

WALKER COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Walker County, Texas
Comprehensive Annual Financial Report
For The Year Ended September 30, 2008

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INTRODUCTORY SECTION

WALKER COUNTY AUDITOR

1301 Sam Houston Avenue Room 206
(936) 436-4948

Huntsville, Texas 77320

March 1, 2009

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, 2008, 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, 2008 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial 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, 2008 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 64,239. 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 2008 was 5.8%, compared with the state unemployment rate of 5.1% and national unemployment rate of 6.2%. This county rate compares to 5.0% 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 13,331 inmates. Sam Houston State University, also located in Walker County, reported an enrollment of approximately 16,663 students for the fall of 2008 as compared to 16,445 in the fall of 2007.

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 Veteran's Museum of Texas facility. The HEARTS Veteran's Museum, a local 501c(3) organization has built a museum collection over the last 15 years to commemorate and honor U.S. military veteran's from all branches of service. In order to provide a facility to house the collection, the State Legislature authorized the allocation to Walker County through the General Land Office. The proposed 12,500 sq. ft. facility will be sited adjacent to the County Storm Shelter project currently under construction 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. 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 in the County, decreased labor-intensive maintenance, and increased property values in these areas. Included in the last several years are 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. Recently completed is 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 interoperability. 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. Monies for additional fiber was budgeted by each of three participating agencies in the FY 2007 budget year. Additional grants have been received to update the radio systems in FY 2008 and FY 2009.

Walker County received grant 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 Inst 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 2008 budget year were not significantly less than budgeted, although the impact is expected to be greater in FY 2009. 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 adopted and distributed a safety manual for use by all employees.

Pension and other post employment benefits. Walker County participates in a retirement program for its employees through a statewide Texas County and District Retirement System (TCDRS). The County provides retirement, disability, and death benefits for all full time employees through a nontraditional defined benefit pension. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. Because all contributions are made as required, no pension obligation existed at September 30, 2008. TCDRS had notified participating agencies that a rate increase ranging from 0 up to 5% can be expected in FY 2010 due to losses experienced by the plan. The estimate provided to Walker County indicated that we will most likely receive a rate increase of less than 1%, which equates to approximately \$100,000.

An employee, that retires with 20 consecutive years of service or eight years of consecutive service and has obtained the age of 60, may continue the County's medical insurance until they reach age 65. At that time, coverage is available that coordinates with Medicare. If the employee retires with 20 consecutive years of service, the County will pay the premium for the retired employee. There are currently eight retired employees covered by the County's medical plan. Costs are included in the annual budget to fund this cost.

Additional information can be found in the notes to the financial statements.

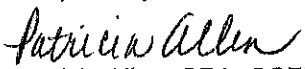
Awards and Acknowledgements

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, 2007. This was the twelfth 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, 2007

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.



A handwritten signature in black ink, appearing to read "M. L. R.", is written above the title "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", is written above the title "Executive Director".

Executive Director

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graph TD
    Voters[VOTERS] --> Judicial[12th & 278th Judicial District Courts]
    Voters --> CountyCourt[County Court at Law]
    Voters --> CountyJudge[County Judge]
    Voters --> Commissioners[County Commissioners (4)]
    
    Judicial --> AdultProb[Adult Probation Director]
    Judicial --> CountyAud[County Auditor]
    Judicial --> Purchasing[Purchasing]
    
    CountyCourt --> JuvenileBoard[Juv. Prob. Board]
    CountyCourt --> InfoTech[Information Technology]
    
    JuvenileBoard --> JuvenileDir[Juv. Prob. Director]
    
    CountyJudge --> CommissionersCourt[Commissioners' Court]
    CountyJudge --> CountyFac[County Facilities]
    CountyJudge --> VetServ[Veteran Service Officer]
    CountyJudge --> EMS[Emergency Medical Services]
    CountyJudge --> Planning[Planning & Development]
    CountyJudge --> LawLib[Law Library]
    
    Commissioners --> TaxAss[Tax Assessor/Collector]
    Commissioners --> CountyClerk[County Clerk]
    Commissioners --> CountyTreas[County Treasurer]
    Commissioners --> DistClerk[District Clerk]
    Commissioners --> CrimDistAtt[Cr. Dist. Attorney]
    Commissioners --> Sheriff[Sheriff]
    Commissioners --> Justices[Justices of the Peace (4)]
    Commissioners --> Constables[Constables (4)]
    
    CountyFac --> Intergov[Intergovernmental Arrangements]
    VetServ --> Intergov
    EMS --> Intergov
    Planning --> Intergov
    LawLib --> Intergov
    
    Intergov --> AgExt[Agricultural Extension Service]
    Intergov --> Fire[Volunteer Fire Departments]
    Intergov --> Dispatch[Combined Dispatch]
    
    AgExt --> Elected[Elected Officials]
    Fire --> Intergov
    Dispatch --> Intergov
    Intergov --> Appointed[Appointed Officials]
    Appointed --> CommissionersCourt
  
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WALKER COUNTY, TEXAS
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2008

Elected Officials

<u>Name</u>	<u>Office</u>
William McAdams	Judge, 12 th Judicial District Court
Kenneth Keeling	Judge, 278 th Judicial District Court
Robert D. Pierce, II	County Judge
Barbara Hale	Judge, County Court at Law
B.J. Gaines	Commissioner, Precinct 1
Robert E. Autery	Commissioner, Precinct 2
James (Buddy) Reynolds	Commissioner, Precinct 3
Tim Paulsel	Commissioner, Precinct 4
Tom Cauthen	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 Farris	Justice of the Peace, Precinct 1
Richard Duncan	Justice of the Peace, Precinct 2
Lloyd Roark	Justice of the Peace, Precinct 3
James 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>Office</u>
Patricia Allen	County Auditor
David Baker	Director, Adult Probation
Jill Saumell	Director, Juvenile Probation
Linda McKenzie	County Purchasing Agent

FINANCIAL SECTION



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 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, 2008, which collectively comprise the County's basic 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, 2008, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2009, 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 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 combining and individual fund financial statements and supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic 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 financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Kenneth C. Davis", is written over a horizontal line.

Kenneth C. Davis & Company, P.C.

February 27, 2009

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, 2008. 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 \$24,422,263 (net assets). Of this amount \$9,864,761 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 \$10,118,251. General revenues of \$14,213,193 (Exhibit A-2) were \$4,094,942 more than expenses net of program revenue. This resulted in an increase in net assets to the September 30, 2008 balance of \$20,327,321 to \$24,422,263.
- The General Fund, on a current financial resource basis (fund level), reported expenditures and other financing sources and uses over revenues of \$80,691, as compared to a planned reduction of \$1,778,510 (Exhibits A-5 and B-1).
- As of September 30, 2008, unreserved fund balance in the General Fund was \$5,082,124 as compared to \$5,162,815 in the prior year. Fund balance as a percentage of expenditures is 35%; well exceeding the minimum requirement goal set by Commissioners Court. The FY 2008 budget included use of some of the fund balance for one-time expenditures. In FY 2007 and FY 2006, the unreserved fund balance is approximately 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 seventeen 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 eleven 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 70.

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 49 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 51 of this report. Included here you will find budgetary information for the Debt Service Fund (Exhibit C-14), and for the Capital Projects Fund (Exhibit C-15), as well as information on the nonmajor funds.

Government-wide Financial Analysis

Below is condensed financial information for the fiscal year 2008 with comparative data for 2007. 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 Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Cash, Cash Equivalents, & Investments	\$ 12,956,762	\$ 9,830,550	-	-	\$ 12,956,762	\$ 9,830,550
Receivables/						
Prepaid Expenses	4,934,309	5,452,250	-	-	4,934,309	5,452,250
Capital Assets Net of Depreciation	13,433,379	10,765,981	-	-	13,433,379	10,765,981
Total Assets	\$ 31,324,450	\$ 26,048,781	-	-	\$ 31,324,450	\$ 23,586,148
Current Liabilities	\$ 4,611,824	\$ 2,728,177	-	-	\$ 4,611,824	\$ 2,728,177
Non-Current Liabilities	2,290,363	2,993,286	-	-	2,290,363	2,993,286
Total Liabilities	\$ 6,902,187	\$ 5,721,463	-	-	\$ 6,902,187	\$ 5,721,463
Net Assets						
Invested in Capital Assets Net of Debt	\$ 11,143,016	\$ 8,418,965	-	-	\$ 11,143,016	\$ 8,418,965
Restricted	3,414,486	893,725	-	-	3,414,486	893,725
Unrestricted	9,864,761	11,014,631	-	-	9,864,761	11,014,631
Total Net Assets	\$ 24,422,263	\$ 20,327,321	-	-	\$ 24,422,263	\$ 20,327,321

As mentioned earlier, net assets may serve over time as a useful indicator of a government's financial position. Assets exceed liabilities by \$24,422,263 at September 30, 2008 as compared to \$20,327,321 at September 30, 2007. Of the County's net assets at the fiscal year end, 46% 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 (14%) represents resources that are subject to restrictions on how they may be used. Restricted net assets in the amount of \$3,414,486 represent County resources that are subject to restrictions, constitutional provisions, or enabling legislations regarding how they may be used. Unrestricted assets of \$9,864,761 (40% 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 increased by \$4,094,942. Key elements of the \$4,094,942 increase are as follows.

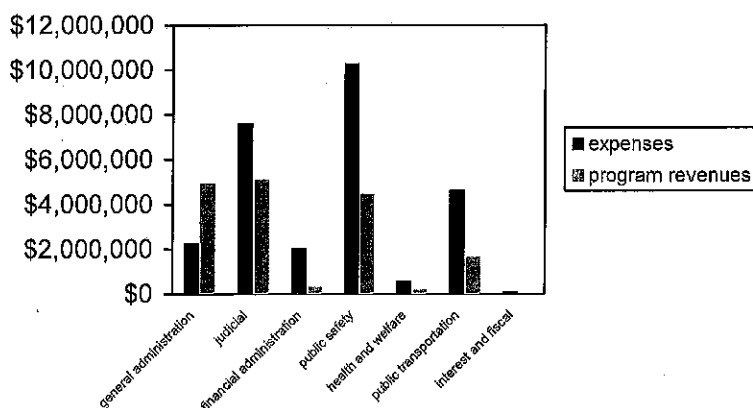
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues						
Charges for Service	\$ 6,358,928	\$ 7,076,184	-	-	6,358,928	\$ 7,076,184
Operating grants/contributions	6,310,443	4,797,661	-	-	6,310,443	4,797,661
Capital grants/contributions	4,773,084	-	-	-	4,773,084	-
General Revenues						
Property Taxes	10,460,117	10,469,685	-	-	10,460,117	10,469,685
Other Taxes	2,344,746	3,281,845	-	-	2,344,746	3,281,845
Investment Earnings	437,532	594,969	-	-	437,532	594,969
Licenses and Fees-Vehicles	970,798	-	-	-	970,798	-
Total Revenues	\$ 31,655,647	\$ 26,220,344	-	-	\$ 31,655,647	\$ 26,220,344
Net Assets					-	-
Expenses:						
General Administration	\$ 2,284,682	\$ 2,196,767	-	-	\$ 2,284,682	\$ 2,196,767
Judicial	7,613,070	5,698,418	-	-	7,613,070	5,698,418
Financial Administration	2,065,268	1,612,653	-	-	2,065,268	1,612,653
Public Safety	10,290,778	9,569,292	-	-	10,290,778	9,569,292
Health & Welfare	573,404	515,571	-	-	573,404	515,571
Public Transportation	4,632,488	4,097,826	-	-	4,632,488	4,097,826
Interest and fiscal charges	101,016	116,254	-	-	101,016	116,254
Total Expenses	\$ 27,560,705	\$ 23,806,781	-	-	\$ 27,560,705	\$ 23,806,781
Excess (deficiency) before transfer	\$ 4,094,942	\$ 2,413,563	-	-	\$ 4,094,942	\$ 2,413,563
Transfers	-	-	-	-	-	-
Changes in Net Assets	\$ 4,094,942	\$ 2,413,563	-	-	\$ 4,094,942	\$ 2,413,563
Net Assets at beginning of year	\$ 20,327,321	\$ 17,913,755	-	-	\$ 20,327,321	\$ 17,913,755
Net Assets at the end of the year	\$ 24,422,263	\$ 20,327,318	-	-	\$ 24,422,263	\$ 20,327,318

Included in the total increase for judicial expenditures is a \$1,750,539 increase in the SPU grant and state funded expenditures. In September 2007, the 80th Texas Legislature created a new division of the SPU (Juvenile Division) which is responsible for prosecuting offenses that occur in the Texas Youth Commission. In addition, the 80th Legislature increased the number of civil commitment cases to be tried from 15 cases to 25 cases in FY 2008 with 50 cases to be tried in FY 2009 and each subsequent year. 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 large increase in the operating grants and contributions category reflects this increase in SPU. The 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. Approximately \$2,000,000 or ½ of the increase in net assets is due to monies reserved for completion of the Veterans Heart Museum and the remaining increase due primarily to the addition of the Shelter to the fixed assets funded from monies received from FEMA.

The following graphic presentation depicts expenses and program revenues for fiscal year 2008 for governmental activities (government-wide).

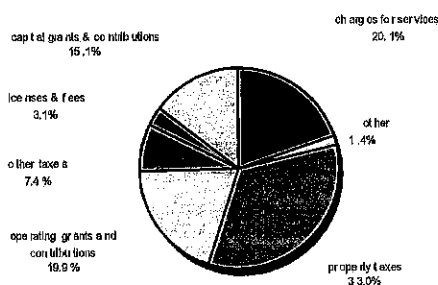
Walker County, Texas
Expenses and Program Revenues
Government-wide Governmental Activities
For the Year Ending September 30, 2008



The following graphic presents revenues by source for fiscal year 2008 for governmental activities (government-wide).

Walker County, Texas
Revenues by Source-Government-wide
Governmental Activities
For the Year Ending September 30, 2008

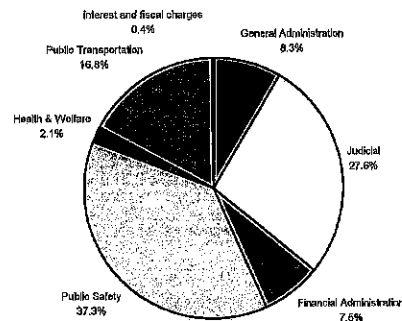
Revenues by Source-Governmental Activities



The following graphic presentation presents expenditures by function for fiscal year 2008 for governmental activities (government-wide).

**Walker County, Texas
Expenses by Function-Government-wide
Governmental Activities
For the Year Ending September 30, 2008**

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 \$12,564,519 (Exhibit A-3). Of this total, \$9,215,908 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 \$3,348,611 is reserved to indicate that it is not available for new spending because it has already been committed. The County has committed \$2,947,132 of these funds for capital projects, and \$401,479 is reserved for debt service.

There was an increase of \$1,712,961 in the combined fund balance over the prior year. An increase of \$2,538,041 in the Capital Projects fund is offset by decreases in the Special Revenue fund. The Capital-Project fund increase is due to receipt of monies from the state for building a Veterans Museum. The decrease in the Special Revenue fund is due primarily to expenditure of funds for a one-time supplement to the road maintenance budgets for the County. The General Fund is the chief operating fund of Walker County. The Road and Bridge Fund is a second major fund of the County and is used to account for the costs of providing road maintenance to the

County. 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, 2008, the unreserved fund balance of the General Funds was \$5,082,124 as compared to \$5,162,815 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 35% as compared to 38% in FY 2007 and FY 2006. The decrease in fund balance of \$80,691 was a planned reduction. A notable revenue item that did not meet budget expectations was interest income. Ad valorem and sales taxes both exceeded budget as did the charge for service category. Expenditures were within budget.

Road & Bridge Fund expenditures total \$4,902,468 compared to \$4,086,443 in FY 2007 while revenues and other financing sources total \$4,286,485 netting a \$615,983 decrease in fund balance. The totals include \$482,311 in debt issue that was used to purchase equipment. Total revenues generally total to budget expectations. 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 \$1,778,510. 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. This *planned* use of fund balance stayed within the policy. 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 a decrease to fund balance in the amount of \$80,691. The planned reduction did not occur, with the difference between planned and actual \$1,697,819. Differences between the original expenditure budget and final amended expenditure budget totaled \$116,793, 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 51.

