



# Walker County, Texas



*Comprehensive Annual Financial Report  
For the Year Ended September 30, 2010*

**Shown on the cover and copied with permission of the artist,  
Mr. Joseph Polley Paine, is a reproduction of a lithograph  
he did for Huntsville's Bicentennial in 1976.**

JOSEPH POLLEY PAINE'S "Early Architecture of Huntsville"  
is what the artist calls "Documentary art".

Across the top is a reproduction of Bollaert's sketch of Huntsville made in December, 1843. Englishman William Bollaert came to Texas, at General Sam Houston's invitation, to study the possibility of attracting immigrants. Bollaert's diary of his visit to Huntsville read, "Three miles brought us to Huntsville, situated on a pine height. This town was commenced in 1836, but made little progress until 1842 when Mr. MacDonald gave an impetus to building. On entering the town is observed a planter's exchange, Gibbs Grocery, Huntsville Hotel... Mr. MacDonald, besides a very large and comfortable residence, has built a brick store, the upper part devoted to a Masonic Lodge. A large brick building for girls and boys schools is now building and many other improvements going on."

Next in the artwork is the Cumberland Presbyterian Church erected in 1839. The Christian congregation purchased the property in 1868.

The third structure is MacDonald's (sometimes spelled McDonald's) brick store and Masonic Hall. It was redrawn from an 1844 map of the city.

The Huntsville Academy, also from the map of 1844, is right of the tower. The structure at the left is the third building used as the Walker County Courthouse. This building in 1888, was razed by fire.

The large building facing the right portion of the drawing is the original building in the state prison system. The building, along with several others in Huntsville, was "remodeled" or "modernized" and the tower was removed. This building was revamped in 1942.

At the right is Andrews Female College, a Methodist institution built in 1852, which later became public school property in 1879 and a frame building was put on the same site.

Built in the 1840's, Henderson Yoakum's home at Shepherd's Valley was where Yoakum wrote his "History of Texas." The history was published in 1855. Dog run style houses had a hall through the center 20 feet wide. On each side of the open hall were two 20 by 20 foot rooms. The sills of the hand-hewn logs were sixty feet long and three feet thick.

Now known as Old Main, the Sam Houston Normal Institute was dedicated in 1890. (Lost to fire on February 12, 1982)

The Austin College building behind the Normal Institute was dedicated in 1851 as a Presbyterian school. The Bell Tower shown in Mr. Paine's Lithograph is now at the Austin College in Sherman, Texas and is rung at graduation there. This building was the main structure at Sam Houston Normal Institute from 1879 to 1890.

The final structure in the Bicentennial work is Sam Houston's home, "Woodlands", which was built in 1847.

Artist Paine was assisted in his research by Mrs. Josephine Bush, keeper of the books in the Thompson Room of Sam Houston State University Library.

WALKER COUNTY, TEXAS  
*COMPREHENSIVE ANNUAL FINANCIAL REPORT*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2010*

Prepared by:  
County Auditor Department

Walker County, Texas  
Comprehensive Annual Financial Report  
For The Year Ended September 30, 2010

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# INTRODUCTORY SECTION

WALKER COUNTY AUDITOR

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

Huntsville, Texas 77320

February 18, 2010

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

Gentlemen:

The Comprehensive Annual Financial Report of Walker County, Texas, for the year ended September 30, 2010, 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, 2010 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, 2010 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 according to 2010 census serves a population of approximately 67,861. 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 2010 census, Walker County's population reached 67,861. 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 2010 was 7.2%, compared with the state unemployment rate of 8.1% and national unemployment rate of 9.6%. This county rate



compares to 7.8% for the prior year according to information provided by the Texas Workforce Commission. Walker County has traditionally had very stable employment, due primarily to an economy based on employment at Sam Houston State University and Texas Department of Criminal Justice. The State's prison system is headquartered in Walker County with seven major facilities housing an estimated 13,666 inmates. Sam Houston State University, also located in Walker County, reported an enrollment of approximately 17,269 students for the fall of 2010 as compared to 16,798 in the fall of 2000.

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

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

**Long-term financial planning.** 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 was to solicit proposals from private jail management firms that would address the current and future jail needs. Any fee payable to C3 is contingent on the successful completion of a financing transaction and included as a cost of the financing transaction. To date, a project has not been submitted. Early estimates indicate that the facility could range in the \$6 to \$20 million dollar range with a portion of the capital costs to be borne by "renting" out excess capacity. Initial estimates by the planners are that 200 beds would be used by Walker County. Monies are also included in the budget for continuing improvements to bridges and water way crossings. It appears at this time that public ownership of the jail is more likely than a private jail. Discussions are expected in the several months by Commissioners Court.

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

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

Walker County continued implementation of a 911 program focused on assigning a physical address to every residence in the County. Completed in 2008 was the updating of the database and coordinating with other government entities to produce a county-wide standardized addressing GIS map that will serve to improve mapped automatic call identification programs at central dispatch. Walker County is currently awaiting regional standardization and improvements in GIS aided dispatch by the Houston-Galveston Area Council's dispatch contractor. A new dispatch software was installed during the FY 2010 fiscal year.

**Emergency planning and public safety.** A focus of Walker County in the last several years is enhanced service related to public safety and a greater level of preparedness for emergencies. An emergency notification system (Code Red) was purchased in FY 2006 and the public safety radio system updated, enhancing interoperability for all public safety/emergency management. The Code Red system allows for telephone notification of citizens about situations that may affect public safety. The County Judge acts as the Director of the Office of Emergency Management (OEM). He is assisted by an Emergency Management Coordinator, a Deputy Coordinator, a volunteer Director of Communications and a Donations Manager. The Emergency Operations Center (EOC), a joint operations center with the Cities of Huntsville, New Waverly and Riverside has been upgraded in many areas. The County added a full time Deputy Emergency Manager in the FY 2008 budget to assist the County Judge. The communications area of the EOC is at its highest level of inter-operability. Walker County EOC has a radio tower and radio system for contact with not only local jurisdictions but also state agencies. Walker County has adopted the NIMS system for running the EOC during an emergency. The Walker County Sheriff's Office has been able to remain above the State average on crime clearance. In 2005, the County received a Homeland Security grant to get fiber communication between the law enforcement facilities/agencies. The City of Huntsville participated with the County in this endeavor as did Sam Houston State University. Additional fiber was budgeted by each of three participating agencies and installation was completed in early 2010. Additional grants have been received to update the radio systems in FY 2008, FY 2009 and FY 2010.

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

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

Idle funds not required for day-to-day operations are invested in TEXPOOL, a program initiated by the state and bid out by the state for investment service for public funds, or alternate investment pools, DWS Government Cash Institutional Shares and MBIA Asset Management. The maturities of the investments generally range from 30 days to 180 days. As with all investments, the County is seeing a significant decrease in interest earnings currently. Funds received in the FY 2010 budget year were significantly less than budgeted, and the impact of reduced interest earnings is expected to continue in 2011. The 2011 budget was significantly reduced. Due to the nature of the investments, there has been no loss of principal.

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

segregation of duties; internal controls are potentially subject to management and employee override; and the risk of collusion exists. In County government another limitation is that most department heads are elected officials and state statute grants limited authority to the governing body to direct procedures and operations of an elected official.

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

**Financial Policies and impact on current period financial statements.** The County has the policy of funding all on-going costs with revenues generated in the current year. During the budget process each year fund balances are reviewed and generally one-time and capital costs are funded from available funds (fund balance). Contingency is also historically funded from available funds. The budgeted collections rate in the budget for current property taxes in past years has been budgeted in the 94% - 96% range. Collections have historically been in the 95% - 97% range. For the past several years, collections have been budgeted at 94% due to the volatile economy; however collections have remained stable. In the fiscal year beginning October 1, 2010, as in previous years, one-time costs were funded with funds available in fund balance. There was a tax rate increase from the \$0.5770 in FY 2010 to \$0.5793 for the fiscal year beginning October 1, 2010. No pay increases were included in the FY 2011. The total budget for FY 10/11 that began October 1, 2010 is \$26,281,308 compared to the original budget of \$26,389,034 for the FY 09/10 year covered by this report, a decrease of \$107,726. The fund balance of the General Fund continues to exceed the minimum goal set by Commissioners Court.

#### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Walker County for its comprehensive annual financial report for the fiscal year ended September 30, 2009. This was the fourteenth 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, 2009

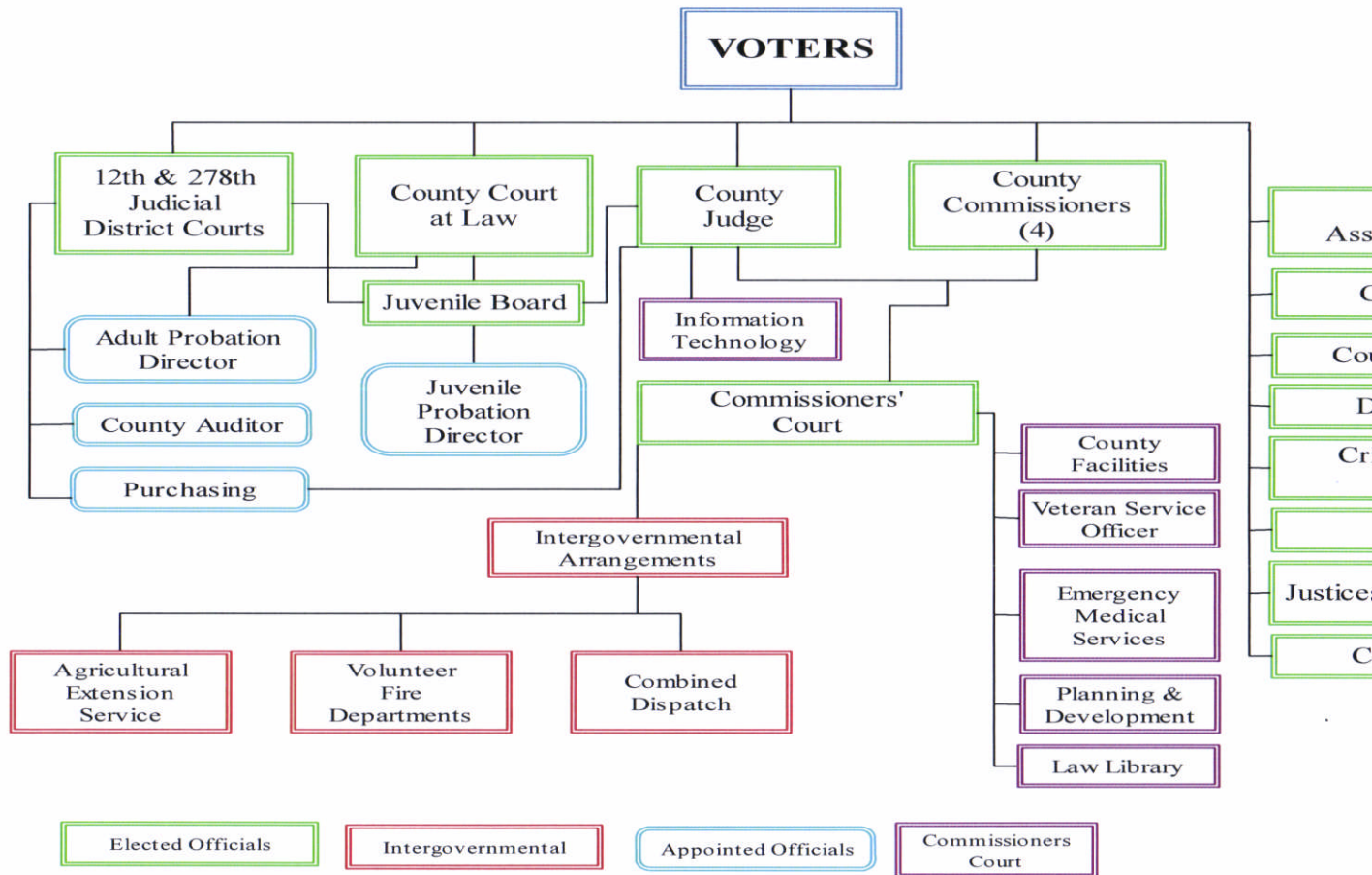
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# Walker County, Texas Organization





**WALKER COUNTY, TEXAS****LIST OF PRINCIPAL OFFICIALS****SEPTEMBER 30, 2010**

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**Elected Officials**

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

---

**Appointed Officials**

---

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

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# Kenneth C. Davis & Company

A Professional Corporation

*Certified Public Accountants*

1300 11TH STREET, SUITE 500

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, 2010, 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 the 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, 2010, 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 8, 2011, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the

limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Walker County, Texas' financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Respectfully submitted,

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

Kenneth C. Davis & Company, P.C.

February 8, 2011

## **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, 2010. 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 \$21,404,717 (net assets). Of this amount \$7,364,026 may be used to meet the ongoing obligations to citizens and creditors. The balance is reserved for special purposes or is invested in capital assets.
- On a government-wide basis for governmental activities, the County had expenses net of program revenue of \$15,759,252. General revenues of \$15,122,292 (Exhibit A-2) were \$636,960 less than expenses net of program revenue. An expense of \$779,373 for postemployment benefits is included in the expenses. Without this expense, revenues would have exceeded expenses by \$142,413. This is the second year the County has recorded this liability resulting in a total of \$1,562,147 recorded as the Net OPEB obligation at the end of the fiscal year. The result is a decrease in net assets from the September 30, 2009 balance of \$22,041,677 to \$21,404,717 at September 30, 2010.
- The General Fund, on a current financial resource basis (fund level), reported revenues and other financing sources over expenditures and other uses of \$50,185 as compared to a planned reduction of \$2,028,379 (Exhibits A-5 and B-1).
- As of September 30, 2010, unreserved fund balance in the General Fund was \$5,636,281 as compared to \$5,586,096 in the prior year. Fund balance as a percentage of expenditures is 35%, well exceeding the minimum requirement goal set by Commissioners Court. The adopted budget included use of fund balance for one-time expenditures. In FY 2009 and FY 2008, the unreserved fund balance is approximately 38% and 35% 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, statistical, and compliance, 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 thirty-two 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 twenty-six 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 72.

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 36 to 52 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), the Grants and Contracts Fund (Exhibit B-2), Road and Bridge Fund (Exhibit B-3), and EMS Fund (Exhibit B-4). Required supplementary information begins on page 53 of this report. Included here you will find budgetary information for the Debt Service Fund (Exhibit C-28), and for the Capital Projects Fund (Exhibit C-29), as well as information on the nonmajor funds.

## **Government-wide Financial Analysis**

Below is condensed financial information for the fiscal year 2010 with comparative data for 2009. The following schedule focuses on the net assets of the County as a whole and gives data as of September 30<sup>th</sup> (the County's fiscal year end date) of each year.

