 925,704	\$ 1,000,573	\$ 74,869
Delinquent Taxes	20,000	20,000	23,833	3,833
Penalty and Interest	14,000	14,000	15,777	1,777
Total Ad Valorem Taxes	967,124	959,704	1,040,183	80,479
<i>FINES AND FORFEITURES</i>				
License and Weight - Operations	280,000	280,000	280,000	--
License and Weight - Projects	--	8,200	37,822	29,622
Other Fines and Forfeitures	1,010,000	1,010,000	960,766	(49,234)
Total Fines and Forfeitures	1,290,000	1,298,200	1,278,588	(19,612)
<i>INTERGOVERNMENTAL</i>				
State Funds				
Other State Funds	33,000	33,000	58,678	25,678
Total State Funds	33,000	33,000	58,678	25,678
Other Governmental Funds				
U.S. Forest Service	135,188	135,188	134,882	(326)
U.S. Forest Service - Bridge Project	--	69,780	69,780	--
Other	--	122,155	125,786	3,631
Total Other Governmental Funds	135,188	327,123	330,428	3,305
Total Intergovernmental	168,188	360,123	389,106	28,983
<i>CHARGES FOR SERVICES</i>				
Total Charges for Services	959,000	959,000	940,337	(18,663)
<i>INTEREST</i>	50,000	50,000	6,027	(43,973)
<i>OTHER INCOME</i>				
Sale of Fixed Assets	--	6,459	12,498	6,039
Miscellaneous	--	21,286	21,286	--
Total Other	--	27,745	33,784	6,039
TOTAL REVENUES	3,434,312	3,654,772	3,688,025	33,253
EXPENDITURES				
<i>GENERAL ADMINISTRATION</i>				
Non-Departmental				
Operations	215,624	--	--	--
Total Non-Departmental	215,624	--	--	--
TOTAL GENERAL ADMINISTRATION	215,624	--	--	--
<i>PUBLIC TRANSPORTATION</i>				
General Road and Bridge				
Operations	70,000	70,000	63,841	6,159
Total General Road and Bridge	70,000	70,000	63,841	6,159

WALKER COUNTY, TEXAS
ROAD AND BRIDGE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-2
Page 2 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Road and Bridge - Precinct 1				
Salary, Other Pay, and Benefits	468,872	468,872	446,932	21,940
Operations	486,229	697,239	444,181	253,058
Total Road and Bridge - Precinct 1	955,101	1,166,111	891,113	274,998
Road and Bridge - Precinct 2				
Salary, Other Pay, and Benefits	520,846	520,846	491,521	29,325
Operations	477,018	575,837	527,394	48,443
Capital Expenditures	--	50,105	50,104	1
Total Road and Bridge - Precinct 2	997,864	1,146,788	1,069,019	77,769
Road and Bridge - Precinct 3				
Salary, Other Pay, and Benefits	451,447	499,439	446,761	52,678
Operations	664,056	1,017,766	755,976	261,790
Capital Expenditures	--	18,912	18,912	--
Total Road and Bridge - Precinct 3	1,115,503	1,536,117	1,221,649	314,468
Road and Bridge - Precinct 4				
Salary, Other Pay, and Benefits	512,013	516,190	506,249	9,941
Operations	490,197	579,989	497,009	82,980
Capital Expenditures	--	94,051	94,051	--
Total Road and Bridge - Precinct 4	1,002,210	1,190,230	1,097,309	92,921
Weigh Station Projects				
Capital Expenditures	--	7,051	7,051	--
Total Weigh Station Projects	--	7,051	7,051	--
Litter Control				
Salary, Other Pay, and Benefits	13,209	14,509	14,506	3
Operations	8,791	22,539	15,058	7,481
Total Litter Control	22,000	37,048	29,564	7,484
TOTAL PUBLIC TRANSPORTATION	4,162,678	5,153,345	4,379,546	773,799
TOTAL EXPENDITURES	4,378,302	5,153,345	4,379,546	773,799
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(943,990)	(1,498,573)	(691,521)	807,052
OTHER FINANCING SOURCES (USES)				
Transfers In	671,735	693,408	693,408	--
Total Other Financing Sources (Uses)	671,735	693,408	693,408	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(272,255)	(805,165)	1,887	807,052
FUND BALANCE AT BEGINNING OF YEAR	912,347	912,347	912,347	--
FUND BALANCE AT END OF YEAR	\$ 640,092	\$ 107,182	\$ 914,234	\$ 807,052

WALKER COUNTY, TEXAS
 GRANTS AND CONTRACTS
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-3

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
INTERGOVERNMENTAL				
State Funds				
Other State Funds	\$ 4,771,912	\$ 4,835,517	\$ 4,617,866	\$ (217,651)
Total State Funds	4,771,912	4,835,517	4,617,866	(217,651)
Total Intergovernmental	4,771,912	5,175,014	4,942,865	(232,149)
TOTAL REVENUES	4,771,912	5,175,014	4,942,865	(232,149)
EXPENDITURES				
JUDICIAL				
Special Prosecution Unit				
Salary, Other Pay, and Benefits	3,737,608	3,638,402	3,064,971	573,431
Operations	1,034,304	1,515,317	1,513,417	1,900
Total Special Prosecution Unit	4,771,912	5,153,719	4,578,388	575,331
TOTAL JUDICIAL	4,771,912	5,153,719	4,578,388	575,331
PUBLIC SAFETY				
SHSP Grant				
Operations	--	379,282	364,477	14,805
Total SHSP Grant	--	379,282	364,477	14,805
TOTAL PUBLIC SAFETY	--	379,282	364,477	14,805
TOTAL EXPENDITURES	4,771,912	5,533,001	4,942,865	590,136
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	--	(357,987)	--	357,987
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	--	(357,987)	--	357,987
FUND BALANCE AT BEGINNING OF YEAR	44,675	44,675	44,675	--
FUND BALANCE AT END OF YEAR	\$ 44,675	\$ (313,312)	\$ 44,675	\$ 357,987

WALKER COUNTY, TEXAS

EMS

 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-4

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE:				
<i>INTERGOVERNMENTAL</i>				
State Funds				
Other State Funds	\$ --	\$ 30,000	\$ 30,000	\$ --
Total State Funds	--	30,000	30,000	--
Other	--	--	6,006	6,006
Total Other Governmental Funds	--	--	6,006	6,006
Total Intergovernmental	--	30,000	36,006	6,006
<i>CHARGES FOR SERVICES</i>				
Emergency Medical Services	1,200,000	1,200,000	1,521,458	321,458
Emergency Medical Services Transfer	475,000	475,000	596,646	121,646
Total Charges for Services	1,675,000	1,675,000	2,118,104	443,104
<i>OTHER INCOME</i>				
Miscellaneous	--	--	8,804	8,804
Total Other	--	--	8,804	8,804
TOTAL REVENUES	1,675,000	1,705,000	2,162,914	457,914
EXPENDITURES				
<i>PUBLIC SAFETY</i>				
Emergency Medical Services				
Salary, Other Pay, and Benefits	1,494,997	1,494,997	1,482,456	12,541
Operations	302,424	289,756	234,870	54,886
Capital Expenditures	124,000	219,324	193,519	25,805
Total Emergency Medical Services	1,921,421	2,004,077	1,910,845	93,232
Emergency Medical Services Transfer				
Salary, Other Pay, and Benefits	348,164	348,164	320,568	27,596
Operations	36,562	25,562	18,639	6,923
Total Emergency Medical Services Transfer	384,726	373,726	339,207	34,519
TOTAL PUBLIC SAFETY	2,306,147	2,377,803	2,250,052	127,751
TOTAL EXPENDITURES	2,306,147	2,377,803	2,250,052	127,751
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(631,147)	(672,803)	(87,138)	585,665
OTHER FINANCING SOURCES (USES)				
Transfers In	631,147	672,803	126,856	(545,947)
Total Other Financing Sources (Uses)	631,147	672,803	126,856	(545,947)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	--	--	39,718	39,718
FUND BALANCE AT BEGINNING OF YEAR	1,481,603	1,481,603	1,481,603	--
INCREASE (DECREASE) IN FUND BALANCE	(1,481,603)	(1,481,603)	(1,481,603)	--
FUND BALANCE AT END OF YEAR	\$ --	\$ --	\$ 39,718	\$ 39,718

WALKER COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

YEAR ENDED SEPTEMBER 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2005	\$ 18,594,952	\$ 22,644,182	\$ 4,049,230	82.12%	\$ 10,185,191	39.76%
12/31/2006	21,164,930	25,325,388	4,160,458	83.57%	10,818,015	38.46%
12/31/2007	23,820,411	28,284,920	4,464,509	84.22%	11,728,338	38.07%
12/31/2008	24,395,551	30,708,123	6,312,572	79.44%	13,284,133	47.52%

WALKER COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2009

The statutes of the State of Texas provides that "the amounts budgeted in a fiscal year for expenditures from the various fund of the County may not exceed the balance in those funds as of the first day of the fiscal year, plus the anticipated revenue for the fiscal year as estimated by the County Auditor." In addition, the law provides that the Commissioners Court may, upon proper application, transfer an existing budget during the year to a budget of like kind but no such transfer shall increase the budget.

On or before the second Monday in July each year, all agencies of the County submit requests for appropriations to the County Judge so that a budget may be prepared. A copy of the proposed budget must be filed with the Clerk of the Court and made available to the public by the last day of July. Before September 30, the proposed budget is presented to Commissioners Court for review and adoption. The Court holds public hearings as necessary and may add to, subtract from, or change appopriations but may not change the form of the budget.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. For County operating budgets (General Fund, EMS Fund, etc.), the legal level of control is at the budget category level of Salary, Other Pay and Benefits and Operations (Supplies, Services and Charges) , Capital Expenditures, and Transfers. The legal level of control level for the Road and Bridge Fund is at the department level. Expenditures may not be made or approved if the expenditures will cause the category to exceed budget. Departments are encouraged to maintain control at the line item level. Grant budgets are approved at the grant level. Fund budgets created for legislatively designated purpose monies (example Hot Check Fund, County Clerk Records Fund, Narcotics Forfeiture Funds, District Clerk Funds, etc.) are approved at the fund level. Expenditure of funds and budget adjustments shall be in accordance with state statutes. Capital budgets are at the project level.

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*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.

Special Revenue Funds

WALKER COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2009

	Weigh Station Fund	Hot Check Fund	Law Library Fund	Justice Courts Security Fund
ASSETS				
Assets:				
Cash and Cash Equivalents	\$ 106,226	\$ 62,321	\$ 56,705	\$ 22,728
Accounts Receivable	--	--	--	--
Due from Other Governments	--	--	--	--
Total Assets	<u>\$ 106,226</u>	<u>\$ 62,321</u>	<u>\$ 56,705</u>	<u>\$ 22,728</u>
LIABILITIES AND EQUITY				
Liabilities:				
Accounts Payable	\$ --	\$ 4,492	\$ 11,446	\$ --
Due to State	--	--	--	--
Due to Others	--	10,858	--	--
Accrued Liabilities	--	--	--	--
Deferred Revenue	--	--	--	--
Total Liabilities	<u>--</u>	<u>15,350</u>	<u>11,446</u>	<u>--</u>
Equity:				
Fund balances:				
Unreserved, undesignated				
Special Revenue Funds	106,226	46,971	45,259	22,728
Total Equity	<u>106,226</u>	<u>46,971</u>	<u>45,259</u>	<u>22,728</u>
Total Liabilities & Equity	<u>\$ 106,226</u>	<u>\$ 62,321</u>	<u>\$ 56,705</u>	<u>\$ 22,728</u>

<u>Elections Equipment Fund</u>	<u>Records Preservation & Management</u>	<u>Forfeiture/ Seizure Fund</u>	<u>Emergency Special Fund</u>	<u>Adult Probation Fund</u>
\$ 12,723	\$ 199,665	\$ 193,827	\$ 144,772	\$ 482,805
--	--	--	--	--
--	--	--	--	--
<u>\$ 12,723</u>	<u>\$ 199,665</u>	<u>\$ 193,827</u>	<u>\$ 144,772</u>	<u>\$ 482,805</u>
\$ --	\$ 6,383	\$ 186	\$ 26,702	\$ 15,298
--	--	--	--	7,279
--	--	101,661	--	--
--	45,905	--	--	37,733
--	--	--	--	81,494
<u>--</u>	<u>52,288</u>	<u>101,847</u>	<u>26,702</u>	<u>141,804</u>
12,723	147,377	91,980	118,070	341,001
<u>12,723</u>	<u>147,377</u>	<u>91,980</u>	<u>118,070</u>	<u>341,001</u>
<u>\$ 12,723</u>	<u>\$ 199,665</u>	<u>\$ 193,827</u>	<u>\$ 144,772</u>	<u>\$ 482,805</u>