Actual General Fund revenues exceeded the amended budgeted General Fund revenues by \$786,651 during the year ended September 30, 2008. Increases in property tax collections, sales tax collections, charges for service, and increases in license and permit revenues make up the bulk of the increase. Interest income was \$75,402 less than budgeted. In addition, General Fund departmental expenditures were \$516,292 less than the amended budget (approximately \$266,000 in the Salaries and Benefits category) and other financing uses were \$394,876 less than the amended budget (mostly a result of less 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, 2008 is \$13,433,378 (net of accumulated depreciation). Included in this total is \$483,181 in land and \$3,479,404 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	
	2008	2007	2008	2007	2008	2007
Land	\$ 483,181	\$ 483,181	-	-	\$ 483,181	\$ 483,181
Buildings	6,923,218	7,752,742	-	-	6,923,218	7,752,742
Vehicles	1,217,615	961,804	-	-	1,217,615	961,804
Furniture, Fixtures, Office Equipment	284,448	429,325	-	-	284,448	429,325
Machinery & Equipment	1,045,513	652,401	-	-	1,045,513	652,401
Construction in Progress	3,479,404	486,529	-	-	3,479,404	486,529
Total Capital Assets	\$ 13,433,379	\$ 10,765,981	-	-	\$ 13,433,379	\$ 10,765,981

Additional information on the County's capital assets can be found in the notes on pages 42 and 43 and in the other supplementary section on pages 101 to 104 of this report.

Long-term debt. As of September 30, 2008 the County debt totals \$2,290,362. Of this amount, \$1,690,000 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. During the fiscal year, the county issued debt of \$482,311 for road and bridge equipment. The policy requires that the length of debt must in all cases be less than the expected life of the equipment.

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

	FY Ending 09/30/08	FY Ending 09/30/07
Certificates of Obligation		
Capital Projects	\$1,690,000	\$2,070,000
Equipment	600,362	277,016
Total Certificates of Obligation	<u>2,290,362</u>	<u>2,347,016</u>
 Total	 <u>\$2,290,362</u>	 <u>\$2,347,016</u>

Payments on debt totaled \$538,965. The addition of debt of \$482,311 net of the payments resulted in a \$56,654 total debt reduction.

Additional information on debt can be found in the notes to the financial statements (pages 43 and 44).

Economic Factors and Budget and Rate information for FY beginning October 1, 2008

- The unemployment rate in the County for 2008 was 5.8%, as compared to the state unemployment rate of 5.1% and national unemployment rate of 6.2%. This rate compares to 5.0% 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 13,331 inmates.
- The new improvement/construction value added to the tax roll for FY 2008 (tax year 2007) totaled \$54,756,227 as compared to \$50,569,708 for the prior year. This level has been stable for the last six years following a reduction of \$8,845,354 between 2001 and 2002.
- Commissioners Court approved a \$25,053,296 expenditure budget for FY 2009, up from \$23,898,345 budget for the 2008 fiscal year.
- The tax rate adopted for the FY 2009 budget is \$0.5450 per \$100 of valuation, the same as FY 2007. The FY 2009 exceeded the effective tax rate of \$0.5279 per \$100 of valuation. The increase over the effective rate was primarily to fund increased costs for fuel and increases in the indigent defense budget.
- Walker County revenues for FY 2009 at the date of this report continue to be in line with the budget with the exception of interest income. Sales tax receipts are approximately 5% greater to date in FY 2009 as compared to this time in FY 2008 and 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, TEXASSTATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

	Governmental Activities
ASSETS:	
Cash and Cash Equivalents	\$ 12,956,762
Taxes Receivable	889,241
Accounts Receivable	1,565,931
Fines and Fees Receivable	590,044
Due from Other Governments	1,889,093
Land	483,181
Other Capital Assets, Net	12,950,198
Total Assets	31,324,450
LIABILITIES:	
Accounts Payable	1,158,761
Due to State	223,585
Due to Others	10,858
Accrued Interest	52,551
Accrued Liabilities	1,871,768
Compensated Absences	712,005
Unearned Revenue	582,296
Noncurrent Liabilities:	
Due Within One Year	619,306
Due in More Than One Year	1,671,057
Total Liabilities	6,902,187
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	11,143,016
Restricted For:	
Debt Service	467,354
Capital Projects	2,947,132
Unrestricted	9,864,761
Total Net Assets	\$ 24,422,263

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, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Government Activities:					
General Administration	\$ 2,284,682	\$ 878,401	\$ 141,846	\$ 4,773,084	\$ 3,508,649
Judicial	7,613,070	610,773	4,494,209	-	(2,508,088)
Financial Administration	2,065,268	305,531	2,918	-	(1,756,819)
Public Safety	10,290,778	3,063,739	1,368,752	-	(5,858,287)
Health and Welfare	573,404	97,707	82,883	-	(392,814)
Public Transportation	4,632,488	1,402,777	219,835	-	(3,009,876)
Interest and Fiscal Charges	101,016	-	-	-	(101,016)
Total Governmental Activities	27,560,706	6,358,928	6,310,443	4,773,084	(10,118,251)
Total Primary Government	\$ 27,560,706	\$ 6,358,928	\$ 6,310,443	\$ 4,773,084	(10,118,251)
General Revenues:					
Property Taxes					10,460,117
Other Taxes					2,344,746
License and Fees					970,798
Investment Earnings					437,532
Total General Revenues					14,213,193
Change in Net Assets					4,094,942
Net Assets - Beginning					20,327,321
Net Assets - Ending					\$ 24,422,263

The accompanying notes are an integral part of this statement.

WALKER COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	General Fund	Debt Service Fund	Capital Projects Fund
ASSETS			
Assets:			
Cash and Cash Equivalents	\$ 7,150,606	\$ 401,479	\$ 2,317,517
Taxes Receivable	823,366	65,875	-
Accounts Receivable	81,321	-	-
Due from Other Funds	953,283	-	731,492
Due from Other Governments	478,741	-	694,944
Total Assets	\$ 9,487,317	\$ 467,354	\$ 3,743,953
LIABILITIES AND EQUITY			
Liabilities:			
Accounts Payable	\$ 269,391	\$ -	\$ 447,072
Due to State	223,585	-	-
Due to Other Funds	831,492	-	349,749
Due to Others	-	-	-
Accrued Liabilities	1,721,364	-	-
Deferred Revenue	1,359,361	65,875	-
Total Liabilities	4,405,193	65,875	796,821
Equity:			
Fund balances:			
Reserved for Capital Projects	-	-	2,947,132
Reserved for Debt Service	-	401,479	-
Unreserved, undesignated			
General Fund	5,082,124	-	-
Special Revenue Funds	-	-	-
Total Equity	5,082,124	401,479	2,947,132
Total Liabilities & Equity	\$ 9,487,317	\$ 467,354	\$ 3,743,953

The accompanying notes are an integral part of this statement.

EXHIBIT A-3

<u>Road and Bridge Fund</u>	<u>Grants and Contracts</u>	<u>EMS Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,078,576	\$ 45,542	\$ 45,556	\$ 1,917,486	\$ 12,956,762
-	-	-	-	889,241
2,576	402	1,481,603	29	1,565,931
-	-	-	100,000	1,784,775
10,884	691,873	-	12,651	1,889,093
<u>\$ 1,092,036</u>	<u>\$ 737,817</u>	<u>\$ 1,527,159</u>	<u>\$ 2,030,166</u>	<u>\$ 19,085,802</u>
\$ 179,688	\$ 22,948	\$ 45,466	\$ 194,196	\$ 1,158,761
-	-	-	-	223,585
-	599,474	-	4,060	1,784,775
-	-	-	10,858	10,858
-	70,720	90	79,594	1,871,768
-	-	-	46,300	1,471,536
<u>179,688</u>	<u>693,142</u>	<u>45,556</u>	<u>335,008</u>	<u>6,521,283</u>
-	-	-	-	2,947,132
-	-	-	-	401,479
-	-	-	-	5,082,124
912,348	44,675	1,481,603	1,695,158	4,133,784
<u>912,348</u>	<u>44,675</u>	<u>1,481,603</u>	<u>1,695,158</u>	<u>12,564,519</u>
<u>\$ 1,092,036</u>	<u>\$ 737,817</u>	<u>\$ 1,527,159</u>	<u>\$ 2,030,166</u>	<u>\$ 19,085,802</u>

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WALKER COUNTY, TEXAS
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008**

Total fund balances - governmental funds balance sheet \$ 12,564,519

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

Capital assets used in governmental activities are not reported in the funds.	13,433,379
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	889,240
Payables for bond interest which are not due in the current period are not reported in the funds.	(52,551)
Payables for notes which are not due in the current period are not reported in the funds.	(2,290,362)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(712,005)
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	590,043

Net assets of governmental activities - statement of net assets \$ 24,422,263

The accompanying notes are an integral part of this statement.

WALKER COUNTY, TEXASSTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	General Fund	Debt Service Fund	Capital Projects Fund
Revenue:			
Property Taxes	\$ 9,252,312	\$ 623,258	\$ -
Other Taxes	2,344,746	-	-
Licenses and Permits	97,664	-	-
Intergovernmental	527,618	-	4,773,084
Charges for Services	1,699,123	-	-
Fines and Forfeitures	97,108	-	65,310
Interest Income	278,098	13,980	66,281
Other	266,099	-	-
Total Revenues	<u>14,562,768</u>	<u>637,238</u>	<u>4,904,675</u>
Expenditures:			
Current:			
General Administration	1,817,483	-	335,268
Judicial	3,445,586	-	-
Financial Administration	1,725,770	-	-
Public Safety	4,551,099	-	2,789,458
Health and Welfare	531,143	-	-
Public Transportation	-	-	-
Intergovernmental Expenditures	1,034,739	-	-
Debt service:			
Principal Retirement	-	548,379	-
Interest and Fiscal Charges	-	95,220	-
Total Expenditures	<u>13,105,820</u>	<u>643,599</u>	<u>3,124,726</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,456,948</u>	<u>(6,361)</u>	<u>1,779,949</u>
Other Financing Sources (Uses):			
Transfers In	-	-	758,092
Transfers Out	(1,537,639)	-	-
Certificates of Obligation	-	-	-
Total Other Financing Sources (Uses)	<u>(1,537,639)</u>	<u>-</u>	<u>758,092</u>
Net Change in Fund Balances	(80,691)	(6,361)	2,538,041
Fund Balance at Beginning of Year	5,162,815	407,840	409,091
Fund Balance at End of Year	<u>\$ 5,082,124</u>	<u>\$ 401,479</u>	<u>\$ 2,947,132</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-5

Road and Bridge Fund	Grants and Contracts	EMS Fund	Other Governmental Funds	Total Governmental Funds
\$ 824,632	\$ -	\$ -	\$ -	\$ 10,700,202
-	-	-	-	2,344,746
-	-	-	-	97,664
219,835	4,214,679	36,000	1,184,003	10,955,219
970,798	-	1,739,181	1,142,492	5,551,594
1,282,938	-	-	-	1,445,356
44,705	-	-	34,468	437,532
119,839	-	18,481	13,836	418,255
<u>3,462,747</u>	<u>4,214,679</u>	<u>1,793,662</u>	<u>2,374,799</u>	<u>31,950,568</u>
-	-	-	56,500	2,209,251
-	4,061,466	-	163,992	7,671,044
-	-	-	1,576	1,727,346
-	153,213	2,242,467	2,263,766	12,000,003
-	325	-	-	531,468
4,902,468	-	-	-	4,902,468
-	-	-	-	1,034,739
-	-	-	-	548,379
-	-	-	-	95,220
<u>4,902,468</u>	<u>4,215,004</u>	<u>2,242,467</u>	<u>2,485,834</u>	<u>30,719,918</u>
<u>(1,439,721)</u>	<u>(325)</u>	<u>(448,805)</u>	<u>(111,035)</u>	<u>1,230,650</u>
341,427	-	322,650	115,470	1,537,639
-	-	-	-	(1,537,639)
482,311	-	-	-	482,311
<u>823,738</u>	<u>-</u>	<u>322,650</u>	<u>115,470</u>	<u>482,311</u>
(615,983)	(325)	(126,155)	4,435	1,712,961
1,528,331	45,000	1,607,758	1,690,723	10,851,558
<u>\$ 912,348</u>	<u>\$ 44,675</u>	<u>\$ 1,481,603</u>	<u>\$ 1,695,158</u>	<u>\$ 12,564,519</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, 2008

Net change in fund balances - total governmental funds	\$ 1,712,961
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	4,331,886
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,649,522)
Trade-in or disposal of capital assets decrease net assets in the SOA but not in the funds.	(14,967)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(240,085)
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	538,837
(Increase) decrease in accrued interest from beginning of period to end of period	3,746
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(65,734)
Uncollected court fines are not recorded as revenue in the funds.	(39,869)
Proceeds of notes do not provide revenue in the SOA, but are reported as current resources in the funds.	(482,311)
Change in net assets of governmental activities - statement of activities	\$ <u>4,094,942</u>

The accompanying notes are an integral part of this statement.

WALKER COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2008

	<u>Agency Funds</u>
ASSETS	
Assets:	
Cash and Cash Equivalents	\$ 869,174
Restricted Cash and Cash Equivalents	1,672,029
Total Assets	\$ 2,541,203
LIABILITIES	
Liabilities:	
Accounts Payable	\$ 6,952
Due to Other Governments	716,003
Due to Others	1,818,248
Total Liabilities	\$ 2,541,203

The accompanying notes are an integral part of this statement.

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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 Rural Fire Prevention District No. 1 & No. 2:

The fire prevention 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, 2008

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.).

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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 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.

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

In addition, the County reports the following fund types:

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.

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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.

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 and when accrued for the proprietary fund.

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 and as long-term debt in the fund statements for proprietary 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 (i.e., 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.

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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.

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, 2008

Cash Deposits:

The County's cash and cash equivalents at September 30, 2008 are summarized as follows:

	Carrying Amount
Cash Deposits	\$ 1,035,138
Investments considered cash and cash equivalents	
Investors Cash Trust - Unrestricted	1,582,110
Texas Local Government Investment Pool	8,785,886
DWS	535,996
MBIA	1,017,632
Total Cash and Cash Equivalents	<u>\$ 12,956,762</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 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, 2008, the government's investment in the TexPool investment pool was 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.

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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 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, 2008 are as follows:

	General	Other Governmental	Debt Service	EMS	Total
Receivables					
Taxes, net	\$ 823,366	\$ -	\$ 65,875	\$ -	\$ 889,241
Grants	478,741	1,410,352	-	-	1,889,093
Fees and fines	590,044	-	-	-	590,044
Accounts	81,321	3,007	-	1,481,603	1,565,931
Total	\$ 1,973,471	\$ 1,413,359	\$ 65,875	\$ 1,481,603	\$ 4,934,308

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, 2008 the various components of deferred revenue reported in the governmental funds are as follows:

	Unavailable	Unearned
Delinquent property taxes (general fund)	\$ 963,314	\$ --
Delinquent property taxes (debt service funds)	76,794	--
Revenue received prior to meeting all eligibility requirements	-	535,996
Grant funds received prior to meeting all eligibility requirements	46,300	--
Total deferred revenue for governmental funds	\$ 1,086,408	\$ 535,996

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.