<b>Walker County Net Assets</b>						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Cash, Cash Equivalents, & Investments	\$ 11,359,503	\$ 10,926,267	-	-	\$ 11,359,503	\$ 10,926,267
Receivables	3,547,896	3,514,048	-	-	3,547,896	3,514,048
Capital Assets Net of Depreciation	13,964,362	14,695,797	-	-	13,964,362	14,695,797
<b>Total Assets</b>	<b>\$ 28,871,761</b>	<b>\$ 29,136,112</b>	<b>-</b>	<b>-</b>	<b>\$ 28,871,761</b>	<b>\$ 29,136,112</b>
					-	-
Current Liabilities	\$ 4,683,332	\$ 3,603,921	-	-	\$ 4,683,332	\$ 3,603,921
Non-Current Liabilities	2,783,712	2,450,096	-	-	2,783,712	2,450,096
<b>Total Liabilities</b>	<b>\$ 7,467,044</b>	<b>\$ 7,094,307</b>	<b>-</b>	<b>-</b>	<b>\$ 7,467,044</b>	<b>\$ 7,094,307</b>
					-	-
<b>Net Assets</b>					-	-
Invested in Capital Assets Net of Debt	\$ 12,704,554	\$ 13,024,741	-	-	\$ 12,704,554	\$ 13,024,741
Restricted	1,336,137	1,232,050	-	-	1,336,137	1,232,050
Unrestricted	7,364,026	7,784,884	-	-	7,364,026	7,784,884
<b>Total Net Assets</b>	<b>\$ 21,404,717</b>	<b>\$ 22,041,675</b>	<b>-</b>	<b>-</b>	<b>\$ 21,404,717</b>	<b>\$ 22,041,675</b>

As mentioned earlier, net assets may serve over time as a useful indicator of a government's financial position. Assets exceed liabilities by \$21,404,717 at September 30, 2010 as compared to \$22,041,675 at September 30, 2009. Of the County's net assets at the fiscal year end, 65% 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 (6.2%) represents resources that are subject to restrictions on how they may be used. Restricted net assets in the amount of \$1,336,137 represent County resources that are subject to restrictions, constitutional provisions, or enabling legislations regarding how they may be used. Unrestricted assets of \$7,364,026 (34% of total net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

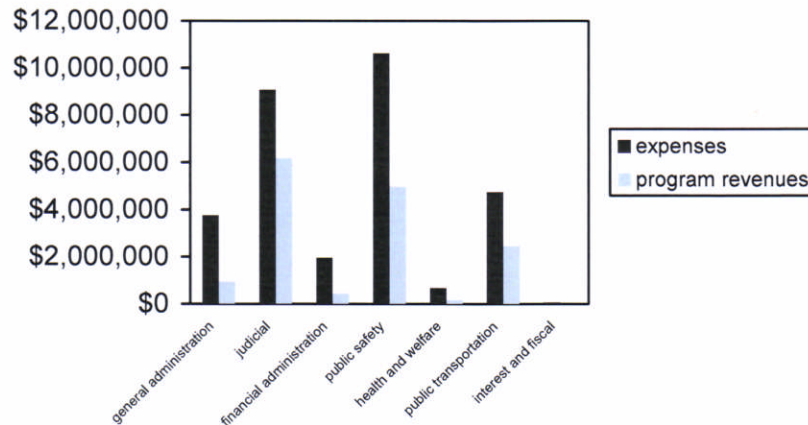
**Government-wide Activities.** Net assets of Walker County on a government-wide view decreased by \$636,960 for the current year. An expense of \$779,373 for postemployment benefits is included in the expenses. Without this expense, revenues would have exceeded expenses by \$142,413. Key elements of decrease are as follows.

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues						
Charges for Service	\$ 7,625,624	\$ 7,637,296	-	-	\$ 7,625,624	\$ 7,637,296
Operating grants/contributions	7,488,881	6,903,805	-	-	7,488,881	6,903,805
Capital grants/contributions	0	54,254	-	-	0	54,254
General Revenues						
Property Taxes	12,625,076	11,522,727		-	12,625,076	11,522,727
Other Taxes	2,458,278	2,537,062	-	-	2,458,278	2,537,062
Investment Earnings	38,938	152,407	-	-	38,938	152,407
Total Revenues	\$ 30,236,797	\$ 28,807,551	-	-	\$ 30,236,797	\$ 28,807,551
Net Assets						
Expenses:						
General Administration	\$ 3,759,057	\$ 3,000,402	-	-	\$ 3,759,057	\$ 3,000,402
Judicial	9,071,422	8,457,490	-	-	9,071,422	8,457,490
Financial Administration	1,951,551	2,186,499	-	-	1,951,551	2,186,499
Public Safety	10,617,796	10,775,866	-	-	10,617,796	10,775,866
Health & Welfare	666,885	603,749	-	-	666,885	603,749
Public Transportation	4,744,706	4,596,948	-	-	4,744,706	4,596,948
Interest and fiscal charges	62,340	88,581	-	-	62,340	88,581
Total Expenses	\$ 30,873,757	\$ 29,706,535	-	-	\$ 30,873,757	\$ 29,706,535
Excess (deficiency) before transfer	\$ ( 636,960)	\$ ( 898,984)	-	-	\$ ( 636,960)	\$ ( 898,984)
Transfers	-	-	-	-	-	-
Changes in Net Assets	\$ (636,960)	\$ (898,984)	-	-	\$ ( 636,960)	\$ (898,984)
Net Assets at beginning of year	\$ 22,041,677	\$ 24,422,262	-	-	\$ 22,041,677	\$ 24,422,262
Prior period adjustment (EMS A/R)	0	(1,481,603)			0	(1,481,603)
Net Assets at the end of the year	\$ 21,404,717	\$ 22,041,677	-	-	\$ 21,404,717	\$ 22,041,675

General Administration includes the expense for postemployment benefits, the second year the County has recorded this expense on its books. Included in the total increase for judicial expenditures is approximately \$360,000 for legal costs associated with trial of a case on TDCJ (Texas Department of Criminal Justice) property. A large portion of the costs were paid by the State and the revenue is reflected in the increase in the Operating Grants and Contributions revenue category. \$178,000 of the increased costs in the Judicial category is associated with the SPU grant and state funded expenditures. Walker County is the designated agency to administer the General Revenue and State 421 Grant funds provided for the support of the Special

Prosecution Unit. These funds are to be used for the prosecution of offenses committed in the Texas Department of Criminal Justice and the Texas Youth Commission as well as for the civil commitment of sexually violent predators. The increase in the operating grants and contributions category reflects this increase in SPU monies received to fund the costs of this program. The following graphic presentation depicts expenses and program revenues for fiscal year 2010 for governmental activities (government-wide).

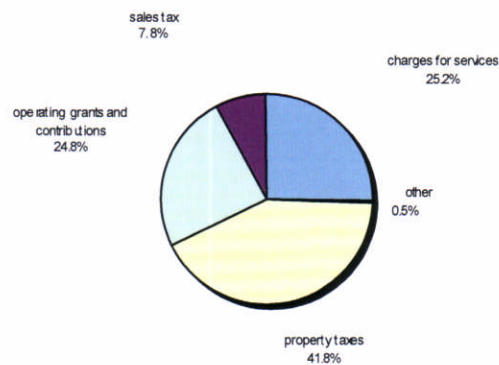
**Walker County, Texas  
Expenses and Program Revenues  
Government-wide Governmental Activities  
For the Year Ending September 30, 2010**



The following graphic presents revenues by source for fiscal year 2010 for governmental activities (government-wide).

**Walker County, Texas  
Revenues by Source-Government-wide  
Governmental Activities  
For the Year Ending September 30, 2010**

**Revenues by Source-Governmental Activities**

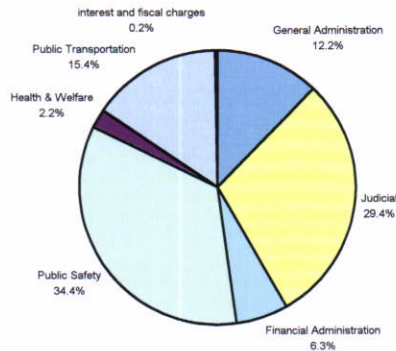




The following graphic presentation presents expenditures by function for fiscal year 2010 for governmental activities (government-wide).

**Walker County, Texas**  
**Expenses by Function-Government-wide**  
**Governmental Activities**  
**For the Year Ending September 30, 2010**

**Expenses by Function-Governmental Funds**



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### Financial Analysis of the County's Funds

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

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

The County's governmental funds reflect a combined ending fund balance of \$9,556,860 (Exhibit A-3). Of this total, \$8,268,007 is classified as unreserved fund balance, which is available for spending at the County's discretion. This amount is available for day-to-day operations of the County, while approximately \$1,288,853 is reserved to indicate that it is not available for new spending because it has already been committed. The County has committed \$861,376 of these funds for capital projects, and \$427,477 is reserved for debt service.

There is an increase of \$419,523 in the combined fund balance over the prior year. The General Fund showed an increase of \$50,185, Debt Service Fund showed an increase of \$25,967, Road and Bridge Fund showed an increase of \$107,497, Other Government Funds (combined category) showed an increase of \$54,601, EMS showed a decrease of \$39,718. The balance of the increase, over one-half of the increase (\$220,911), is in the Capital Projects Funds.

Monies were transferred from the General Fund (\$454,458) to the Capital Projects Fund for several projects planned for the future fiscal years including setting aside funds in the amount of

\$162,345 for an equipment replacement budget for Road and Bridge equipment (an alternative to issuing debt to fund the purchase), a \$200,000 Road and Bridge Project, and \$75,000 for construction of a storage facility for emergency management storage needs. The net result after expenditures is the increase to fund balance of the \$220,911.

The General Fund, the chief operating fund of Walker County shows an increase in fund balance of \$50,185. As of September 30, 2010, the unreserved fund balance of the General Funds was \$5,636,281 as compared to \$5,586,097 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 2009, 35% in FY 2008 and 38% FY 2007. The increase in fund balance was due to a combination of revenues exceeding budget and expenditures coming in under budget. Current tax collections exceeded budget by \$401,673 and Delinquent Taxes, Penalties and Interest exceeded budget by \$46,851. Current property tax revenues were budgeted at a 94% collection rate with actual collections at 97.1%. \$355,769 was received as a state payment for legal costs associated a trial of a case on TDCJ (Texas Department of Criminal Justice) property. The original budget included a contingency to fund this cost. Sales tax collections were slightly below budget (\$24,180). Interest earnings were \$66,786 less than budget. Vacancies and unfilled positions netted \$382,130 in expenditures less than budgeted and there was a much reduced transfer to EMS operations (\$531,903) due to increased collections in the EMS Fund. Contingency line items, a \$716,375 transfer to the Road and Bridge Fund for special projects and purchase of capital equipment including vehicles for the Sheriff Department and a Constable were paid from a budgeted reduction of the General Fund balance. A transfer of \$454,458 was approved by Commissioners Court from the budgeted Contingency line items to the Capital Projects Fund.

The fund balance of the Road and Bridge Fund, a fund used to account for the costs of providing road maintenance to the County, is \$1,021,732, up from \$914,235 the prior fiscal year end. Road & Bridge Fund expenditures total \$4,591,089 compared to \$4,379,546 in FY 2009. Revenues and other financing sources total \$4,698,586 netting a \$107,497 increase in fund balance. There was an increased use of Ad Valorem tax (\$272,881) to fund the Road and Bridge fund costs. Fine revenues showed a decrease \$102,716 and decreased interest earning continues. A \$123,843 certificate of obligation was issued for equipment during the fiscal year. Funds in all four precincts are reallocated for road and bridge expenditures in the next budget year.

The EMS Fund shows a decrease of \$39,718 in fund balance. The prior year fund balance remained to cover cost of equipment ordered but not invoiced in the prior year. A General Fund transfer of \$120,624 was needed in the fiscal year ended September 30, 2010 to assist with funding the fiscal year costs of providing the service. Revenues exceeded budget by \$446,698 resulting in a decreased need for transfers from General Fund to cover cost of operations.

The Other Governmental Funds category fund balance increased by \$54,601. This category includes numerous funds. There are four record management funds with a revenue source of fees dedicated for purposes outlined in State Statute. This grouping of funds showed a decrease in fund balance of \$21,066 as the County continues with the laserfiche project. In other funds in this category, decreases include \$1,925 in the Hot Check Fund, \$3,269 in the Sheriff Forfeiture Fund, \$36,787 in the Juvenile Probation Fund, and \$849 in the Tax Assessor Special Inventory Tax Fund. Increases to fund balance include \$45,929 in the Weigh Station Projects Fund, \$35,801 in the US Forest Fire Suppression Fund, \$18,031 in the Law Library Fund, \$36,187 in the Courts Security Funds, \$29,018 in the Elections Equipment Fund consisting of collections from other entities of voter equipment where the revenues are required to pay maintenance on the equipment, \$8,161 in the D.A. Forfeiture Fund, \$52,455 in the Emergency Special Fund, primarily the result of a \$46,015 FEMA reimbursement for administrative costs for a hurricane several years back, \$44,416 fund balance increase in the Adult Probation Fund, \$1,143 increase in the District

Clerk Rider Prosecution Fund, \$845 increase in the Pretrial Intervention Fund, \$11,114 in the Court Technology Funds, and \$1,995 in the Sheriff Inmate Medical Fund.

### General Fund Budgetary Highlights

The amended budget included an expected decrease to fund balance in the amount of \$2,028,379 which did not take place. The budgeted decrease was a planned reduction of fund balance for one-time capital expenditures, contingency line items and a transfer to the Road and Bridge Fund for special projects. Commissioners Court approved a transfer to the Capital Projects Fund from the Contingency line items. It is the policy of the County to maintain the fund balance at 16% to 24% (2 to 3 months) of the operating budget. County policy requires that the fund balance not be drawn down to fund on-going operating costs. The actual difference between revenues and expenditures was an increase to fund balance in the amount of \$50,185. Differences between the original expenditure budget and final amended expenditure budget totaled \$150,921, 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 55.

The original revenue budget was increased by \$506,690. The increase included \$355,769 received as a state payment for legal costs associated a trial of a case on TDCJ (Texas Department of Criminal Justice) property in addition to the \$150,921 received in grant and state monies (same increase as the expenditure budget). The expenditure for the legal costs was originally budgeted as a contingency line item (funded from fund balance).

Actual General Fund revenues exceeded the amended budgeted General Fund revenues by \$717,182, departmental expenditures were \$828,825 less than the amended budget and transfers were \$532,557 less than the amended budget during the year ended September 30, 2010. The effect of the total variance of \$2,078,564 is that rather than the planned reduction of \$2,028,379 there was an increase to fund balance of \$50,185. The paragraph in the previous section discussing the fund balance of the General Fund provides additional information on the revenues expenditures, and transfers variances.

### Capital Assets and Debt Administration

**Capital Assets.** Walker County's investment in capital assets on a government-wide basis as of September 30, 2010 is \$13,964,362 (net of accumulated depreciation). Included in this total is \$483,180 in land and \$21,088 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	
	2010	2009	2010	2009	2010	2009
Land	\$ 483,180	\$ 483,181	-	-	\$ 483,180	\$ 483,181
Buildings	10,703,637	9,711,395	-	-	10,703,637	9,711,395
Vehicles	1,208,998	1,237,259	-	-	1,208,998	1,237,259
Furniture, Fixtures, Office Equipment	787,597	578,349	-	-	787,597	578,349
Machinery & Equipment	759,862	813,030	-	-	759,862	813,030
Construction in Progress	21,088	1,872,583	-	-	21,088	1,872,583
Total Capital Assets	\$ 13,964,362	\$ 14,695,797	-	-	\$ 13,964,362	\$ 14,695,797

Additional information on the County's capital assets can be found in the notes on page 45 and in the other supplementary section on pages 125 to 128 of this report.

**Long-term debt.** As of September 30, 2010 the County debt for certificates of obligation totals \$1,259,808. Of this amount, \$880,000 is for capital improvements that included renovation on the courthouse and purchase of an additional facility to centralize the location of many of the county offices spread throughout the county. The remainder of the debt is for equipment. County policy requires that the term of payment must in all cases be less than the expected life of the equipment. There was \$123,843 in debt issued in 2010 for a Case Excavator for Road and Bridge Precinct 3 scheduled to paid over a three year period.

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

#### **Walker County's Outstanding Debt for Certificates of Obligation**

	FY Ending 09/30/10	FY Ending 09/30/09
Certificates of Obligation		
Capital Projects	\$ 880,000	\$1,300,000
Equipment	379,808	371,056
Total Certificates of Obligation	1,259,808	1,671,056
 Total	 \$1,259,808	 \$1,671,056

For the fiscal year ended September 30, 2010, payments on certificates of obligation debt totaled \$535,091.

Additional information on debt can be found in the notes to the financial statements on page 45. In addition to debt for certificates of obligation the County has recorded debt for compensated absences of \$826,723 and a long term obligation for post employment benefits of \$1,562,147. This obligation for post employment benefits is discussed on pages 48 to 52 of this report.

#### **Economic Factors and Budget and Rate information for FY beginning October 1, 2010**

- The unemployment rate in the County for 2010 was 7.2%, as compared to the state unemployment rate of 8.1% and national unemployment rate of 9.6%. This rate compares to 7.8% for the prior year according to information provided by the Texas Workforce Commission. Walker County has traditionally had very stable employment, due primarily to an economy based on employment at Sam Houston State University and Texas Department of Criminal Justice. The State's prison system is headquartered in Walker County with seven major facilities housing an estimated 13,666 inmates.
- The new improvement/construction value added to the tax roll for FY 2010 (tax year 2009) totaled \$72,721,530 as compared to \$66,117,900 for the prior year. \$50,000,000+ had been consistent for the last eight years following a reduction of \$8,845,354 between 2001 and 2002.
- Commissioners Court approved a \$26,281,308 expenditure budget for FY 2011, a slight decrease from the \$26,389,034 budget for the 2010 fiscal year.
- The tax rate adopted for the FY 2011 budget is \$0.5793 per \$100 of valuation, up from the \$0.577 for FY 2010.