WALKER COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2009

	Juvenile Probation Fund	Legislatively Designated Funds	Inmate Medical Fund	Total Nonmajor Special Revenue Funds (See Exhibit A-3)
ASSETS				
Assets:				
Cash and Cash Equivalents	\$ 345,212	\$ 193,287	\$ 8,954	\$ 1,829,225
Accounts Receivable	92	--	--	92
Due from Other Governments	3,834	1,000	--	4,834
Total Assets	\$ 349,138	\$ 194,287	\$ 8,954	\$ 1,834,151
LIABILITIES AND EQUITY				
Liabilities:				
Accounts Payable	\$ 11,021	\$ 18,050	\$ --	\$ 93,578
Due to State	14,320	--	--	21,599
Due to Others	--	--	--	112,519
Accrued Liabilities	8,612	24,715	--	116,965
Deferred Revenue	26,660	8,200	--	116,354
Total Liabilities	60,613	50,965	--	461,015
Equity:				
Fund balances:				
Unreserved, undesignated				
Special Revenue Funds	288,525	143,322	8,954	1,373,136
Total Equity	288,525	143,322	8,954	1,373,136
Total Liabilities & Equity	\$ 349,138	\$ 194,287	\$ 8,954	\$ 1,834,151

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WALKER COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Weigh Station Fund	Hot Check Fund	Law Library Fund	Court House Security Fund
Revenue:				
<i>Intergovernmental</i>	\$ --	\$ --	\$ --	\$ --
<i>Charges for Services</i>	--	42,404	35,089	45,739
<i>Fines and Forfeitures</i>	37,823	--	--	--
<i>Interest Income</i>	25	--	335	--
<i>Other</i>	--	1,667	--	--
Total Revenues	<u>37,848</u>	<u>44,071</u>	<u>35,424</u>	<u>45,739</u>
Expenditures:				
Current:				
<i>General Administration</i>	--	--	--	--
<i>Judicial</i>	--	42,287	33,941	--
<i>Financial Administration</i>	--	--	--	--
<i>Public Safety</i>	--	--	--	61,429
Total Expenditures	<u>--</u>	<u>42,287</u>	<u>33,941</u>	<u>61,429</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>37,848</u>	<u>1,784</u>	<u>1,483</u>	<u>(15,690)</u>
Other Financing Sources (Uses):				
<i>Transfers In</i>	68,378	--	--	15,690
<i>Transfers Out</i>	--	--	--	--
Total Other Financing Sources (Uses)	<u>68,378</u>	<u>--</u>	<u>--</u>	<u>15,690</u>
Net Change in Fund Balances	106,226	1,784	1,483	--
Fund Balance at Beginning of Year	--	45,187	43,776	--
Fund Balance at End of Year	<u>\$ 106,226</u>	<u>\$ 46,971</u>	<u>\$ 45,259</u>	<u>\$ --</u>

Justice Courts Security Fund	Elections Equipment Fund	Records Preservation & Management	Forfeiture/ Seizure Fund	Emergency Special Fund
\$ --	\$ --	\$ --	\$ --	\$ 366,013
8,552	--	76,621	--	15,362
--	--	--	--	--
88	10	1,662	473	81
--	--	--	63,945	1,249
<u>8,640</u>	<u>10</u>	<u>78,283</u>	<u>64,418</u>	<u>382,705</u>
--	--	167,827	--	--
1,565	--	--	--	--
--	--	--	--	--
--	--	--	34,026	477,260
<u>1,565</u>	<u>--</u>	<u>167,827</u>	<u>34,026</u>	<u>477,260</u>
7,075	10	(89,544)	30,392	(94,555)
--	12,713	--	--	25,000
--	--	--	--	--
<u>--</u>	<u>12,713</u>	<u>--</u>	<u>--</u>	<u>25,000</u>
7,075	12,723	(89,544)	30,392	(69,555)
15,653	--	236,921	61,588	187,625
<u>\$ 22,728</u>	<u>\$ 12,723</u>	<u>\$ 147,377</u>	<u>\$ 91,980</u>	<u>\$ 118,070</u>

WALKER COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Adult Probation Fund	Juvenile Probation Fund
Revenue:		
<i>Intergovernmental</i>	\$ 576,467	\$ 375,797
<i>Charges for Services</i>	765,279	4,274
<i>Fines and Forfeitures</i>	--	--
<i>Interest Income</i>	4,320	82
<i>Other</i>	5,140	48
Total Revenues	<u>1,351,206</u>	<u>380,201</u>
Expenditures:		
Current:		
<i>General Administration</i>	--	--
<i>Judicial</i>	--	--
<i>Financial Administration</i>	--	--
<i>Public Safety</i>	1,544,412	533,303
Total Expenditures	<u>1,544,412</u>	<u>533,303</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(193,206)</u>	<u>(153,102)</u>
Other Financing Sources (Uses):		
<i>Transfers In</i>	--	120,376
<i>Transfers Out</i>	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>120,376</u>
Net Change in Fund Balances	(193,206)	(32,726)
Fund Balance at Beginning of Year	534,207	321,251
Fund Balance at End of Year	<u>\$ 341,001</u>	<u>\$ 288,525</u>

Legislatively Designated Funds	Inmate Medical Fund	Total Nonmajor Special Revenue Funds (See Exhibit A-5)
\$ 87,616	\$ --	\$ 1,405,893
36,284	3,213	1,032,817
--	--	37,823
1,206	317	8,599
--	--	72,049
<u>125,106</u>	<u>3,530</u>	<u>2,557,181</u>
--	--	167,827
69,180	--	146,973
1,715	--	1,715
113,394	--	2,763,824
<u>184,289</u>	<u>--</u>	<u>3,080,339</u>
<u>(59,183)</u>	<u>3,530</u>	<u>(523,158)</u>
--	--	242,157
--	(41,020)	(41,020)
--	(41,020)	201,137
<u>(59,183)</u>	<u>(37,490)</u>	<u>(322,021)</u>
202,505	46,444	1,695,157
<u>\$ 143,322</u>	<u>\$ 8,954</u>	<u>\$ 1,373,136</u>

WALKER COUNTY, TEXAS

WEIGH STATION

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-3

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
<i>FINES AND FORFEITURES</i>				
License and Weight	\$ --	\$ --	\$ 37,823	\$ 37,823
Total Fines and Forfeitures	--	--	37,823	37,823
<i>INTEREST</i>	--	--	25	25
TOTAL REVENUES	--	--	37,848	37,848
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	--	--	37,848	37,848
OTHER FINANCING SOURCES (USES)				
<i>Transfers In</i>	--	68,378	68,378	--
Total Other Financing Sources (Uses)	--	68,378	68,378	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	--	68,378	106,226	37,848
FUND BALANCE AT BEGINNING OF YEAR	--	--	--	--
FUND BALANCE AT END OF YEAR	\$ --	\$ 68,378	\$ 106,226	\$ 37,848

Budgetary Comparison Schedules

WALKER COUNTY, TEXAS

HOT CHECK

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-4

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
CHARGES FOR SERVICES				
Hot Check	\$ 39,000	\$ 39,000	\$ 42,404	\$ 3,404
Total Charges for Services	39,000	39,000	42,404	3,404
OTHER INCOME				
Sale of Fixed Assets	--	--	1,615	1,615
Miscellaneous	--	--	52	52
Total Other	--	--	1,667	1,667
TOTAL REVENUES	39,000	39,000	44,071	5,071
EXPENDITURES				
JUDICIAL				
Hot Check				
Salary, Other Pay, and Benefits	21,560	21,560	19,685	1,875
Operations	39,753	39,753	22,602	17,151
Total Hot Check	61,313	61,313	42,287	19,026
TOTAL JUDICIAL	61,313	61,313	42,287	19,026
TOTAL EXPENDITURES	61,313	61,313	42,287	19,026
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(22,313)	(22,313)	1,784	24,097
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(22,313)	(22,313)	1,784	24,097
FUND BALANCE AT BEGINNING OF YEAR	45,187	45,187	45,187	--
FUND BALANCE AT END OF YEAR	\$ 22,874	\$ 22,874	\$ 46,971	\$ 24,097

WALKER COUNTY, TEXAS

LAW LIBRARY FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-5

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
CHARGES FOR SERVICES				
Law Library	\$ 36,000	\$ 36,000	\$ 35,089	\$ (911)
Total Charges for Services	36,000	36,000	35,089	(911)
INTEREST	1,400	1,400	335	(1,065)
TOTAL REVENUES	37,400	37,400	35,424	(1,976)
EXPENDITURES				
JUDICIAL				
Law Library				
Salary, Other Pay, and Benefits	5,689	5,689	5,656	33
Operations	52,308	52,308	28,285	24,023
Total Law Library	57,997	57,997	33,941	24,056
TOTAL JUDICIAL	57,997	57,997	33,941	24,056
TOTAL EXPENDITURES	57,997	57,997	33,941	24,056
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(20,597)	(20,597)	1,483	22,080
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(20,597)	(20,597)	1,483	22,080
FUND BALANCE AT BEGINNING OF YEAR	43,776	43,776	43,776	--
FUND BALANCE AT END OF YEAR	\$ 23,179	\$ 23,179	\$ 45,259	\$ 22,080

WALKER COUNTY, TEXAS
COURT HOUSE SECURITY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
<i>CHARGES FOR SERVICES</i>				
Court House Security	\$ 59,821	\$ 59,821	\$ 45,739	\$ (14,082)
Total Charges for Services	59,821	59,821	45,739	(14,082)
TOTAL REVENUES	59,821	59,821	45,739	(14,082)
EXPENDITURES				
<i>PUBLIC SAFETY</i>				
Courthouse Security				
Salary, Other Pay, and Benefits	61,655	61,655	61,111	544
Operations	1,940	1,940	318	1,622
Total Justice Court Security	63,595	63,595	61,429	2,166
TOTAL PUBLIC SAFETY	63,595	63,595	61,429	2,166
TOTAL EXPENDITURES	63,595	63,595	61,429	2,166
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,774)	(3,774)	(15,690)	(11,916)
OTHER FINANCING SOURCES (USES)				
<i>Transfers In</i>	--	15,690	15,690	--
Total Other Financing Sources (Uses)	--	15,690	15,690	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(3,774)	11,916	--	(11,916)
FUND BALANCE AT BEGINNING OF YEAR	--	--	--	--
FUND BALANCE AT END OF YEAR	\$ (3,774)	\$ 11,916	\$ --	\$ (11,916)

WALKER COUNTY, TEXAS

JUSTICE COURTS SECURITY FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
CHARGES FOR SERVICES				
Justice Court Security	\$ 8,200	\$ 8,200	\$ 8,552	\$ 352
Total Charges for Services	8,200	8,200	8,552	352
INTEREST	--	--	88	88
TOTAL REVENUES	8,200	8,200	8,640	440
EXPENDITURES				
JUDICIAL				
Justice Court Security				
Operations	15,000	15,000	1,565	13,435
Total Justice Court Security	15,000	15,000	1,565	13,435
TOTAL JUDICIAL	15,000	15,000	1,565	13,435
TOTAL EXPENDITURES	15,000	15,000	1,565	13,435
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,800)	(6,800)	7,075	13,875
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(6,800)	(6,800)	7,075	13,875
FUND BALANCE AT BEGINNING OF YEAR	15,653	15,653	15,653	--
FUND BALANCE AT END OF YEAR	\$ 8,853	\$ 8,853	\$ 22,728	\$ 13,875

WALKER COUNTY, TEXAS
 ELECTIONS EQUIPMENT FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
INTEREST	\$ --	\$ --	\$ 10	\$ 10
TOTAL REVENUES	--	--	10	10
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	--	--	10	10
OTHER FINANCING SOURCES (USES)				
Transfers In	--	12,713	12,713	--
Total Other Financing Sources (Uses)	--	12,713	12,713	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	--	12,713	12,723	10
FUND BALANCE AT BEGINNING OF YEAR	--	--	--	--
FUND BALANCE AT END OF YEAR	\$ --	\$ 12,713	\$ 12,723	\$ 10