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

1. 2007 Tax Year

Property taxes are prorated between the General, Road and Bridge, and Debt Service Funds based on rates adopted for the year of the levy. For the 2008 fiscal year (2007 tax year), the County levied property taxes of \$0.545 per \$100 of assessed valuation. The 2007 rates resulted in total tax levies of approximately \$10.70 million based on a total adjusted valuation of approximately \$1.96 billion. The total tax rate in the 2007 tax year was prorated as follows:

	2007 Rate
Walker County, Texas	
General Fund	\$ 0.5136
Debt Service Fund	0.0314
Total Tax Rate	\$ 0.5450

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. Capital Assets

Capital asset activity for the year ended September 30, 2008, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 483,181	\$ -	\$ -	\$ 483,181
Construction in progress	486,529	2,992,875	-	3,479,404
Total capital assets not being depreciated	969,710	2,992,875	-	3,962,585
Capital assets being depreciated:				
Vehicles	3,161,771	651,062	151,757	3,661,076
Office furniture and fixtures	1,533,625	13,847	28,250	1,519,222
Machinery and Equipment	2,972,303	670,547	67,715	3,575,135
Buildings, facilities and improvements	15,204,789	12,329	-	15,217,118
Total capital assets being depreciated	22,872,488	1,347,785	247,722	23,972,551
Less accumulated depreciation for:				
Vehicles	2,199,967	382,941	139,447	2,443,461
Office furniture and fixtures	1,104,300	149,728	19,254	1,234,774
Machinery and Equipment	2,319,902	275,001	65,281	2,529,622
Buildings, facilities and improvements	7,452,047	841,853	-	8,293,900
Total accumulated depreciation	13,076,216	1,649,523	223,982	14,501,757
Total capital assets being depreciated, net	9,796,272	(301,738)	23,740	9,470,794
Governmental activities capital assets, net	\$ 10,765,982	\$ 2,691,137	\$ 23,740	\$ 13,433,379

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Depreciation was charged to functions as follows:

Governmental activities:

General Administrative	\$	443,282
Judicial		21,196
Financial Administration		5,460
Public Safety		718,962
Health and Welfare		4,933
Road and Bridge		401,449
Other		54,240
	\$	<u>1,649,522</u>

G. 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, 2008 are listed below:

Description	Interest Rate %	Date of Issue	Matures	Debt Outstanding	Original Issue
Certificates of Obligation:					
03-01 Precinct 4 Dump Truck	3.20	03/25/2003	04/01/2008	\$ -	\$ 73,550
03-02 Precinct 4 Equipment	3.49	09/08/2003	09/08/2008	-	23,911
04-03 Road and Bridge Reclaimer	2.94	05/14/2004	05/14/2009	43,510	205,345
05-01 Precinct 3 Crawler Dozer	3.23	11/01/2004	11/01/2007	-	65,732
05-02 Precinct 3 Dump Truck	3.23	01/24/2005	01/24/2008	-	39,241
05-03 Precinct 2 Holland Tractor	3.23	11/08/2004	11/08/2007	-	57,141
05-04 Precinct 2 Chevy Pickup	3.23	11/08/2004	11/08/2007	-	18,376
05-05 Precinct 4 Motorgrader	3.49	03/28/2005	03/28/2009	50,000	100,000
06-02 Precinct 1 Ford Flatbed	4.80	08/02/2006	08/02/2009	12,297	35,226
07-01 Precinct 2 Holland Tractor	4.25	6/22/2007	9/22/2007	12,243	23,885
07-01 Precinct 2 Case Excavator	4.25	12/10/2007	12/10/2012	99,795	99,795
07-01 Precinct 4 Kubota Tractor	3.29	12/27/2007	12/27/2010	35,589	35,589
08-01 Precinct 4 Ford Truck	3.59	3/10/2008	3/10/2011	20,752	20,752
08-02 Precinct 2 Ford Patch Truck	3.29	04/04/2008	04/01/2011	50,669	50,669
08-03 Precinct 4 Ford Patch Truck	3.29	04/01/2008	04/01/2011	50,669	50,669
Gen Chipspreader Etnyre	3.47	06/16/2008	06/16/2013	224,838	224,838
Series 2002 Capital Projects	4.60	02/11/2002	03/15/2012	<u>1,690,000</u>	<u>3,100,000</u>
Total Certificates of Obligation				\$ <u>2,290,362</u>	\$ <u>4,224,819</u>

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

A summary of long-term liability transactions of the County for the year ended September 30, 2008, follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
Certificates of Obligations	2,347,016	482,311	538,965	2,290,362	619,306
Capital leases	-	-	-	-	-
Compensated absences *	646,270	115,286	49,551	712,005	712,005
Total governmental activities	\$ 2,993,286	\$ 597,597	\$ 588,516	\$ 3,002,367	\$ 1,331,311

* Other long-term liabilities

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

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

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2009	\$ 619,306	95,372	\$ 714,678
2010	535,091	73,065	608,156
2011	549,165	79,671	628,836
2012	517,176	25,676	542,852
2013	69,624	2,528	72,152
Totals	\$ 2,290,362	\$ 276,312	\$ 2,566,674

H. 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	193,750
Carrying Cost of Health Center	\$ 56,250
Current Year Depreciation	\$ 12,500

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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		<u>15,500</u>
Carrying Cost of COME Center	\$	<u>4,500</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		<u>116,250</u>
Carrying Cost of Building	\$	<u>33,750</u>
Current Year Depreciation	\$	7,500

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		<u>116,250</u>
Carrying Cost of Building	\$	<u>33,750</u>
Current Year Depreciation	\$	7,500

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		<u>193,750</u>
Carrying Cost of Building	\$	<u>56,250</u>
Current Year Depreciation	\$	12,500

WALKER COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

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		6,492
Carrying Cost of Courthouse Annex	\$	<u>25,962</u>
Current Year Depreciation	\$	1,623

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		5,385
Carrying Cost of Building	\$	<u>80,778</u>
Current Year Depreciation	\$	4,308

I. 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.

	<u>Fund Balance</u>
Capital Projects	\$ 2,947,132
Debt Service	401,479
Other Governmental Funds	4,133,784
Totals	<u>\$ 7,482,395</u>

J. Interfund Transactions

A summary of interfund transactions for the year ended September 30, 2008 is as follows:

<u>Transfers From</u>	<u>Transfers to</u>	<u>Amount</u>	<u>Reason</u>
		\$	
General Fund	EMS Fund	322,650	Supplement other funds sources
General Fund	Capital Projects Fund	758,092	Supplement other funds
General fund	Special Revenue Funds	456,897	Supplement other funds sources
		<u>\$ 1,537,639</u>	

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

K. Post Employment Benefits

An employee that retires with 20 consecutive years of service is provided the County's medical insurance until they reach the age of 65. At age 65 the County will provide the employee with coverage that coordinates with medicare. Currently eight retired employees are covered by the County's medical plan. Cost are included in the annual budget to fund this cost.

In addition, an employee that retires meeting one of these three conditions (1) age 60 with 8 years of service, (2) age plus years of service equals 75, or (3) 20 non-consecutive years may continue on the County health insurance by paying the premium.

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 actuarially determined annually. It was 9.63% for the months of the accounting year in 2007, and 10.31% for the months of the accounting year in 2008. 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 year ended September 30, 2008, the pension cost for the TCDRS plan and the actual contributions made were \$1,310,504. Because all contributions are made as required, no pension obligation existed at September 30, 2008.

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

The following is a summary of the actuarial assumptions:

	12/31/04	12/31/05	12/31/06	12/31/07
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, open	percentage of payroll, open	percentage of payroll, closed
Amortization period in years	20	20	15	15
Asset valuation method	long-term appreciation with adjustment	long-term appreciation with adjustment	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)	5.50%	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
Actuarial valuation date			
Actuarial value of assets	18,594,952	21,164,930	23,820,411
Actuarial accrued liability	22,644,182	25,325,388	28,101,584
Percentage funded	82.12%	83.57%	84.77%
Unfunded actuarial accrued liability	4,049,230	4,160,458	4,281,173
Annual Covered payroll	10,185,191	10,818,015	11,728,338
Unfunded actuarial accrued liability (UAAL)			
percentage of covered payroll	39.76%	38.46%	36.50%

M. 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.

2. Litigation

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, 2008.

3. Construction Contract Commitments

The County had several capital improvement commitments at September 30, 2008. 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.

WALKER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

N. 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 2008, 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. obtained

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

WALKER COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT B-1
Page 1 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
AD VALOREM TAXES				
Current Taxes	\$ 8,601,581	\$ 8,601,581	\$ 8,862,405	\$ 260,824
Delinquent Taxes	210,000	210,000	224,819	14,819
Penalty and Interest	150,000	150,000	165,088	15,088
Total Ad Valorem Taxes	8,961,581	8,961,581	9,252,312	290,731
OTHER TAXES				
Sales Taxes	2,068,095	2,068,095	2,260,752	192,657
In Lieu of Tax	12,500	12,500	14,326	1,826
Mixed Beverage Tax	68,400	68,400	69,668	1,268
Total Other Taxes	2,148,995	2,148,995	2,344,746	195,751
LICENSES AND PERMITS				
Building and Utility Permits	92,000	92,000	97,664	5,664
Total Licenses and Permits	92,000	92,000	97,664	5,664
FINES AND FORFEITURES				
Bond Forfeiture	-	-	36,517	36,517
License and Weight	59,085	60,591	60,591	-
Total Fines and Forfeitures	59,085	60,591	97,108	36,517
INTERGOVERNMENTAL				
Federal Funds				
Local Law Enforcement	14,000	14,000	14,937	937
Total Federal Funds	14,000	14,000	14,937	937
State Funds				
State Grant Funds	40,208	121,206	127,088	5,882
Other State Funds	170,290	197,803	176,070	(21,733)
Total State Funds	210,498	319,009	303,158	(15,851)
Other Governmental Funds				
Appraisal District	7,000	7,000	15,806	8,806
Other	134,279	137,461	193,917	56,456
Total Other Governmental Funds	141,279	144,461	209,523	65,062
Total Intergovernmental	365,777	477,470	527,618	50,148
CHARGES FOR SERVICES				
General Administrative	38,000	38,000	45,445	7,445
County Clerk	400,000	400,000	387,317	(12,683)
County Court-at-Law	37,000	37,000	36,811	(189)
Courts - Central Costs	-	-	1,000	1,000
District Court	25,440	25,440	75,487	50,047
District Clerk	110,000	110,000	129,688	19,688
District Attorney	1,200	1,200	2,100	900
Justice of the Peace - Precinct 1	110,000	110,000	82,735	(27,265)
Justice of the Peace - Precinct 2	60,000	60,000	76,856	16,856
Justice of the Peace - Precinct 3	50,000	50,000	33,570	(16,430)
Justice of the Peace - Precinct 4	70,000	70,000	83,636	13,636
Elections	-	-	2,856	2,856

WALKER COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT B-1
Page 2 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
County Auditor	35,289	35,289	45,426	10,137
County Collections	5,100	5,100	5,166	66
Vehicle Registration	213,400	213,400	253,844	40,444
County Facilities	60,580	60,580	65,432	4,852
County Jail	102,473	102,473	124,686	22,213
Sheriff's Office	23,000	23,500	29,405	5,905
Sheriff's Estray	2,200	2,200	2,552	352
Constables Central Service	200,000	200,000	203,773	3,773
Constable - Precinct 1	-	-	1,111	1,111
Constable - Precinct 2	-	-	500	500
Constable - Precinct 4	-	-	9,887	9,887
Utility Department	-	-	40	40
Total Charges for Services	1,543,682	1,544,182	1,699,123	154,941
INTEREST	353,500	353,500	278,098	(75,402)
OTHER INCOME				
Sale of Fixed Assets	-	-	11,305	11,305
Miscellaneous	134,704	137,798	254,794	116,996
Total Other	134,704	137,798	266,099	128,301
TOTAL REVENUES	13,659,324	13,776,117	14,562,768	786,651
EXPENDITURES				
GENERAL ADMINISTRATION				
County Judge				
Salary, Other Pay, and Benefits	148,264	148,556	148,404	152
Operations	14,910	14,203	13,335	868
Total County Judge	163,174	162,759	161,739	1,020
IT				
Salary, Other Pay, and Benefits	108,207	108,207	101,669	6,538
Operations	64,052	61,752	61,540	212
Total IT	172,259	169,959	163,209	6,750
Commissioners Court				
Salary, Other Pay, and Benefits	45,829	45,829	41,243	4,586
Operations	8,698	9,113	8,952	161
Total Commissioners' Court	54,527	54,942	50,195	4,747
Non-Departmental				
Salary, Other Pay, and Benefits	57,694	50,494	50,472	22
Operations	1,217,558	673,979	659,504	14,475
Capital Expenditures	-	142,987	142,987	-
Total Non-Departmental	1,275,252	867,460	852,963	14,497
Elections				
Salary, Other Pay, and Benefits	42,520	51,779	51,764	15
Operations	29,796	32,539	28,443	4,096
Total Elections	72,316	84,318	80,207	4,111
HAVA Grant				

WALKER COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT B-1
Page 3 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operations	-	2,918	2,918	-
Total HAVA Grant	-	2,918	2,918	-
Voter Registration				
Salary, Other Pay, and Benefits	15,773	19,781	19,777	4
Operations	15,859	20,518	20,233	285
Capital Expenditures	-	5,074	5,074	-
Total Voter Registration	31,632	45,373	45,084	289
County Facilities				
Salary, Other Pay, and Benefits	203,474	203,474	197,753	5,721
Operations	264,970	268,993	263,416	5,578
Total County Facilities	468,444	472,467	461,168	11,299
TOTAL GENERAL ADMINISTRATION	2,237,604	1,860,196	1,817,483	42,713
JUDICIAL				
County Court-at-Law				
Salary, Other Pay, and Benefits	253,265	253,703	253,558	145
Operations	132,459	259,776	258,905	871
Total County Court-at-Law	385,724	513,479	512,463	1,016
Courts - Central Costs				
Salary, Other Pay, and Benefits	-	4,801	4,801	-
Operations	271,265	66,464	24,687	41,777
Total District Court	271,265	71,265	29,488	41,777
12th District Court				
Salary, Other Pay, and Benefits	147,294	147,294	147,219	75
Operations	112,698	222,994	215,640	7,354
Total District Court	259,992	370,288	362,859	7,429
278th District Court				
Salary, Other Pay, and Benefits	145,545	146,197	146,121	76
Operations	123,063	225,597	217,172	8,425
Total District Court	268,608	371,794	363,293	8,501
District Clerk				
Salary, Other Pay, and Benefits	320,142	320,142	304,006	16,136
Operations	54,221	57,006	54,422	2,584
Total District Clerk	374,363	377,148	358,428	18,720
Criminal District Attorney				
Salary, Other Pay, and Benefits	1,067,586	1,067,586	1,047,573	20,013
Operations	31,610	49,765	44,214	5,551
Total Criminal District Attorney	1,099,196	1,117,351	1,091,787	25,564
Justice of the Peace - Precinct 1				
Salary, Other Pay, and Benefits	155,903	158,303	157,075	1,228
Operations	15,942	17,942	15,166	2,776
Total Justice of the Peace - Precinct 1	171,845	176,245	172,241	4,004
Justice of the Peace - Precinct 2				

WALKER COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT B-1
Page 4 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Salary, Other Pay, and Benefits	148,170	151,652	151,352	300
Operations	16,469	15,387	12,139	3,248
Total Justice of the Peace - Precinct 2	164,639	167,039	163,491	3,548
Justice of the Peace - Precinct 3				
Salary, Other Pay, and Benefits	152,284	158,220	158,174	46
Operations	15,994	16,858	15,338	1,520
Total Justice of the Peace - Precinct 3	168,278	175,078	173,512	1,566
Justice of the Peace - Precinct 4				
Salary, Other Pay, and Benefits	190,369	192,769	192,574	195
Operations	30,332	30,332	25,450	4,882
Total Justice of the Peace - Precinct 4	220,701	223,101	218,024	5,077
TOTAL JUDICIAL	3,384,611	3,562,788	3,445,586	117,202
FINANCIAL ADMINISTRATION				
County Clerk				
Salary, Other Pay, and Benefits	381,027	381,027	376,028	4,999
Operations	133,317	123,405	109,667	13,738
Total County Clerk	514,344	504,432	485,695	18,737
Purchasing				
Salary, Other Pay, and Benefits	144,809	144,809	142,930	1,879
Operations	21,153	21,153	15,734	5,419
Total Purchasing	165,962	165,962	158,664	7,298
County Auditor				
Salary, Other Pay, and Benefits	490,168	440,168	409,215	30,953
Operations	76,362	56,362	54,580	1,782
Total County Auditor	566,530	496,530	463,795	32,735
County Treasurer				
Salary, Other Pay, and Benefits	247,157	227,157	214,272	12,885
Operations	46,529	46,529	40,161	6,368
Total County Treasurer	293,686	273,686	254,433	19,253
County Collections				
Salary, Other Pay, and Benefits	122,640	94,440	82,385	12,055
Operations	22,320	28,520	14,910	13,610
Total County Collections	144,960	122,960	97,296	25,665
Vehicle Registration				
Salary, Other Pay, and Benefits	272,508	272,508	260,670	11,838
Operations	10,230	10,230	5,218	5,012
Total Vehicle Registration	282,738	282,738	265,888	16,850
TOTAL FINANCIAL ADMINISTRATION	1,968,220	1,846,308	1,725,770	120,538
PUBLIC SAFETY				
County Jail				
Salary, Other Pay, and Benefits	1,457,854	1,457,854	1,399,784	58,070
Operations	436,111	444,161	408,888	35,273