- Walker County revenues for FY 2011 at the date of this report generally continue to be in line with exceptions. Sales tax receipts are approximately 4.6% more to date in FY 2011 as compared to this time in FY 2010. The County did not budget for an increase in sales tax. Interest earnings continue to decline and are less than budget, although the budget was less than FY 2010. Total budgeted interest revenue in the General Fund is \$33,000. Charges for service revenues as a total are in line with the budget. Ad valorem tax collections are at the approximate same percentage of levy in early February, although there was a change in the timing of the payments. There were several large collection days in February, causing the January comparison percentages to vary from this time last year. Walker County continues to closely monitor its revenues and expenditures.

**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.

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## *Basic Financial Statements*

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**WALKER COUNTY, TEXAS**

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2010

	Governmental Activities
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 11,359,503
Taxes Receivable	957,164
Accounts Receivable	412,333
Fines and Fees Receivable	603,444
Prepaid Expenses	51,029
Due from Other Governments	1,523,926
Capital Assets Not Being Depreciated:	
Land	483,180
Construction in Progress	21,088
Capital Assets, Net of Accumulated Depreciation	13,460,094
<b>Total Assets</b>	<b>28,871,761</b>
<b>LIABILITIES:</b>	
Accounts Payable	800,177
Due to State	236,200
Due to Others	10,858
Accrued Interest	28,435
Accrued Liabilities	1,383,709
Unearned Revenue	1,358,987
Noncurrent Liabilities:	
Due Within One Year	864,966
Due in More Than One Year (See Note H)	2,783,712
<b>Total Liabilities</b>	<b>7,467,044</b>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	12,704,554
Restricted For:	
Debt Service	474,761
Capital Projects	861,376
Unrestricted	7,364,026
<b>Total Net Assets</b>	<b>\$ 21,404,717</b>

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, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
<b>Government Activities:</b>				
<i>General Administration</i>	\$ 3,759,057	\$ 829,984	\$ 111,155	\$ (2,817,918)
<i>Judicial</i>	9,071,422	681,587	5,486,165	(2,903,670)
<i>Financial Administration</i>	1,951,551	330,896	97,476	(1,523,179)
<i>Public Safety</i>	10,617,796	3,543,133	1,424,583	(5,650,080)
<i>Health and Welfare</i>	666,885	110,969	51,417	(504,499)
<i>Public Transportation</i>	4,744,706	2,129,055	318,085	(2,297,566)
<i>Interest and Fiscal Charges</i>	62,340	--	--	(62,340)
<b>Total Governmental Activities</b>	<u>30,873,757</u>	<u>7,625,624</u>	<u>7,488,881</u>	<u>(15,759,252)</u>
<b>Total Primary Government</b>	<u>\$ 30,873,757</u>	<u>\$ 7,625,624</u>	<u>\$ 7,488,881</u>	<u>(15,759,252)</u>
<b>General Revenues:</b>				
<i>Property Taxes</i>				12,625,076
<i>Sales Taxes</i>				2,343,620
<i>Mixed Beverages and Other Taxes</i>				114,658
<i>Investment Earnings</i>				38,938
<b>Total General Revenues</b>				<u>15,122,292</u>
<b>Change in Net Assets</b>				<u>(636,960)</u>
<b>Net Assets - Beginning</b>				22,041,677
<b>Net Assets - Ending</b>				<u>\$ 21,404,717</u>

The accompanying notes are an integral part of this statement.

**WALKER COUNTY, TEXAS****BALANCE SHEET - GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2010

	General Fund	Debt Service Fund	Capital Projects Funds
<b>ASSETS</b>			
Assets:			
Cash and Cash Equivalents	\$ 6,929,945	\$ 427,477	\$ 649,465
Taxes Receivable	909,880	47,284	--
Accounts Receivable	23,824	--	--
Prepaid Expenses	51,029	--	--
Due from Other Funds	731,375	--	162,345
Due from Other Governments	717,279	--	--
<b>Total Assets</b>	<b>\$ 9,363,332</b>	<b>\$ 474,761</b>	<b>\$ 811,810</b>
<b>LIABILITIES AND EQUITY</b>			
Liabilities:			
Accounts Payable	\$ 332,696	\$ --	\$ 9,598
Due to State	231,731	--	--
Due to Other Funds	162,345	--	--
Due to Others	--	--	--
Accrued Liabilities	1,344,134	--	--
Deferred Revenue	1,656,145	47,284	--
<b>Total Liabilities</b>	<b>3,727,051</b>	<b>47,284</b>	<b>9,598</b>
Equity:			
Fund balances:			
Reserved for Capital Projects	--	--	802,212
Reserved for Debt Service	--	427,477	--
Unreserved, undesignated			
General Fund	5,636,281	--	--
Special Revenue Funds	--	--	--
<b>Total Equity</b>	<b>5,636,281</b>	<b>427,477</b>	<b>802,212</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$ 9,363,332</b>	<b>\$ 474,761</b>	<b>\$ 811,810</b>

The accompanying notes are an integral part of this statement.

Grants and Contracts Fund	Road and Bridge Fund	EMS Fund	Other Governmental Funds	Total Governmental Funds
\$ 45,271	\$ 1,233,596	\$ 31,999	\$ 2,041,750	\$ 11,359,503
--	--	--	--	957,164
216	4	388,281	8	412,333
--	--	--	--	51,029
--	--	--	--	893,720
802,553	--	--	4,094	1,523,926
<u>\$ 848,040</u>	<u>\$ 1,233,600</u>	<u>\$ 420,280</u>	<u>\$ 2,045,852</u>	<u>\$ 15,197,675</u>
\$ 65,241	\$ 211,868	\$ 31,999	\$ 148,775	\$ 800,177
--	--	--	4,469	236,200
731,375	--	--	--	893,720
--	--	--	10,858	10,858
6,749	--	--	32,826	1,383,709
--	--	388,281	224,441	2,316,151
<u>803,365</u>	<u>211,868</u>	<u>420,280</u>	<u>421,369</u>	<u>5,640,815</u>
--	--	--	59,164	861,376
--	--	--	--	427,477
--	--	--	--	5,636,281
44,675	1,021,732	--	1,565,319	2,631,726
<u>44,675</u>	<u>1,021,732</u>	<u>--</u>	<u>1,624,483</u>	<u>9,556,860</u>
<u>\$ 848,040</u>	<u>\$ 1,233,600</u>	<u>\$ 420,280</u>	<u>\$ 2,045,852</u>	<u>\$ 15,197,675</u>

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**WALKER COUNTY, TEXAS**

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2010*

Total fund balances - governmental funds balance sheet	\$ 9,556,860
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.	13,964,362
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	957,164
Payables for bond interest which are not due in the current period are not reported in the funds.	(28,435)
Payables for notes which are not due in the current period are not reported in the funds.	(1,259,808)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(826,723)
Obligations for OPEB which are not due in the current period are not reported in the funds.	(1,562,147)
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	603,444
Net assets of governmental activities - Statement of Net Assets	<u>\$ 21,404,717</u>

The accompanying notes are an integral part of this statement.

**WALKER COUNTY, TEXAS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	General Fund	Debt Service Fund	Capital Projects Funds
<b>Revenue:</b>			
<i>Property Taxes</i>	\$ 10,622,323	\$ 633,546	\$ --
<i>In Lieu of Tax</i>	21,982	--	--
<i>Sales Tax</i>	2,343,620	--	--
<i>Mixed Beverage Tax</i>	92,676	--	--
<i>Licenses and Permits</i>	96,904	--	--
<i>Intergovernmental</i>	936,221	--	--
<i>Charges for Services</i>	1,634,845	--	--
<i>Fines and Forfeitures</i>	79,529	--	--
<i>Interest Income</i>	33,214	577	927
<i>Other</i>	311,610	--	--
<b>Total Revenues</b>	<u>16,172,924</u>	<u>634,123</u>	<u>927</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<i>General Administration</i>	1,900,336	--	234,394
<i>Judicial</i>	4,127,192	--	--
<i>Financial Administration</i>	1,920,146	--	--
<i>Public Safety</i>	4,842,172	--	--
<i>Health and Welfare</i>	554,724	--	--
<i>Public Transportation</i>	--	--	--
<i>Intergovernmental Expenditures</i>	1,134,146	--	--
<b>Debt service:</b>			
<i>Principal Retirement</i>	--	535,091	--
<i>Interest and Fiscal Charges</i>	--	73,065	--
<b>Total Expenditures</b>	<u>14,478,716</u>	<u>608,156</u>	<u>234,394</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>1,694,208</u>	<u>25,967</u>	<u>(233,467)</u>
<b>Other Financing Sources (Uses):</b>			
<i>Transfers In</i>	--	--	454,458
<i>Transfers Out</i>	(1,644,023)	--	--
<i>Certificates of Obligation</i>	--	--	--
<b>Total Other Financing Sources (Uses)</b>	<u>(1,644,023)</u>	<u>--</u>	<u>454,458</u>
<b>Net Change in Fund Balances</b>	<b>50,185</b>	<b>25,967</b>	<b>220,991</b>
<b>Fund Balance at Beginning of Year</b>	<b>5,586,096</b>	<b>401,510</b>	<b>581,221</b>
<b>Fund Balance at End of Year</b>	<u><b>\$ 5,636,281</b></u>	<u><b>\$ 427,477</b></u>	<u><b>\$ 802,212</b></u>

The accompanying notes are an integral part of this statement.



Grants and Contracts Fund	Road and Bridge Fund	EMS Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 1,313,064	\$ --	\$ --	\$ 12,568,933
--	--	--	--	21,982
--	--	--	--	2,343,620
--	--	--	--	92,676
--	--	--	--	96,904
5,014,042	318,085	23,195	1,128,266	7,419,809
--	880,684	2,244,123	1,139,475	5,899,127
--	1,175,852	--	60,333	1,315,714
--	1,213	--	3,007	38,938
280	38,113	20,551	32,971	403,525
<u>5,014,322</u>	<u>3,727,011</u>	<u>2,287,869</u>	<u>2,364,052</u>	<u>30,201,228</u>
--	--	--	255,866	2,390,596
4,756,199	--	--	133,567	9,016,958
--	--	--	849	1,920,995
258,123	--	2,448,211	2,125,779	9,674,285
--	--	--	--	554,724
--	4,591,089	--	14,599	4,605,688
--	--	--	--	1,134,146
--	--	--	--	535,091
--	--	--	--	73,065
<u>5,014,322</u>	<u>4,591,089</u>	<u>2,448,211</u>	<u>2,530,660</u>	<u>29,905,548</u>
--	(864,078)	(160,342)	(166,608)	295,680
--	847,732	120,624	221,209	1,644,023
--	--	--	--	(1,644,023)
--	123,843	--	--	123,843
--	<u>971,575</u>	<u>120,624</u>	<u>221,209</u>	<u>123,843</u>
--	107,497	(39,718)	54,601	419,523
44,675	914,235	39,718	1,569,882	9,137,337
<u>\$ 44,675</u>	<u>\$ 1,021,732</u>	<u>\$ --</u>	<u>\$ 1,624,483</u>	<u>\$ 9,556,860</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, 2010

Net change in fund balances - total governmental funds	\$ 419,523
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,072,856
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,810,820)
Trade-in or disposal of capital assets increase net assets in the SOA but not in the funds.	6,529
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	56,143
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.	(123,843)
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	(779,373)
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	535,091
(Increase) decrease in accrued interest from beginning of period to end of period.	10,725
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(29,688)
Uncollected court fines are not recorded as revenue in the funds.	5,897
Change in net assets of governmental activities - Statement of Activities	\$ <u>(636,960)</u>

The accompanying notes are an integral part of this statement.

**WALKER COUNTY, TEXAS**

## STATEMENT OF FIDUCIARY NET ASSETS

## FIDUCIARY FUNDS

SEPTEMBER 30, 2010

	Agency Funds
<b>ASSETS</b>	
Assets:	
Cash and Cash Equivalents	\$ 2,540,049
Restricted Cash and Cash Equivalents	43,743
<b>Total Assets</b>	<b>\$ 2,583,792</b>
<b>LIABILITIES</b>	
Liabilities:	
Accounts Payable	\$ 28,659
Due to Other Governments	918,640
Due to Others	1,636,493
<b>Total Liabilities</b>	<b>\$ 2,583,792</b>

The accompanying notes are an integral part of this statement.

**WALKER COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**A. Summary of Significant Accounting Policies**

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

**1. Reporting Entity**

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

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

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

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

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

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

**2. Basis of Presentation, Basis of Accounting**

**a. Basis of Presentation**

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

**Management's Discussion and Analysis**

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

## **WALKER COUNTY, TEXAS**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

#### 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.

#### Government-wide and Fund Accounting

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

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

The governmental funds major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements'

**WALKER COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile fund-based financial statements with the governmental column of the government-wide presentation.

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

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

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

The County reports the following major governmental funds:

General Fund

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

Debt Service

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

Capital Projects

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

Road & Bridge

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

Grants & Contracts

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

Emergency Medical Service

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

In addition, the County reports the following fund types:

Fiduciary Funds

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

**WALKER COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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 collectible 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 expenditures when due.

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

3. Receivables

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

4. Due to and Due From Other Funds

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

5. Capital Assets

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

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.

**WALKER COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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**

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

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

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

7. **Debt Service**

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

8. **Estimates**

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

B. **Compliance and Accountability**

**Budgets**

The statutes of the State of Texas provide that "the amounts budgeted in a fiscal year for expenditures from the various funds of 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.



**WALKER COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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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.

**Cash Deposits:**

The County's cash and cash equivalents at September 30, 2010 are summarized as follows:

	Carrying Amount
Cash Deposits	\$ 527,805
Investments considered cash and cash equivalents:	
Texas Local Government Investment Pool	7,563,574
DWS Government Cash Institutional Shares	2,239,321
Cooperative Liquid Assets Securities System Trust (Texas Class)	1,028,803
Total Cash and Cash Equivalents	\$ <u>11,359,503</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

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include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

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

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

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

Analysis of Specific Deposit and Investment Risks

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. It is the County's policy to focus on safety and liquidity. The current policy is to invest only in investment pools. At year end, the County was not significantly exposed to credit risk. As of September 30, 2010, the government's investment in all money market investment accounts were rated at least AAAM by Standard & Poor's.

b. Custodial Credit Risk

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

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

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**D. Receivables**

Receivables, including applicable allowances for uncollectible accounts, as of September 30, 2010 are as follows:

	General	Other Governmental	Debt Service	EMS	Total
Receivables					
Taxes, net	\$ 909,880	\$ --	\$ 47,284	\$ --	\$ 957,164
Grants	717,279	806,647	--	--	1,523,926
Fees and fines	603,444	--	--	--	603,444
Accounts	23,824	228	--	388,281	412,333
Total	<u>\$ 2,254,427</u>	<u>\$ 806,875</u>	<u>\$ 47,284</u>	<u>\$ 388,281</u>	<u>\$ 3,496,867</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of September 30, 2010 the various components of deferred revenue reported in the governmental funds are as follows:

	Unavailable	Unearned
Delinquent property taxes (general fund)	\$ 909,880	\$ --
Delinquent property taxes (debt service funds)	47,284	--
EMS accounts	--	388,281
Revenue received subject to lawsuit	--	746,265
Grant funds received prior to meeting all eligibility requirements	--	224,441
Total deferred revenue for governmental funds	<u>\$ 957,164</u>	<u>\$ 1,358,987</u>

**E. Property Taxes**

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

**1. 2009 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 2010 fiscal year (2009 tax year), the County levied property taxes of \$0.577 per \$100 of assessed valuation. The 2009 rates resulted in total tax levies of approximately \$12.42 million based on a total adjusted valuation of approximately \$2.21 billion. The total tax rate in the 2009 tax year was prorated as follows:

	2009 Rate
Walker County, Texas	
General Fund	\$ 0.5485
Debt Service Fund	0.0285
Total Tax Rate	<u>\$ 0.5770</u>

**2. Walker County Appraisal District**

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

The WCAD is required by state law to assess property at 100% of its appraised value. Further, real property must be appraised at least every three years. Under certain circumstances, the taxpayers and taxing units,

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including the County, may challenge orders of the WCAD's Appraisal Review Board through various appeals and, if necessary, legal action may be taken.