WALKER COUNTY, TEXAS

RECORDS PRESERVATION & MANAGEMENT

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-9

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
CHARGES FOR SERVICES				
Records Preservation	\$ 88,000	\$ 88,000	\$ 76,621	\$ (11,379)
Total Charges for Services	88,000	88,000	76,621	(11,379)
INTEREST	4,600	4,600	1,662	(2,938)
TOTAL REVENUES	92,600	92,600	78,283	(14,317)
EXPENDITURES				
GENERAL ADMINISTRATION				
Records Preservation				
Salary, Other Pay, and Benefits	78,278	78,278	37,965	40,313
Operations	174,455	166,161	121,568	44,593
Capital Expenditures	--	8,294	8,294	--
Total County Facilities	252,733	252,733	167,827	84,906
TOTAL GENERAL ADMINISTRATION	252,733	252,733	167,827	84,906
TOTAL EXPENDITURES	252,733	252,733	167,827	84,906
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(160,133)	(160,133)	(89,544)	70,589
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(160,133)	(160,133)	(89,544)	70,589
FUND BALANCE AT BEGINNING OF YEAR	236,921	236,921	236,921	--
FUND BALANCE AT END OF YEAR	\$ 76,788	\$ 76,788	\$ 147,377	\$ 70,589

WALKER COUNTY, TEXAS
FORFEITURE/SEIZURE FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-10

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
INTEREST	\$ 200	\$ 200	\$ 473	\$ 273
OTHER INCOME				
Miscellaneous	1,000	1,000	63,945	62,945
Total Other	1,000	1,000	63,945	62,945
TOTAL REVENUES	1,200	1,200	64,418	63,218
EXPENDITURES				
PUBLIC SAFETY				
Forfeitures				
Salary, Other Pay, and Benefits	--	2,400	2,336	64
Operations	53,760	27,157	7,488	19,669
Capital Expenditures	--	24,203	24,202	1
Total Forfeitures	53,760	53,760	34,026	19,734
TOTAL PUBLIC SAFETY	53,760	53,760	34,026	19,734
TOTAL EXPENDITURES	53,760	53,760	34,026	19,734
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(52,560)	(52,560)	30,392	82,952
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(52,560)	(52,560)	30,392	82,952
FUND BALANCE AT BEGINNING OF YEAR	61,588	61,588	61,588	--
FUND BALANCE AT END OF YEAR	\$ 9,028	\$ 9,028	\$ 91,980	\$ 82,952

WALKER COUNTY, TEXAS

EXHIBIT C-11

EMERGENCY SPECIAL FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
INTERGOVERNMENTAL				
Other	\$ --	\$ 372,014	\$ 366,013	\$ (6,001)
Total Other Governmental Funds	--	372,014	366,013	(6,001)
Total Intergovernmental	--	372,014	366,013	(6,001)
CHARGES FOR SERVICES				
Total Charges for Services	--	7,200	15,362	8,162
INTEREST	--	--	81	81
OTHER INCOME				
Miscellaneous	--	1,249	1,249	--
Total Other	--	1,249	1,249	--
TOTAL REVENUES	--	380,463	382,705	2,242
EXPENDITURES				
PUBLIC SAFETY				
Emergency Management				
Salary, Other Pay, and Benefits	53,374	41,792	37,197	4,595
Operations	50,000	419,663	417,681	1,982
Capital Expenditures	--	22,382	22,382	--
Total Emergency Management	103,374	483,837	477,260	6,577
TOTAL PUBLIC SAFETY	103,374	483,837	477,260	6,577
TOTAL EXPENDITURES	103,374	483,837	477,260	6,577
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(103,374)	(103,374)	(94,555)	8,819
OTHER FINANCING SOURCES (USES)				
Transfers In	25,000	25,000	25,000	--
Total Other Financing Sources (Uses)	25,000	25,000	25,000	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(78,374)	(78,374)	(69,555)	8,819
FUND BALANCE AT BEGINNING OF YEAR	187,625	187,625	187,625	--
FUND BALANCE AT END OF YEAR	\$ 109,251	\$ 109,251	\$ 118,070	\$ 8,819

WALKER COUNTY, TEXAS

ADULT PROBATION

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-12

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
INTERGOVERNMENTAL				
State Funds				
Other State Funds	\$ 612,195	\$ 634,750	\$ 576,467	\$ (58,283)
Total State Funds	612,195	634,750	576,467	(58,283)
Total Intergovernmental	612,195	634,750	576,467	(58,283)
CHARGES FOR SERVICES				
Adult Probation	800,500	800,500	765,279	(35,221)
Total Charges for Services	800,500	800,500	765,279	(35,221)
INTEREST	2,000	2,000	4,320	2,320
OTHER INCOME				
Sale of Fixed Assets	--	5,140	5,140	--
Total Other	--	5,140	5,140	--
TOTAL REVENUES	1,414,695	1,442,390	1,351,206	(91,184)
EXPENDITURES				
PUBLIC SAFETY				
Adult Probation				
Salary, Other Pay, and Benefits	1,372,515	1,372,560	1,367,912	4,648
Operations	471,632	538,473	169,703	368,770
Capital Expenditures	--	6,797	6,797	--
Total Adult Probation	1,844,147	1,917,830	1,544,412	373,418
TOTAL PUBLIC SAFETY	1,844,147	1,917,830	1,544,412	373,418
TOTAL EXPENDITURES	1,844,147	1,917,830	1,544,412	373,418
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(429,452)	(475,440)	(193,206)	282,234
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(429,452)	(475,440)	(193,206)	282,234
FUND BALANCE AT BEGINNING OF YEAR	534,207	534,207	534,207	--
FUND BALANCE AT END OF YEAR	\$ 104,755	\$ 58,767	\$ 341,001	\$ 282,234

WALKER COUNTY, TEXAS
EXHIBIT C-13
**JUVENILE PROBATION FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
INTERGOVERNMENTAL				
Federal Funds				
Juvenile Probation	\$ 40,000	\$ 40,000	\$ --	\$ (40,000)
Total Federal Funds	40,000	40,000	--	(40,000)
State Funds				
Other State Funds	336,922	382,060	375,797	(6,263)
Total State Funds	336,922	382,060	375,797	(6,263)
Total Intergovernmental	376,922	422,060	375,797	(46,263)
CHARGES FOR SERVICES				
Juvenile Probation	4,500	4,500	4,274	(226)
Total Charges for Services	4,500	4,500	4,274	(226)
INTEREST	--	--	82	82
OTHER INCOME				
Sale of Fixed Assets	--	--	48	48
Total Other	--	--	48	48
TOTAL REVENUES	381,422	426,560	380,201	(46,359)
EXPENDITURES				
PUBLIC SAFETY				
Juvenile Probation				
Salary, Other Pay, and Benefits	308,407	308,988	298,009	10,979
Operations	361,181	409,538	212,794	196,744
Capital Expenditures	22,500	22,500	22,500	--
Total Juvenile Probation	692,088	741,026	533,303	207,723
TOTAL PUBLIC SAFETY	692,088	741,026	533,303	207,723
TOTAL EXPENDITURES	692,088	741,026	533,303	207,723
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(310,666)	(314,466)	(153,102)	161,364
OTHER FINANCING SOURCES (USES)				
Transfers In	115,470	119,270	120,376	1,106
Total Other Financing Sources (Uses)	115,470	119,270	120,376	1,106
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(195,196)	(195,196)	(32,726)	162,470
FUND BALANCE AT BEGINNING OF YEAR	321,251	321,251	321,251	--
FUND BALANCE AT END OF YEAR	\$ 126,055	\$ 126,055	\$ 288,525	\$ 162,470

WALKER COUNTY, TEXAS
LEGISLATIVELY DESIGNATED FUNDS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-14
Page 1 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
<i>INTERGOVERNMENTAL</i>				
Federal Funds				
Legislatively Designated Funds	\$ 44,000	\$ 44,000	\$ 39,730	\$ (4,270)
Total Federal Funds	44,000	44,000	39,730	(4,270)
State Funds				
Other State Funds	46,450	46,450	47,886	1,436
Total State Funds	46,450	46,450	47,886	1,436
Total Intergovernmental	90,450	90,450	87,616	(2,834)
<i>CHARGES FOR SERVICES</i>				
Justice Court Technology	34,000	34,000	36,284	2,284
Legislatively Designated Funds	250	250	--	(250)
Total Charges for Services	34,250	34,250	36,284	2,034
<i>INTEREST</i>	6,400	6,400	1,206	(5,194)
TOTAL REVENUES	131,100	131,100	125,106	(5,994)
EXPENDITURES				
<i>JUDICIAL</i>				
District Clerk - Rider 42				
Salary, Other Pay, and Benefits	10,665	10,665	3,565	7,100
Operations	38,080	38,080	5,161	32,919
Total District Clerk - Rider 42	48,745	48,745	8,726	40,019
Professional Prosecutors				
Operations	34,450	34,450	35,886	(1,436)
Total Professional Prosecutors	34,450	34,450	35,886	(1,436)
Justice Court Technology				
Operations	90,000	90,000	24,568	65,432
Total Justice Court Technology	90,000	90,000	24,568	65,432
TOTAL JUDICIAL	173,195	173,195	69,180	104,015
<i>FINANCIAL ADMINISTRATION</i>				
Special Inventory Tax				
Salary, Other Pay, and Benefits	2,370	2,370	--	2,370
Operations	1,918	1,918	1,715	203
Total Special Inventory Tax	4,288	4,288	1,715	2,573
TOTAL FINANCIAL ADMINISTRATION	4,288	4,288	1,715	2,573

WALKER COUNTY, TEXAS
LEGISLATIVELY DESIGNATED FUNDS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-14
Page 2 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
PUBLIC SAFETY				
U.S. Forest Service - Fire Suppression Operations	60,000	121,131	113,394	7,737
Total U.S. Forest Service	60,000	121,131	113,394	7,737
TOTAL PUBLIC SAFETY	60,000	121,131	113,394	7,737
TOTAL EXPENDITURES	237,483	298,614	184,289	114,325
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(106,383)	(167,514)	(59,183)	108,331
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(106,383)	(167,514)	(59,183)	108,331
FUND BALANCE AT BEGINNING OF YEAR	202,505	202,505	202,505	---
FUND BALANCE AT END OF YEAR	\$ 96,122	\$ 34,991	\$ 143,322	\$ 108,331

WALKER COUNTY, TEXAS
INMATE MEDICAL FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-15

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
CHARGES FOR SERVICES				
Inmate Medical Services	\$ 2,000	\$ 2,000	\$ 3,213	\$ 1,213
Total Charges for Services	2,000	2,000	3,213	1,213
INTEREST	200	200	317	117
TOTAL REVENUES	2,200	2,200	3,530	1,330
EXPENDITURES				
PUBLIC SAFETY				
Inmate Medical Services				
Operations	20,000	20,000	--	20,000
Total Inmate Medical Services	20,000	20,000	--	20,000
TOTAL PUBLIC SAFETY	20,000	20,000	--	20,000
TOTAL EXPENDITURES	20,000	20,000	--	20,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(17,800)	(17,800)	3,530	21,330
OTHER FINANCING SOURCES (USES)				
Transfers Out	--	(41,020)	(41,020)	--
Total Other Financing Sources (Uses)	--	(41,020)	(41,020)	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(17,800)	(58,820)	(37,490)	21,330
FUND BALANCE AT BEGINNING OF YEAR	46,444	46,444	46,444	--
FUND BALANCE AT END OF YEAR	\$ 28,644	\$ (12,376)	\$ 8,954	\$ 21,330

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Debt Service Fund

WALKER COUNTY, TEXAS

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-16

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
AD VALOREM TAXES				
Current Taxes	\$ 690,859	\$ 698,279	\$ 683,599	\$ (14,680)
Delinquent Taxes	10,000	10,000	19,434	9,434
Penalty and Interest	5,000	5,000	12,605	7,605
Total Ad Valorem Taxes	705,859	713,279	715,638	2,359
INTEREST	5,000	5,000	2,671	(2,329)
TOTAL REVENUES	710,859	718,279	718,309	30
EXPENDITURES				
DEBT SERVICE				
Principal Retirement	612,632	619,307	619,306	1
Interest and Fiscal Charges	98,227	98,972	98,972	--
Total Debt Service	710,859	718,279	718,278	1
TOTAL EXPENDITURES	710,859	718,279	718,278	1
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	--	--	31	31
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	--	--	31	31
FUND BALANCE AT BEGINNING OF YEAR	401,479	401,479	401,479	--
FUND BALANCE AT END OF YEAR	\$ 401,479	\$ 401,479	\$ 401,510	\$ 31