WALKER COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT B-1
Page 5 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Capital Expenditures	-	6,950	6,950	-
Total County Jail	1,893,965	1,908,965	1,815,622	93,343
Sheriff's Department				
Salary, Other Pay, and Benefits	1,864,303	1,864,303	1,820,062	44,241
Operations	254,003	310,914	295,970	14,944
Capital Expenditures	151,000	158,989	158,989	-
Total County Sheriff's Office	2,269,306	2,334,206	2,275,021	59,185
Estray				
Operations	3,500	3,500	3,354	146
Total Estray	3,500	3,500	3,354	146
Constable Central				
Salary, Other Pay, and Benefits	35,799	35,799	34,946	853
Operations	10,678	10,678	2,888	7,790
Total Constable Central	46,477	46,477	37,834	8,643
Constable - Precinct 1				
Salary, Other Pay, and Benefits	56,424	57,032	56,773	259
Operations	7,635	6,880	5,921	959
Capital Expenditures	20,000	20,147	20,147	-
Total Constable - Precinct 1	84,059	84,059	82,841	1,218
Constable - Precinct 2				
Salary, Other Pay, and Benefits	56,424	56,877	56,833	44
Operations	6,123	5,670	3,462	2,208
Total Constable - Precinct 2	62,547	62,547	60,295	2,252
Constable - Precinct 3				
Salary, Other Pay, and Benefits	56,424	57,158	57,117	41
Operations	12,142	13,908	12,105	1,803
Total Constable - Precinct 3	68,566	71,066	69,222	1,844
Constable - Precinct 4				
Salary, Other Pay, and Benefits	56,424	57,228	57,187	41
Operations	6,123	7,819	7,296	524
Total Constable - Precinct 4	62,547	65,047	64,482	565
Department of Public Safety				
Salary, Other Pay, and Benefits	43,457	43,457	43,329	128
Operations	4,110	4,110	2,815	1,295
Total Department of Public Safety	47,567	47,567	46,144	1,423
Department of Public Safety - Weigh Station				
Operations	20,325	21,831	20,490	1,341
Total Department of Public Safety	20,325	21,831	20,490	1,341
Probation Support				
Salary, Other Pay, and Benefits	39,374	39,483	26,208	13,275
Operations	58,805	58,696	49,586	9,110
Total Probation Support	98,179	98,179	75,794	22,385

WALKER COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT B-1
Page 6 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
TOTAL PUBLIC SAFETY	4,657,038	4,743,444	4,551,099	192,345
HEALTH AND WELFARE				
Veterans Service				
Salary, Other Pay, and Benefits	18,028	18,028	14,453	3,575
Operations	3,688	3,688	2,285	1,403
Total Veterans Service	21,716	21,716	16,738	4,978
Utility Department				
Salary, Other Pay, and Benefits	241,223	241,223	234,420	6,803
Operations	81,998	81,798	80,354	1,444
Capital Expenditures	20,000	20,200	20,137	63
Total Utility Department	343,221	343,221	334,911	8,310
Master Gardener's Grant				
Operations	-	33,993	33,992	1
Total Master Gardener's Grant	-	33,993	33,992	1
Social Services				
Operations	23,800	23,800	8,654	15,146
Total Social Services	23,800	23,800	8,654	15,146
Historical Commission				
Operations	1,200	1,200	910	290
Total Historical Commission	1,200	1,200	910	290
Texas AgriLife Extension Service				
Salary, Other Pay, and Benefits	125,525	125,525	116,551	8,974
Operations	20,892	20,892	19,387	1,505
Total Agriculture Extension Agent	146,417	146,417	135,938	10,479
TOTAL HEALTH AND WELFARE	536,354	570,347	531,143	39,204
INTERGOVERNMENTAL				
Intra-County Services				
FINANCIAL ADMINISTRATION				
Appraisal District	252,013	266,729	266,728	1
HEALTH AND WELFARE				
Tri-County MHMR	28,730	28,730	28,730	-
Rita B. Huff Humane Society	24,000	24,000	21,910	2,090
Senior Citizen's Center	6,000	6,000	6,000	-
Soil Conservation	500	500	500	-
PUBLIC SAFETY				
Walker County Public Safety Communications Center	400,000	400,000	399,996	4
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	-	-	-
Non-departmental	10,983	10,983	8,788	2,195

WALKER COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT B-1
Page 7 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Total Intra-County Services	1,031,513	1,039,029	1,034,739	4,290
TOTAL INTERGOVERNMENTAL	1,031,513	1,039,029	1,034,739	4,290
TOTAL EXPENDITURES	13,816,340	13,622,112	13,105,820	516,292
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(156,016)	154,005	1,456,948	1,302,943
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,622,494)	(1,932,515)	(1,537,639)	394,876
Total Other Financing Sources (Uses)	(1,622,494)	(1,932,515)	(1,537,639)	394,876
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(1,778,510)	(1,778,510)	(80,691)	1,697,819
FUND BALANCE AT BEGINNING OF YEAR	5,162,815	5,162,815	5,162,815	-
FUND BALANCE AT END OF YEAR	\$ 3,384,305	\$ 3,384,305	\$ 5,082,124	\$ 1,697,819

WALKER COUNTY, TEXAS
ROAD AND BRIDGE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT B-2
Page 1 of 2

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUE				
AD VALOREM TAXES				
Current Taxes	\$ 790,689	\$ 790,689	\$ 790,689	\$ -
Delinquent Taxes	20,000	20,000	19,587	(413)
Penalty and Interest	14,000	14,000	14,356	356
Total Ad Valorem Taxes	824,689	824,689	824,632	(57)
FINES AND FORFEITURES				
License and Weight	280,000	280,000	280,000	-
Other Fines and Forfeitures	1,040,331	1,040,331	1,002,938	(37,393)
Total Fines and Forfeitures	1,320,331	1,320,331	1,282,938	(37,393)
INTERGOVERNMENTAL				
State Funds				
State Grant Funds	-	7,081	5,000	(2,081)
Other State Funds	33,000	33,000	45,304	12,304
Total State Funds	33,000	40,081	50,304	10,223
Other Governmental Funds				
U.S. Forest Service	133,900	133,900	135,189	1,289
Other	-	33,718	34,342	624
Total Other Governmental Funds	133,900	167,618	169,531	1,913
Total Intergovernmental	166,900	207,699	219,835	12,136
CHARGES FOR SERVICES				
Total Charges for Services	959,000	959,000	970,798	11,798
INTEREST	50,000	50,000	44,706	(5,295)
OTHER INCOME				
Sale of Fixed Assets	-	19,679	48,344	28,665
Miscellaneous	-	71,043	71,496	452
Total Other	-	90,722	119,839	29,117
TOTAL REVENUES	3,320,920	3,452,441	3,462,747	10,306
EXPENDITURES				
GENERAL ADMINISTRATION				
Non-Departmental				
Operations	400,000	-	-	-
Total Non-Departmental	400,000	-	-	-
TOTAL GENERAL ADMINISTRATION	400,000	-	-	-
PUBLIC TRANSPORTATION				
General Road and Bridge				
Operations	70,000	77,081	60,404	16,677
Capital Expenditures	-	362,856	362,856	-
Total General Road and Bridge	70,000	439,937	423,260	16,677

WALKER COUNTY, TEXAS
ROAD AND BRIDGE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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	447,978	447,978	417,458	30,520
Operations	518,084	727,913	573,045	154,868
Capital Expenditures	-	31,100	31,100	-
Total Road and Bridge - Precinct 1	966,062	1,206,991	1,021,603	185,388
Road and Bridge - Precinct 2				
Salary, Other Pay, and Benefits	491,924	497,871	487,103	10,768
Operations	555,547	632,692	510,475	122,217
Capital Expenditures	160,000	150,464	150,464	-
Total Road and Bridge - Precinct 2	1,207,471	1,281,027	1,148,042	132,985
Road and Bridge - Precinct 3				
Salary, Other Pay, and Benefits	431,024	431,024	409,301	21,723
Operations	666,591	994,402	635,817	358,585
Capital Expenditures	-	21,000	20,000	1,000
Total Road and Bridge - Precinct 3	1,097,615	1,446,426	1,065,118	381,308
Road and Bridge - Precinct 4				
Salary, Other Pay, and Benefits	489,067	489,067	483,866	5,201
Operations	559,013	684,842	622,576	62,266
Capital Expenditures	115,000	107,010	107,010	-
Total Road and Bridge - Precinct 4	1,163,080	1,280,919	1,213,452	67,467
Litter Control				
Salary, Other Pay, and Benefits	-	11,789	11,738	51
Operations	22,000	22,337	19,255	3,082
Total Litter Control	22,000	34,126	30,993	3,133
TOTAL PUBLIC TRANSPORTATION	4,526,228	5,689,426	4,902,468	786,958
TOTAL EXPENDITURES	4,926,228	5,689,426	4,902,468	786,958
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,605,308)	(2,236,985)	(1,439,721)	797,264
OTHER FINANCING SOURCES (USES)				
Transfers In	300,000	341,427	341,427	-
Certificates of Obligation	275,000	482,312	482,311	(1)
Total Other Financing Sources (Uses)	575,000	823,739	823,738	(1)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(1,030,308)	(1,413,246)	(615,983)	797,263
FUND BALANCE AT BEGINNING OF YEAR	1,528,331	1,528,331	1,528,331	-
FUND BALANCE AT END OF YEAR	\$ 498,023	\$ 115,085	\$ 912,348	\$ 797,263

WALKER COUNTY, TEXAS**EXHIBIT B-3**

GRANTS AND CONTRACTS
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
INTERGOVERNMENTAL				
State Funds				
Other State Funds	\$ 5,068,886	\$ 5,068,886	\$ 4,214,679	\$ (854,207)
Total State Funds	5,068,886	5,068,886	4,214,679	(854,207)
Total Intergovernmental	5,068,886	5,068,886	4,214,679	(854,207)
TOTAL REVENUES	5,068,886	5,068,886	4,214,679	(854,207)
EXPENDITURES				
JUDICIAL				
Special Prosecution Unit				
Salary, Other Pay, and Benefits	3,570,807	3,570,807	2,889,349	681,458
Operations	1,264,865	1,264,865	1,092,947	171,918
Capital Expenditures	80,000	80,000	79,170	830
Total Special Prosecution Unit	4,915,672	4,915,672	4,061,466	854,206
TOTAL JUDICIAL	4,915,672	4,915,672	4,061,466	854,206
PUBLIC SAFETY				
SHSP Grant 2006				
Operations	153,214	153,214	153,213	1
Total SHSP Grant 2006	153,214	153,214	153,213	1
TOTAL PUBLIC SAFETY	153,214	153,214	153,213	1
HEALTH AND WELFARE				
Home Grant				
Salary, Other Pay, and Benefits	-	-	325	(325)
Operations	-	-	325	(325)
Capital Expenditures	-	-	325	(325)
Total Home Grant	-	-	325	(325)
TOTAL HEALTH AND WELFARE	-	-	325	(325)
TOTAL EXPENDITURES	5,068,886	5,068,886	4,215,004	853,882
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(325)	(325)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	(325)	(325)
FUND BALANCE AT BEGINNING OF YEAR	45,000	45,000	45,000	-
FUND BALANCE AT END OF YEAR	\$ 45,000	\$ 45,000	\$ 44,675	\$ (325)

WALKER COUNTY, TEXAS

EMS

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT B-4

Page 1 of 2

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUE				
INTERGOVERNMENTAL				
State Funds				
Other State Funds	\$ -	\$ 35,000	\$ 35,000	\$ -
Total State Funds	-	35,000	35,000	-
Other Governmental Funds				
Other	-	500	1,000	500
Total Other Governmental Funds	-	500	1,000	500
Total Intergovernmental	-	35,500	36,000	500
CHARGES FOR SERVICES				
Emergency Medical Services	1,000,000	1,000,000	1,191,415	191,415
Emergency Medical Services Transfer	440,000	440,000	547,766	107,766
Total Charges for Services	1,440,000	1,440,000	1,739,181	299,181
OTHER INCOME				
Miscellaneous	10,000	17,566	18,481	915
Total Other	10,000	17,566	18,481	915
TOTAL REVENUES	1,450,000	1,493,066	1,793,662	300,596
EXPENDITURES				
PUBLIC SAFETY				
Emergency Medical Services				
Salary, Other Pay, and Benefits	1,392,071	1,429,369	1,415,081	14,288
Operations	277,540	317,153	304,377	12,776
Capital Expenditures	52,000	133,583	133,583	-
Total Emergency Medical Services	1,721,611	1,880,105	1,853,041	27,064
Emergency Medical Services Transfer				
Salary, Other Pay, and Benefits	322,555	286,992	285,648	1,344
Operations	29,160	16,424	15,560	864
Capital Expenditures	65,000	88,218	88,218	-
Total Emergency Medical Services Transfer	416,715	391,634	389,426	2,208
TOTAL PUBLIC SAFETY	2,138,326	2,271,739	2,242,467	29,272
TOTAL EXPENDITURES	2,138,326	2,271,739	2,242,467	29,272

WALKER COUNTY, TEXAS

EMS
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT B-4

Page 2 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(688,326)	(778,673)	(448,805)	329,868
OTHER FINANCING SOURCES (USES)				
Transfers In	688,326	778,673	322,650	(456,023)
Total Other Financing Sources (Uses)	688,326	778,673	322,650	(456,023)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	(126,155)	(126,155)
FUND BALANCE AT BEGINNING OF YEAR	1,607,758	1,607,758	1,607,758	-
FUND BALANCE AT END OF YEAR	\$ 1,607,758	\$ 1,607,758	\$ 1,481,603	\$ (126,155)

WALKER COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

YEAR ENDED SEPTEMBER 30, 2008

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	28,101,584	4,281,173	84.77%	11,728,338	36.50%

WALKER COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2008

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 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. 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**

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Special Revenue Funds

WALKER COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2008

	Hot Check Fund	Law Library Fund	Court House Security Fund	Justice Courts Security Fund
ASSETS				
Assets:				
Cash and Cash Equivalents	\$ 58,641	\$ 49,109	\$ -	\$ 15,653
Accounts Receivable	14	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Governments	-	-	-	-
Total Assets	\$ 58,655	\$ 49,109	\$ -	\$ 15,653
LIABILITIES AND EQUITY				
Liabilities:				
Accounts Payable	\$ 2,610	\$ 5,333	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Others	10,858	-	-	-
Accrued Liabilities	-	-	-	-
Deferred Revenue	-	-	-	-
Total Liabilities	13,468	5,333	-	-
Equity:				
Fund balances:				
Unreserved, undesignated				
Special Revenue Funds	45,187	43,776	-	15,653
Total Equity	45,187	43,776	-	15,653
Total Liabilities & Equity	\$ 58,655	\$ 49,109	\$ -	\$ 15,653

<u>Records Preservation & Management</u>	<u>Narcotics Related Funds</u>	<u>Emergency Special Fund</u>	<u>Adult Probation Fund</u>	<u>Juvenile Probation Fund</u>
\$ 242,681	\$ 188,756	\$ 106,704	\$ 619,228	\$ 349,791
13	-	-	2	-
-	-	100,000	-	-
-	-	-	4,365	5,438
<u>\$ 242,694</u>	<u>\$ 188,756</u>	<u>\$ 206,704</u>	<u>\$ 623,595</u>	<u>\$ 355,229</u>
\$ 5,772	\$ 122,227	\$ 19,079	\$ 7,344	\$ 23,598
-	-	-	1,960	2,100
-	-	-	-	-
-	4,942	-	34,778	7,285
-	-	-	45,305	995
<u>5,772</u>	<u>127,169</u>	<u>19,079</u>	<u>89,387</u>	<u>33,978</u>
236,922	61,587	187,625	534,208	321,251
<u>236,922</u>	<u>61,587</u>	<u>187,625</u>	<u>534,208</u>	<u>321,251</u>
<u>\$ 242,694</u>	<u>\$ 188,756</u>	<u>\$ 206,704</u>	<u>\$ 623,595</u>	<u>\$ 355,229</u>

WALKER COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2008

	Legislatively Designated Funds	Inmate Medical Fund	Total Nonmajor Special Revenue Funds (See Exhibit A-3)
ASSETS			
Assets:			
Cash and Cash Equivalents	\$ 240,480	\$ 46,443	\$ 1,917,486
Accounts Receivable	-	-	29
Due from Other Funds	-	-	100,000
Due from Other Governments	2,848	-	12,651
Total Assets	\$ 243,328	\$ 46,443	\$ 2,030,166
LIABILITIES AND EQUITY			
Liabilities:			
Accounts Payable	\$ 8,233	\$ -	\$ 194,196
Due to Other Funds	-	-	4,060
Due to Others	-	-	10,858
Accrued Liabilities	32,589	-	79,594
Deferred Revenue	-	-	46,300
Total Liabilities	40,822	-	335,008
Equity:			
Fund balances:			
Unreserved, undesignated			
Special Revenue Funds	202,506	46,443	1,695,158
Total Equity	202,506	46,443	1,695,158
Total Liabilities & Equity	\$ 243,328	\$ 46,443	\$ 2,030,166

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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, 2008