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

**F. Interfund Receivables and Payables**

At September 30, 2010, the interfund receivables and payables were as follows:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 731,375	Short-term loan
Capital Projects Fund	General Fund	162,345	Capital Outlay
		<u>\$ 893,720</u>	

**G. Capital Assets**

Capital asset activity for the year ended September 30, 2010, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 483,180	\$ --	\$ --	\$ 483,180
Construction in progress	1,872,583	21,088	1,872,583	21,088
Total capital assets not being depreciated	<u>2,355,763</u>	<u>21,088</u>	<u>1,872,583</u>	<u>504,268</u>
<i>Capital assets being depreciated:</i>				
Vehicles	3,942,323	415,018	203,817	4,153,524
Office furniture and fixtures	1,913,392	395,197	18,745	2,289,844
Machinery and Equipment	3,637,640	206,417	86,100	3,757,957
Buildings, facilities and improvements	18,928,172	1,953,836	--	20,882,008
Total capital assets being depreciated	<u>28,421,527</u>	<u>2,970,468</u>	<u>308,662</u>	<u>31,083,333</u>
Less accumulated depreciation for:				
Vehicles	2,705,064	416,994	177,532	2,944,526
Office furniture and fixtures	1,335,043	172,833	5,629	1,502,247
Machinery and Equipment	2,824,610	259,585	86,100	2,998,095
Buildings, facilities and improvements	9,216,777	961,408	(186)	10,178,371
Total accumulated depreciation	<u>16,081,494</u>	<u>1,810,820</u>	<u>269,075</u>	<u>17,623,239</u>
Total capital assets being depreciated, net	<u>12,340,033</u>	<u>1,159,648</u>	<u>39,587</u>	<u>13,460,094</u>
Governmental activities capital assets, net	<u>\$ 14,695,796</u>	<u>\$ 1,180,736</u>	<u>\$ 1,912,170</u>	<u>\$ 13,964,362</u>

Depreciation was charged to functions as follows:

<b>Governmental activities:</b>	
General Administrative	\$ 451,485
Judicial	56,464
Financial Administration	8,525
Public Safety	952,687
Health and Welfare	10,513
Road and Bridge	331,146
	<u>\$ 1,810,820</u>

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**H. Long-Term Debt**

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Long-term bonded debt and certificates of obligation at September 30, 2010 are listed below:

Description	Interest Rate %	Date of Issue	Matures	Debt Outstanding	Original Issue
Certificates of Obligation:					
07-02 Precinct 2 Case Excavator	4.00	12/10/2007	12/10/2012	\$ 62,209	\$ 99,795
07-03 Precinct 4 Kubota Tractor	3.74	12/27/2007	12/27/2010	12,301	35,589
08-01 Precinct 4 Ford Truck	3.59	3/10/2008	3/10/2011	7,163	20,752
08-02 Precinct 2 Ford Patch Truck	3.29	04/01/2008	04/01/2011	17,438	50,669
08-03 Precinct 4 Ford Patch Truck	3.29	04/01/2008	04/01/2011	17,438	50,669
Gen Chipspreader Etnyre	3.47	06/16/2008	06/16/2013	139,416	224,838
Series 2002 Capital Projects	4.60	03/15/2002	03/15/2012	880,000	3,100,000
2009 Case C130B Excavator	2.60	03/01/2010	03/01/2013	123,843	123,843
Total Certificates of Obligation				\$ 1,259,808	\$ 3,706,155

A summary of long-term liability transactions of the County for the year ended September 30, 2010, follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
Certificates of Obligations	\$ 1,671,056	\$ 123,843	\$ 535,091	\$ 1,259,808	\$ 589,392
Compensated absences *	797,035	686,267	656,579	826,723	275,574
OPEB obligations *	782,774	779,373	--	1,562,147	--
Total governmental activities	\$ 3,250,865	\$ 1,589,483	\$ 1,191,670	\$ 3,648,678	\$ 864,966

\* Other long-term liabilities

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

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

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

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2011	\$ 589,392	\$ 52,891	\$ 642,283
2012	558,443	27,855	586,298
2013	111,972	3,626	115,598
Totals	\$ 1,259,807	\$ 84,372	\$ 1,344,179

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**I. Leases**

**Operating Leases**

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

**Walker County Health Center**

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

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

Total Cost of Health Center	\$	250,000
Accumulated Depreciation		218,750
Carrying Cost of Health Center	\$	<u>31,250</u>
Current Year Depreciation	\$	12,500

**Buildings at 115 Highway 75 North**

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

Total Cost of COME Center	\$	20,000
Accumulated Depreciation		17,500
Carrying Cost of COME Center	\$	<u>2,500</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 initial contract period was September 1, 2007 through August 31, 2008, with successive one year renewals.

Total Cost of Building	\$	150,000
Accumulated Depreciation		131,250
Carrying Cost of Building	\$	<u>18,750</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 original contract period was April 1, 2008 through August 31, 2008, with successive one year renewals.

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Total Cost of Building	\$ 150,000
Accumulated Depreciation	131,250
Carrying Cost of Building	<u>\$ 18,750</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 initial contract period was September 1, 2007 through August 31, 2008, with successive one year renewals.

Total Cost of Building	\$ 250,000
Accumulated Depreciation	218,750
Carrying Cost of Building	<u>\$ 31,250</u>
Current Year Depreciation	\$ 12,500

**Office Space at 1301 Sam Houston Avenue**

The County has leased approximately 216 square feet of the 20,706 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 20,706 square feet)	\$ 15,626
Accumulated Depreciation	6,250
Carrying Cost of Courthouse Annex	<u>\$ 9,376</u>
Current Year Depreciation	\$ 781

**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	14,001
Carrying Cost of Building	<u>\$ 72,162</u>
Current Year Depreciation	\$ 4,308

**344 Highway 75 North, Suite 300**

The County leases 1500 square feet of office space to the United Way of Walker County at a monthly fee of \$0. United Way is responsible for janitorial services, insurance and all utilities supplied to the premises. Walker County is responsible for repairs to the facility. The initial contract period began August 28, 2009, and terminated on September 30, 2010. The contract allows for successive one month renewals and currently is in the renewal period.

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Total Cost of Building	\$	54,444
Accumulated Depreciation		47,639
Carrying Cost of Building	\$	<u>6,805</u>
Current Year Depreciation	\$	2,722

Clinic Space at 1301 Sam Houston Avenue

The County has leased 240 square feet of office space from the 20,706 square foot Courthouse Annex to the Texas Health and Human Services Commission at a monthly fee of \$0. The Texas Health and Human Services Commission was responsible for utilities, phone installation and phone service for the space. Walker County was responsible for facility repairs and upkeep and provided janitorial services. The provided space was used by the Department of State Health Services to house two Registered Nurses for the public health clinic to provide services such as immunizations and TB case management and control and working with the schools and the public on public health issues. The initial contract period began September 1, 2009 and terminated November 30, 2009 and allowed for successive three month renewals. Final termination of the contract was November, 2010.

Total Cost of Building	\$	17,429
Accumulated Depreciation		6,972
Carrying Cost of Building	\$	<u>10,457</u>
Current Year Depreciation	\$	871

**J. Reserved Fund Balances**

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

	Fund Balance
Capital Projects	\$ 861,376
Debt Service	427,477
Totals	\$ <u>1,288,853</u>

**K. Interfund Transactions**

A summary of interfund transactions for the year ended September 30, 2010 is as follows:

Transfers From	Transfers to	Amount	Reason
General Fund	EMS Fund	\$ 120,624	Supplement other funds' sources
General Fund	Emergency Management Fund	75,500	Supplement other funds' sources
General Fund	Courthouse Security Fund	25,333	Supplement other funds' sources
General Fund	Juvenile Probation Fund	120,376	Supplement other funds' sources
General Fund	Capital Projects Fund	454,458	Supplement other funds' sources
General fund	Road and Bridge Fund	847,732	Supplement other funds' sources
		\$ <u>1,644,023</u>	

**L. Pension Plan**

**1. Plan Description**

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



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multiple-employer public employee retirement system consisting of 602 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 PO 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 10.56% for the months of the accounting year in 2010, and 10.41% for the months of the accounting year in 2009. The contribution rate payable by the employee members is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

For the years ended September 30, 2010, 2009 and 2008, the pension cost for the TCDRS plan and the actual contributions made were \$1,530,834, \$1,445,018, and \$1,310,054, respectively. Because all contributions are made as required, no pension obligation existed at September 30, 2009.

The following is a summary of the actuarial assumptions:

	12/31/06	12/31/07	12/31/08	12/31/09
Actuarial valuation date	entry age	entry age	entry age	entry age
Actuarial cost method	level	level	level	level
Amortization method	percentage of payroll, closed	percentage of payroll, closed	percentage of payroll, closed	percentage of payroll, closed
Amortization period in years	15	15	20	20
Asset valuation method	SAF: 10-yr smoothed value	SAF: 10-yr smoothed value	SAF: 10-yr smoothed value	SAF: 10-yr smoothed value
	ESF: Fund value	ESF: Fund value	ESF: Fund value	ESF: Fund value
Assumptions:				
Investment return (1)	8.00%	8.00%	8.00%	8.00%
Projected salary increases (1)	5.30%	5.30%	5.30%	5.40%
Inflation	3.50%	3.50%	3.50%	3.50%
Cost of living adjustments	--	--	--	--

(1) included inflation at the stated rate

## WALKER COUNTY, TEXAS

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Actuarial valuation date	12/31/06	12/31/07	12/31/08	12/31/09
Actuarial value of assets	21,164,930	23,820,411	24,395,551	27,942,035
Actuarial accrued liability	25,325,388	28,284,920	30,713,356	34,321,448
Percentage funded	83.57%	84.22%	79.43%	81.41%
Unfunded actuarial accrued liability	4,160,458	4,464,509	6,317,805	6,379,413
Annual Covered payroll	10,818,015	11,728,338	13,284,133	13,995,554
Unfunded actuarial accrued liability (UAAL) percentage of covered payroll	38.46%	38.07%	47.56%	45.58%

#### M. Other Postemployment Benefits

##### 1. Plan Description

Permanent full-time employees of the County who retire after October 1, 2008 and begin receiving payments from TCDRS and who have 20 consecutive years of service, are eligible to participate in the retiree health care plan, a single employer plan, with the cost to Walker County until the retiree reaches age 65. At age 65, when employees become eligible for Medicare, the County will pay the premium for a Medicare supplement policy with County Choice Silver. The retiree pays Medicare Part B premiums.

Permanent full-time employees of the County who retire after October 1, 2008, with less than 20 consecutive years of service, are eligible to participate in County Choice Silver (a Medicare supplement) for themselves and any eligible dependents at their own expense. Currently, eleven retired employees are covered by the Plan.

##### 2. Funding Policy.

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

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

The ultimate determination as to the level of pre-funding will be the result of decisions made in an attempt to reconcile the often conflicting needs of benefit security for members and fiscal responsibility for the County. Currently, Walker County has not established a trust to pay retiree health benefits, therefore a separate GAAP basis post employment benefit plan report is not available.

##### 3. Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The County had its first OPEB actuarial valuation performed for the fiscal year beginning October 1, 2008 as required by GASB. The annual OPEB cost for the fiscal year ending September 30, 2010, is as follows:

**WALKER COUNTY, TEXAS****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	2010	2009	2008
Annual Required Contribution (ARC)	\$ 867,125	\$ 841,869	\$ N/A
Interest on net OPEB obligation	35,225	--	N/A
Adjustment to annual required contribution	(32,635)	--	N/A
Annual OPEB cost (expense) end of year	869,715	841,869	N/A
Net estimated employer contributions	(90,342)	(59,095)	N/A
Increase in net OPEB obligation	779,373	782,774	N/A
Net OPEB obligation - beginning of year	782,774	--	N/A
Net OPEB obligation - end of year	\$ 1,562,147	\$ 782,774	\$ N/A

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 are as follows:

Fiscal Year Ending	Employer Annual Required OPEB Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
September 30, 2010	\$ 867,125	7%	\$ 1,562,147
September 31, 2009	841,869	11%	782,774
September 31, 2008	N/A	N/A	N/A

Fiscal year 2009 was the year of implementation of GASB Statements Nos. 43 and 45 and the County has elected to implement prospectively and include three-year trend information.

#### 4. Funded Status and Funding Progress

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

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

Under the reporting parameters, the County's retiree health plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$6,093,030 at December 31, 2008.

#### 5. Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the County's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

**WALKER COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

The following is a summary of the actuarial assumptions:

Actuarial valuation date	12/31/08
Actuarial cost method	Projected unit credit cost method
Amortization method	Level as a percentage of payroll
Amortization period	Open 30 year period
Investment rate of return	4.5%, net of expenses
Payroll growth rate	3.00%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the County's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**N. Commitments and Contingencies**

**1. Contingencies**

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

**2. Litigation**

The County is currently involved in a lawsuit concerning whether an apartment complex is qualified for tax exempt status and, consequently, not liable for the payment of ad valorem taxes. The County has received \$746,264 in ad valorem tax payments under protest. This case is currently under appeal. The County has made the determination that due to the uncertainty of the outcome of this case, that the monies received will be recorded as deferred revenues until an appeal ruling is received.

The County is contingently liable with respect to lawsuits and other claims in the ordinary course of its operations. The settlement of such contingencies under the budgetary process would not materially affect the financial position of the County as of September 30, 2010.

**3. Construction Contract Commitments**

The County had several capital improvement commitments at September 30, 2010. A contract between two parties does not result immediately in the recognition of a liability. Instead, a liability is incurred when performance has occurred under the contract. Until such time as performance takes place, these contracts represent a commitment rather than a liability.

**O. Risk Management**

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the fiscal year 2010, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for any of the past three fiscal years.

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

### *Required Supplementary Information*

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

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**WALKER COUNTY, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT B-1**  
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
<i>AD VALOREM TAXES</i>				
Current Taxes	\$ 9,793,799	\$ 9,793,799	\$ 10,195,472	\$ 401,673
Delinquent Taxes	220,000	220,000	235,621	15,621
Penalty and Interest	160,000	160,000	191,230	31,230
Total Ad Valorem Taxes	10,173,799	10,173,799	10,622,323	448,524
<i>OTHER TAXES</i>				
Sales Taxes	2,367,800	2,367,800	2,343,620	(24,180)
In Lieu of Tax	14,000	14,000	21,982	7,982
Mixed Beverage Tax	78,000	78,000	92,676	14,676
Total Other Taxes	2,459,800	2,459,800	2,458,278	(1,522)
<i>LICENSES AND PERMITS</i>				
Building and Utility Permits	80,200	80,200	96,904	16,704
Total Licenses and Permits	80,200	80,200	96,904	16,704
<i>FINES AND FORFEITURES</i>				
Bond Forfeiture	--	--	13,000	13,000
License and Weight - Operations	66,529	66,529	66,529	--
Total Fines and Forfeitures	66,529	66,529	79,529	13,000
<i>INTERGOVERNMENTAL</i>				
Federal Funds				
Local Law Enforcement	15,238	15,238	31,244	16,006
State Criminal Alien Assistance	--	--	7,060	7,060
Disaster Relief	15,238	15,238	31,244	16,006
Energy Efficiency & Conservation Grant	--	--	8,350	8,350
Total Federal Funds	15,238	15,238	46,654	31,416
State Funds				
State Grant Funds	45,379	155,043	148,893	(6,150)
Other State Funds	157,230	544,839	611,987	67,148
Total State Funds	202,609	699,882	760,880	60,998
Other Governmental Funds				
Appraisal District	7,000	7,000	17,178	10,178
Other	110,882	113,882	111,509	(2,373)
Total Other Governmental Funds	117,882	120,882	128,687	7,805
Total Intergovernmental	335,729	836,002	936,221	100,219
<i>CHARGES FOR SERVICES</i>				
General Administrative	38,000	38,000	47,869	9,869
IT	12,000	12,000	12,000	--
County Clerk	380,000	380,000	330,987	(49,013)
County Court-at-Law	37,000	37,000	40,136	3,136
12th and 278th District Courts	21,000	21,000	43,468	22,468
District Clerk	110,000	110,000	133,858	23,858
District Attorney	1,200	1,200	1,810	610
Justice of the Peace - Precinct 1	67,300	67,300	81,548	14,248
Justice of the Peace - Precinct 2	73,200	73,200	53,512	(19,688)