Capital Projects Funds

WALKER COUNTY, TEXAS
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-17
Page 1 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
<i>FINES AND FORFEITURES</i>				
License and Weight - Operations	\$ 41,350	\$ 41,350	\$ 29,339	\$ (12,011)
Total Fines and Forfeitures	41,350	41,350	29,339	(12,011)
<i>INTERGOVERNMENTAL</i>				
Shelter Grants	--	54,255	54,254	(1)
Total Intergovernmental	--	54,255	54,254	(1)
<i>INTEREST</i>	--	--	15,899	15,899
TOTAL REVENUES	41,350	95,605	99,492	3,887
EXPENDITURES				
<i>GENERAL ADMINISTRATION</i>				
Capital Improvements				
Contingency	118,648	111,912	--	111,912
Operations	27,000	489,743	85,096	404,647
Capital Expenditures	82,720	497,147	432,641	63,506
Total Capital Improvements	228,368	1,098,802	518,737	580,065
Hearts Museum				
Capital Expenditures	--	1,938,670	1,811,254	127,416
Total Capital Improvements	--	1,938,670	1,811,254	127,416
TOTAL GENERAL ADMINISTRATION	228,368	3,037,472	2,329,991	707,481
<i>PUBLIC SAFETY</i>				
Department of Public Safety - Weigh Station				
Operations	5,000	10,000	2,357	7,643
Capital Expenditures	15,675	51,795	6,050	45,745
Total Department of Public Safety	20,675	61,795	8,407	53,388
Shelter Project				
Operations	--	6,313	6,312	1
Capital Expenditures	--	70,315	70,315	--
Total Shelter Project	--	76,628	76,627	1
TOTAL PUBLIC SAFETY	20,675	138,423	85,034	53,389
<i>PUBLIC TRANSPORTATION</i>				
Road and Bridge - CIP				
Capital Expenditures	20,675	87,515	80,832	6,683
Total Road and Bridge - CIP	20,675	87,515	80,832	6,683
TOTAL PUBLIC TRANSPORTATION	20,675	87,515	80,832	6,683
TOTAL EXPENDITURES	269,718	3,263,410	2,495,857	767,553

WALKER COUNTY, TEXAS

CAPITAL PROJECTS FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-17

Page 2 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(228,368)	(3,167,805)	(2,396,365)	771,440
OTHER FINANCING SOURCES (USES)				
<i>Transfers In</i>	109,720	317,248	317,248	--
<i>Transfers Out</i>	--	(90,051)	(90,051)	--
Total Other Financing Sources (Uses)	109,720	227,197	227,197	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(118,648)	(2,940,608)	(2,169,168)	771,440
FUND BALANCE AT BEGINNING OF YEAR	953,237	953,236	2,947,133	1,993,897
FUND BALANCE AT END OF YEAR	\$ 834,589	\$ (1,987,372)	\$ 777,965	\$ 2,765,337

Trust and Agency Funds

WALKER COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

SEPTEMBER 30, 2009

	Commissary Operations	County Officials Trust & Agency Fund	Walker County Public Safety Comm. Center	Total Agency Funds (See Exhibit A-7)
ASSETS				
Assets:				
Cash and Cash Equivalents	\$ 9,113	\$ 1,541,060	\$ 180,743	\$ 1,730,916
Restricted Cash and Cash Equivalents	--	647,214	--	647,214
Due from Other Governments	--	--	8,554	8,554
Total Assets	\$ 9,113	\$ 2,188,274	\$ 189,297	\$ 2,386,684
LIABILITIES				
Liabilities:				
Accounts Payable	\$ 9,113	\$ --	\$ 12,206	\$ 21,319
Due to Other Governments	--	691,250	177,091	868,341
Due to Others	--	1,497,024	--	1,497,024
Total Liabilities	\$ 9,113	\$ 2,188,274	\$ 189,297	\$ 2,386,684

WALKER COUNTY, TEXAS

EXHIBIT C-19

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2009

	Balance October 1, 2008	Additions	Deductions	Balance September 30, 2009
COUNTY OFFICIALS TRUST AND AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 862,222	\$ 678,838	\$ --	\$ 1,541,060
Restricted Cash and Cash Equivalents	1,672,029	--	1,024,815	647,214
Total Assets	<u>\$ 2,534,251</u>	<u>\$ 678,838</u>	<u>\$ 1,024,815</u>	<u>\$ 2,188,274</u>
LIABILITIES				
Due to Other Governments	716,003	--	24,753	691,250
Due to Others	1,818,248	--	321,224	1,497,024
Total Liabilities	<u>\$ 2,534,251</u>	<u>\$ --</u>	<u>\$ 345,977</u>	<u>\$ 2,188,274</u>
WALKER COUNTY PUBLIC SAFETY COMMUNICATIONS CENTER				
ASSETS				
Cash and Cash Equivalents	\$ --	\$ 180,743	\$ --	\$ 180,743
Due from Other Governments	--	8,554	--	8,554
Total Assets	<u>\$ --</u>	<u>\$ 189,297</u>	<u>\$ --</u>	<u>\$ 189,297</u>
LIABILITIES				
Accounts Payable	--	12,206	--	12,206
Due to Others	--	177,091	--	177,091
Total Liabilities	<u>\$ --</u>	<u>\$ 189,297</u>	<u>\$ --</u>	<u>\$ 189,297</u>
JAIL COMMISSARY				
ASSETS				
Cash and Cash Equivalents	\$ 6,952	\$ 2,161	\$ --	\$ 9,113
Total Assets	<u>\$ 6,952</u>	<u>\$ 2,161</u>	<u>\$ --</u>	<u>\$ 9,113</u>
LIABILITIES				
Accounts Payable	\$ 6,952	\$ 2,161	\$ --	\$ 9,113
Total Liabilities	<u>\$ 6,952</u>	<u>\$ 2,161</u>	<u>\$ --</u>	<u>\$ 9,113</u>
TOTAL AGENCY FUNDS:				
ASSETS				
Cash & Investments	\$ 869,174	\$ 861,742	\$ --	\$ 1,730,916
Restricted Cash and Cash Equivalents	1,672,029	--	1,024,815	647,214
Due from Other Governments	--	8,554	--	8,554
Total Assets	<u>\$ 2,541,203</u>	<u>\$ 870,296</u>	<u>\$ 1,024,815</u>	<u>\$ 2,386,684</u>
LIABILITIES				
Accounts Payable	\$ 6,952	\$ 14,367	\$ --	\$ 21,319
Due to Other Governments	716,003	177,091	24,753	868,341
Due to Other Funds	1,818,248	--	321,224	1,497,024
Total Liabilities	<u>\$ 2,541,203</u>	<u>\$ 191,458</u>	<u>\$ 345,977</u>	<u>\$ 2,386,684</u>

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**OTHER
SUPPLEMENTARY
INFORMATION**

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other by other entities.

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WALKER COUNTY, TEXAS

COMPARATIVE SCHEDULES BY SOURCE OF
CAPITAL ASSETS USED IN GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009 AND 2008

EXHIBIT C-20

	2009	2008
General fixed assets:		
Land	\$ 483,179	\$ 483,179
Construction In Progress	1,872,583	3,479,404
Buildings	14,920,926	11,511,635
Improvements other than buildings	4,007,247	3,705,485
Furniture, Fixtures and Office Equipment	1,913,393	1,519,222
Vehicles	3,942,323	3,661,076
Machinery and equipment	3,637,640	3,575,135
Total general fixed assets	<u>\$ 30,777,291</u>	<u>\$ 27,935,136</u>
Investment in general fixed assets by source:		
General fund	\$ 7,036,662	\$ 6,849,049
Special revenue funds	8,449,471	8,116,451
Capital projects funds	15,291,158	12,969,636
Total investment in general fixed assets	<u>\$ 30,777,291</u>	<u>\$ 27,935,136</u>

WALKER COUNTY, TEXAS
SCHEDULE BY FUNCTION AND ACTIVITY OF
CAPITAL ASSETS USED IN GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

EXHIBIT C-21

Function and Activity	Land	Buildings	Improvements	Furniture Fixtures & Office Equip.	Vehicles	Machinery and Equipment	Construction In Progress	Total
General Government:								
County Judge	\$ --	\$ --	\$ --	\$ --	--	\$ --	\$ --	\$ --
Commissioners Court	--	--	--	--	--	--	--	--
IT	--	--	34,344	491,360	--	--	--	525,704
Non-Department	10,501	--	25,385	499,851	16,412	--	--	552,149
Elections	--	19,484	--	113,074	--	--	--	132,558
County Facilities	261,595	990,230	2,445,423	--	32,659	181,305	--	3,911,212
Courthouse Annex - Sam Houston	--	1,502,488	81,889	--	--	--	--	1,584,377
Courthouse Annex II - University	--	86,163	93,173	--	--	--	--	179,336
Annex 340 Hwy 75 North	--	250,000	--	--	--	--	--	250,000
Annex 344 Hwy 75 North	--	354,444	41,157	--	--	--	--	395,601
Total General Government	272,096	3,202,809	2,721,371	1,104,285	49,071	181,305	--	7,950,957
Judicial								
12/278th Judicial District	--	--	--	5,244	--	--	--	5,244
Criminal District Attorney	--	223,050	15,164	38,474	103,560	--	--	380,248
Justice of the Peace - Precinct 2	--	104,357	--	--	--	--	--	104,357
Justice of the Peace - Precinct 3	--	62,089	50,929	--	--	--	--	113,018
Justice of the Peace - Precinct 4	--	81,409	--	--	--	--	--	81,409
Total Judicial	--	470,905	66,093	43,718	103,560	--	--	664,276
Financial Administration								
County Clerk	--	--	--	31,322	--	--	--	31,322
County Auditor	--	--	--	93,283	--	--	--	93,283
Total Financial Administration	--	--	--	124,605	--	--	--	124,605
Public Safety:								
County Jail	43,000	4,442,397	296,575	26,940	153,587	33,400	--	4,995,899
Sheriff's Department	--	2,055,499	--	44,649	724,413	16,869	--	2,841,430
Constable - Precinct 1	--	--	--	--	32,147	--	--	32,147
Constable - Precinct 2	--	--	--	--	23,055	--	--	23,055
Constable - Precinct 3	--	--	--	--	20,510	--	--	20,510
Constable - Precinct 4	--	--	--	--	20,701	--	--	20,701
Department of Public Safety	62,656	--	--	--	--	14,226	--	76,882
Weigh Station	--	114,635	201,686	--	--	21,916	--	338,237
Central 911 Dispatch	--	--	--	358,978	--	13,584	--	372,562
EMS	38,115	102,442	--	13,573	687,393	225,390	--	1,066,913
Emergency Shelter/Management	--	3,336,241	--	--	24,271	--	--	3,360,512
Probation Support	--	922,008	--	--	--	--	--	922,008
Total Public Safety	143,771	10,973,222	498,261	444,140	1,686,077	325,385	--	14,070,866
Health and Welfare:								
Utility Department	--	--	--	14,656	40,289	10,169	--	65,114
Veterans Museum	--	--	--	--	--	--	1,872,583	1,872,583
Total Health and Welfare	--	--	--	14,656	40,289	10,169	1,872,583	1,937,697
Road and Bridge:								
General	--	--	--	--	230,519	660,417	--	890,936
Precinct 1	--	50,000	--	--	410,601	611,645	--	1,072,246
Precinct 2	26,217	18,650	24,934	--	308,422	683,527	--	1,071,750
Precinct 3	41,095	65,000	212,750	--	349,808	679,779	--	1,348,432
Precinct 4	--	140,338	474,438	--	317,208	468,617	--	1,400,601
Litter Control	--	--	--	--	27,595	--	--	27,595
Total Road and Bridge	67,312	273,988	712,122	--	1,644,153	3,113,985	--	5,841,560
Other:								
Special Prosecution Unit - Criminal	--	--	--	--	113,390	--	--	113,390
Special Prosecution Unit - Civil	--	--	--	7,329	63,565	--	--	70,894
Special Prosecution Unit - Juvenile	--	--	--	--	79,170	--	--	79,170
Adult Probation	--	--	--	40,634	40,181	6,797	--	87,612
Juvenile Probation	--	--	9,401	5,789	--	--	--	15,190
Surplus/Auction Held	--	--	--	128,238	122,866	--	--	251,104
Total Public Safety	--	--	9,401	181,990	419,172	6,797	--	617,360
Total Capital Assets	\$ 483,179	\$ 14,920,924	\$ 4,007,248	\$ 1,913,394	3,942,322	3,637,641	1,872,583	\$ 30,777,291

WALKER COUNTY, TEXAS

EXHIBIT C-22

**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY OF
CAPITAL ASSETS USED IN GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2009**