	Hot Check Fund	Law Library Fund	Court House Security Fund	Justice Courts Security Fund
Revenue:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for Services	44,884	35,691	47,786	8,385
Interest Income	-	1,510	235	165
Other	2,285	-	-	-
Total Revenues	<u>47,169</u>	<u>37,201</u>	<u>48,021</u>	<u>8,550</u>
Expenditures:				
Current:				
General Administration	-	-	-	-
Judicial	38,970	46,593	-	2,540
Financial Administration	-	-	-	-
Public Safety	-	-	64,569	-
Total Expenditures	<u>38,970</u>	<u>46,593</u>	<u>64,569</u>	<u>2,540</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,199</u>	<u>(9,392)</u>	<u>(16,548)</u>	<u>6,010</u>
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	8,199	(9,392)	(16,548)	6,010
Fund Balance at Beginning of Year	36,988	53,168	16,548	9,643
Fund Balance at End of Year	<u>\$ 45,187</u>	<u>\$ 43,776</u>	<u>\$ -</u>	<u>\$ 15,653</u>

Records Preservation & Management	Narcotics Related Funds	Emergency Special Fund	Adult Probation Fund	Juvenile Probation Fund
\$ -	\$ -	\$ -	\$ 691,936	\$ 400,501
82,997	-	-	879,254	4,625
5,885	1,816	-	17,557	-
-	10,614	-	937	-
<u>88,882</u>	<u>12,430</u>	<u>-</u>	<u>1,589,684</u>	<u>405,126</u>
56,500	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	7,240	93,174	1,564,579	466,657
<u>56,500</u>	<u>7,240</u>	<u>93,174</u>	<u>1,564,579</u>	<u>466,657</u>
32,382	5,190	(93,174)	25,105	(61,531)
-	-	-	-	115,470
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,470</u>
32,382	5,190	(93,174)	25,105	53,939
204,540	56,397	280,799	509,103	267,312
<u>\$ 236,922</u>	<u>\$ 61,587</u>	<u>\$ 187,625</u>	<u>\$ 534,208</u>	<u>\$ 321,251</u>

WALKER COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Legislatively Designated Funds	Inmate Medical Fund	Total Nonmajor Special Revenue Funds (See Exhibit A-5)
Revenue:			
Intergovernmental	\$ 91,566	\$ -	\$ 1,184,003
Charges for Services	36,541	2,329	1,142,492
Interest Income	5,955	1,345	34,468
Other	-	-	13,836
Total Revenues	<u>134,062</u>	<u>3,674</u>	<u>2,374,799</u>
Expenditures:			
Current:			
General Administration	-	-	56,500
Judicial	75,889	-	163,992
Financial Administration	1,576	-	1,576
Public Safety	67,547	-	2,263,766
Total Expenditures	<u>145,012</u>	<u>-</u>	<u>2,485,834</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,950)</u>	<u>3,674</u>	<u>(111,035)</u>
Other Financing Sources (Uses):			
Transfers In	-	-	115,470
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>115,470</u>
Net Change in Fund Balances	<u>(10,950)</u>	<u>3,674</u>	<u>4,435</u>
Fund Balance at Beginning of Year	213,456	42,769	1,690,723
Fund Balance at End of Year	<u>\$ 202,506</u>	<u>\$ 46,443</u>	<u>\$ 1,695,158</u>

Budgetary Comparison Schedules

WALKER COUNTY, TEXAS**EXHIBIT C-3**

HOT CHECK
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
CHARGES FOR SERVICES				
Hot Check	\$ 44,000	\$ 44,000	\$ 44,884	\$ 884
Total Charges for Services	44,000	44,000	44,884	884
OTHER INCOME				
Sale of Fixed Assets	-	-	2,256	2,256
Miscellaneous	-	-	29	29
Total Other	-	-	2,285	2,285
TOTAL REVENUES	44,000	44,000	47,169	3,169
EXPENDITURES				
JUDICIAL				
Hot Check				
Salary, Other Pay, and Benefits	20,168	20,168	19,356	812
Operations	40,246	40,246	19,614	20,632
Total Hot Check	60,414	60,414	38,970	21,444
TOTAL JUDICIAL	60,414	60,414	38,970	21,444
TOTAL EXPENDITURES	60,414	60,414	38,970	21,444
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(16,414)	(16,414)	8,199	24,613
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(16,414)	(16,414)	8,199	24,613
FUND BALANCE AT BEGINNING OF YEAR	36,988	36,988	36,988	-
FUND BALANCE AT END OF YEAR	\$ 20,574	\$ 20,574	\$ 45,187	\$ 24,613

WALKER COUNTY, TEXAS**EXHIBIT C-4**

LAW LIBRARY FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
CHARGES FOR SERVICES				
Law Library	\$ 35,000	\$ 35,000	\$ 35,691	\$ 691
Total Charges for Services	35,000	35,000	35,691	691
INTEREST	2,000	2,000	1,510	(490)
TOTAL REVENUES	37,000	37,000	37,201	201
EXPENDITURES				
JUDICIAL				
Law Library				
Salary, Other Pay, and Benefits	5,692	5,692	5,546	146
Operations	62,308	62,308	41,047	21,261
Total Law Library	68,000	68,000	46,593	21,407
TOTAL JUDICIAL	68,000	68,000	46,593	21,407
TOTAL EXPENDITURES	68,000	68,000	46,593	21,407
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(31,000)	(31,000)	(9,392)	21,608
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(31,000)	(31,000)	(9,392)	21,608
FUND BALANCE AT BEGINNING OF YEAR	53,168	53,168	53,168	-
FUND BALANCE AT END OF YEAR	\$ 22,168	\$ 22,168	\$ 43,776	\$ 21,608

WALKER COUNTY, TEXAS**EXHIBIT C-5**

COURT HOUSE SECURITY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
CHARGES FOR SERVICES				
Court House Security	\$ 57,500	\$ 57,500	\$ 47,786	\$ (9,714)
Total Charges for Services	57,500	57,500	47,786	(9,714)
INTEREST	1,045	1,045	235	(810)
TOTAL REVENUES	58,545	58,545	48,021	(10,524)
EXPENDITURES				
PUBLIC SAFETY				
Courthouse Security				
Salary, Other Pay, and Benefits	71,844	71,844	64,005	7,839
Operations	2,620	2,620	564	2,056
Total Courthouse Security	74,464	74,464	64,569	9,895
TOTAL PUBLIC SAFETY	74,464	74,464	64,569	9,895
TOTAL EXPENDITURES	74,464	74,464	64,569	9,895
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(15,919)	(15,919)	(16,548)	(629)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(15,919)	(15,919)	(16,548)	(629)
FUND BALANCE AT BEGINNING OF YEAR	16,548	16,548	16,548	-
FUND BALANCE AT END OF YEAR	\$ 629	\$ 629	\$ -	\$ (629)

WALKER COUNTY, TEXAS
JUSTICE COURTS SECURITY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
CHARGES FOR SERVICES				
Justice Court Security	\$ 10,000	\$ 10,000	\$ 8,385	\$ (1,615)
Total Charges for Services	10,000	10,000	8,385	(1,615)
INTEREST	-	-	165	165
TOTAL REVENUES	10,000	10,000	8,550	(1,450)
EXPENDITURES				
JUDICIAL				
TOTAL JUDICIAL	15,000	15,000	2,540	12,460
Justice Court Security				
Salary, Other Pay, and Benefits	15,000	15,000	2,540	12,460
Operations	15,000	15,000	2,540	12,460
Capital Expenditures	15,000	15,000	2,540	12,460
Total Justice Court Security	15,000	15,000	2,540	12,460
TOTAL EXPENDITURES	15,000	15,000	2,540	12,460
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,000)	(5,000)	6,010	11,010
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(5,000)	(5,000)	6,010	11,010
FUND BALANCE AT BEGINNING OF YEAR	9,643	9,643	9,643	-
FUND BALANCE AT END OF YEAR	\$ 4,643	\$ 4,643	\$ 15,653	\$ 11,010

WALKER COUNTY, TEXAS

RECORDS PRESERVATION & MANAGEMENT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
CHARGES FOR SERVICES				
Records Preservation	\$ 89,700	\$ 89,700	\$ 82,997	\$ (6,703)
Total Charges for Services	89,700	89,700	82,997	(6,703)
INTEREST	2,900	2,900	5,885	2,985
TOTAL REVENUES	92,600	92,600	88,882	(3,718)
EXPENDITURES				
GENERAL ADMINISTRATION				
Records Preservation				
Salary, Other Pay, and Benefits	76,182	76,182	36,887	39,285
Operations	80,827	80,827	19,603	61,224
Total County Facilities	157,009	157,009	56,500	100,509
TOTAL GENERAL ADMINISTRATION	157,009	157,009	56,500	100,509
TOTAL EXPENDITURES	157,009	157,009	56,500	100,509
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(64,409)	(64,409)	32,382	96,791
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(64,409)	(64,409)	32,382	96,791
FUND BALANCE AT BEGINNING OF YEAR	204,540	204,540	204,540	-
FUND BALANCE AT END OF YEAR	\$ 140,131	\$ 140,131	\$ 236,922	\$ 96,791

WALKER COUNTY, TEXAS**EXHIBIT C-8**

NARCOTICS RELATED FUNDS
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
INTEREST	\$ -	\$ -	\$ 1,816	\$ 1,816
OTHER INCOME				
Miscellaneous	1,000	1,000	10,614	9,614
Total Other	1,000	1,000	10,614	9,614
TOTAL REVENUES	1,000	1,000	12,430	11,430
EXPENDITURES				
PUBLIC SAFETY				
Narcotics				
Operations	33,214	33,214	7,240	25,974
Total Narcotics	33,214	33,214	7,240	25,974
TOTAL PUBLIC SAFETY	33,214	33,214	7,240	25,974
TOTAL EXPENDITURES	33,214	33,214	7,240	25,974
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(32,214)	(32,214)	5,190	37,404
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(32,214)	(32,214)	5,190	37,404
FUND BALANCE AT BEGINNING OF YEAR	56,397	56,397	56,397	-
FUND BALANCE AT END OF YEAR	\$ 24,183	\$ 24,183	\$ 61,587	\$ 37,404

WALKER COUNTY, TEXAS**EXHIBIT C-9**

EMERGENCY SPECIAL FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
PUBLIC SAFETY				
Emergency Management				
Salary, Other Pay, and Benefits	\$ 51,010	\$ 51,010	\$ 49,850	\$ 1,160
Operations	40,000	50,000	43,324	6,676
Total Emergency Management	91,010	101,010	93,174	7,836
TOTAL PUBLIC SAFETY	91,010	101,010	93,174	7,836
TOTAL EXPENDITURES	91,010	101,010	93,174	7,836
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(91,010)	(101,010)	(93,174)	7,836
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(91,010)	(101,010)	(93,174)	7,836
FUND BALANCE AT BEGINNING OF YEAR	280,799	280,799	280,799	-
FUND BALANCE AT END OF YEAR	\$ 189,789	\$ 179,789	\$ 187,625	\$ 7,836

WALKER COUNTY, TEXAS**EXHIBIT C-10**

ADULT PROBATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
INTERGOVERNMENTAL				
State Funds				
State Grant Funds	\$ 10,000	\$ 10,000	\$ 10,294	\$ 294
Other State Funds	602,195	602,195	681,642	79,447
Total State Funds	612,195	612,195	691,936	79,741
Total Intergovernmental	612,195	612,195	691,936	79,741
CHARGES FOR SERVICES				
Adult Probation	800,500	800,500	879,254	78,754
Total Charges for Services	800,500	800,500	879,254	78,754
INTEREST	2,000	2,000	17,557	15,557
OTHER INCOME				
Miscellaneous	-	-	937	937
Total Other	-	-	937	937
TOTAL REVENUES	1,414,695	1,414,695	1,589,684	174,989
EXPENDITURES				
PUBLIC SAFETY				
Adult Probation				
Salary, Other Pay, and Benefits	1,299,394	1,366,083	1,310,600	55,483
Operations	540,301	557,714	253,979	303,735
Total Adult Probation	1,839,695	1,923,797	1,564,579	359,218
TOTAL PUBLIC SAFETY	1,839,695	1,923,797	1,564,579	359,218
TOTAL EXPENDITURES	1,839,695	1,923,797	1,564,579	359,218
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(425,000)	(509,102)	25,105	534,207
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(425,000)	(509,102)	25,105	534,207
FUND BALANCE AT BEGINNING OF YEAR	509,103	509,103	509,103	-
FUND BALANCE AT END OF YEAR	\$ 84,103	\$ 1	\$ 534,208	\$ 534,207

WALKER COUNTY, TEXAS**EXHIBIT C-11**

JUVENILE PROBATION FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUE				
INTERGOVERNMENTAL				
Federal Funds				
Juvenile Probation	\$ 40,000	\$ 40,000	\$ 56,460	\$ 16,460
Total Federal Funds	40,000	40,000	56,460	16,460
State Funds				
State Grant Funds	-	-	(16,556)	(16,556)
Other State Funds	341,096	372,012	360,597	(11,415)
Total State Funds	341,096	372,012	344,041	(27,971)
Total Intergovernmental	381,096	412,012	400,501	(11,511)
CHARGES FOR SERVICES				
Juvenile Probation	2,500	2,500	4,625	2,125
Total Charges for Services	2,500	2,500	4,625	2,125
TOTAL REVENUES	383,596	414,512	405,126	(9,386)
EXPENDITURES				
PUBLIC SAFETY				
Juvenile Probation				
Salary, Other Pay, and Benefits	293,940	293,937	285,190	8,747
Operations	226,884	259,800	181,467	78,333
Total Juvenile Probation	520,824	553,737	466,657	87,080
TOTAL PUBLIC SAFETY	520,824	553,737	466,657	87,080
TOTAL EXPENDITURES	520,824	553,737	466,657	87,080
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(137,228)	(139,225)	(61,531)	77,694
OTHER FINANCING SOURCES (USES)				
Transfers In	115,470	115,470	115,470	-
Total Other Financing Sources (Uses)	115,470	115,470	115,470	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(21,758)	(23,755)	53,939	77,694
FUND BALANCE AT BEGINNING OF YEAR	267,312	267,312	267,312	-
FUND BALANCE AT END OF YEAR	\$ 245,554	\$ 243,557	\$ 321,251	\$ 77,694

WALKER COUNTY, TEXAS
LEGISLATIVELY DESIGNATED FUNDS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-12
Page 1 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
INTERGOVERNMENTAL				
Federal Funds				
Legislatively Designated Funds	\$ 42,000	\$ 42,000	\$ 44,054	\$ 2,054
Total Federal Funds	42,000	42,000	44,054	2,054
State Funds				
Other State Funds	12,000	12,000	47,512	35,512
Total State Funds	12,000	12,000	47,512	35,512
Total Intergovernmental	54,000	54,000	91,566	37,566
CHARGES FOR SERVICES				
Justice Court Technology	43,500	43,500	36,541	(6,959)
Legislatively Designated Funds	500	500	-	(500)
Total Charges for Services	44,000	44,000	36,541	(7,459)
INTEREST	3,300	3,300	5,955	2,655
TOTAL REVENUES	101,300	101,300	134,062	32,762
EXPENDITURES				
JUDICIAL				
District Clerk - Rider 42				
Salary, Other Pay, and Benefits	4,744	4,744	3,511	1,233
Operations	39,183	39,183	25	39,158
Total District Clerk - Rider 42	43,927	43,927	3,536	40,391
Professional Prosecutors				
Operations	-	-	35,512	(35,512)
Total Professional Prosecutors	-	-	35,512	(35,512)
Justice Court Technology				
Operations	90,000	90,000	36,841	53,159
Total Justice Court Technology	90,000	90,000	36,841	53,159
TOTAL JUDICIAL	133,927	133,927	75,889	58,038
FINANCIAL ADMINISTRATION				
Special Inventory Tax				
Salary, Other Pay, and Benefits	3,558	3,558	-	3,558
Operations	2,000	2,000	1,576	424
Total Special Inventory Tax	5,558	5,558	1,576	3,982
TOTAL FINANCIAL ADMINISTRATION	5,558	5,558	1,576	3,982
PUBLIC SAFETY				
Sheriff's Department				
Operations	-	-	28,814	(28,814)
Total County Sheriff's Office	-	-	28,814	(28,814)

WALKER COUNTY, TEXAS
 LEGISLATIVELY DESIGNATED FUNDS
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-12
 Page 2 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
U.S. Forest Service - Fire Suppression Operations	60,000	60,000	38,733	21,267
Total U.S. Forest Service	60,000	60,000	38,733	21,267
TOTAL PUBLIC SAFETY	60,000	60,000	67,547	(7,547)
TOTAL EXPENDITURES	199,485	199,485	145,012	54,473
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(98,185)	(98,185)	(10,950)	87,235
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(98,185)	(98,185)	(10,950)	87,235
FUND BALANCE AT BEGINNING OF YEAR	213,456	213,456	213,456	-
FUND BALANCE AT END OF YEAR	\$ 115,271	\$ 115,271	\$ 202,506	\$ 87,235