**WALKER COUNTY, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT B-1**  
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Justice of the Peace - Precinct 3	24,300	24,300	28,154	3,854
Justice of the Peace - Precinct 4	80,000	80,000	82,234	2,234
County Auditor	38,700	38,700	39,747	1,047
County Collections	5,300	5,300	6,399	1,099
Vehicle Registration	304,500	304,500	283,931	(20,569)
Voter Registration	300	300	9	(291)
County Facilities	81,135	81,135	81,045	(90)
County Jail	126,600	126,600	122,347	(4,253)
Sheriff's Office	20,400	20,400	15,867	(4,533)
Sheriff's Estray	2,200	2,200	1,497	(703)
Constables Central Service	183,300	183,300	197,115	13,815
Constable - Precinct 1	--	--	2,495	2,495
Constable - Precinct 2	--	--	1,405	1,405
Constable - Precinct 3	--	--	65	65
Constable - Precinct 4	--	--	27,139	27,139
Utility Department	--	--	208	208
Total Charges for Services	1,606,435	1,606,435	1,634,845	28,410
<b>INTEREST</b>	100,000	100,000	33,214	(66,786)
<b>OTHER INCOME</b>				
Sale of Fixed Assets	--	263	22,364	22,101
Miscellaneous	126,560	132,714	289,246	156,532
Total Other	126,560	132,977	311,610	178,633
<b>TOTAL REVENUES</b>	<b>14,949,052</b>	<b>15,455,742</b>	<b>16,172,924</b>	<b>717,182</b>
<b>EXPENDITURES</b>				
<b>GENERAL ADMINISTRATION</b>				
County Judge				
Salary, Other Pay, and Benefits	159,506	159,506	159,377	129
Operations	15,866	15,866	12,871	2,995
Total County Judge	175,372	175,372	172,248	3,124
<b>IT</b>				
Salary, Other Pay, and Benefits	190,762	190,762	180,855	9,907
Operations	96,007	98,007	97,953	54
Total IT	286,769	288,769	278,808	9,961
<b>Commissioners Court</b>				
Salary, Other Pay, and Benefits	50,110	50,110	45,301	4,809
Operations	23,466	23,466	22,019	1,447
Total Commissioners' Court	73,576	73,576	67,320	6,256
<b>Non-Departmental</b>				
Salary, Other Pay, and Benefits	82,489	102,614	102,124	490
Operations	536,030	541,478	416,058	125,420
Capital Expenditures	--	36,099	36,099	--
Contingency	941,225	--	--	--
Total Non-Departmental	1,559,744	680,191	554,281	125,910



**WALKER COUNTY, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT B-1**  
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Elections				
Salary, Other Pay, and Benefits	46,599	55,356	55,337	19
Operations	29,796	24,039	19,944	4,095
Total Elections	76,395	79,395	75,281	4,114
HAVA Grant				
Operations	--	97,476	97,476	--
Total HAVA Grant	--	97,476	97,476	--
Voter Registration				
Salary, Other Pay, and Benefits	37,428	46,278	46,249	29
Operations	18,859	24,216	21,491	2,725
Total Voter Registration	56,287	70,494	67,740	2,754
County Facilities				
Salary, Other Pay, and Benefits	249,827	249,827	220,502	29,325
Operations	273,145	299,337	272,608	26,729
Capital Expenditures	58,904	102,355	94,072	8,283
Total County Facilities	581,876	651,519	587,182	64,337
TOTAL GENERAL ADMINISTRATION	2,810,019	2,116,792	1,900,336	216,456
JUDICIAL				
County Court-at-Law				
Salary, Other Pay, and Benefits	274,392	275,992	275,988	4
Operations	130,738	291,081	290,197	884
Total County Court-at-Law	405,130	567,073	566,185	888
Courts - Central Costs				
Salary, Other Pay, and Benefits	12,080	12,080	10,000	2,080
Operations	827,665	502,665	443,120	59,545
Total District Court	839,745	514,745	453,120	61,625
12th District Court				
Salary, Other Pay, and Benefits	160,180	160,180	159,400	780
Operations	112,610	221,710	218,628	3,082
Total District Court	272,790	381,890	378,028	3,862
278th District Court				
Salary, Other Pay, and Benefits	178,263	179,663	179,512	151
Operations	112,027	211,027	208,852	2,175
Total District Court	290,290	390,690	388,364	2,326
District Clerk				
Salary, Other Pay, and Benefits	350,172	350,172	336,391	13,781
Operations	53,983	55,632	52,954	2,678
Total District Clerk	404,155	405,804	389,345	16,459
Criminal District Attorney				
Salary, Other Pay, and Benefits	1,165,839	1,165,839	1,142,129	23,710
Operations	27,964	48,338	39,476	8,862
Total Criminal District Attorney	1,193,803	1,214,177	1,181,605	32,572

**WALKER COUNTY, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT B-1**  
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Justice of the Peace - Precinct 1				
Salary, Other Pay, and Benefits	174,489	174,489	173,338	1,151
Operations	13,333	13,333	11,720	1,613
Total Justice of the Peace - Precinct 1	187,822	187,822	185,058	2,764
Justice of the Peace - Precinct 2				
Salary, Other Pay, and Benefits	167,872	168,002	167,887	115
Operations	10,191	10,061	7,716	2,345
Total Justice of the Peace - Precinct 2	178,063	178,063	175,603	2,460
Justice of the Peace - Precinct 3				
Salary, Other Pay, and Benefits	173,357	173,755	173,726	29
Operations	9,954	11,656	10,436	1,220
Total Justice of the Peace - Precinct 3	183,311	185,411	184,162	1,249
Justice of the Peace - Precinct 4				
Salary, Other Pay, and Benefits	212,534	212,534	209,915	2,619
Operations	16,832	17,532	15,807	1,725
Total Justice of the Peace - Precinct 4	229,366	230,066	225,722	4,344
TOTAL JUDICIAL	4,184,475	4,255,741	4,127,192	128,549
FINANCIAL ADMINISTRATION				
County Clerk				
Salary, Other Pay, and Benefits	418,032	418,032	398,793	19,239
Operations	127,407	128,349	113,502	14,847
Total County Clerk	545,439	546,381	512,295	34,086
Purchasing				
Salary, Other Pay, and Benefits	158,359	158,359	157,795	564
Operations	21,088	21,088	19,163	1,925
Total Purchasing	179,447	179,447	176,958	2,489
County Auditor				
Salary, Other Pay, and Benefits	533,293	533,293	494,655	38,638
Operations	67,612	59,612	56,760	2,852
Total County Auditor	600,905	592,905	551,415	41,490
County Treasurer				
Salary, Other Pay, and Benefits	269,996	258,535	221,048	37,487
Operations	43,729	55,190	54,556	634
Total County Treasurer	313,725	313,725	275,604	38,121
County Collections				
Salary, Other Pay, and Benefits	134,535	134,535	90,395	44,140
Operations	16,320	18,620	15,628	2,992
Total County Collections	150,855	153,155	106,023	47,132
Vehicle Registration				
Salary, Other Pay, and Benefits	298,420	298,420	287,657	10,763
Operations	9,410	11,660	10,194	1,466
Total Vehicle Registration	307,830	310,080	297,851	12,229
TOTAL FINANCIAL ADMINISTRATION	2,098,201	2,095,693	1,920,146	175,547

**WALKER COUNTY, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT B-1**  
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>PUBLIC SAFETY</b>				
County Jail				
Salary, Other Pay, and Benefits	1,596,041	1,596,041	1,555,036	41,005
Operations	442,915	445,175	388,079	57,096
Capital Expenditures	--	6,745	6,745	--
Total County Jail	2,038,956	2,047,961	1,949,860	98,101
Sheriff's Department				
Salary, Other Pay, and Benefits	2,030,007	2,005,007	1,956,697	48,310
Operations	291,001	324,678	298,988	25,690
Capital Expenditures	166,000	166,000	147,667	18,333
Total County Sheriff's Office	2,487,008	2,495,685	2,403,352	92,333
Estray				
Operations	6,000	6,000	3,381	2,619
Total Estray	6,000	6,000	3,381	2,619
Constable Central				
Salary, Other Pay, and Benefits	39,336	39,336	38,247	1,089
Operations	9,329	9,362	2,412	6,950
Total Constable Central	48,665	48,698	40,659	8,039
Constable - Precinct 1				
Salary, Other Pay, and Benefits	61,395	61,695	61,667	28
Operations	6,240	6,274	3,617	2,657
Total Constable - Precinct 1	67,635	67,969	65,284	2,685
Constable - Precinct 2				
Salary, Other Pay, and Benefits	61,395	61,395	61,293	102
Operations	6,723	7,057	3,007	4,050
Total Constable - Precinct 2	68,118	68,452	64,300	4,152
Constable - Precinct 3				
Salary, Other Pay, and Benefits	61,395	61,745	61,704	41
Operations	6,764	6,748	5,187	1,561
Capital Expenditures	36,075	36,075	35,969	106
Total Constable - Precinct 3	104,234	104,568	102,860	1,708
Constable - Precinct 4				
Salary, Other Pay, and Benefits	61,395	61,955	61,927	28
Operations	6,494	6,268	4,982	1,286
Total Constable - Precinct 4	67,889	68,223	66,909	1,314
Department of Public Safety				
Salary, Other Pay, and Benefits	47,620	47,620	47,059	561
Operations	2,215	2,215	727	1,488
Total Department of Public Safety	49,835	49,835	47,786	2,049
Department of Public Safety - Weigh Station				
Operations	25,187	25,187	17,945	7,242
Total Department of Public Safety	25,187	25,187	17,945	7,242

**WALKER COUNTY, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT B-1**  
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Probation Support				
Salary, Other Pay, and Benefits	42,491	42,491	36,524	5,967
Operations	54,297	54,297	43,312	10,985
Total Probation Support	96,788	96,788	79,836	16,952
<b>TOTAL PUBLIC SAFETY</b>	<b>5,060,315</b>	<b>5,079,366</b>	<b>4,842,172</b>	<b>237,194</b>
<b>HEALTH AND WELFARE</b>				
Veterans Service				
Salary, Other Pay, and Benefits	25,220	25,220	23,647	1,573
Operations	2,873	2,873	1,070	1,803
Total Veterans Service	28,093	28,093	24,717	3,376
Utility Department				
Salary, Other Pay, and Benefits	303,255	303,255	266,641	36,614
Operations	88,480	106,503	102,311	4,192
Total Utility Department	391,735	409,758	368,952	40,806
Social Services				
Operations	23,800	23,800	8,321	15,479
Total Social Services	23,800	23,800	8,321	15,479
Historical Commission				
Operations	5,600	5,600	5,486	114
Total Historical Commission	5,600	5,600	5,486	114
Texas AgriLife Extension Service				
Salary, Other Pay, and Benefits	136,181	136,181	129,328	6,853
Operations	18,329	18,329	17,921	408
Total Agriculture Extension Agent	154,510	154,510	147,249	7,261
<b>TOTAL HEALTH AND WELFARE</b>	<b>603,738</b>	<b>621,761</b>	<b>554,725</b>	<b>67,036</b>
<b>INTERGOVERNMENTAL / SERVICE CONTRACTS</b>				
Intra-County Services				
FINANCIAL ADMINISTRATION				
Appraisal District	311,188	311,188	311,188	--
HEALTH AND WELFARE				
Tri-County MHMR	28,730	28,730	28,728	2
City of Huntsville - Drainage	--	5,000	5,000	--
Rita B. Huff Humane Society	24,000	24,000	23,930	70
Senior Citizen's Center	10,000	10,000	10,000	--
Soil Conservation	500	500	500	--
Boys & Girls Club	15,000	15,000	15,000	--
YMCA	15,000	15,000	15,000	--
New Waverly Library	8,500	8,500	8,500	--
PUBLIC SAFETY				
Walker County Public Safety Communications Center	400,000	400,000	400,000	--
City of Huntsville Fire Department	246,487	246,487	246,487	--
Crabbs Prairie Fire Department	7,200	7,200	7,200	--
Riverside Fire Department	9,100	9,100	9,100	--
Pine Prairie Fire Department	7,200	7,200	7,200	--

**WALKER COUNTY, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT B-1**  
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
New Waverly Fire Department	17,700	24,900	24,900	--
Thomas Lake Fire Department	7,200	7,200	7,200	--
Dodge Fire Department	7,200	7,200	7,200	--
Additional Fire Department Funding	7,200	--	--	--
General Administration	10,983	10,983	7,013	3,970
Total Intra-County Services	1,133,188	1,138,188	1,134,146	4,042
TOTAL INTERGOVERNMENTAL / SERVICE CONTRACTS	1,133,188	1,138,188	1,134,146	4,042
<b>TOTAL EXPENDITURES</b>	<b>15,889,936</b>	<b>15,307,541</b>	<b>14,478,716</b>	<b>828,825</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(940,884)</b>	<b>148,201</b>	<b>1,694,208</b>	<b>1,546,007</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
<i>Transfers Out</i>	(1,443,264)	(2,176,580)	(1,644,023)	532,557
Total Other Financing Sources (Uses)	(1,443,264)	(2,176,580)	(1,644,023)	532,557
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,384,148)</b>	<b>(2,028,379)</b>	<b>50,185</b>	<b>2,078,564</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>5,586,096</b>	<b>5,586,096</b>	<b>5,586,096</b>	<b>--</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 3,201,948</b>	<b>\$ 3,557,717</b>	<b>\$ 5,636,281</b>	<b>\$ 2,078,564</b>

**WALKER COUNTY, TEXAS**  
**GRANTS AND CONTRACTS FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
<i>INTERGOVERNMENTAL</i>				
Federal Funds				
Local Law Enforcement	\$ 305,989	\$ 305,989	\$ 227,222	\$ (78,767)
Homeland Security Grant	114,979	114,979	18,036	(96,943)
Disaster Relief	305,989	305,989	227,222	(78,767)
Total Federal Funds	420,968	420,968	245,258	(175,710)
State Funds				
Other State Funds	5,507,871	5,334,133	4,756,225	(577,908)
Total State Funds	5,507,871	5,334,133	4,756,225	(577,908)
Total Intergovernmental	5,943,336	5,769,598	5,014,042	(755,556)
<i>OTHER INCOME</i>				
Sale of Fixed Assets	--	--	280	280
Total Other	--	--	280	280
<b>TOTAL REVENUES</b>	<b>5,943,336</b>	<b>5,769,598</b>	<b>5,014,322</b>	<b>(755,276)</b>
<b>EXPENDITURES</b>				
<i>JUDICIAL</i>				
Special Prosecution Unit				
Salary, Other Pay, and Benefits	3,673,960	3,511,171	3,298,103	213,068
Operations	1,833,605	1,822,656	1,458,096	364,560
Total Special Prosecution Unit	5,507,565	5,333,827	4,756,199	577,628
<b>TOTAL JUDICIAL</b>	<b>5,507,565</b>	<b>5,333,827</b>	<b>4,756,199</b>	<b>577,628</b>
<i>PUBLIC SAFETY</i>				
JAG Grant				
Operations	54,743	54,743	20,473	34,270
Sub-recipient Operations	51,246	51,246	6,749	44,497
Total JAG Grant	105,989	105,989	27,222	78,767
JAG Communications Grant				
Operations	200,000	200,000	200,000	--
Total JAG Communications Grant	200,000	200,000	200,000	--
Homeland Security Grant				
Operations	114,979	114,979	18,036	96,943
Total Homeland Security Grant	114,979	114,979	18,036	96,943
SHSP Grant				
Operations	14,803	14,803	12,865	1,938
Total SHSP Grant	14,803	14,803	12,865	1,938
<b>TOTAL PUBLIC SAFETY</b>	<b>435,771</b>	<b>435,771</b>	<b>258,123</b>	<b>177,648</b>

**WALKER COUNTY, TEXAS**  
**GRANTS AND CONTRACTS FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
TOTAL EXPENDITURES	5,943,336	5,769,598	5,014,322	755,276
OVER (UNDER) EXPENDITURES	--	--	--	--
NET CHANGE IN FUND BALANCE	--	--	--	--
FUND BALANCE AT BEGINNING OF YEAR	44,675	44,675	44,675	--
FUND BALANCE AT END OF YEAR	\$ 44,675	\$ 44,675	\$ 44,675	\$ --