Function and Activity	Capital Assets October 1, 2008	Additions	Deductions	Capital Assets September 30, 2009
General Government:				
County Judge	\$ 16,412	\$ --	\$ 16,412	\$ --
Commissioners Court	--	--	--	--
IT	137,579	388,125	--	525,704
Non-Department	535,737	16,412	--	552,149
Elections	143,358	--	10,800	132,558
County Facilities	3,925,932	--	14,720	3,911,212
Courthouse Annex - Sam Houston	1,584,377	--	--	1,584,377
Courthouse Annex II - University	154,253	25,083	--	179,336
Annex 340 Hwy 75 North	250,000	--	--	250,000
Annex 344 Hwy 75 North	395,601	--	--	395,601
Total General Government	7,143,249	429,620	41,932	7,530,937
Judicial				
12/278th Judicial District	--	5,244	--	5,244
Criminal District Attorney	317,016	97,252	34,020	380,248
Justice of the Peace - Precinct 2	104,357	--	--	104,357
Justice of the Peace - Precinct 3	112,101	917	--	113,018
Justice of the Peace - Precinct 4	81,409	--	--	81,409
Total Judicial	614,883	103,413	34,020	684,276
Financial Administration				
County Clerk	5,322	26,000	--	31,322
County Auditor	93,283	--	--	93,283
Total Financial Administration	98,605	130,330	--	124,605
Public Safety:				
County Jail	4,973,956	43,228	21,285	4,995,899
Sheriff's Department	2,688,741	195,918	43,228	2,841,431
Constable - Precinct 1	32,147	--	--	32,147
Constable - Precinct 2	18,430	23,055	18,430	23,055
Constable - Precinct 3	20,510	--	--	20,510
Constable - Precinct 4	20,701	--	--	20,701
Department of Public Safety	76,882	--	--	76,882
Weigh Station	332,187	6,050	--	338,237
Central 911 Dispatch	369,638	8,554	5,630	372,562
EMS	935,509	193,518	62,115	1,066,912
Emergency Shelter/Management	3,259,614	100,898	--	3,360,512
Probation Support	922,008	--	--	922,008
Total Public Safety	13,650,323	571,221	150,688	14,070,856
Health and Welfare:				
Utility Department	65,114	--	--	65,114
Veterans Museum	61,330	1,811,253	--	1,872,583
Total Health and Welfare	126,444	1,811,253	--	1,937,697
Road and Bridge:				
General	890,936	--	--	890,936
Precinct 1	1,043,246	29,000	--	1,072,246
Precinct 2	1,020,257	68,534	17,041	1,071,750
Precinct 3	1,329,520	18,912	--	1,348,432
Precinct 4	1,242,318	180,045	21,762	1,400,601
Litter Control	27,595	--	--	27,595
Total Road and Bridge	5,553,872	296,491	38,803	5,811,560

WALKER COUNTY, TEXAS

EXHIBIT C-22

**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY OF
CAPITAL ASSETS USED IN GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2009**

<u>Function and Activity</u>	<u>Capital Assets October 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Capital Assets September 30, 2009</u>
Other:				
Special Prosecution Unit - Criminal	113,390	--	--	113,390
Special Prosecution Unit - Civil	70,894	--	--	70,894
Special Prosecution Unit - Juvenile	79,170	--	--	79,170
Adult Probation	80,815	6,797	--	87,612
Juvenile Probation	15,190	--	--	15,190
Surplus/Auction Held	388,301	84,786	221,983	251,104
Total Public Safety	747,760	84,786	221,983	610,563
Total Capital Assets	\$ 27,935,136	\$ 3,427,114	\$ 487,426	\$ 30,777,291

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STATISTICAL SECTION

This part of the Walker County, Texas's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents	Page
Financial Trends	111
<i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i>	
Revenue Capacity	117
<i>These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.</i>	
Debt Capacity	122
<i>These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	125
<i>These schedules offer demographic and economic indicators to help the reader understand how the County's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	128
<i>These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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Table E - 1

WALKER COUNTY, TEXAS
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
 (accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities							
Invested in capital assets, net of related debt	\$ 7,300,573	\$ 7,258,409	\$ 6,979,556	\$ 7,290,739	\$ 8,418,965	\$ 11,143,016	\$ 13,024,741
Restricted	\$ 1,441,478	\$ 691,049	\$ 616,222	\$ 1,624,434	\$ 893,725	\$ 3,414,486	\$ 1,232,050
Unrestricted	\$ 4,539,351	\$ 5,446,082	\$ 6,889,220	\$ 8,998,584	\$ 11,014,631	\$ 9,864,761	\$ 7,784,884
Total governmental activities net assets	\$ 13,281,402	\$ 13,395,540	\$ 14,484,998	\$ 17,913,757	\$ 20,327,321	\$ 24,422,263	\$ 22,041,675
Business-type activities							
Invested in capital assets, net of related debt	\$ -	\$ 436,715	\$ 328,517	\$ -	\$ -	\$ -	\$ -
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	\$ -	\$ 890,045	\$ 1,031,984	\$ -	\$ -	\$ -	\$ -
Total business-type activities net assets	\$ -	\$ 1,326,760	\$ 1,360,501	\$ -	\$ -	\$ -	\$ -
Primary government							
Invested in capital assets, net of related debt	\$ 7,300,573	\$ 7,695,124	\$ 7,308,073	\$ 7,290,739	\$ 8,418,965	\$ 11,143,016	\$ 13,024,741
Restricted	\$ 1,441,478	\$ 691,049	\$ 616,222	\$ 1,624,434	\$ 893,725	\$ 3,414,486	\$ 1,232,050
Unrestricted	\$ 4,539,351	\$ 6,336,127	\$ 7,921,204	\$ 8,998,584	\$ 11,014,631	\$ 9,864,761	\$ 7,784,884
Total primary government net assets	\$ 13,281,402	\$ 14,722,300	\$ 15,845,499	\$ 17,913,757	\$ 20,327,321	\$ 24,422,263	\$ 22,041,675

Note: In FY2003, Walker County implemented GASB 34. Reporting is from that date forward.

WALKER COUNTY, TEXAS
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
 (accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses							
Governmental Activities:							
General Administration	\$ 1,276,900	\$ 1,580,748	\$ 1,971,406	\$ 2,338,585	\$ 2,196,767	\$ 2,284,682	\$ 3,000,402
Judicial	4,754,537	4,830,686	4,914,252	5,317,466	5,698,418	7,613,070	8,457,490
Financial Administration	1,288,474	1,454,263	1,408,258	1,614,681	1,612,653	2,065,268	2,186,499
Public Safety	6,546,824	6,894,111	7,023,610	9,086,967	9,569,292	10,290,778	10,775,866
Health & Welfare	326,819	686,923	430,247	514,364	515,571	573,404	603,749
Public Transportation	3,122,954	3,299,998	3,590,764	3,814,065	4,097,826	4,632,488	4,596,948
Intergovernmental Expenditure	1,230,163	909,694	181,392	-	-	-	-
Interest & Fiscal Charges	227,189	199,634	-	145,280	116,254	101,016	85,581
Total Governmental Activities	\$ 18,773,860	\$ 19,856,057	\$ 19,519,929	\$ 22,831,408	\$ 23,806,781	\$ 27,560,706	\$ 29,706,535
Business-type activities							
EMS	\$ -	\$ 1,441,468	\$ 1,591,614	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 18,773,860	\$ 21,297,525	\$ 21,111,543	\$ 22,831,408	\$ 23,806,781	\$ 27,560,706	\$ 29,706,535
Program Revenues							
Governmental activities:							
Charges for services:							
General Administration	\$ 217,332	\$ 429,309	\$ 244,053	\$ 261,883	\$ 494,850	\$ 878,401	\$ 930,385
Judicial	927,788	711,876	756,198	819,936	801,510	610,773	650,617
Financial Administration	613,810	381,721	434,043	627,417	667,264	305,531	330,732
Public Safety	917,902	1,132,141	1,489,846	3,317,369	3,195,179	3,063,739	3,351,915
Health & Welfare	34,415	28,547	107,773	109,974	139,150	97,707	88,115
Public Transportation	1,211,940	1,291,031	1,363,990	1,659,932	1,778,231	1,402,777	2,285,532
Operating grants and contributions	4,348,036	4,339,757	3,517,099	4,134,299	4,797,661	6,310,443	6,903,805
Capital grants and contributions	-	-	86,192	227,734	-	4,773,084	54,254
Total Governmental Activities	\$ 8,271,223	\$ 8,314,382	\$ 7,999,194	\$ 11,158,544	\$ 11,873,845	\$ 17,442,455	\$ 14,595,355

Table E - 2

	2003	2004	2005	2006	2007	2008	2009
Business-type activities							
Charges for service	\$ -	\$ 1,126,235	\$ 1,423,505	\$ -	\$ -	\$ -	\$ -
Operating grants and contributions	-	186,691	4,480	-	-	-	-
EMS	-	\$ 1,312,926	\$ 1,427,985	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 8,271,223	\$ 9,627,308	\$ 9,427,179	\$ 11,158,544	\$ 11,873,845	\$ 17,442,455	\$ 14,595,355
Net (expense)/revenue							
Governmental activities	\$ (10,502,637)	\$ (11,541,675)	\$ (11,520,735)	\$ (11,672,864)	\$ (11,932,936)	\$ (10,118,251)	\$ (15,111,180)
Business-type activities	-	(128,542)	(163,629)	-	-	-	-
Total primary government net expense	\$ (10,502,637)	\$ (11,670,217)	\$ (11,684,364)	\$ (11,672,864)	\$ (11,932,936)	\$ (10,118,251)	\$ (15,111,180)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Property taxes	\$ 8,274,177	\$ 9,247,367	\$ 9,792,822	\$ 10,146,889	\$ 10,469,685	\$ 10,460,117	\$ 11,522,727
Sales taxes	1,672,772	1,827,236	1,912,387	2,068,095	2,197,937	2,260,752	2,423,490
Other taxes	15,682	13,047	14,586	14,280	14,527	14,326	24,399
Vehicle Registration	1,008,185	989,014	990,030	979,757	992,143	970,798	-
Alcoholic beverage taxes	51,517	65,646	77,361	70,246	77,238	69,668	89,173
Investment earnings	89,892	76,720	222,759	461,856	594,969	437,532	152,407
Transfers	-	(602,454)	(313,331)	-	-	-	-
Other	381,886	39,234	-	-	-	-	-
Total governmental activities	\$ 11,494,111	\$ 11,655,810	\$ 12,696,614	\$ 13,741,123	\$ 14,346,499	\$ 14,213,193	\$ 14,212,196
Business-type activities:							
Investment earnings	\$ -	\$ 1,498	\$ 1,489	\$ -	\$ -	\$ -	\$ -
Transfers	-	1,453,804	313,331	-	-	-	-
Total business-type activities	\$ -	\$ 1,455,302	\$ 314,820	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 11,494,111	\$ 13,111,112	\$ 13,011,434	\$ 13,741,123	\$ 14,346,499	\$ 14,213,193	\$ 14,212,196
Change in Net Assets							
Governmental activities	\$ 991,474	\$ 114,135	\$ 1,175,879	\$ 2,068,259	\$ 2,413,563	\$ 4,094,942	\$ (898,984)
Prior Period Adjustment (EMS Receivables)	-	\$ (1,031,747)	\$ (459,919)	\$ (116,092)	\$ 126,155	-	-
Business-type activities	-	1,326,760	151,191	-	-	-	-
Total primary government	\$ 991,474	\$ 409,148	\$ 867,151	\$ 1,952,167	\$ 2,539,718	\$ 4,094,942	\$ (898,984)

Note: In FY2003, Walker County implemented GASB 34. Reporting is from that date forward.

WALKER COUNTY, TEXAS
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST SEVEN FISCAL YEARS
 (accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Other Taxes	Alcoholic Beverage Tax	Total
2003	\$8,274,177	\$1,672,772	\$15,681	\$51,517	\$10,014,147
2004	9,247,367	1,827,236	13,047	65,646	11,153,296
2005	9,792,822	1,912,387	14,586	77,361	11,797,156
2006	10,146,889	2,068,095	14,280	70,246	12,299,510
2007	10,469,685	2,197,937	14,527	77,238	12,759,387
2008	10,460,117	2,260,752	14,326	69,668	12,804,863
2009	11,522,727	2,423,490	24,399	89,173	14,059,789

Note: In FY2003, Walker County implemented GASB 34. Reporting is from that date forward.