WALKER COUNTY, TEXAS

EXHIBIT C-13

INMATE MEDICAL FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
CHARGES FOR SERVICES				
Inmate Medical Services	\$ 2,200	\$ 2,200	\$ 2,329	\$ 129
Total Charges for Services	2,200	2,200	2,329	129
INTEREST	-	-	1,345	1,345
TOTAL REVENUES	2,200	2,200	3,674	1,474
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)	3,674	21,474
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(17,800)	(17,800)	3,674	21,474
FUND BALANCE AT BEGINNING OF YEAR	42,769	42,769	42,769	-
FUND BALANCE AT END OF YEAR	\$ 24,969	\$ 24,969	\$ 46,443	\$ 21,474

Debt Service Fund

WALKER COUNTY, TEXAS

EXHIBIT C-14

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
AD VALOREM TAXES				
Current Taxes	\$ 623,731	\$ 623,731	\$ 588,952	\$ (34,779)
Delinquent Taxes	10,000	10,000	20,755	10,755
Penalty and Interest	5,000	5,000	13,551	8,551
Total Ad Valorem Taxes	638,731	638,731	623,258	(15,473)
INTEREST	5,000	5,000	13,980	8,980
TOTAL REVENUES	643,731	643,731	637,238	(6,493)
EXPENDITURES				
DEBT SERVICE				
Principal Retirement	548,511	548,511	548,379	132
Interest and Fiscal Charges	95,220	95,220	95,220	-
Total Debt Service	643,731	643,731	643,599	132
TOTAL EXPENDITURES	643,731	643,731	643,599	132
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(6,361)	(6,361)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	(6,361)	(6,361)
FUND BALANCE AT BEGINNING OF YEAR	407,840	407,840	407,840	-
FUND BALANCE AT END OF YEAR	\$ 407,840	\$ 407,840	\$ 401,479	\$ (6,361)

Capital Projects Funds

WALKER COUNTY, TEXAS

CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-15

Page 1 of 2

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUE				
FINES AND FORFEITURES				
License and Weight	\$ 40,915	\$ 40,915	\$ 65,310	\$ 24,395
Total Fines and Forfeitures	40,915	40,915	65,310	24,395
INTERGOVERNMENTAL				
Shelter Grants	-	3,410,975	2,773,084	(637,891)
State Funds				
Other State Funds	-	2,000,000	2,000,000	-
Total State Funds	-	2,000,000	2,000,000	-
Total Intergovernmental	-	5,410,975	4,773,084	(637,891)
INTEREST	-	7,199	66,281	59,082
TOTAL REVENUES	40,915	5,459,089	4,904,675	(554,414)
EXPENDITURES				
GENERAL ADMINISTRATION				
Capital Improvements				
Operations	169,310	491,438	115,478	375,960
Capital Expenditures	393,642	586,429	158,460	427,969
Total Capital Improvements	562,952	1,077,867	273,938	803,929
Hearts Museum				
Capital Expenditures	-	2,000,000	61,330	1,938,670
Total Capital Improvements	-	2,000,000	61,330	1,938,670
TOTAL GENERAL ADMINISTRATION	562,952	3,077,867	335,268	2,742,599
PUBLIC SAFETY				
Department of Public Safety - Weigh Station				
Operations	15,000	18,550	4,045	14,505
Capital Expenditures	5,458	25,316	12,329	12,987
Total Department of Public Safety	20,458	43,866	16,374	27,492
Shelter Project				
Operations	-	45,000	39,081	5,919
Capital Expenditures	-	3,365,975	2,734,003	631,972
Total Shelter Project	-	3,410,975	2,773,084	637,891
TOTAL PUBLIC SAFETY	20,458	3,454,841	2,789,458	665,383
PUBLIC TRANSPORTATION				
Road and Bridge - CIP				
Capital Expenditures	50,527	53,211	-	53,211
Total Road and Bridge - CIP	50,527	53,211	-	53,211
TOTAL PUBLIC TRANSPORTATION	50,527	53,211	-	53,211

WALKER COUNTY, TEXAS
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-15
Page 2 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
TOTAL EXPENDITURES	633,937	6,585,919	3,124,726	3,461,193
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(593,022)	(1,126,830)	1,779,949	2,906,779
OTHER FINANCING SOURCES (USES)				
Transfers In	493,792	758,092	758,092	-
Total Other Financing Sources (Uses)	493,792	758,092	758,092	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(99,230)	(368,738)	2,538,041	2,906,779
FUND BALANCE AT BEGINNING OF YEAR	409,091	409,091	409,091	-
FUND BALANCE AT END OF YEAR	\$ 309,861	\$ 40,353	\$ 2,947,132	\$ 2,906,779

Trust and Agency Funds

WALKER COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

SEPTEMBER 30, 2008

	Commissary Operations	County Officials Trust & Agency Fund	Total Agency Funds (See Exhibit A-7)
ASSETS			
Assets:			
Cash and Cash Equivalents	\$ 6,952	\$ 862,222	\$ 869,174
Restricted Cash and Cash Equivalents	-	1,672,029	1,672,029
Total Assets	\$ 6,952	\$ 2,534,251	\$ 2,541,203
LIABILITIES			
Liabilities:			
Accounts Payable	\$ 6,952	\$ -	\$ 6,952
Due to Other Governments	-	716,003	716,003
Due to Others	-	1,818,248	1,818,248
Total Liabilities	\$ 6,952	\$ 2,534,251	\$ 2,541,203

WALKER COUNTY, TEXAS**EXHIBIT C-17**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED SEPTEMBER 30, 2008

	Balance October 1, 2007	Additions	Deductions	Balance September 30, 2008
COUNTY OFFICIALS TRUST AND AGENCY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 1,475,276	\$ -	\$ 613,054	\$ 862,222
Restricted Cash and Cash Equivalents	845,760	826,269	-	1,672,029
Total Assets	\$ 2,321,036	\$ 826,269	\$ 613,054	\$ 2,534,251
LIABILITIES				
Due to Other Governments	939,867	-	223,864	716,003
Due to Others	1,381,169	437,079	-	1,818,248
Total Liabilities	\$ 2,321,036	\$ 437,079	\$ 223,864	\$ 2,534,251
JAIL COMMISSARY				
ASSETS				
Due from Other Governments	\$ 9,111	\$ -	\$ 2,159	\$ 6,952
Total Assets	\$ 9,111	\$ -	\$ 2,159	\$ 6,952
LIABILITIES				
Accounts Payable	\$ 9,111	\$ -	\$ 2,159	\$ 6,952
Total Liabilities	\$ 9,111	\$ -	\$ 2,159	\$ 6,952
TOTAL AGENCY FUNDS:				
ASSETS				
Cash & Investments	\$ 1,475,276	\$ -	\$ 613,054	\$ 862,222
Accrued Interest	845,760	826,269	-	1,672,029
Due from Other Funds	9,111	-	2,159	6,952
Total Assets	\$ 2,330,147	\$ 826,269	\$ 615,213	\$ 2,541,203
LIABILITIES				
Accounts Payable	\$ 9,111	\$ -	\$ 2,159	\$ 6,952
Due to Other Governments	939,867	-	223,864	716,003
Due to Other Funds	1,381,169	437,079	-	1,818,248
Total Liabilities	\$ 2,330,147	\$ 437,079	\$ 226,023	\$ 2,541,203

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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 entities.

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WALKER COUNTY, TEXAS

COMPARATIVE SCHEDULES BY SOURCE OF
CAPITAL ASSETS USED IN GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008 AND 2007

EXHIBIT C-18

	<u>2008</u>	<u>2007</u>
General fixed assets:		
Land	\$ 483,181	\$ 483,180
Construction In Progress	3,479,404	486,529
Buildings	11,511,634	11,511,634
Improvements other than buildings	3,705,484	3,693,155
Furniture, Fixtures and Office Equipment	1,519,222	1,533,625
Vehicles	3,661,076	3,161,771
Machinery and equipment	3,575,135	2,972,303
Total general fixed assets	<u>\$ 27,935,136</u>	<u>\$ 23,842,197</u>
Investment in general fixed assets by source:		
General fund	\$ 6,849,049	\$ 6,711,012
Special revenue funds	8,116,451	7,172,702
Capital projects funds	12,969,636	9,958,483
Total investment in general fixed assets	<u>\$ 27,935,136</u>	<u>\$ 23,842,197</u>

WALKER COUNTY, TEXAS
SCHEDULE BY FUNCTION AND ACTIVITY OF
CAPITAL ASSETS USED IN GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

EXHIBIT C-19

Function and Activity	Land	Buildings	Improvements	Furniture Fixtures & Office Equip.	Vehicles	Machinery and Equipment	Construction In Progress	Total
General Government:								
County Judge	\$ -	\$ -	\$ -	\$ -	16,412	\$ -	\$ -	\$ 16,412
Commissioners Court	-	-	44,811	-	-	-	-	44,811
IT	-	-	34,344	103,235	-	-	-	137,579
Non-Department	10,502	-	143,287	499,851	-	-	-	653,640
Elections	-	19,484	-	123,874	-	-	-	143,358
County Facilities	261,595	1,955,837	2,356,331	8,380	32,659	181,305	8,339	4,802,446
Courthouse Annex	-	1,502,488	64,589	-	-	-	68,090	1,635,167
Total General Government	272,097	3,477,809	2,643,362	735,340	49,071	181,305	74,429	7,433,413
Judicial:								
Criminal District Attorney	-	-	-	38,474	79,358	-	34,020	151,852
Justice of the Peace - Precinct 2	-	104,357	-	-	-	-	-	104,357
Justice of the Peace - Precinct 3	-	62,089	-	-	-	-	50,011	112,100
Justice of the Peace - Precinct 4	-	81,409	-	-	-	-	-	81,409
Total Judicial	-	247,855	-	38,474	79,358	-	84,031	449,718
Financial Administration:								
County Clerk	-	-	-	5,322	-	-	-	5,322
County Auditor	-	-	-	93,263	-	-	-	93,263
Total Financial Administration	-	-	-	98,605	-	-	-	98,605
Public Safety:								
County Jail	43,000	4,442,397	296,575	26,939	131,644	33,400	-	4,973,955
Sheriff's Department	-	2,055,499	-	44,649	571,724	16,869	-	2,688,741
Constable - Precinct 1	-	-	-	-	32,147	-	-	32,147
Constable - Precinct 2	-	-	-	-	18,430	-	-	18,430
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	-	-	15,867	-	332,188
Central 911 Dispatch	-	-	-	364,608	-	5,030	-	369,638
EMS	38,115	102,442	-	13,573	555,980	225,390	-	935,510
Probation Support	-	922,008	-	-	-	-	-	922,008
Total Public Safety	143,771	7,636,981	498,261	449,769	1,351,146	310,782	-	10,390,710
Health and Welfare:								
Utility Department	-	-	-	14,656	40,289	10,169	-	65,114
Total Health and Welfare	-	-	-	14,656	40,289	10,169	-	65,114
Road and Bridge:								
General	-	-	413,996	-	230,519	660,417	-	1,304,932
Precinct 1	-	-	-	-	381,601	611,645	-	993,246
Precinct 2	26,218	8,650	24,934	-	307,033	643,423	-	1,010,268
Precinct 3	41,095	-	-	-	330,896	679,779	-	1,051,770
Precinct 4	-	140,338	115,529	-	316,588	468,617	-	1,041,072
Litter Control	-	-	-	-	27,595	-	-	27,595
Total Road and Bridge	67,313	148,988	554,459	-	1,594,232	3,063,881	-	5,428,973
Other:								
Special Prosecution Unit - Criminal	-	-	-	-	113,390	-	-	113,390
Special Prosecution Unit - Civil	-	-	-	7,329	63,565	-	-	70,894
Adult Probation	-	-	-	40,634	40,181	-	-	80,815
Juvenile Probation	-	-	9,401	5,789	79,170	-	-	94,360
Surplus/Auction Held	-	-	-	128,626	250,674	9,000	-	388,300
Shelter Grant	-	-	-	-	-	-	3,259,614	3,259,614
Hearts Museum	-	-	-	-	-	-	61,330	61,330
Total Public Safety	-	-	9,401	182,378	546,980	9,000	3,320,944	4,066,703
Total Capital Assets	\$ 483,181	\$ 11,511,633	\$ 3,705,483	\$ 1,519,222	3,661,076	3,575,137	3,479,404	\$ 27,935,136

WALKER COUNTY, TEXAS**EXHIBIT C-20**

**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY OF
CAPITAL ASSETS USED IN GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2008**

<u>Function and Activity</u>	<u>Capital Assets October 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Capital Assets September 30, 2008</u>
General Government:				
County Judge	\$ -	\$ -	\$ -	\$ -
Commissioners Court	44,811	-	-	44,811
IT	137,579	8,774	-	146,353
Non-Departmental	653,639	301,448	-	955,087
Elections	138,284	-	-	138,284
County Facilities	4,661,370	-	10,000	4,651,370
Courthouse Annex	1,567,078	-	-	1,567,078
Total General Government	7,202,761	310,222	10,000	7,502,983
Judicial:				
Criminal District Attorney	73,337	-	-	73,337
Justice of the Peace - Precinct 2	104,357	-	-	104,357
Justice of the Peace - Precinct 3	62,089	-	-	62,089
Justice of the Peace - Precinct 4	81,409	-	-	81,409
Total Judicial	321,192	-	-	321,192
Financial Administration:				
County Clerk	5,322	-	-	5,322
County Auditor	93,283	-	-	93,283
Total Financial Administration	98,605	-	-	98,605
Public Safety:				
County Jail	4,912,683	6,950	-	4,919,633
Sheriff's Department	2,750,107	164,062	-	2,914,169
Constable - Precinct 1	30,717	20,147	-	50,864
Constable - Precinct 2	18,430	-	-	18,430
Constable - Precinct 3	62,301	-	-	62,301
Constable - Precinct 4	42,038	-	-	42,038
Department of Public Safety	76,882	-	-	76,882
Weigh Station	319,858	12,329	-	332,187
Central 911 Dispatch	355,834	-	-	355,834
Probation Support	922,008	-	-	922,008
Total Public Safety	9,490,858	203,488	-	9,694,346
Health and Welfare:				
Utility Department	68,104	20,137	-	88,241
Total Health and Welfare	68,104	20,137	-	88,241
Road and Bridge:				
General	1,058,791	362,856	67,715	1,353,932
Precinct 1	959,297	31,100	15,869	974,528
Precinct 2	713,700	150,464	6,500	857,664
Precinct 3	1,220,194	20,000	15,055	1,225,139
Precinct 4	930,256	107,010	-	1,037,266
Litter Control	27,595	-	-	27,595
Total Road and Bridge	4,909,833	671,430	105,139	5,476,124

WALKER COUNTY, TEXAS**EXHIBIT C-20****SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY OF
CAPITAL ASSETS USED IN GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2008**

<u>Function and Activity</u>	<u>Capital Assets October 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Capital Assets September 30, 2008</u>
Other:				
Special Prosecution - Criminal	113,390	-	-	113,390
Special Prosecution - Civil	70,894	-	-	70,894
Hot Check	23,969	-	-	23,969
D.A. Narcotics	33,042	-	-	33,042
Adult Probation	80,815	-	-	80,815
Juvenile Probation	15,190	79,170	-	94,360
Surplus/Auction Held	150,858	-	142,583	8,275
EMS	776,157	221,800	-	997,957
Shelter Grant	486,529	2,773,084	-	3,259,613
Hearts Museum	-	61,330	-	61,330
Total Other	<u>1,750,844</u>	<u>3,135,384</u>	<u>142,583</u>	<u>4,743,645</u>
Total Capital Assets	<u>\$ 23,842,197</u>	<u>\$ 4,340,661</u>	<u>\$ 257,722</u>	<u>\$ 27,925,136</u>

STATISTICAL SECTION

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	107
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
Revenue Capacity	114
These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	
Debt Capacity	119
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.	
Demographic and Economic Information	122
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.	
Operating Information	125
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.	