**WALKER COUNTY, TEXAS**  
**ROAD AND BRIDGE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT B-3**  
**Page 1 of 2**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
<i>AD VALOREM TAXES</i>				
Current Taxes	\$ 1,261,383	\$ 1,261,383	\$ 1,261,383	\$ --
Delinquent Taxes	20,000	20,000	28,528	8,528
Penalty and Interest	14,000	14,000	23,153	9,153
Total Ad Valorem Taxes	1,295,383	1,295,383	1,313,064	17,681
<i>FINES AND FORFEITURES</i>				
License and Weight - Operations	320,400	320,400	340,333	19,933
Other Fines and Forfeitures	968,800	968,800	835,519	(133,281)
Total Fines and Forfeitures	1,289,200	1,289,200	1,175,852	(113,348)
<i>INTERGOVERNMENTAL</i>				
State Funds				
Other State Funds	40,000	40,000	54,530	14,530
Total State Funds	40,000	40,000	54,530	14,530
Other Governmental Funds				
U.S. Forest Service	134,860	134,860	244,797	109,937
Other	--	16,550	18,758	2,208
Total Other Governmental Funds	134,860	151,410	263,555	112,145
Total Intergovernmental	174,860	191,410	318,085	126,675
<i>CHARGES FOR SERVICES</i>				
Total Charges for Services	918,000	918,000	880,684	(37,316)
<i>INTEREST</i>	6,000	6,000	1,213	(4,787)
<i>OTHER INCOME</i>				
Sale of Fixed Assets	--	21,117	21,825	708
Miscellaneous	--	16,275	16,288	13
Total Other	--	37,392	38,113	721
<b>TOTAL REVENUES</b>	<b>3,683,443</b>	<b>3,737,385</b>	<b>3,727,011</b>	<b>(10,374)</b>
<b>EXPENDITURES</b>				
<i>GENERAL ADMINISTRATION</i>				
Non-Departmental				
Operations	400,000	--	--	--
Total Non-Departmental	400,000	--	--	--
TOTAL GENERAL ADMINISTRATION	400,000	--	--	--
<i>PUBLIC TRANSPORTATION</i>				
General Road and Bridge				
Operations	70,000	70,000	54,156	15,844
Total General Road and Bridge	70,000	70,000	54,156	15,844
Road and Bridge - Precinct 1				
Salary, Other Pay, and Benefits	488,206	488,206	466,018	22,188



**WALKER COUNTY, TEXAS**  
**ROAD AND BRIDGE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT B-3**  
Page 2 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operations	530,146	835,686	591,991	243,695
Capital Expenditures	200,000	--	--	--
Total Road and Bridge - Precinct 1	1,218,352	1,323,892	1,058,009	265,883
Road and Bridge - Precinct 2				
Salary, Other Pay, and Benefits	541,908	541,908	510,132	31,776
Operations	502,501	602,239	492,589	109,650
Capital Expenditures	--	22,382	22,382	--
Total Road and Bridge - Precinct 2	1,044,409	1,166,529	1,025,103	141,426
Road and Bridge - Precinct 3				
Salary, Other Pay, and Benefits	519,394	534,650	509,828	24,822
Operations	617,027	951,727	687,462	264,265
Capital Expenditures	109,500	131,566	131,566	--
Total Road and Bridge - Precinct 3	1,245,921	1,617,943	1,328,856	289,087
Road and Bridge - Precinct 4				
Salary, Other Pay, and Benefits	533,744	533,744	529,542	4,202
Operations	539,852	688,275	532,780	155,495
Capital Expenditures	45,000	45,000	38,180	6,820
Total Road and Bridge - Precinct 4	1,118,596	1,267,019	1,100,502	166,517
Weigh Station Projects				
Capital Expenditures	41,673	52,444	--	52,444
Total Weigh Station Projects	41,673	52,444	--	52,444
Litter Control				
Salary, Other Pay, and Benefits	13,481	13,606	13,589	17
Operations	8,519	30,840	10,874	19,966
Total Litter Control	22,000	44,446	24,463	19,983
TOTAL PUBLIC TRANSPORTATION	4,760,951	5,542,273	4,591,089	951,184
<b>TOTAL EXPENDITURES</b>	<b>5,160,951</b>	<b>5,542,273</b>	<b>4,591,089</b>	<b>951,184</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,477,508)	(1,804,888)	(864,078)	940,810
OTHER FINANCING SOURCES (USES)				
Transfers In	716,735	847,732	847,732	--
Certificates of Obligation	309,500	123,843	123,843	--
Total Other Financing Sources (Uses)	1,026,235	971,575	971,575	--
NET CHANGE IN FUND BALANCE	(451,273)	(833,313)	107,497	940,810
FUND BALANCE AT BEGINNING OF YEAR	914,235	914,235	914,235	--
FUND BALANCE AT END OF YEAR	\$ 462,962	\$ 80,922	\$ 1,021,732	\$ 940,810

# WALKER COUNTY, TEXAS

EMS FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT B-4

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
INTERGOVERNMENTAL				
State Funds				
Other State Funds	\$ --	\$ --	\$ 23,195	\$ 23,195
Total State Funds	--	--	23,195	23,195
Total Intergovernmental	--	--	23,195	23,195
CHARGES FOR SERVICES				
Emergency Medical Services	1,287,277	1,287,277	1,619,287	332,010
Emergency Medical Services Transfer	537,276	537,277	624,836	87,559
Total Charges for Services	1,824,553	1,824,554	2,244,123	419,569
OTHER INCOME				
Miscellaneous	--	16,617	20,551	3,934
Total Other	--	16,617	20,551	3,934
TOTAL REVENUES	1,824,553	1,841,171	2,287,869	446,698
EXPENDITURES				
PUBLIC SAFETY				
Emergency Medical Services				
Salary, Other Pay, and Benefits	1,630,909	1,630,909	1,621,276	9,633
Operations	304,705	326,322	309,777	16,545
Capital Expenditures	--	172,293	172,292	1
Total Emergency Medical Services	1,935,614	2,129,524	2,103,345	26,179
Emergency Medical Services Transfer				
Salary, Other Pay, and Benefits	362,330	362,330	318,987	43,343
Operations	36,562	41,562	25,879	15,683
Total Emergency Medical Services Transfer	398,892	403,892	344,866	59,026
TOTAL PUBLIC SAFETY	2,334,506	2,533,416	2,448,211	85,205
TOTAL EXPENDITURES	2,334,506	2,533,416	2,448,211	85,205
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(509,953)	(692,245)	(160,342)	531,903
OTHER FINANCING SOURCES (USES)				
Transfers In	509,953	652,527	120,624	(531,903)
Total Other Financing Sources (Uses)	509,953	652,527	120,624	(531,903)
NET CHANGE IN FUND BALANCE	--	(39,718)	(39,718)	--
FUND BALANCE AT BEGINNING OF YEAR	39,718	39,718	39,718	--
FUND BALANCE AT END OF YEAR	\$ 39,718	\$ --	\$ --	\$ --

**WALKER COUNTY, TEXAS**

## REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF FUNDING PROGRESS

## TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

YEAR ENDED SEPTEMBER 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2005	\$ 18,594,952	\$ 22,644,182	\$ 4,049,230	82.12%	\$ 10,185,191	39.76%
12/31/2006	21,164,930	25,325,388	4,160,458	83.57%	10,818,015	38.46%
12/31/2007	23,820,411	28,284,920	4,464,509	84.22%	11,728,338	38.07%
12/31/2008	24,395,551	30,713,356	6,317,805	79.43%	13,284,133	47.56%
12/31/2009	27,942,035	34,321,448	6,379,413	81.41%	13,995,554	45.58%

## **WALKER COUNTY, TEXAS**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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.

*Combining Statements and Budget Comparisons  
as Supplementary Information*

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

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## Non-Major Governmental Funds

**WALKER COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2010**

	Special Revenue Funds	Capital Projects Fund  Hearts Museum Project	Total Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS</b>			
Assets:			
Cash and Cash Equivalents	\$ 1,865,601	\$ 176,149	\$ 2,041,750
Accounts Receivable	8	--	8
Due from Other Governments	4,094	--	4,094
<b>Total Assets</b>	<b>\$ 1,869,703</b>	<b>\$ 176,149</b>	<b>\$ 2,045,852</b>
<b>LIABILITIES AND EQUITY</b>			
Liabilities:			
Accounts Payable	\$ 31,790	\$ 116,985	\$ 148,775
Due to State	4,469	--	4,469
Due to Others	10,858	--	10,858
Accrued Liabilities	32,826	--	32,826
Deferred Revenue	224,441	--	224,441
<b>Total Liabilities</b>	<b>304,384</b>	<b>116,985</b>	<b>421,369</b>
Equity:			
Fund balances:			
Reserved for Capital Projects	--	59,164	59,164
Unreserved, undesignated			
Special Revenue Funds	1,565,319	--	1,565,319
<b>Total Equity</b>	<b>1,565,319</b>	<b>59,164</b>	<b>1,624,483</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$ 1,869,703</b>	<b>\$ 176,149</b>	<b>\$ 2,045,852</b>



**WALKER COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue Funds	Capital Projects Fund Hearts Museum Project	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:			
Intergovernmental	\$ 1,128,266	\$ --	\$ 1,128,266
Charges for Services	1,139,475	--	1,139,475
Fines and Forfeitures	60,333	--	60,333
Interest Income	2,643	364	3,007
Other	19,425	13,546	32,971
Total Revenues	<u>2,350,142</u>	<u>13,910</u>	<u>2,364,052</u>
Expenditures:			
Current:			
General Administration	104,376	151,490	255,866
Judicial	133,567	--	133,567
Financial Administration	849	--	849
Public Safety	2,125,779	--	2,125,779
Public Transportation	14,599	--	14,599
Total Expenditures	<u>2,379,170</u>	<u>151,490</u>	<u>2,530,660</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(29,028)</u>	<u>(137,580)</u>	<u>(166,608)</u>
Other Financing Sources (Uses):			
Transfers In	221,209	--	221,209
Total Other Financing Sources (Uses)	<u>221,209</u>	<u>--</u>	<u>221,209</u>
Net Change in Fund Balances	192,181	(137,580)	54,601
Fund Balance at Beginning of Year	1,373,138	196,744	1,569,882
Fund Balance at End of Year	<u>\$ 1,565,319</u>	<u>\$ 59,164</u>	<u>\$ 1,624,483</u>

**WALKER COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2010**

	Weigh Station Projects Fund	US Forest Fire Suppression Fund	Hot Check Fund	Law Library Fund
<b>ASSETS</b>				
Assets:				
Cash and Cash Equivalents	\$ 153,092	\$ 44,020	\$ 60,729	\$ 65,262
Accounts Receivable	--	--	--	--
Due from Other Governments	--	--	--	--
<b>Total Assets</b>	<b>\$ 153,092</b>	<b>\$ 44,020</b>	<b>\$ 60,729</b>	<b>\$ 65,262</b>
<b>LIABILITIES AND EQUITY</b>				
Liabilities:				
Accounts Payable	\$ 937	\$ --	\$ 4,825	\$ 1,972
Due to State	--	--	--	--
Due to Others	--	--	10,858	--
Accrued Liabilities	--	--	--	--
Deferred Revenue	--	--	--	--
<b>Total Liabilities</b>	<b>937</b>	<b>--</b>	<b>15,683</b>	<b>1,972</b>
Equity:				
Fund balances:				
Unreserved, undesignated				
Special Revenue Funds	152,155	44,020	45,046	63,290
<b>Total Equity</b>	<b>152,155</b>	<b>44,020</b>	<b>45,046</b>	<b>63,290</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$ 153,092</b>	<b>\$ 44,020</b>	<b>\$ 60,729</b>	<b>\$ 65,262</b>

<u>Court House Security Fund</u>	<u>Justice Courts Security Fund</u>	<u>Elections Equipment Fund</u>	<u>County Clerk Records Fund</u>	<u>County Records Management Fund</u>
\$ --	\$ 29,897	\$ 41,741	\$ 55,579	\$ 49,348
--	--	--	--	--
<u>\$ --</u>	<u>\$ 29,897</u>	<u>\$ 41,741</u>	<u>\$ 55,579</u>	<u>\$ 49,348</u>
\$ --	\$ --	\$ --	\$ 336	\$ --
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>336</u>	<u>--</u>
--	29,897	41,741	55,243	49,348
<u>--</u>	<u>29,897</u>	<u>41,741</u>	<u>55,243</u>	<u>49,348</u>
<u>\$ --</u>	<u>\$ 29,897</u>	<u>\$ 41,741</u>	<u>\$ 55,579</u>	<u>\$ 49,348</u>

**WALKER COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2010**

	County Records II Fund	District Clerk Records Fund	Sheriff Forfeiture Fund	D.A. Forfeiture Fund
<b>ASSETS</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 7,920	\$ 13,801	\$ 22,827	\$ 81,502
Accounts Receivable	--	--	--	--
Due from Other Governments	--	--	--	--
<b>Total Assets</b>	<b>\$ 7,920</b>	<b>\$ 13,801</b>	<b>\$ 22,827</b>	<b>\$ 81,502</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ --	\$ --	\$ 2,515	\$ --
Due to State	--	--	--	--
Due to Others	--	--	--	--
Accrued Liabilities	--	--	4,942	--
Deferred Revenue	--	--	--	--
<b>Total Liabilities</b>	<b>--</b>	<b>--</b>	<b>7,457</b>	<b>--</b>
<b>Equity:</b>				
<b>Fund balances:</b>				
Unreserved, undesignated				
Special Revenue Funds	7,920	13,801	15,370	81,502
<b>Total Equity</b>	<b>7,920</b>	<b>13,801</b>	<b>15,370</b>	<b>81,502</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$ 7,920</b>	<b>\$ 13,801</b>	<b>\$ 22,827</b>	<b>\$ 81,502</b>

Emergency Special Fund	Law Enforcement Seizure Fund	Adult Probation Fund	Juvenile Probation Fund	Special Inventory Tax Fund
\$ 172,951	\$ 79,238	\$ 497,559 8	\$ 303,124	\$ 2,017
--	--	--	--	--
<u>\$ 172,951</u>	<u>\$ 79,238</u>	<u>\$ 497,567</u>	<u>\$ 303,124</u>	<u>\$ 2,017</u>
\$ 2,426	\$ --	\$ 9,037	\$ 4,826	\$ --
--	--	--	4,469	--
--	--	--	--	--
--	--	--	--	--
<u>2,426</u>	<u>79,238</u>	<u>103,112</u>	<u>42,091</u>	<u>--</u>
<u>2,426</u>	<u>79,238</u>	<u>112,149</u>	<u>51,386</u>	<u>--</u>
170,525	--	385,418	251,738	2,017
<u>170,525</u>	<u>--</u>	<u>385,418</u>	<u>251,738</u>	<u>2,017</u>
<u>\$ 172,951</u>	<u>\$ 79,238</u>	<u>\$ 497,567</u>	<u>\$ 303,124</u>	<u>\$ 2,017</u>

**WALKER COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2010**

	District Clerk Rider Prosecution Fund	Prof. Prosecutors Supplement Fund	Pretrial Intervention Fund
<b>ASSETS</b>			
Assets:			
Cash and Cash Equivalents	\$ 44,411	\$ 822	\$ 845
Accounts Receivable	--	--	--
Due from Other Governments	--	4,094	--
<b>Total Assets</b>	<b>\$ 44,411</b>	<b>\$ 4,916</b>	<b>\$ 845</b>
<b>LIABILITIES AND EQUITY</b>			
Liabilities:			
Accounts Payable	\$ --	\$ 4,916	\$ --
Due to State	--	--	--
Due to Others	--	--	--
Accrued Liabilities	--	--	--
Deferred Revenue	--	--	--
<b>Total Liabilities</b>	<b>--</b>	<b>4,916</b>	<b>--</b>
Equity:			
Fund balances:			
Unreserved, undesignated			
Special Revenue Funds	44,411	--	845
<b>Total Equity</b>	<b>44,411</b>	<b>--</b>	<b>845</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$ 44,411</b>	<b>\$ 4,916</b>	<b>\$ 845</b>

Total  
Nonmajor  
Special  
Revenue  
Funds (See  
Exhibit C-1)

Justice Court Technology Fund	County and District Court Technology Fund	Inmate Medical Fund	LEOSE Training Fund	
\$ 99,413	\$ 670	\$ 10,949	\$ 27,884	\$ 1,865,601
--	--	--	--	8
--	--	--	--	4,094
<u>\$ 99,413</u>	<u>\$ 670</u>	<u>\$ 10,949</u>	<u>\$ 27,884</u>	<u>\$ 1,869,703</u>
\$ --	\$ --	\$ --	\$ --	\$ 31,790
--	--	--	--	4,469
--	--	--	--	10,858
--	--	--	27,884	32,826
--	--	--	--	224,441
<u>--</u>	<u>--</u>	<u>--</u>	<u>27,884</u>	<u>304,384</u>
99,413	670	10,949	--	1,565,319
<u>99,413</u>	<u>670</u>	<u>10,949</u>	<u>--</u>	<u>1,565,319</u>
<u>\$ 99,413</u>	<u>\$ 670</u>	<u>\$ 10,949</u>	<u>\$ 27,884</u>	<u>\$ 1,869,703</u>