WALKER COUNTY, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund										
Reserved										
Unreserved	\$2,257,311	\$2,237,599	\$1,747,259	\$2,007,578	\$2,368,602	\$3,506,504	\$4,693,770	\$5,162,815	\$ 5,082,124	\$ 5,586,097
Total general fund	<u>\$2,257,311</u>	<u>\$2,237,599</u>	<u>\$1,747,259</u>	<u>\$2,007,578</u>	<u>\$2,368,602</u>	<u>\$3,506,504</u>	<u>\$4,693,770</u>	<u>\$5,162,815</u>	<u>\$ 5,082,124</u>	<u>\$ 5,586,097</u>
All other governmental funds										
Reserved	\$ 650,631	\$ 630,170	\$1,775,062	\$1,441,479	\$ 691,049	\$ 616,220	\$ 644,738	\$ 816,931	\$ 3,348,611	\$ 1,179,475
Unreserved, reported in:										
Special revenue funds	\$1,299,691	\$1,592,355	\$1,676,182	\$1,796,599	\$1,786,285	\$1,944,605	\$3,665,474	\$4,871,812	\$ 4,133,784	\$ 2,371,763
Total all other governmental funds	<u>\$1,950,322</u>	<u>\$2,222,525</u>	<u>\$3,451,244</u>	<u>\$3,238,078</u>	<u>\$2,477,334</u>	<u>\$2,560,825</u>	<u>\$4,310,212</u>	<u>\$5,688,743</u>	<u>\$ 7,482,395</u>	<u>\$ 3,551,238</u>

WALKER COUNTY, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenues										
Property Taxes	\$ 11,510,947	\$ 10,700,202	\$ 10,329,957	\$ 10,035,873	\$ 9,715,552	\$ 9,157,938	\$ 8,224,770	\$ 7,454,471	\$ 6,944,788	\$ 6,614,522
Other Taxes	2,537,062	2,344,746	3,281,845	3,132,378	2,994,364	2,894,942	2,748,156	2,825,008	2,668,642	2,685,072
Licenses and permits	84,288	97,664	76,639	71,525	66,650	32,545	34,415	36,473	33,605	36,160
Intergovernmental	7,601,448	10,955,219	4,838,025	4,390,433	3,882,902	4,407,695	4,290,200	4,343,770	4,171,090	4,057,787
Charges for services	5,716,805	5,486,902	4,618,519	4,594,614	2,249,524	2,209,046	1,995,389	1,961,888	2,113,783	1,935,088
Fines	1,413,686	1,510,048	1,856,488	1,635,806	1,459,933	1,482,362	1,370,495	1,323,089	1,099,268	971,483
Investment earnings	152,407	437,532	594,969	461,856	222,758	76,720	90,295	132,712	336,844	444,727
Special assessments	-	-	-	-	-	-	-	-	-	-
Other	452,249	418,255	503,441	374,180	282,670	247,605	442,423	201,924	241,518	335,606
Total revenues	\$ 29,468,892	\$ 31,950,568	\$ 26,099,883	\$ 24,696,665	\$ 20,874,353	\$ 20,508,853	\$ 19,196,143	\$ 18,279,335	\$ 17,609,538	\$ 17,080,425
Expenditures										
General Administration	\$ 1,852,065	\$ 1,841,400	\$ 1,407,377	\$ 1,709,624	\$ 1,237,394	\$ 1,096,998	\$ 1,038,040	\$ 1,041,255	\$ 1,115,286	\$ 863,973
Judicial	8,515,885	7,591,874	5,668,645	5,260,421	4,857,656	4,763,051	4,708,799	4,503,655	3,855,935	3,570,019
Financial Administration	1,835,543	1,727,346	1,609,829	1,598,581	1,404,136	1,439,949	1,287,878	1,225,630	1,127,609	1,157,728
Public Safety	9,836,567	8,806,703	8,113,094	7,907,717	5,857,333	6,301,619	6,208,227	5,617,108	5,247,413	5,219,608
Health & Welfare	522,896	511,311	459,356	438,663	361,589	675,832	319,382	470,385	676,100	350,607
Public Transportation	3,990,104	4,231,038	3,750,869	3,705,404	3,214,207	2,961,304	3,313,522	2,863,249	2,643,251	2,624,162
Intergovernmental/Contractual	1,069,738	1,034,739	959,487	937,601	913,884	897,254	1,224,065	1,349,565	1,008,409	862,175
Capital Outlay	3,073,396	4,331,888	1,573,733	598,335	886,346	967,390	429,655	2,951,736	1,310,931	3,261,917
Debt service										
Principal	619,306	548,379	604,867	842,592	705,051	1,361,592	615,191	508,793	476,254	459,065
Interest	98,972	95,220	129,033	156,799	182,526	203,678	232,688	111,910	115,432	143,205
Other charges										
Total expenditures	\$ 31,414,472	\$ 30,719,898	\$ 24,276,290	\$ 23,155,737	\$ 19,620,122	\$ 20,868,667	\$ 19,377,447	\$ 20,643,286	\$ 17,576,620	\$ 18,512,459
Excess of revenues over (under) expenditures	\$ (1,945,580)	\$ 1,230,670	\$ 1,823,593	\$ 1,540,928	\$ 1,254,231	\$ (159,814)	\$ (181,304)	\$ (2,363,951)	\$ 32,918	\$ (1,432,034)
Other financing sources (uses)										
Transfers in	\$ 1,420,689	\$ 1,537,639	\$ 1,635,416	\$ 2,241,215	\$ 284,560	\$ 244,637	\$ 548,973	\$ 691,833	\$ 238,769	\$ 401,117
Transfers out	(1,420,689)	(1,537,639)	(1,635,416)	(880,713)	(597,890)	(847,092)	(548,974)	(689,503)	(238,769)	(401,117)
Debt issued	-	482,311	23,985	35,226	280,491	362,547	228,461	3,100,000	219,571	-
Total other financing sources (uses)	\$ -	\$ 482,311	\$ 23,985	\$ 1,395,728	\$ (32,839)	\$ (239,908)	\$ 228,460	\$ 3,102,330	\$ 219,571	\$ -
Net change in fund balances	\$ (1,945,580)	\$ 1,712,981	\$ 1,847,578	\$ 2,936,656	\$ 1,221,392	\$ (399,722)	\$ 47,156	\$ 738,379	\$ 252,489	\$ (1,432,034)
Decrease in fund balances EMS	2.60%	2.50%	3.34%	4.64%	4.97%	8.63%	4.68%	3.64%	3.77%	4.11%
Debt service as a percentage of noncapital expenditures										

WALKER COUNTY, TEXAS
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year	Property Tax(1)	Sales Tax	Other Taxes	Alcoholic Beverage		Total Other Taxes	Total Taxes
				Tax	Tax		
2000	\$ 6,614,522	1,625,424	15,859	58,405	\$ 1,699,688	\$	8,314,210
2001	\$ 6,944,788	1,613,060	15,795	64,392	\$ 1,693,247	\$	8,638,035
2002	\$ 7,454,471	1,740,572	37,190	61,611	\$ 1,839,373	\$	9,293,844
2003	\$ 8,224,770	1,672,772	15,682	51,517	\$ 1,739,971	\$	9,964,741
2004	\$ 9,157,938	1,827,236	13,047	65,646	\$ 1,905,929	\$	11,063,867
2005	\$ 9,715,552	1,912,387	14,586	77,361	\$ 2,004,334	\$	11,719,886
2006	\$ 10,035,873	2,068,095	14,280	70,246	\$ 2,152,621	\$	12,188,494
2007	\$ 10,329,957	2,197,937	14,527	77,238	\$ 2,289,702	\$	12,619,659
2008	\$ 10,700,202	2,260,752	14,326	69,668	\$ 2,344,746	\$	13,044,948
2009	\$ 11,510,947	2,423,490	24,399	89,173	\$ 2,537,062	\$	14,048,009

Notes: 1. Includes current property taxes, delinquent property taxes and penalties and interest.

WALKER COUNTY, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY(1)
LAST TEN FISCAL YEARS

Fiscal Year Ended Sept. 30	Real Property Residential	Commercial Property	Agricultural & Open Acreage (2)	Total Real	Personal Property Total	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
2000	598,863,990	207,229,330	395,687,210	1,199,780,530	210,386,255	303,375,389	\$ 1,106,791,396	0.5850	78.49%
2001	768,252,449	218,290,069	400,500,942	1,387,043,460	240,258,950	309,260,153	\$ 1,318,040,257	0.5850	81.00%
2002	636,633,630	273,022,800	407,010,010	1,316,666,440	248,739,190	321,997,896	\$ 1,243,407,734	0.6250	79.43%
2003	661,223,442	290,366,350	406,852,930	1,358,442,722	258,845,713	320,659,813	\$ 1,296,628,622	0.6250	80.17%
2004	769,951,690	339,158,780	437,051,243	1,546,161,713	277,525,370	386,964,841	\$ 1,436,722,242	0.6250	78.78%
2005	808,790,080	372,293,180	445,167,436	1,626,250,696	300,254,898	384,738,808	\$ 1,541,766,786	0.6250	19.97%
2006	899,413,974	404,446,520	528,747,595	1,832,608,089	312,268,070	474,762,275	\$ 1,670,113,884	0.5997	77.87%
2007	998,400,580	450,987,080	633,232,289	2,082,619,949	333,779,460	589,787,362	\$ 1,826,612,047	0.5967	75.59%
2008	1,083,658,065	490,998,701	827,663,738	2,402,320,504	332,695,158	750,988,962	\$ 1,984,026,700	0.5450	72.54%
2009	1,156,006,988	534,606,069	939,348,329	2,629,961,386	362,013,554	852,782,126	\$ 2,138,192,814	0.5450	71.50%

WALKER COUNTY, TEXAS
TAXABLE ASSESSED VALUE BY GROUPING
LAST EIGHT FISCAL YEARS

State Code	Description	Grouping	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004	FY 2003
A	Single Family Residence	residential	\$ 977,153,378	\$ 930,792,645	\$ 867,490,990	\$ 796,096,214	\$ 708,588,200	\$ 681,810,830	\$ 579,522,832
B	Multi-Family Residence	residential	178,853,610	152,865,420	130,908,590	103,317,760	100,201,880	88,140,860	81,700,610
C	Vacant Lot	land	90,455,940	82,594,011	75,908,609	62,379,372	54,426,874	49,787,352	40,716,540
D1	Qualified Ag Land	land	791,261,545	696,031,268	520,332,440	434,563,242	360,151,761	355,334,091	337,580,470
D2	Non Qualified Land	land	57,630,844	49,068,459	36,991,240	31,804,981	30,588,801	31,929,800	28,555,920
E	Farm or Ranch Improv.	commercial	280,598,771	260,976,171	232,571,710	202,135,550	175,777,290	165,386,120	127,190,330
F1	Commercial Real	commercial	240,566,988	217,270,660	206,279,660	191,690,700	185,887,170	164,371,180	153,709,950
F2	Industrial Real Property	commercial	13,440,310	12,751,870	12,135,710	10,620,270	10,628,720	9,401,480	9,466,070
G1	Oil and Gas	minerals	10,823,964	11,974,918	12,782,580	10,703,390	11,358,328	8,101,610	3,352,403
G3	Minerals-Non Producing	minerals	284,060	284,600	284,600	285,800	287,660	288,160	-
J1	Water Systems	personal	4,000	4,000	4,000	868,070	1,092,670	4,000	4,000
J2	Gas Distribution System	personal	1,402,330	1,444,820	1,519,980	1,608,910	1,599,500	1,688,120	1,716,260
J3	Electric Company	personal	31,723,310	30,385,990	27,129,750	28,333,040	27,996,390	28,171,050	28,647,850
J4	Telephone Company	personal	19,376,840	22,366,010	22,336,320	23,609,460	21,581,190	25,764,620	28,748,750
J5	Railroad	personal	10,442,880	7,763,270	7,426,640	7,425,290	7,477,600	6,328,630	5,552,970
J6	Pipeline Company	personal	15,902,070	16,922,720	14,369,010	14,027,980	13,863,620	15,635,470	13,979,980
J7	Cable Television Co.	personal	2,885,300	2,613,730	2,597,850	2,733,670	2,037,580	2,219,050	2,368,310
J8	Other type of Utility	personal	31,800	31,800	212,000	7,244,320	8,111,470	7,256,890	7,510,670
L1	Commercial Personal	personal	118,728,270	123,319,710	110,307,460	136,912,120	130,742,700	97,248,190	95,285,430
L2	Industrial Personal	personal	82,799,150	47,077,150	62,152,450	14,354,210	11,371,310	25,711,770	27,671,360
M1	Tangible Other	personal	52,884,250	53,677,230	56,412,470	46,562,030	45,767,320	44,843,120	32,519,530
N	Intangible Property	personal	10,000	1,869,020	1,868,050	1,938,770	1,938,770	1,523,450	1,523,450
O	Residential Inventory	personal	4,061,980	3,352,500	4,909,920	4,648,190	5,451,010	3,021,140	2,626,830
S	Special Inventory Tax	personal	10,653,350	9,607,690	9,446,380	9,012,820	9,577,780	9,720,090	9,336,920
			\$ 2,991,974,940	\$ 2,735,015,662	\$ 2,416,399,409	\$ 2,144,876,159	\$ 1,926,505,594	\$ 1,823,687,083	\$ 1,617,288,435