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</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
Restricted	\$ 1,441,478	\$ 691,049	\$ 616,222	\$ 1,624,434	\$ 893,725	\$ 3,414,486
Unrestricted	\$ 4,539,351	\$ 5,446,082	\$ 6,889,220	\$ 8,998,584	\$ 11,014,631	\$ 9,864,761
Total governmental activities net assets	\$ 13,281,402	\$ 13,395,540	\$ 14,484,998	\$ 17,913,757	\$ 20,327,321	\$ 24,422,263
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
Restricted	\$ 1,441,478	\$ 691,049	\$ 616,222	\$ 1,624,434	\$ 893,725	\$ 3,414,486
Unrestricted	\$ 4,539,351	\$ 6,336,127	\$ 7,921,204	\$ 8,998,584	\$ 11,014,631	\$ 9,864,761
Total primary government net assets	\$ 13,281,402	\$ 14,722,300	\$ 15,845,499	\$ 17,913,757	\$ 20,327,321	\$ 24,422,263

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

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

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

Table E - 2

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
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
Net (expense)/revenue						
Governmental activities	\$ (10,502,637)	\$ (11,541,675)	\$ (11,520,735)	\$ (11,672,864)	\$ (11,932,936)	\$ (10,118,251)
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)
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
Sales taxes	1,672,772	1,827,236	1,912,387	2,068,095	2,197,937	2,260,752
Other taxes	15,682	13,047	14,586	14,280	14,527	14,326
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
Investment earnings	89,892	76,720	222,759	461,856	594,969	437,532
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
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
Change in Net Assets						
Governmental activities	\$ 991,474	\$ 114,135	\$ 1,175,879	\$ 2,068,259	\$ 2,413,563	\$ 4,094,942
Business-type activities	-	1,326,760	151,191	-	-	-
Total primary government	\$ 991,474	\$ 1,440,895	\$ 1,327,070	\$ 2,068,259	\$ 2,413,563	\$ 4,094,942

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

WALKER COUNTY, TEXAS
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST SIX 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

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>1999</u>	<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>
General Fund										
Reserved										
Unreserved	\$2,344,857	\$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
Total general fund	<u>\$2,344,857</u>	<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>
All other governmental funds										
Reserved	\$1,704,113	\$ 650,631	\$ 630,170	\$1,775,062	\$1,441,479	\$ 691,049	\$ 616,220	\$ 644,738	\$ 816,931	\$3,348,611
Unreserved, reported in:										
Special revenue funds	\$1,590,696	\$1,299,691	\$1,592,355	\$1,676,182	\$1,796,599	\$1,786,285	\$1,944,805	\$3,665,474	\$4,871,812	\$4,133,784
Total all other governmental funds	<u>\$3,294,809</u>	<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>

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

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenues										
Property Taxes	\$ 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	\$ 6,105,412
Other Taxes	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	2,518,718
Licenses and permits	97,664	76,639	71,525	66,650	32,545	34,415	36,473	33,605	36,160	34,525
Intergovernmental	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	3,215,713
Charges for services	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	1,974,428
Fines	1,510,048	1,856,488	1,635,806	1,459,933	1,482,362	1,370,495	1,323,089	1,099,268	971,463	832,123
Investment earnings	437,532	594,969	461,856	222,758	76,720	90,295	132,712	336,844	444,727	386,979
Special assessments	-	-	-	-	-	-	-	-	-	-
Other	418,255	503,441	374,180	282,670	247,605	442,423	201,924	241,518	335,606	759,753
Total revenues	\$ 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	\$ 15,827,651
Expenditures										
General Administration	\$ 1,841,400	\$ 1,407,377	\$ 1,709,624	\$ 1,237,384	\$ 1,096,998	\$ 1,038,040	\$ 1,041,255	\$ 1,115,286	\$ 863,973	\$ 772,853
Judicial	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	2,917,619
Financial Administration	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	984,097
Public Safety	8,806,703	8,113,094	7,907,717	5,857,333	6,307,619	6,208,227	5,617,108	5,247,413	5,219,608	5,065,332
Health & Welfare	511,311	459,356	438,663	361,589	675,832	319,382	470,385	676,100	350,607	365,589
Public Transportation	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	2,700,759
Intergovernmental Expenditures	1,034,739	959,487	937,601	913,884	897,254	1,224,065	1,349,565	1,008,409	862,175	644,072
Capital Outlay	4,331,888	1,573,733	598,335	886,346	967,390	429,655	2,951,736	1,310,931	3,261,917	1,689,132
Debt service										
Principal	548,379	604,867	842,592	705,051	1,361,592	615,191	508,793	476,254	459,065	516,393
Interest	95,220	129,033	156,799	182,526	203,678	232,688	111,910	115,432	143,205	173,877
Other charges										
Total expenditures	\$ 30,719,898	\$ 24,276,250	\$ 23,155,737	\$ 19,620,122	\$ 20,668,667	\$ 19,377,447	\$ 20,643,286	\$ 17,576,620	\$ 18,512,459	\$ 15,829,723
Excess of revenues over (under) expenditures	\$ 1,230,670	\$ 1,823,583	\$ 1,540,928	\$ 1,254,231	\$ (159,814)	\$ (181,304)	\$ (2,363,951)	\$ 32,918	\$ (1,432,034)	\$ (2,072)
Other financing sources (uses)										
Transfers in	\$ 1,537,639	\$ 1,635,416	\$ 2,241,215	\$ 284,560	\$ 244,637	\$ 548,973	\$ 691,833	\$ 238,769	\$ 401,117	\$ 126,466
Transfers out	(1,537,639)	(1,635,416)	(880,713)	(597,890)	(847,092)	(548,974)	(689,503)	(238,769)	(401,117)	(126,466)
Debt issued	482,311	23,985	33,226	280,491	362,547	228,461	3,100,000	219,571		
Total other financing sources (uses)	\$ 482,311	\$ 23,985	\$ 1,393,728	\$ (32,839)	\$ (239,908)	\$ 228,460	\$ 3,102,330	\$ 219,571	\$ -	\$ -
Net change in fund balances	\$ 1,712,981	\$ 1,847,578	\$ 2,936,656	\$ 1,221,392	\$ (399,722)	\$ 47,156	\$ 738,379	\$ 252,489	\$ (1,432,034)	\$ (2,072)
Debt service as a percentage of noncapital expenditures	2.50%	3.34%	4.64%	4.97%	8.63%	4.68%	3.64%	3.77%	4.11%	5.13%

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		Total Other Taxes	Total Taxes
				Beverage Tax	Tax		
1999	\$ 6,105,412	1,497,660	18,837	56,599	\$ 1,573,096	\$	7,678,508
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

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
1999	523,774,430	184,052,210	393,934,180	1,101,760,820	109,914,065	300,747,821	\$ 1,000,927,264	0.5950	76.90%
2000	596,883,980	207,229,330	395,687,210	1,199,780,530	210,386,255	303,375,389	\$ 1,106,791,396	0.5950	76.49%
2001	785,252,449	218,290,069	400,500,942	1,387,043,460	240,259,950	309,260,153	\$ 1,318,040,257	0.8650	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	0.8250	79.43%
2003	661,225,042	290,309,110	406,828,532	1,358,362,532	258,994,233	320,258,643	\$ 1,297,057,172	0.8250	80.20%
2004	759,951,690	339,158,780	437,051,243	1,546,161,713	277,625,370	387,077,181	\$ 1,436,809,822	0.6250	78.78%
2005	808,753,490	373,016,430	445,172,056	1,626,941,976	360,304,771	385,017,945	\$ 1,542,230,802	0.6250	80.02%
2006	898,127,874	403,744,860	528,715,185	1,831,587,919	312,218,170	486,474,963	\$ 1,657,331,126	0.5997	77.31%
2007	998,400,580	450,987,080	633,232,289	2,082,619,949	333,779,460	605,297,500	\$ 1,811,101,909	0.5867	74.95%
2008	1,083,675,165	490,998,701	827,663,738	2,402,337,604	332,671,138	769,371,802	\$ 1,965,636,940	0.5450	71.87%

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

State Code	Description	Grouping	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004	FY 2003	FY 2002
A	Single Family Residence	residential	\$ 930,774,965	\$ 937,490,990	\$ 796,102,374	\$ 706,556,610	\$ 661,810,830	\$ 579,524,432	\$ 559,059,450
B	Multi-Family Residence	residential	152,900,200	130,909,550	103,025,500	100,201,880	81,700,610	81,700,610	78,573,180
C	Vacant Lot	land	82,564,011	75,908,909	62,377,872	54,430,874	49,787,352	40,722,380	41,623,840
D1	Qualified Ag Land	land	896,031,268	520,332,440	434,553,242	360,152,381	355,334,091	337,552,850	335,624,700
D2	Non Qualified Land	land	49,068,459	36,991,240	31,774,071	30,568,801	31,929,801	28,553,200	29,761,470
E	Farm or Ranch Improv.	commercial	260,916,171	232,571,710	202,032,400	175,777,290	165,386,120	127,283,150	117,902,770
F1	Commercial Real	commercial	217,270,660	206,279,660	191,092,190	186,610,420	164,371,180	153,559,890	146,381,410
F2	Industrial Real Property	commercial	12,751,870	12,135,710	10,620,270	10,628,720	8,401,480	9,466,070	8,738,620
G1	Oil and Gas	minerals	11,974,918	12,782,580	10,703,390	11,358,328	8,101,610	3,357,723	1,938,330
G3	Minerals-Non Producing	minerals	284,600	284,600	285,600	287,860	288,160	-	31,250
J1	Water Systems	personal	4,000	4,000	868,070	1,092,870	4,000	4,000	1,655,880
J2	Gas Distribution System	personal	1,444,820	1,519,980	1,608,910	1,599,500	1,088,120	1,716,280	24,770,860
J3	Electric Company	personal	30,385,890	27,129,750	28,333,040	27,996,390	28,171,050	26,847,850	26,123,800
J4	Telephone Company	personal	22,366,010	22,336,320	23,609,460	21,581,190	25,764,620	28,795,810	-
J6	Railroad	personal	7,763,270	7,426,840	7,426,290	7,477,600	6,328,630	5,532,970	4,709,950
J5	Pipeline Company	personal	16,922,720	14,369,010	14,027,980	13,863,620	15,635,470	13,979,980	14,248,120
J7	Cable Television Co.	personal	2,613,730	2,597,850	2,733,670	2,037,580	2,219,060	2,368,310	2,476,540
J8	Other type of Utility	personal	31,800	212,000	7,244,320	8,111,470	7,256,890	7,510,670	5,524,700
L1	Commercial Personal	personal	123,302,530	110,307,460	138,874,990	130,779,670	97,248,190	95,351,750	96,395,770
L2	Industrial Personal	personal	47,077,150	62,152,450	14,354,210	11,371,310	25,711,770	27,671,360	24,508,630
M1	Tangible Other	personal	53,670,390	56,412,470	46,549,260	45,760,820	44,843,120	32,550,350	30,972,550
N	Intangible Property	personal	1,868,020	1,868,050	1,938,770	1,955,173	1,523,450	1,523,450	1,342,180
O	Residential Inventory	personal	3,352,500	4,909,920	4,648,190	5,451,010	3,021,140	2,628,830	1,429,950
S	Special Inventory Tax	personal	9,607,690	9,446,380	9,012,820	9,577,780	8,720,090	9,336,920	9,602,480
Less:			\$ 2,735,008,742	\$ 2,416,399,409	\$ 2,143,806,089	\$ 1,927,248,747	\$ 1,823,687,083	\$ 1,617,356,815	\$ 1,565,405,630
Productivity Loss (Ag and Timber Use)			(649,250,466)	(476,533,360)	(378,513,271)	(304,221,920)	(291,144,351)	(273,080,460)	(269,975,940)
Homestead Cap			(45,555,372)	(44,214,462)	(33,647,571)	(24,776,020)	(50,249,806)	(2,745,301)	(9,279,499)
Other Exemptions			(56,257,851)	(69,039,540)	(69,039,378)	(56,020,005)	(45,663,004)	(44,433,882)	(42,742,557)
Total Exemptions			\$ (751,063,719)	\$ (589,787,362)	\$ (472,754,220)	\$ (385,017,945)	\$ (387,077,161)	\$ (320,259,643)	\$ (321,997,896)
Reduction to taxable assessed value for tax ceiling			(18,308,063)	(15,510,138)	(11,720,743)	-	-	-	-
Taxable Assessed Value			\$ 1,965,636,940	\$ 1,811,101,909	\$ 1,657,331,126	\$ 1,542,230,802	\$ 1,436,609,922	\$ 1,297,097,172	\$ 1,243,407,734
Total Direct Tax Rate			\$0.5450	\$0.5667	\$0.5997	\$0.6250	\$0.6250	\$0.6250	\$0.6250

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

(2) Includes Open and Agricultural Acreage

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

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
County										
Operating	0.5136	0.5284	0.5456	0.5709	0.5728	0.5790	0.5400	0.5410	0.5370	0.5362
Debt Service	0.0314	0.0383	0.0541	0.0541	0.0524	0.0490	0.0450	0.0440	0.0490	0.0588
Total	0.5450	0.5667	0.5997	0.6250	0.6250	0.6250	0.5850	0.5850	0.5850	0.5950
Huntsville ISD										
Operating	1.0400	1.3567	1.4850	1.4850	1.4700	1.4700	1.4700	1.3700	1.3000	1.1900
Debt Service	0.1700	0.1700	0.1750	0.1750	0.1900	0.1900	0.1900	0.3200	0.3900	0.2500
Total	1.2100	1.5267	1.6600	1.6600	1.6600	1.6600	1.6600	1.6900	1.6900	1.4400
Richards ISD										
Operating	1.0400	1.3700	1.5000	1.5000	1.5000	1.4629	1.4600	1.4000	1.2200	1.3800
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	1.3700	1.5000	1.5000	1.5000	1.4629	1.4600	1.4000	1.2200	1.3800
New Waverly ISD										
Operating	0.9734	1.2414	1.4000	1.3500	1.3500	1.3500	1.4000	1.3400	1.2640	1.3065
Debt Service	0.2300	0.2008	0.2008	0.2310	0.2368	0.4500	0.1073	0.1300	0.1010	0.0900
Total	1.2034	1.4422	1.6008	1.5810	1.5868	1.8000	1.5073	1.4700	1.3650	1.3965
City of Huntsville										
Operating	0.2436	0.2381	0.2391	0.2447	0.2322	0.2840	0.2779	0.3076	0.2761	0.3272
Debt Service	0.1699	0.1811	0.1928	0.1928	0.1928	0.1660	0.1547	0.1249	0.1364	0.1028
Total	0.4135	0.4192	0.4319	0.4375	0.4250	0.4500	0.4325	0.4325	0.4125	0.4300
City of New Waverly										
Operating	0.2088	0.2300	0.2409	0.2371	0.2442	0.2500	0.2475	0.2438	0.0786	0.0970
Debt Service	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.2274	0.2195
Total	0.2088	0.2300	0.2409	0.2371	0.2442	0.2500	0.2475	0.2438	0.3060	0.3165
City of Riverside										
Operating	0.0636	0.0617	0.0584	0.0580	0.0569	0.0600	0.0318	0.0830	0.0801	0.1000
Debt Service	0.1644	0.1963	0.2245	0.2460	0.2585	0.2902	0.3055	0.2094	0.1878	0.2060
Total	0.2480	0.2600	0.2829	0.3040	0.3154	0.3502	0.3372	0.2925	0.2779	0.3060
Hospital District										
Operating	0.1600	0.1720	0.1625	0.1922	0.1850	0.1600	0.1500	0.1445	0.1355	0.1500
Debt Service	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total	0.1600	0.1720	0.1625	0.1922	0.1850	0.1600	0.1500	0.1445	0.1355	0.1500
Fire District #1										
Operating	0.0600	0.0600	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	0.0600	0.0600	0.0300	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	0.0298
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	0.0298
Totals										
Operating Total	4.3530	5.2883	5.7115	5.6979	5.6709	5.8759	5.6372	5.4900	4.9613	5.1467
Debt Service Total	0.7657	0.7885	0.8472	0.8989	0.9305	1.1422	0.8024	0.8283	1.0906	0.9272
Total	5.1187	6.0768	6.5587	6.5968	6.6014	6.8181	6.4396	6.3183	6.0519	6.0739

**WALKER COUNTY, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
SEPTEMBER 30, 2008**

	2007			1998		
	Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	
	Entergy Gulf States, Inc.	\$22,715,530	1.16%	\$49,386,290	4.90%	
	Southwestern Bell Telephone	\$19,641,490	1.00%	\$46,634,830	4.70%	
	Weatherford Completion & Oilfield Services	\$14,833,094	0.75%	\$33,769,590	3.40%	
	Wal-Mart Stores Texas LP #01-0285	\$16,052,050	0.82%	\$32,337,960	3.20%	
	Huntsville Place LP	\$13,430,650	0.68%	\$17,887,610	1.80%	
	SCI Gateway at Huntsville Fund et al	\$12,638,450	0.64%	\$17,615,000	1.80%	
	Universal Forest Products	\$11,819,788	0.60%	\$8,587,340	0.90%	
	Samuel C. Dominey	\$11,231,690	0.57%	\$8,470,240	0.80%	
	Arbors of Huntsville	\$10,032,160	0.51%	\$7,684,290	0.80%	
	University House Sam Houston Phase II LP	\$8,357,600	0.43%	\$5,951,380	0.60%	
	Southwestern Bell Telephone					
	Rll Timberlands 3 LLC					
	GSU - Entergy Services, Inc					
	Louisiana Pacific Corporation					
	Gibbs Brothers & Co					
	Champion International Corp					
	Wal-Mart Properties #01-0285					
	EVIarrow Inc					
	Wal-mart Real Estate Business					
	West Hill Mall					

Source: Walker County Appraisal District

**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
1999	\$ 5,979,157	\$ 5,775,646	96.6%	\$ 198,446	\$ 5,974,092	99.9%
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	\$ 8,124,690	\$ 7,860,970	96.8%	\$ 223,480	\$ 8,084,450	99.5%
2004	\$ 9,053,413	\$ 8,707,905	96.2%	\$ 262,885	\$ 8,970,790	99.1%
2005	\$ 9,625,384	\$ 9,225,511	95.9%	\$ 312,783	\$ 9,538,294	99.1%
2006	\$ 9,946,236	\$ 9,552,183	96.0%	\$ 273,104	\$ 9,825,287	98.8%
2007	\$ 10,263,514	\$ 9,870,789	96.2%	\$ 266,400	\$ 10,137,189	98.8%
2008	\$ 10,712,721	\$ 10,242,043	95.6%	\$ 265,161	\$ 10,507,204	98.1%

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
1999	\$2,920,139	\$ -	\$2,920,139	\$ 445,222	\$2,474,917	0.25%	\$ 41.49
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

WALKER COUNTY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2008

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Huntsville I.S.D.	\$ 40,762,360	100%	\$ 42,812,453
New Waverly I.S.D.	\$ 8,947,861	100%	\$ 9,234,425
City of Huntsville	\$ 17,380,000	100%	\$ 18,271,916
City of New Waverly	\$ 45,000	100%	\$ 95,000
City of Riverside	\$ 301,000	100%	\$ 310,000
Subtotal Overlapping Debt			<u>\$ 70,723,794</u>
Walker County direct debt			\$ 2,290,362
Total direct and overlapping debt			<u>\$ 73,014,156</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 business 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.