**WALKER COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Weigh Station Projects Fund	US Forest Fire Suppression Fund	Hot Check Fund	Law Library Fund
Revenue:				
Intergovernmental	\$ --	\$ 35,757	\$ --	\$ --
Charges for Services	--	--	40,113	36,003
Fines and Forfeitures	60,333	--	--	--
Interest Income	195	44	--	93
Other	--	--	3,351	--
Total Revenues	<u>60,528</u>	<u>35,801</u>	<u>43,464</u>	<u>36,096</u>
Expenditures:				
Current:				
General Administration	--	--	--	--
Judicial	--	--	45,389	18,065
Financial Administration	--	--	--	--
Public Safety	--	--	--	--
Public Transportation	14,599	--	--	--
Total Expenditures	<u>14,599</u>	<u>--</u>	<u>45,389</u>	<u>18,065</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>45,929</u>	<u>35,801</u>	<u>(1,925)</u>	<u>18,031</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	45,929	35,801	(1,925)	18,031
Fund Balance at Beginning of Year	106,226	8,219	46,971	45,259
Fund Balance at End of Year	<u>\$ 152,155</u>	<u>\$ 44,020</u>	<u>\$ 45,046</u>	<u>\$ 63,290</u>



Court House Security Fund	Justice Courts Security Fund	Elections Equipment Fund	County Clerk Records Fund	County Records Management Fund
\$ --	\$ --	\$ 28,942	\$ --	\$ --
44,453	8,400	--	46,375	24,732
--	--	--	--	--
--	44	76	100	164
--	--	--	--	--
<u>44,453</u>	<u>8,444</u>	<u>29,018</u>	<u>46,475</u>	<u>24,896</u>
--	--	--	47,038	54,739
--	1,275	--	--	--
--	--	--	--	--
69,786	--	--	--	--
--	--	--	--	--
<u>69,786</u>	<u>1,275</u>	<u>--</u>	<u>47,038</u>	<u>54,739</u>
(25,333)	7,169	29,018	(563)	(29,843)
25,333	--	--	--	--
<u>25,333</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
--	7,169	29,018	(563)	(29,843)
--	22,728	12,723	55,806	79,191
<u>\$ --</u>	<u>\$ 29,897</u>	<u>\$ 41,741</u>	<u>\$ 55,243</u>	<u>\$ 49,348</u>

**WALKER COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	County Records II Fund	District Clerk Records Fund	Sheriff Forfeiture Fund	D.A. Forfeiture Fund
<b>Revenue:</b>				
<i>Intergovernmental</i>	\$ --	\$ --	\$ --	\$ --
<i>Charges for Services</i>	7,920	3,995	--	--
<i>Fines and Forfeitures</i>	--	--	--	--
<i>Interest Income</i>	--	24	43	144
<i>Other</i>	--	--	--	14,180
<b>Total Revenues</b>	<u>7,920</u>	<u>4,019</u>	<u>43</u>	<u>14,324</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<i>General Administration</i>	--	2,599	--	--
<i>Judicial</i>	--	--	--	--
<i>Financial Administration</i>	--	--	--	--
<i>Public Safety</i>	--	--	3,312	6,163
<i>Public Transportation</i>	--	--	--	--
<b>Total Expenditures</b>	<u>--</u>	<u>2,599</u>	<u>3,312</u>	<u>6,163</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>7,920</u>	<u>1,420</u>	<u>(3,269)</u>	<u>8,161</u>
<b>Other Financing Sources (Uses):</b>				
<i>Transfers In</i>	--	--	--	--
<b>Total Other Financing Sources (Uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Net Change in Fund Balances</b>	7,920	1,420	(3,269)	8,161
<b>Fund Balance at Beginning of Year</b>	--	12,381	18,639	73,341
<b>Fund Balance at End of Year</b>	<u>\$ 7,920</u>	<u>\$ 13,801</u>	<u>\$ 15,370</u>	<u>\$ 81,502</u>

Emergency Special Fund	Adult Probation Fund	Juvenile Probation Fund	Special Inventory Tax Fund	District Clerk Rider Prosecution Fund
\$ 46,015	\$ 573,575	\$ 398,717	\$ --	\$ 10,000
15,303	870,019	3,748	--	--
--	--	--	--	--
139	892	424	--	81
267	1,623	4	--	--
<u>61,724</u>	<u>1,446,109</u>	<u>402,893</u>	<u>--</u>	<u>10,081</u>
--	--	--	--	--
--	--	--	--	8,938
--	--	--	849	--
84,769	1,401,693	560,056	--	--
--	--	--	--	--
<u>84,769</u>	<u>1,401,693</u>	<u>560,056</u>	<u>849</u>	<u>8,938</u>
(23,045)	44,416	(157,163)	(849)	1,143
75,500	--	120,376	--	--
<u>75,500</u>	--	<u>120,376</u>	--	--
52,455	44,416	(36,787)	(849)	1,143
118,070	341,002	288,525	2,866	43,268
<u>\$ 170,525</u>	<u>\$ 385,418</u>	<u>\$ 251,738</u>	<u>\$ 2,017</u>	<u>\$ 44,411</u>

**WALKER COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Prof. Prosecutors Supplement Fund	Pretrial Intervention Fund
Revenue:		
<i>Intergovernmental</i>	\$ 35,260	\$ --
<i>Charges for Services</i>	--	845
<i>Fines and Forfeitures</i>	--	--
<i>Interest Income</i>	--	--
<i>Other</i>	--	--
Total Revenues	<u>35,260</u>	<u>845</u>
Expenditures:		
Current:		
<i>General Administration</i>	--	--
<i>Judicial</i>	35,260	--
<i>Financial Administration</i>	--	--
<i>Public Safety</i>	--	--
<i>Public Transportation</i>	--	--
Total Expenditures	<u>35,260</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>845</u>
Other Financing Sources (Uses):		
<i>Transfers In</i>	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>
Net Change in Fund Balances	--	845
Fund Balance at Beginning of Year	--	--
Fund Balance at End of Year	<u>\$ --</u>	<u>\$ 845</u>

Justice Court Technology Fund	County and District Court Technology Fund	Inmate Medical Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ --	\$ --	\$ --	\$ 1,128,266
34,920	670	1,979	1,139,475
--	--	--	60,333
164	--	16	2,643
--	--	--	19,425
<u>35,084</u>	<u>670</u>	<u>1,995</u>	<u>2,350,142</u>
--	--	--	104,376
24,640	--	--	133,567
--	--	--	849
--	--	--	2,125,779
--	--	--	14,599
<u>24,640</u>	<u>--</u>	<u>--</u>	<u>2,379,170</u>
10,444	670	1,995	(29,028)
--	--	--	221,209
<u>--</u>	<u>--</u>	<u>--</u>	<u>221,209</u>
10,444	670	1,995	192,181
88,969	--	8,954	1,373,138
<u>\$ 99,413</u>	<u>\$ 670</u>	<u>\$ 10,949</u>	<u>\$ 1,565,319</u>

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## Budgetary Comparisons Schedules

**WALKER COUNTY, TEXAS**  
**WEIGH STATION PROJECTS FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-5**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
<i>FINES AND FORFEITURES</i>				
License and Weight - Operations	\$ 40,000	\$ 40,000	\$ 60,333	\$ 20,333
Total Fines and Forfeitures	40,000	40,000	60,333	20,333
<i>INTEREST</i>	400	400	195	(205)
<b>TOTAL REVENUES</b>	<b>40,400</b>	<b>40,400</b>	<b>60,528</b>	<b>20,128</b>
<b>EXPENDITURES</b>				
<i>PUBLIC TRANSPORTATION</i>				
Weigh Station Projects				
Salary, Other Pay, and Benefits	16,334	16,334	10,797	5,537
Operations	10,000	10,000	3,802	6,198
Capital Expenditures	62,044	79,892	—	79,892
Total Weigh Station Projects	88,378	106,226	14,599	91,627
<b>TOTAL PUBLIC TRANSPORTATION</b>	<b>88,378</b>	<b>106,226</b>	<b>14,599</b>	<b>91,627</b>
<b>TOTAL EXPENDITURES</b>	<b>88,378</b>	<b>106,226</b>	<b>14,599</b>	<b>91,627</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(47,978)</b>	<b>(65,826)</b>	<b>45,929</b>	<b>111,755</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(47,978)</b>	<b>(65,826)</b>	<b>45,929</b>	<b>111,755</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>106,226</b>	<b>106,226</b>	<b>106,226</b>	<b>--</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 58,248</b>	<b>\$ 40,400</b>	<b>\$ 152,155</b>	<b>\$ 111,755</b>



**WALKER COUNTY, TEXAS**  
**US FOREST FIRE SUPPRESSION FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-6**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
<i>INTERGOVERNMENTAL</i>				
Federal Funds				
Legislatively Designated Funds	\$ 39,730	\$ 39,730	\$ 35,757	\$ (3,973)
Total Federal Funds	39,730	39,730	35,757	(3,973)
Total Intergovernmental	39,730	39,730	35,757	(3,973)
<i>INTEREST</i>	600	600	44	(556)
<b>TOTAL REVENUES</b>	<b>40,330</b>	<b>40,330</b>	<b>35,801</b>	<b>(4,529)</b>
<b>EXPENDITURES</b>				
<i>PUBLIC SAFETY</i>				
U.S. Forest Service - Fire Suppression				
Operations	40,931	48,549	--	48,549
Total U.S. Forest Service	40,931	48,549	--	48,549
<b>TOTAL PUBLIC SAFETY</b>	<b>40,931</b>	<b>48,549</b>	<b>--</b>	<b>48,549</b>
<b>TOTAL EXPENDITURES</b>	<b>40,931</b>	<b>48,549</b>	<b>--</b>	<b>48,549</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(601)</b>	<b>(8,219)</b>	<b>35,801</b>	<b>44,020</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(601)</b>	<b>(8,219)</b>	<b>35,801</b>	<b>44,020</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>8,219</b>	<b>8,219</b>	<b>8,219</b>	<b>--</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 7,618</b>	<b>\$ --</b>	<b>\$ 44,020</b>	<b>\$ 44,020</b>

**WALKER COUNTY, TEXAS**

HOT CHECK FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
CHARGES FOR SERVICES				
Hot Check	\$ 37,000	\$ 37,000	\$ 40,113	\$ 3,113
Total Charges for Services	37,000	37,000	40,113	3,113
OTHER INCOME				
Sale of Fixed Assets	--	--	3,351	3,351
Total Other	--	--	3,351	3,351
TOTAL REVENUES	37,000	37,000	43,464	6,464
EXPENDITURES				
JUDICIAL				
Hot Check				
Salary, Other Pay, and Benefits	22,439	22,439	19,997	2,442
Operations	38,874	38,874	25,392	13,482
Total Hot Check	61,313	61,313	45,389	15,924
TOTAL JUDICIAL	61,313	61,313	45,389	15,924
TOTAL EXPENDITURES	61,313	61,313	45,389	15,924
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(24,313)	(24,313)	(1,925)	22,388
NET CHANGE IN FUND BALANCE	(24,313)	(24,313)	(1,925)	22,388
FUND BALANCE AT BEGINNING OF YEAR	46,971	46,971	46,971	--
FUND BALANCE AT END OF YEAR	\$ 22,658	\$ 22,658	\$ 45,046	\$ 22,388

**WALKER COUNTY, TEXAS**

EXHIBIT C-8

LAW LIBRARY FUND  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
CHARGES FOR SERVICES				
Law Library	\$ 35,000	\$ 35,000	\$ 36,003	\$ 1,003
Total Charges for Services	35,000	35,000	36,003	1,003
INTEREST	360	360	93	(267)
TOTAL REVENUES	35,360	35,360	36,096	736
EXPENDITURES				
JUDICIAL				
Law Library				
Salary, Other Pay, and Benefits	5,692	5,692	5,665	27
Operations	51,606	51,606	12,400	39,206
Total Law Library	57,298	57,298	18,065	39,233
TOTAL JUDICIAL	57,298	57,298	18,065	39,233
TOTAL EXPENDITURES	57,298	57,298	18,065	39,233
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(21,938)	(21,938)	18,031	39,969
NET CHANGE IN FUND BALANCE	(21,938)	(21,938)	18,031	39,969
FUND BALANCE AT BEGINNING OF YEAR	45,259	45,259	45,259	--
FUND BALANCE AT END OF YEAR	\$ 23,321	\$ 23,321	\$ 63,290	\$ 39,969

**WALKER COUNTY, TEXAS**  
**COURT HOUSE SECURITY FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-9**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
CHARGES FOR SERVICES				
Court House Security	\$ 43,800	\$ 49,087	\$ 44,453	\$ (4,634)
Total Charges for Services	43,800	49,087	44,453	(4,634)
<b>TOTAL REVENUES</b>	<b>43,800</b>	<b>49,087</b>	<b>44,453</b>	<b>(4,634)</b>
EXPENDITURES				
PUBLIC SAFETY				
Courthouse Security				
Salary, Other Pay, and Benefits	64,085	69,739	69,738	1
Operations	415	48	48	--
Total Courthouse Security	64,500	69,787	69,786	1
<b>TOTAL PUBLIC SAFETY</b>	<b>64,500</b>	<b>69,787</b>	<b>69,786</b>	<b>1</b>
<b>TOTAL EXPENDITURES</b>	<b>64,500</b>	<b>69,787</b>	<b>69,786</b>	<b>1</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(20,700)	(20,700)	(25,333)	(4,633)
OTHER FINANCING SOURCES (USES)				
Transfers In	20,700	20,700	25,333	4,633
Total Other Financing Sources (Uses)	20,700	20,700	25,333	4,633
NET CHANGE IN FUND BALANCE	--	--	--	--
FUND BALANCE AT BEGINNING OF YEAR	--	--	--	--
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>

**WALKER COUNTY, TEXAS**  
**JUSTICE COURTS SECURITY FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

EXHIBIT C-10

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
CHARGES FOR SERVICES				
Justice Court Security	\$ 8,000	\$ 8,000	\$ 8,400	\$ 400
Total Charges for Services	8,000	8,000	8,400	400
INTEREST	--	--	44	44
<b>TOTAL REVENUES</b>	<b>8,000</b>	<b>8,000</b>	<b>8,444</b>	<b>444</b>
EXPENDITURES				
JUDICIAL				
Justice Court Security				
Operations	15,000	15,000	1,275	13,725
Total Justice Court Security	15,000	15,000	1,275	13,725
<b>TOTAL JUDICIAL</b>	<b>15,000</b>	<b>15,000</b>	<b>1,275</b>	<b>13,725</b>
<b>TOTAL EXPENDITURES</b>	<b>15,000</b>	<b>15,000</b>	<b>1,275</b>	<b>13,725</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,000)	(7,000)	7,169	14,169
NET CHANGE IN FUND BALANCE	(7,000)	(7,000)	7,169	14,169
FUND BALANCE AT BEGINNING OF YEAR	22,728	22,728	22,728	--
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 15,728</b>	<b>\$ 15,728</b>	<b>\$ 29,897</b>	<b>\$ 14,169</b>

**WALKER COUNTY, TEXAS**

ELECTIONS EQUIPMENT FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-11

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
INTERGOVERNMENTAL				
Other	\$ --	\$ --	\$ 28,942	\$ 28,942
Total Other Governmental Funds	--	--	28,942	28,942
Total Intergovernmental	--	--	28,942	28,942
INTEREST	--	--	76	76
TOTAL REVENUES	--	--	29,018	29,018
EXPENDITURES				
GENERAL ADMINISTRATION				
TOTAL GENERAL ADMINISTRATION	12,713	12,713	--	12,713
TOTAL EXPENDITURES	12,713	12,713	--	12,713
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(12,713)	(12,713)	29,018	41,731
NET CHANGE IN FUND BALANCE	(12,713)	(12,713)	29,018	41,731
FUND BALANCE AT BEGINNING OF YEAR	12,723	12,723	12,723	--
FUND BALANCE AT END OF YEAR	\$ 10	\$ 10	\$ 41,741	\$ 41,731