Less:

Productivity Loss (Ag and Timber Use)	(744,563,467)
Homestead Cap (10% cap on residential homesteads)	(649,250,466)
Tax Ceiling and Over 65 and disabled exemption	(42,416,412)
Other Exemptions	(45,423,831)
Total Exemptions	(36,227,555)
	(852,782,126)

Taxable Assessed Value	\$ 2,139,192,814	\$ 1,984,026,700	\$ 1,826,612,047	\$ 1,670,113,884	\$ 1,541,766,786	\$ 1,436,722,242	\$ 1,296,628,622
Total Direct Tax Rate	\$0.5450	\$0.5450	\$0.5667	\$0.5997	\$0.6250	\$0.6250	\$0.6250

(1) Data Source: Walker County Appraisal District (Based on Original Assessment)

WALKER COUNTY, TEXAS
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
County:										
Operating	0.5132	0.5136	0.5284	0.5456	0.5709	0.5726	0.5790	0.5400	0.5410	0.5370
Debt Service	0.0318	0.0314	0.0383	0.0541	0.0541	0.0524	0.0460	0.0450	0.0440	0.0480
Total	0.5450	0.5450	0.5667	0.5997	0.6250	0.6250	0.6250	0.5850	0.5850	0.5850
Huntsville ISD										
Operating	1.0400	1.0400	1.3567	1.4850	1.4850	1.4700	1.4700	1.4700	1.3700	1.3000
Debt Service	0.1700	0.1700	0.1700	0.1750	0.1750	0.1900	0.1900	0.1900	0.3200	0.3900
Total	1.2100	1.2100	1.5267	1.6600	1.6600	1.6600	1.6600	1.6600	1.6900	1.6900
Richards ISD										
Operating	1.0400	1.0400	1.3700	1.5000	1.5000	1.5000	1.4629	1.4600	1.4000	1.2200
Debt Service	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total	1.0400	1.0400	1.3700	1.5000	1.5000	1.5000	1.4629	1.4600	1.4000	1.2200
New Waverly ISD										
Operating	1.0234	0.9734	1.2414	1.4000	1.3500	1.3500	1.3500	1.4000	1.3400	1.2640
Debt Service	0.2300	0.2300	0.2008	0.2008	0.2310	0.2368	0.4500	0.1073	0.1300	0.1010
Total	1.2534	1.2034	1.4422	1.6008	1.5810	1.5868	1.8000	1.5073	1.4700	1.3650
City of Huntsville										
Operating	0.2108	0.2436	0.2381	0.2391	0.2447	0.2322	0.2840	0.2779	0.3076	0.2761
Debt Service	0.1899	0.1699	0.1811	0.1928	0.1928	0.1928	0.1860	0.1547	0.1249	0.1364
Total	0.4007	0.4135	0.4192	0.4319	0.4375	0.4250	0.4500	0.4325	0.4325	0.4125
City of New Waverly										
Operating	0.0000	0.2088	0.2300	0.2409	0.2371	0.2442	0.2500	0.2475	0.2438	0.0786
Debt Service	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.2274
Total	0.0000	0.2088	0.2300	0.2409	0.2371	0.2442	0.2500	0.2475	0.2438	0.3060
City of Riverside										
Operating	0.0803	0.0836	0.0617	0.0584	0.0580	0.0569	0.0600	0.0318	0.0830	0.0901
Debt Service	0.1537	0.1644	0.1983	0.2245	0.2460	0.2585	0.2902	0.3055	0.2094	0.1878
Total	0.2340	0.2480	0.2600	0.2829	0.3040	0.3154	0.3502	0.3372	0.2925	0.2779
Hospital District										
Operating	0.1537	0.1600	0.1720	0.1825	0.1922	0.1850	0.1600	0.1500	0.1445	0.1355
Debt Service	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total	0.1537	0.1600	0.1720	0.1825	0.1922	0.1850	0.1600	0.1500	0.1445	0.1355
Fire District #1										
Operating	0.0600	0.0600	0.0600	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
Debt Service	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total	0.0600	0.0600	0.0600	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
Fire District #2										
Operating	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
Debt Service	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
Totals										
Operating Total	4.1514	4.3530	5.2883	5.7115	5.6979	5.6709	5.6759	5.6372	5.4900	4.9613
Debt Service Total	0.7754	0.7657	0.7885	0.8472	0.8989	0.9305	1.1422	0.8024	0.8283	1.0906
Total	4.9268	5.1187	6.0768	6.5587	6.5968	6.6014	6.8181	6.4396	6.3183	6.0519

**WALKER COUNTY, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
SEPTEMBER 30, 2009**

	2008			1999		
	<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>	
	Entergy Gulf States, Inc.	\$23,875,120	1.12%	\$48,982,250	4.40%	
	Weatherford Completion & Oilfield Services	\$20,028,946	0.94%	\$46,685,460	4.20%	
	Southwestern Bell Telephone	\$16,799,550	0.79%	\$33,358,090	3.00%	
	Wal-Mart Stores Texas LP #01-0285	\$16,093,830	0.75%	\$18,245,170	1.60%	
	Huntsville Aberdeen Place LP	\$14,788,360	0.69%	\$18,201,730	1.60%	
	Huntsville Place LP	\$13,430,650	0.63%	\$10,599,580	1.00%	
	SCI Gateway at Huntsville Fund et al	\$12,638,450	0.59%	\$10,006,800	0.90%	
	Samuel C. Dominey	\$11,197,330	0.52%	\$9,788,860	0.90%	
	Arbors of Huntsville	\$10,032,160	0.47%	\$7,604,900	0.70%	
	Universal Forest Products	\$9,424,699	0.44%	\$6,291,830	0.60%	
	Southwestern Bell Telephone					
	Rll Timberlands 3 LLC					
	GSU - Entergy Services, Inc					
	Gibbs Brothers & Co					
	Champion International Corp					
	Louisiana Pacific Corporation					
	Weatherford Completion & Oilfield					
	Wal-Mart Properties #01-0285					
	Wal-mart Real Estate Business					
	Universal Forest Products					

Source: Walker County Appraisal District

Table E - 10

WALKER COUNTY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 6,464,974	\$ 6,253,529	96.7%	\$ 200,938	\$ 6,454,467	99.8%
2001	\$ 6,742,933	\$ 6,578,863	97.6%	\$ 202,156	\$ 6,781,019	100.6%
2002	\$ 7,268,763	\$ 7,057,099	97.1%	\$ 232,873	\$ 7,289,972	100.3%
2003	\$ 8,103,929	\$ 7,860,970	97.0%	\$ 223,480	\$ 8,084,450	99.8%
2004	\$ 8,980,402	\$ 8,707,905	97.0%	\$ 262,885	\$ 8,970,790	99.9%
2005	\$ 9,636,042	\$ 9,225,511	95.7%	\$ 312,783	\$ 9,538,294	99.0%
2006	\$ 9,946,479	\$ 9,552,183	96.0%	\$ 273,104	\$ 9,825,287	98.8%
2007	\$ 10,351,410	\$ 9,870,789	95.4%	\$ 266,400	\$ 10,137,189	97.9%
2008	\$ 10,685,761	\$ 10,242,043	95.9%	\$ 265,161	\$ 10,507,204	98.3%
2009	\$ 11,463,445	\$ 11,025,712	96.2%	\$ 292,119	\$ 11,317,831	98.7%

WALKER COUNTY
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Obligations Bonds	Capital Leases	Total	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2000	\$ 2,461,073	\$ -	\$ 2,461,073	\$ 540,398	\$ 1,920,675	0.17%	\$ 31.10
2001	\$ 2,204,390	\$ -	\$ 2,204,390	\$ 535,545	\$ 1,668,845	0.13%	\$ 26.76
2002	\$ 4,795,597	\$ -	\$ 4,795,597	\$ 609,402	\$ 4,186,195	0.34%	\$ 66.78
2003	\$ 4,301,586	\$ 107,281	\$ 4,408,867	\$ 406,199	\$ 4,002,668	0.31%	\$ 62.66
2004	\$ 4,077,506	\$ 82,317	\$ 4,159,823	\$ 392,702	\$ 3,767,121	0.26%	\$ 59.89
2005	\$ 3,679,107	\$ 56,154	\$ 3,735,261	\$ 386,683	\$ 3,348,578	0.22%	\$ 53.20
2006	\$ 2,899,161	\$ 28,736	\$ 2,927,897	\$ 367,383	\$ 2,560,514	0.15%	\$ 39.71
2007	\$ 2,347,016	\$ -	\$ 2,347,016	\$ 407,840	\$ 1,939,176	0.11%	\$ 30.18
2008	\$ 2,290,362	\$ -	\$ 2,290,362	\$ 401,479	\$ 1,888,883	0.10%	\$ 29.40
2009	\$ 1,671,056	\$ -	\$ 1,671,056	\$ 401,510	\$ 1,269,546	0.06%	\$ 19.61

WALKER COUNTY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2009

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable</u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Huntsville I.S.D.	\$ 40,487,132	100%	\$ 40,487,132
New Waverly I.S.D.	\$ 8,640,447	100%	\$ 8,640,447
City of Huntsville	\$ 37,877,974	100%	\$ 37,877,974
City of New Waverly	\$ -	100%	\$ -
City of Riverside	\$ 191,000	100%	\$ 191,000
Subtotal Overlapping Debt			<u>\$ 87,196,553</u>
Walker County direct debt			\$ 1,671,056
Total direct and overlapping debt			<u><u>\$ 88,867,609</u></u>

Source. Entities as listed

Note. Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the debt of these entities that is borne by the residents and businesses of Walker County. This process recognizes that, when considering the government's ability to issue debt and repay long term debt, the entire debt cost borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

Table E - 13

**WALKER COUNTY, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit (Taxable Property)	\$ 110,679,140	\$ 131,804,026	\$ 124,340,773	\$ 129,709,717	\$ 143,860,992	\$ 154,223,080	\$ 166,932,991	\$ 182,661,205	\$ 198,402,670	\$ 213,922,206
Total net debt applicable to limit	1,920,675	1,668,845	4,186,195	4,002,668	3,757,121	3,348,578	2,560,514	1,939,176	1,888,883	1,269,546
Legal debt margin	\$ 108,758,465	\$ 130,135,181	\$ 120,154,578	\$ 125,707,049	\$ 139,893,871	\$ 150,874,502	\$ 164,372,477	\$ 180,722,029	\$ 196,513,787	\$ 212,652,660
Total net debt applicable to the limit as a percentage of debt limit	1.74%	1.27%	3.37%	3.09%	2.62%	2.17%	1.53%	1.06%	0.95%	0.59%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	\$ 2,139,222,064
Add back: exempt real property	852,752,876
Total assessed value	\$ 2,991,974,940
Debt limit (10% of total assessed value)	\$ 299,197,494
Debt applicable to limit:	
General obligation debt	\$ 1,571,056
Less: Amount set aside for repayment of general obligation debt	401,510
Total net debt applicable to limit	1,269,546
Legal debt margin	\$ 297,927,948

WALKER COUNTY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(2) Income (amounts expressed in thousands)</u>	<u>(2) Per Capita Personal Income</u>	<u>(3) Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2000	61,758	\$ 1,047,710	\$ 16,982	31	7,466	2.0%
2001	62,365	\$ 1,056,829	\$ 17,069	n/a	7,516	2.3%
2002	62,690	\$ 1,084,658	\$ 17,692	n/a	7,644	2.8%
2003	63,882	\$ 1,111,911	\$ 17,837	n/a	7,523	3.9%
2004	62,904	\$ 1,159,211	\$ 18,470	n/a	7,653	2.5%
2005	62,945	\$ 1,217,000	\$ 19,223	n/a	7,520	5.1%
2006	64,480	\$ 1,304,000	\$ 20,374	n/a	7,116	4.9%
2007	64,245	\$ 136,700	\$ 21,385	n/a	7,014	5.0%
2008	64,239	n/a	n/a	n/a	6,572	5.8%
2009	64,739	n/a	n/a	n/a	7,186	7.8%

Note 1. Based on information available from Texas State Data and Office of the State Demographer available at www.txscd.utsa.edu for Walker County
Note 2. Based on information available from Bureau of Economic Analysis U.S. Dept. of Commerce at www.bea.gov/regional/bearfacts for Walker County
Note 3. Based on information available at www.city-data.com for Walker County

**WALKER COUNTY, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

	2009			2000		
	<u>Employers</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
<u>Employer</u>	6783	1	26.95%			
Texas Department of Criminal Justice	3364	2	13.37%			
Sam Houston State University	900	3	3.58%			
Huntsville Independent School District	522	4	2.07%			
Huntsville Memorial Hospital	485	5	1.93%			
Wal-Mart	348	6	1.38%			
Walker County	375	7	1.49%			
Region VI Education Service Center	300	8	1.19%			
City of Huntsville	188	9	0.75%			
Weatherford Completion Center	186	10	0.74%			
Gulf Coast Trade Center						
						information not available

Note. Total employees in Walker County in September 2009 was 25,217.