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$ 130,167,489	\$ 141,016,679	\$ 162,730,041	\$ 156,540,563	\$ 161,735,682	\$ 182,368,708	\$ 192,724,875	\$ 214,380,609	\$ 241,639,941	\$ 273,500,874
Total net debt applicable to limit	2,474,917	1,920,675	1,668,845	4,186,195	4,002,668	3,767,121	3,348,578	2,560,514	1,939,176	1,888,883
Legal debt margin	\$ 127,692,572	\$ 139,096,004	\$ 161,061,196	\$ 152,354,368	\$ 157,733,014	\$ 178,601,587	\$ 189,376,297	\$ 211,820,095	\$ 238,700,765	\$ 271,611,991
Total net debt applicable to the limit as a percentage of debt limit	1.90%	1.36%	1.03%	2.67%	2.47%	2.07%	1.74%	1.19%	0.80%	0.69%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	\$ 1,965,636,940
Add back: exempt real property	769,371,802
Total assessed value	\$ 2,735,008,742
Debt limit (10% of total assessed value)	\$ 273,500,874
Debt applicable to limit:	
General obligation debt	\$ 2,290,362
Less: Amount set aside for repayment of general obligation debt	401,479
Total net debt applicable to limit	1,888,883
Legal debt margin	\$ 271,611,991

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

Fiscal Year	(1) Population	(2) Income (amounts expressed in thousands)	(2) Per Capita Personal Income	(3) Median Age	School Enrollment	Unemployment Rate
1999	59,650	\$ 958,709	\$ 15,595	n/a	7,495	2.3%
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	n/a	n/a	n/a	7,014	5.0%
2008	64,239	n/a	n/a	n/a	6,572	5.8%

Note 1. Based on information available from Texas State Data and Office of the State Demographer available at www.txsdc.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**

	2008			1999		
	<u>Employees</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>						
Texas Department of Criminal Justice	6438	1	25.58%			
Sam Houston State University	3241	2	12.88%			
Huntsville Independent School District	1000	3	3.97%			
Huntsville Memorial Hospital	563	4	2.24%			
Wal-Mart	507	5	2.01%			
Region VI Education Service Center	375	6	1.49%			
Walker County	354	7	1.41%			
City of Huntsville	300	8	1.19%			
Weatherford Completion Center	224	9	0.89%			
Gulf Coast Trade Center	196	10	0.78%			
						information not available

Note. Total employees in Walker County in September 2008 was 25,165.

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				
	2008	2007	2006	2005	2004
Operating					
General Administration					
Elected	1	1	1	1	1
Employees	13.5	13.5	12	12.5	11.5
Judicial					
Elected	9	9	9	9	9
Employees	40	40	40	39	39
Financial Administration					
Elected	3	3	3	3	3
Appointed	2	2	2	2	2
Employees	31	28	27.5	24.5	23.5
Public Safety					
Elected	5	5	5	5	5
Employees-Certified	35.5	35.5	34.5	-	-
Employees-Non-Certified	34.5	34.5	32	-	-
Employee-Certified/Noncertified				65	63
Employees - EMS	32	32	30.5	25	0
Health and Welfare					
Employees	10	10	9	6	6
Road and Bridge					
Elected	4	4	4	4	4
Employees	31	31	30.5	30.5	30.5
Legislatively Designated					
Judicial	1.5	1.5	1.5	1.5	1.5
Public Safety	2	1	1	1	1
Financial Administration	3	2	1.5	1.5	1.5
Grants/State Funding					
Public Safety					
Juvenile Probation	7	7	7	7	10
Adult Probation	32	31	32	32	32
SPU Criminal/Civil/Juvenile	43	32	29	29	29
Total	340	323	312	298.5	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	2008	2007	2006
Sheriff Office/Constables			
Papers Served	2,034	2,236	2,363
Jail			
Bookings at Jail	4,035	4,227	4,871
Average Daily Jail Population	143	145	152
Highest Daily Jail Population	173	177	199
Health and Welfare			
Permits Issued	273	269	292
Judicial/Courts			
Number of indigent cases	1,142	1,064	892
Number of cases heard-District Courts-Criminal	1,812	2,250	1,963
Number of cases heard-District Courts-Civil	346	475	446
Cases filed District Courts-Civil	572	343	323
Cases disposed -County Court at Law	1,918	2,315	2,246
Cases filed in Court at Law-Criminal	1,745	2,353	2,085
Cases filed County Court at Law-Civil	706	654	488
Cases filed in JP Courts-Traffic/Non Traffic Misdemeanors	11,678	14,933	15,499
Cases filed in JP Courts - Civil	659	405	366
Cases Disposed of - JP Courts	13,110	14,387	13,504
CountyClerk			
Documents recorded	8,984	10,430	10,705
Adult Probation			
Offenders Supervised	2,465	2,749	2,829
Juvenile Probation			
Juveniles Supervised	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

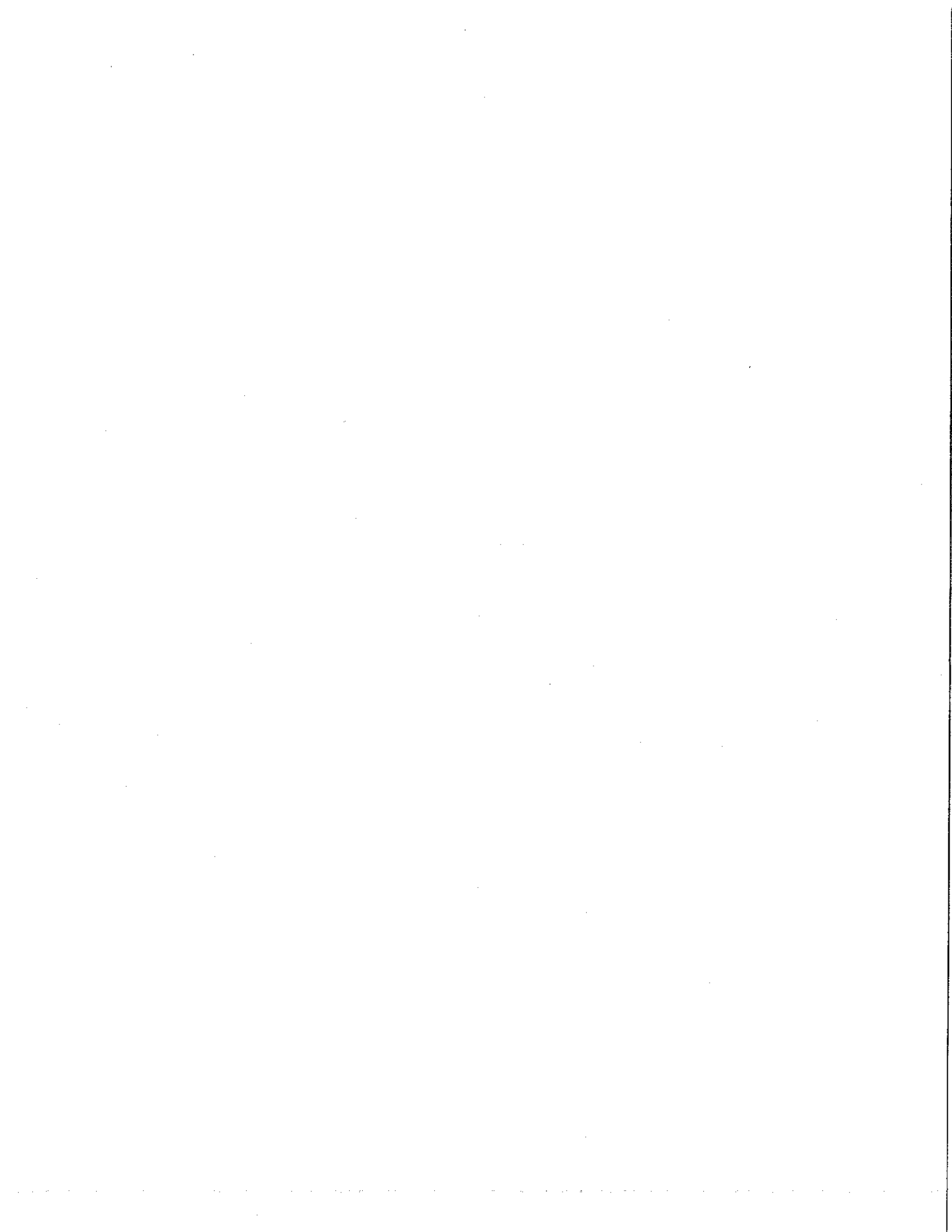
Function	<u>2008</u>	<u>2007</u>	<u>2006</u>
Public Safety			
Sheriff Office			
Stations	1	1	1
Patrol Units	33	33	29
Jail	1	1	1
Number of beds	162	162	162
Road & Bridge			
Miles of roads	530	530	530
Courts			
District Courts	2	2	2
County Court at Law	1	1	1
JP Courts	4	4	4

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
PHONE (936) 291-3020
FAX (936) 291-9607

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 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, 2008, which collectively comprise the Walker County, Texas' basic financial statements and have issued our report thereon dated February 27, 2009. 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.

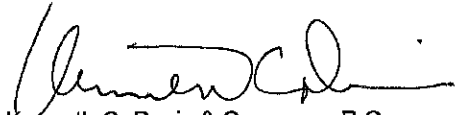
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies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

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.

February 27, 2009

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

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* and State Uniform Grant Management Standards that are applicable to each of its major federal and state programs for the year ended September 30, 2008. Walker County, Texas' major federal and state 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 and state 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, OMB Circular A-133 and State Uniform Grant Management Standards 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, 2008.

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 and state 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 and state 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 or state 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 or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state 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.

February 27, 2009

WALKER COUNTY, TEXAS**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008****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 ☒ NoOne or more significant deficiencies identified that
are not considered to be material weaknesses?☐ Yes ☒ None ReportedNoncompliance material to financial
statements noted?☐ Yes ☒ No**2. Federal and State Awards**

Internal control over major programs:

One or more material weaknesses identified?

☐ Yes ☒ NoOne or more significant deficiencies identified that
are not considered to be material weaknesses?☐ Yes ☒ None ReportedType of auditor's report issued on compliance for
major programs:UnqualifiedAny audit findings disclosed that are required
to be reported in accordance with section 510(a)
of Circular A-133?☐ Yes ☒ No

Identification of major programs:

CFDA Number(s)

97.039

N/A

N/A

Name of Federal and State Program or Cluster

Hazard Mitigation Grant Program

Prosecution of Prison Crimes - Criminal

HEARTS Veteran Museum

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

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

WALKER COUNTY, TEXAS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

B. Financial Statement Findings

NONE

C. Federal and State Award Findings and Questioned Costs

NONE

WALKER COUNTY, TEXAS**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

WALKER COUNTY, TEXAS**EXHIBIT D-1****SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Passed Through Bureau of Justice Assistance:			
Bullet Proof Vest Partnership Grant Program	16.607	01007200	\$ 977
Total U.S. DEPARTMENT OF JUSTICE			977
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed Through Office of Rural Community Affairs:			
Texas Community Development Block Grant *	14.219	DRS060091	396,930
Total U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			396,930
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed Through Texas Division of Emergency Management:			
Homeland Security Grant	97.073	2006-HSGP-48471	1,374
Homeland Security Grant	97.074	2006-HSGP-48471	151,839
Total Passed Through Texas Division of Emergency Management			153,213
Total U.S. DEPARTMENT OF HOMELAND SECURITY			153,213
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through Texas Juvenile Probation Commission:			
Title IV-E Federal Foster Care	93.658	TJPC-E-08-236	56,460
Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			56,460
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct Program:			
U.S. Forest Service *	10.665	-	179,243
Total U.S. DEPARTMENT OF AGRICULTURE			179,243
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
Passed Through State Division of Emergency Management:			
Emergency Management Assistance	97.036	1709-DR-07	11,200
Hazard Mitigation Grant Program	97.039	1606-DR-TX	2,903,970
Emergency Management Assistance	97.042	08TX-EMPG-0483	15,576
Total Passed Through State Division of Emergency Management			2,930,746
Total FEDERAL EMERGENCY MANAGEMENT AGENCY			2,930,746
<u>ELECTION ASSISTANCE COMMISSION</u>			
Passed Through Secretary of State:			
General HAVA Compliance	90.401	78711	2,918
Total ELECTION ASSISTANCE COMMISSION			2,918
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,720,487

WALKER COUNTY, TEXAS**EXHIBIT D-1****SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
STATE AWARDS			
Passed through Office of Court Administration Task Force on Indigent Defense		212-08-236	\$ 42,456
Passed through Juvenile Probation Commission State Aid Contract		A-2008-236	77,233
Progressive Sanctions JPOs		F-2008-236	68,507
Progressive Sanctions 123 Program		G-2008-236	23,694
Community Corrections Assistance		Y-2008-236	112,576
Salary Adjustment		Z-2008-236	13,686
PID Juvenile Placement		LS-236-2190	31,090
Passed through Department of Corrections CSCD - Basic Supervision		2008-900	461,482
CSCD - Court Services		2008-003	163,418
CSCD - Substance Abuse Services		2008-002	61,383
Passed through Office of Governor Prosecution of Prison Crimes - Criminal		08-A10-14918-8	1,463,548
Prosecution of Prison Crimes - Civil		08-A10-14918-8	1,790,961
Prosecution of Prison Crimes - State Allocation		08-A10-14918-8	136,373
Prosecution of Prison Crimes - Longevity Pay		08-A10-14918-8	30,640
Prosecution of Prison Crimes - Juvenile		08-A10-14918-8	735,372
ISP Counseling		08-J20-18251-1	12,300
Passed through Office of State Comptroller Judiciary Apportionment			35,511
Passed through Department of Health Services EMS - Local Project		2008-025232	35,000
Passed through Office of Attorney General Statewide Automated Victim Notification System			17,925
Passed through General Land Office HEARTS Veteran Museum		08-082-000	2,000,000
Passed through Commission on Environmental Quality Solid Waste Implementation Grant		08-16G10	33,992
Passed through Commission on State Emergency Communications 911 Maintenance and Capital Replacement Grant			53,891
TOTAL EXPENDITURES OF STATE AWARDS			\$ 7,401,038

* 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, 2008****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.