Major Employer information is based on most current information available from the Huntsville Walker County Chamber of Commerce

WALKER COUNTY, TEXAS
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION

Function	Full-time Equivalent Employees as of September 30						
	2009	2008	2007	2006	2005	2004	2003
Operating							
General Administration							
Elected	1	1	1	1	1	1	1
Employees	13.5	13.5	13.5	12	12.5	11.5	11.5
Judicial							
Elected	9	9	9	9	9	9	9
Employees	40	40	40	40	39	39	39
Financial Administration							
Elected	3	3	3	3	3	3	3
Appointed	2	2	2	2	2	2	2
Employees	31	31	28	27.5	24.5	25.5	23.5
Public Safety							
Elected	5	5	5	5	5	5	5
Employees-Certified	35.5	35.5	35.5	34.5	-	-	-
Employees-Non-Certified	34.5	34.5	34.5	32	-	-	-
Employee-Certified/Noncertified					65	63	63
Employees - EMS	32	32	32	30.5	25	25	0
Health and Welfare							
Employees	10	10	10	9	6	6	6
Road and Bridge							
Elected	4	4	4	4	4	4	4
Employees	31	31	31	30.5	30.5	30.5	30.5
Legislatively Designated							
Judicial	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Public Safety	2	2	1	1	1	1	1
Financial Administration	3	3	2	1.5	1.5	1.5	1.5
Grants/State Funding							
Public Safety	7	7	7	7	7	7	10
Juvenile Probation	32	32	31	32	32	32	32
Adult Probation	51.4	43	32	29	29	29	29
SPU Criminal/Civil/Juvenile							
Total	348.4	340	323	312	298.5	296.5	272.5

Notes. In FY 2004, the County added an Emergency Ambulance service that was previously shared funding with the City and Hospital District.
 In FY2006, the County added a transfer function in the Emergency Ambulance service.

Note: In FY2003, Walker County implemented GASB 34. Reporting is from that date forward.

**WALKER COUNTY, TEXAS
OPERATING INDICATORS BY FUNCTION**

Function	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Sheriff Office/Constables				
Papers Served	1,933	2,034	2,236	2,363
Jail				
Bookings at Jail	4,086	4,035	4,227	4,871
Average Daily Jail Population	136	143	145	152
Highest Daily Jail Population	153	173	177	199
Health and Welfare				
Permits Issued	250	273	269	292
Judicial/Courts				
Number of indigent cases	1,462	1,142	1,064	892
Number of cases heard-District Courts-Criminal	2,537	1,812	2,250	1,963
Number of cases heard-District Courts-Civil	623	346	475	446
Cases filed District Courts-Civil	598	572	343	323
Cases disposed -County Court at Law	2,073	1,918	2,315	2,246
Cases filed in Court at Law-Criminal	1,864	1,745	2,353	2,085
Cases filed County Court at Law-Civil	601	706	654	488
Cases filed in JP Courts-Traffic/Non Traffic Misdemeanors	11,786	11,678	14,933	15,499
Cases filed in JP Courts - Civil	657	659	405	366
Cases Disposed of - JP Courts	12,603	13,110	14,387	13,504
CountyClerk				
Documents recorded	8,441	8,984	10,430	10,705
Adult Probation				
Offenders Supervised	2,409	2,465	2,749	2,829
Juvenile Probation				
Juveniles Supervised	111	130	95	91

Note: In FY2006, Walker County began reporting this information. Reporting is from that date forward.
Notes. Cases heard include indigent cases
Notes. Cases filed and disposed in JP Courts based on Official Monthly Report filed with the State by the JPs

**WALKER COUNTY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION**

Function	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Public Safety				
Sheriff Office				
Stations	1	1	1	1
Patrol Units	33	33	33	29
Jail	1	1	1	1
Number of beds	162	162	162	162
Road & Bridge				
Miles of roads	530.7	530	530	530
Courts				
District Courts	2	2	2	2
County Court at Law	1	1	1	1
JP Courts	4	4	4	4

Note: In FY2006, Walker County began reporting this information. Reporting is from that date forward.

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Kenneth C. Davis & Company

A Professional Corporation

Certified Public Accountants

1300 11TH STREET, SUITE 400

P.O. BOX 6308

HUNTSVILLE, TEXAS 77342

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Independent Auditor's Report

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Commissioners Court
Walker County, Texas
1100 University Avenue
Huntsville, Texas 77340

Members of the Commissioners Court:

We have audited the basic and combining financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Walker County, Texas as of and for the year ended September 30, 2009, which collectively comprise the Walker County, Texas' basic financial statements and have issued our report thereon dated March 16, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Walker County, Texas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Walker County, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Walker County, Texas' internal control over financial reporting. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Walker County, Texas' ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Walker County, Texas' financial statements that is more than inconsequential will not be prevented by the Walker County, Texas' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Walker County, Texas' internal control.

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

Compliance and Other Matters

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

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

Respectfully submitted,



Kenneth C. Davis & Company, P.C.

March 17, 2010

Kenneth C. Davis & Company

A Professional Corporation

Certified Public Accountants

1300 11TH STREET, SUITE 400

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Independent Auditor's Report

Report on Compliance with Requirements Applicable
To each Major Program and on Internal Control over Compliance
In Accordance With OMB Circular A-133

Commissioners Court
Walker County, Texas
1100 University Avenue
Huntsville, Texas 77340

Members of the Commissioners Court:

Compliance

We have audited the compliance of Walker County, Texas with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2009. Walker County, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Walker County, Texas' management. Our responsibility is to express an opinion on Walker County, Texas' compliance based on our audit.

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

In our opinion, Walker County, Texas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Respectfully submitted,



Kenneth C. Davis & Company, P.C.

March 17, 2010

WALKER COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2009

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

One or more material weaknesses identified?

 Yes X No

One or more significant deficiencies identified that
are not considered to be material weaknesses?

 Yes X None Reported

Noncompliance material to financial
statements noted?

 Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified?

 Yes X No

One or more significant deficiencies identified that
are not considered to be material weaknesses?

 Yes X None Reported

Type of auditor's report issued on compliance for
major programs:

Unqualified

Any audit findings disclosed that are required
to be reported in accordance with section 510(a)
of Circular A-133?

 Yes X No

Identification of major programs:

CFDA Number(s)

97.073

97.036

N/A

N/A

Name of Federal/State Program or Cluster

Homeland Security Grant

Emergency Management Assistance

Prosecution of Prison Crimes - Criminal

CSCD - Basic Supervision

Dollar threshold used to distinguish between
type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

WALKER COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None reported.		

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WALKER COUNTY, TEXAS
EXHIBIT D-1
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Page 1 of 2

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE			
Passed Through Bureau of Justice Assistance:			
State Criminal Alien Assistance Program (SCAAP)	16.606	2009-AP-BX-310	\$ 5,390
Total U.S. DEPARTMENT OF JUSTICE			5,390
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through Texas Division of Emergency Management:			
Homeland Security Grant	97.053	2007-GE-T7-0024	9,809
Homeland Security Grant	97.053	2008-GE-T8-0034	3,500
Homeland Security Grant	97.073	2008-GE-T8-0034	321,499
Homeland Security Grant	97.074	2007-GE-T7-0024	29,669
Emergency Management Assistance (EMPG)	97.042	09-TX-EMPG-0483	8,779
Total Passed Through Texas Division of Emergency Management			373,256
Total U.S. DEPARTMENT OF HOMELAND SECURITY			373,256
U.S. DEPARTMENT OF AGRICULTURE			
Direct Program:			
U.S. Forest Service - Title I *	10.665	--	134,862
U.S. Forest Service - Title III*	10.665	--	39,730
Forest Service - Project Road Agreement (Bridge)	N/A	09-RO-11081304-002	69,780
Total U.S. DEPARTMENT OF AGRICULTURE			244,372
FEDERAL EMERGENCY MANAGEMENT AGENCY			
Passed Through State Division of Emergency Management:			
Emergency Management Assistance	97.036	1709-DR-07	575,867
Hazard Mitigation Grant Program (Shelter - FEMA)	97.039	1606-DR-TX	54,255
Hazard Mitigation Grant Program (Reverse Callback)	97.039	DR-1624-005	750
Total Passed Through State Division of Emergency Management			630,872
Total FEDERAL EMERGENCY MANAGEMENT AGENCY			630,872
ELECTION ASSISTANCE COMMISSION			
Passed Through Secretary of State:			
General HAVA Compliance	90.401	78711	36,076
Total ELECTION ASSISTANCE COMMISSION			36,076

TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,280,966
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STATE AWARDS

Passed through Office of Court Administration			
Task Force on Indigent Defense		212-09-236	\$ 65,973
Passed through Juvenile Probation Commission			
State Aid Contract		A-2009-236	77,532
Progressive Sanctions JPOs		F-2009-236	67,778
Progressive Sanctions 123 Program		G-2009-236	23,980
Community Corrections Assistance		Y-2009-236	124,781
ICBP Regional		TJPC-X-2009-236	7,942
Salary Adjustment		Z-2009-236	13,708
TJPC-H Juvenile Placement		LS-236-2190	46,876
Passed through Department of Corrections			
CSCD - Basic Supervision		2009-900	334,171
CSCD - Court Services		2009-003	178,305
CSCD - Substance Abuse Services		2009-002	63,993

WALKER COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT D-1

Page 2 of 2

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed through Office of Governor Prosecution of Prison Crimes - Criminal ISP Counseling		08-A10-14918-10 18251-03	1,387,088 13,200
Passed through Office of State Comptroller Judiciary Apportionment - CDA			35,886
Passed through Department of Health Services EMS - Local Project (DSHS - Equipment)		2009-025232	30,000
Passed through Office of Attorney General Statewide Automated Victim Notification System			17,925
Passed through Commission on Environmental Quality Solid Waste Implementation Grant (Tire Recycling)		09-16G12	22,350
Solid Waste Implementation Grant (Compost)		08-16G10	5,490
Cleanup of Unauthorized Trash Dumps		SEP #SAM010	9,918
Passed through Commission on State Emergency Communications 911 Database Maintenance		5600-153	44,859
PSAP (Public Safety Answering Point) Room Preparation		5600-164	8,554
TOTAL EXPENDITURES OF STATE AWARDS			2,580,309
STATE ALLOCATIONS			
SPU - State Allocation		08-A10-14918-10	142,298
SPU - Civil		08-A10-14918-10	2,212,507
SPU - Longevity Pay - Civil		08-A10-14918-10	240
SPU - Juvenile		08-A10-14918-10	834,674
SPU - Longevity Pay - Juvenile		08-A10-14918-10	1,580
Constitutional Judge Salary Supplement		SB 600	15,000
CCL Judge Supplement		SB 600	75,000
Juror Pay		SB 1704	16,796
State Longevity Pay			4,440
Chapter 19 - Voter Registration			1,353
Road & Bridge - Lateral Road Allocation			58,678
Rider 78 and Rider 81 - Supplement for District Clerk		HB 1	12,000
TOTAL ALLOCATIONS BY STATE			3,374,566
STATE REIMBURSEMENTS			
State Funds - Capital Murder			200,758
TOTAL REIMBURSEMENTS BY STATE			200,758
TOTAL STATE AWARDS, ALLOCATIONS AND REIMBURSEMENTS			\$ 6,155,633

* Indicates clustered program under OMB Circular A-133 Compliance Supplement

The accompanying notes are an integral part of this schedule.

WALKER COUNTY, TEXAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2009

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Walker County, Texas and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.