**WALKER COUNTY, TEXAS**  
COUNTY CLERK RECORDS FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-12

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
<i>CHARGES FOR SERVICES</i>				
Records Preservation	\$ 44,100	\$ 44,100	\$ 46,375	\$ 2,275
Total Charges for Services	44,100	44,100	46,375	2,275
<i>INTEREST</i>	600	600	100	(500)
<b>TOTAL REVENUES</b>	<b>44,700</b>	<b>44,700</b>	<b>46,475</b>	<b>1,775</b>
EXPENDITURES				
<i>GENERAL ADMINISTRATION</i>				
Records Preservation				
Salary, Other Pay, and Benefits	47,760	47,760	40,622	7,138
Operations	27,920	27,920	6,416	21,504
Total County Facilities	75,680	75,680	47,038	28,642
<b>TOTAL GENERAL ADMINISTRATION</b>	<b>75,680</b>	<b>75,680</b>	<b>47,038</b>	<b>28,642</b>
<b>TOTAL EXPENDITURES</b>	<b>75,680</b>	<b>75,680</b>	<b>47,038</b>	<b>28,642</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(30,980)	(30,980)	(563)	30,417
NET CHANGE IN FUND BALANCE	(30,980)	(30,980)	(563)	30,417
FUND BALANCE AT BEGINNING OF YEAR	55,806	55,806	55,806	--
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 24,826</b>	<b>\$ 24,826</b>	<b>\$ 55,243</b>	<b>\$ 30,417</b>

**WALKER COUNTY, TEXAS**  
COUNTY RECORDS MANAGEMENT FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-13

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
<i>CHARGES FOR SERVICES</i>				
Records Preservation	\$ 26,400	\$ 26,400	\$ 24,732	\$ (1,668)
Total Charges for Services	26,400	26,400	24,732	(1,668)
<i>INTEREST</i>	1,300	1,300	164	(1,136)
<b>TOTAL REVENUES</b>	<b>27,700</b>	<b>27,700</b>	<b>24,896</b>	<b>(2,804)</b>
EXPENDITURES				
<i>GENERAL ADMINISTRATION</i>				
Records Preservation				
Operations	75,000	75,000	54,739	20,261
Total County Facilities	75,000	75,000	54,739	20,261
<b>TOTAL GENERAL ADMINISTRATION</b>	<b>75,000</b>	<b>75,000</b>	<b>54,739</b>	<b>20,261</b>
<b>TOTAL EXPENDITURES</b>	<b>75,000</b>	<b>75,000</b>	<b>54,739</b>	<b>20,261</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(47,300)	(47,300)	(29,843)	17,457
NET CHANGE IN FUND BALANCE	(47,300)	(47,300)	(29,843)	17,457
FUND BALANCE AT BEGINNING OF YEAR	79,191	79,191	79,191	--
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 31,891</b>	<b>\$ 31,891</b>	<b>\$ 49,348</b>	<b>\$ 17,457</b>



**WALKER COUNTY, TEXAS**

COUNTY RECORDS II FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-14

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
CHARGES FOR SERVICES				
Records Preservation	\$ --	\$ --	\$ 7,920	\$ 7,920
Total Charges for Services	--	--	7,920	7,920
TOTAL REVENUES	--	--	7,920	7,920
TOTAL EXPENDITURES	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	--	--	7,920	7,920
NET CHANGE IN FUND BALANCE	--	--	7,920	7,920
FUND BALANCE AT BEGINNING OF YEAR	--	--	--	--
FUND BALANCE AT END OF YEAR	\$ --	\$ --	\$ 7,920	\$ 7,920

**WALKER COUNTY, TEXAS**  
DISTRICT CLERK RECORDS FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-15

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
CHARGES FOR SERVICES				
Records Preservation	\$ 3,850	\$ 3,850	\$ 3,995	\$ 145
Total Charges for Services	3,850	3,850	3,995	145
INTEREST	50	50	24	(26)
<b>TOTAL REVENUES</b>	<b>3,900</b>	<b>3,900</b>	<b>4,019</b>	<b>119</b>
EXPENDITURES				
GENERAL ADMINISTRATION				
Records Preservation				
Operations	11,140	11,140	2,599	8,541
Total County Facilities	11,140	11,140	2,599	8,541
<b>TOTAL GENERAL ADMINISTRATION</b>	<b>11,140</b>	<b>11,140</b>	<b>2,599</b>	<b>8,541</b>
<b>TOTAL EXPENDITURES</b>	<b>11,140</b>	<b>11,140</b>	<b>2,599</b>	<b>8,541</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,240)	(7,240)	1,420	8,660
NET CHANGE IN FUND BALANCE	(7,240)	(7,240)	1,420	8,660
FUND BALANCE AT BEGINNING OF YEAR	12,381	12,381	12,381	--
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 5,141</b>	<b>\$ 5,141</b>	<b>\$ 13,801</b>	<b>\$ 8,660</b>

**WALKER COUNTY, TEXAS**  
**SHERIFF FORFEITURE FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

EXHIBIT C-16

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
INTEREST	\$ 120	\$ 120	\$ 43	\$ (77)
TOTAL REVENUES	120	120	43	(77)
EXPENDITURES				
PUBLIC SAFETY				
Forfeitures				
Operations	11,464	11,464	3,312	8,152
Total Forfeitures	11,464	11,464	3,312	8,152
TOTAL PUBLIC SAFETY	11,464	11,464	3,312	8,152
TOTAL EXPENDITURES	11,464	11,464	3,312	8,152
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(11,344)	(11,344)	(3,269)	8,075
NET CHANGE IN FUND BALANCE	(11,344)	(11,344)	(3,269)	8,075
FUND BALANCE AT BEGINNING OF YEAR	18,639	18,639	18,639	--
FUND BALANCE AT END OF YEAR	\$ 7,295	\$ 7,295	\$ 15,370	\$ 8,075

**WALKER COUNTY, TEXAS**

EXHIBIT C-17

D.A. FORFEITURE FUND  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
INTEREST	\$ 200	\$ 200	\$ 144	\$ (56)
OTHER INCOME				
Miscellaneous	--	--	14,180	14,180
Total Other	--	--	14,180	14,180
TOTAL REVENUES	200	200	14,324	14,124
EXPENDITURES				
PUBLIC SAFETY				
Forfeitures				
Operations	55,739	55,739	6,163	49,576
Total Forfeitures	55,739	55,739	6,163	49,576
TOTAL PUBLIC SAFETY	55,739	55,739	6,163	49,576
TOTAL EXPENDITURES	55,739	55,739	6,163	49,576
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(55,539)	(55,539)	8,161	63,700
NET CHANGE IN FUND BALANCE	(55,539)	(55,539)	8,161	63,700
FUND BALANCE AT BEGINNING OF YEAR	73,341	73,341	73,341	--
FUND BALANCE AT END OF YEAR	\$ 17,802	\$ 17,802	\$ 81,502	\$ 63,700

**WALKER COUNTY, TEXAS**  
**EMERGENCY SPECIAL FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

EXHIBIT C-18

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
INTERGOVERNMENTAL				
Federal Funds				
Total Federal Funds	\$ --	\$ --	\$ 46,015	\$ 46,015
Total Intergovernmental	--	--	46,015	46,015
CHARGES FOR SERVICES				
Total Charges for Services	13,500	13,500	15,303	1,803
INTEREST	--	--	139	139
OTHER INCOME				
Miscellaneous	--	--	267	267
Total Other	--	--	267	267
<b>TOTAL REVENUES</b>	<b>13,500</b>	<b>13,500</b>	<b>61,724</b>	<b>48,224</b>
EXPENDITURES				
PUBLIC SAFETY				
Emergency Management				
Salary, Other Pay, and Benefits	55,639	55,639	40,070	15,569
Operations	106,595	106,595	44,699	61,896
Capital Expenditures	25,500	25,500	--	25,500
Total Emergency Management	187,734	187,734	84,769	102,965
<b>TOTAL PUBLIC SAFETY</b>	<b>187,734</b>	<b>187,734</b>	<b>84,769</b>	<b>102,965</b>
<b>TOTAL EXPENDITURES</b>	<b>187,734</b>	<b>187,734</b>	<b>84,769</b>	<b>102,965</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(174,234)	(174,234)	(23,045)	151,189
OTHER FINANCING SOURCES (USES)				
Transfers In	75,500	75,500	75,500	--
Total Other Financing Sources (Uses)	75,500	75,500	75,500	--
NET CHANGE IN FUND BALANCE	(98,734)	(98,734)	52,455	151,189
FUND BALANCE AT BEGINNING OF YEAR	118,070	118,070	118,070	--
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 19,336</b>	<b>\$ 19,336</b>	<b>\$ 170,525</b>	<b>\$ 151,189</b>

**WALKER COUNTY, TEXAS**

ADULT PROBATION FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-19

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
INTERGOVERNMENTAL				
State Funds				
State Grant Funds	\$ 10,000	\$ 10,000	\$ 8,047	\$ (1,953)
Other State Funds	568,345	581,915	565,528	(16,387)
Total State Funds	578,345	591,915	573,575	(18,340)
Total Intergovernmental	578,345	591,915	573,575	(18,340)
CHARGES FOR SERVICES				
Adult Probation	740,500	740,500	870,019	129,519
Total Charges for Services	740,500	740,500	870,019	129,519
INTEREST	2,000	2,000	892	(1,108)
OTHER INCOME				
Miscellaneous	--	--	1,623	1,623
Total Other	--	--	1,623	1,623
TOTAL REVENUES	1,320,845	1,334,415	1,446,109	111,694
EXPENDITURES				
PUBLIC SAFETY				
Adult Probation				
Salary, Other Pay, and Benefits	1,363,626	1,247,018	1,253,192	(6,174)
Operations	314,546	428,398	148,501	279,897
Total Adult Probation	1,678,172	1,675,416	1,401,693	273,723
TOTAL PUBLIC SAFETY	1,678,172	1,675,416	1,401,693	273,723
TOTAL EXPENDITURES	1,678,172	1,675,416	1,401,693	273,723
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(357,327)	(341,001)	44,416	385,417
NET CHANGE IN FUND BALANCE	(357,327)	(341,001)	44,416	385,417
FUND BALANCE AT BEGINNING OF YEAR	341,002	341,002	341,002	--
FUND BALANCE AT END OF YEAR	\$ (16,325)	\$ 1	\$ 385,418	\$ 385,417

**WALKER COUNTY, TEXAS**  
**JUVENILE PROBATION FUNDS**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-20**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
<i>INTERGOVERNMENTAL</i>				
Federal Funds				
Juvenile Probation	\$ --	\$ --	\$ 622	\$ 622
Total Federal Funds	--	--	622	622
State Funds				
Other State Funds	363,812	416,180	398,095	(18,085)
Total State Funds	363,812	416,180	398,095	(18,085)
Total Intergovernmental	363,812	416,180	398,717	(17,463)
<i>CHARGES FOR SERVICES</i>				
Juvenile Probation	4,500	4,500	3,748	(752)
Total Charges for Services	4,500	4,500	3,748	(752)
<i>INTEREST</i>	--	--	424	424
<i>OTHER INCOME</i>				
Miscellaneous	--	--	4	4
Total Other	--	--	4	4
<b>TOTAL REVENUES</b>	<b>368,312</b>	<b>420,680</b>	<b>402,893</b>	<b>(17,787)</b>
<b>EXPENDITURES</b>				
<i>PUBLIC SAFETY</i>				
Juvenile Probation				
Salary, Other Pay, and Benefits	295,854	322,638	317,671	4,967
Operations	363,675	394,165	242,385	151,780
Total Juvenile Probation	659,529	716,803	560,056	156,747
<b>TOTAL PUBLIC SAFETY</b>	<b>659,529</b>	<b>716,803</b>	<b>560,056</b>	<b>156,747</b>
<b>TOTAL EXPENDITURES</b>	<b>659,529</b>	<b>716,803</b>	<b>560,056</b>	<b>156,747</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(291,217)</b>	<b>(296,123)</b>	<b>(157,163)</b>	<b>138,960</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	115,470	120,376	120,376	--
Total Other Financing Sources (Uses)	115,470	120,376	120,376	--
<b>NET CHANGE IN FUND BALANCE</b>	<b>(175,747)</b>	<b>(175,747)</b>	<b>(36,787)</b>	<b>138,960</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>288,525</b>	<b>288,525</b>	<b>288,525</b>	<b>--</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 112,778</b>	<b>\$ 112,778</b>	<b>\$ 251,738</b>	<b>\$ 138,960</b>

**WALKER COUNTY, TEXAS**

SPECIAL INVENTORY TAX FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-21

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
Special Inventory Tax	\$ --	\$ --	\$ --	\$ --
TOTAL REVENUES	--	--	--	--
EXPENDITURES				
FINANCIAL ADMINISTRATION				
Special Inventory Tax				
Operations	2,663	2,663	849	1,814
Total Special Inventory Tax	2,663	2,663	849	1,814
TOTAL FINANCIAL ADMINISTRATION	2,663	2,663	849	1,814
TOTAL EXPENDITURES	2,663	2,663	849	1,814
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,663)	(2,663)	(849)	1,814
NET CHANGE IN FUND BALANCE	(2,663)	(2,663)	(849)	1,814
FUND BALANCE AT BEGINNING OF YEAR	2,866	2,866	2,866	--
FUND BALANCE AT END OF YEAR	\$ 203	\$ 203	\$ 2,017	\$ 1,814



**WALKER COUNTY, TEXAS**

DISTRICT CLERK RIDER PROSECUTION FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-22

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
INTERGOVERNMENTAL				
State Funds				
Other State Funds	\$ 12,000	\$ 12,000	\$ 10,000	\$ (2,000)
Total State Funds	12,000	12,000	10,000	(2,000)
Total Intergovernmental	12,000	12,000	10,000	(2,000)
INTEREST	200	200	81	(119)
TOTAL REVENUES	12,200	12,200	10,081	(2,119)
EXPENDITURES				
JUDICIAL				
District Clerk				
Salary, Other Pay, and Benefits	10,671	10,671	3,828	6,843
Operations	46,533	41,633	3,110	38,523
Capital Expenditures	--	4,900	2,000	2,900
Total District Clerk	57,204	57,204	8,938	48,266
TOTAL JUDICIAL	57,204	57,204	8,938	48,266
TOTAL EXPENDITURES	57,204	57,204	8,938	48,266
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(45,004)	(45,004)	1,143	46,147
NET CHANGE IN FUND BALANCE	(45,004)	(45,004)	1,143	46,147
FUND BALANCE AT BEGINNING OF YEAR	43,268	43,268	43,268	--
FUND BALANCE AT END OF YEAR	\$ (1,736)	\$ (1,736)	\$ 44,411	\$ 46,147

**WALKER COUNTY, TEXAS**

PROF. PROSECUTORS SUPPLEMENT FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-23

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
INTERGOVERNMENTAL				
State Funds				
Other State Funds	\$ 34,450	\$ 34,450	\$ 35,260	\$ 810
Total State Funds	34,450	34,450	35,260	810
Total Intergovernmental	34,450	34,450	35,260	810
TOTAL REVENUES	34,450	34,450	35,260	810
EXPENDITURES				
JUDICIAL				
Professional Prosecutors				
Operations	34,450	34,450	35,260	(810)
Total Professional Prosecutors	34,450	34,450	35,260	(810)
TOTAL JUDICIAL	34,450	34,450	35,260	(810)
TOTAL EXPENDITURES	34,450	34,450	35,260	(810)
OVER (UNDER) EXPENDITURES	--	--	--	--
NET CHANGE IN FUND BALANCE	--	--	--	--
FUND BALANCE AT BEGINNING OF YEAR	--	--	--	--
FUND BALANCE AT END OF YEAR	\$ --	\$ --	\$ --	\$ --

**WALKER COUNTY, TEXAS**

EXHIBIT C-24

PRETRIAL INTERVENTION FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
CHARGES FOR SERVICES				
Pretrial Intervention	\$ --	\$ --	\$ 845	\$ 845
Total Charges for Services	--	--	845	845
TOTAL REVENUES	--	--	845	845
TOTAL EXPENDITURES	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	--	--	845	845
NET CHANGE IN FUND BALANCE	--	--	845	845
FUND BALANCE AT BEGINNING OF YEAR	--	--	--	--
FUND BALANCE AT END OF YEAR	\$ --	\$ --	\$ 845	\$ 845

**WALKER COUNTY, TEXAS**  
**JUSTICE COURT TECHNOLOGY FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-25**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
CHARGES FOR SERVICES				
Justice Court Technology	\$ 34,000	\$ 34,000	\$ 34,920	\$ 920
Total Charges for Services	34,000	34,000	34,920	920
INTEREST	600	600	164	(436)
<b>TOTAL REVENUES</b>	<b>34,600</b>	<b>34,600</b>	<b>35,084</b>	<b>484</b>
EXPENDITURES				
JUDICIAL				
Justice Court Technology				
Operations	90,000	90,000	24,640	65,360
Total Justice Court Technology	90,000	90,000	24,640	65,360
<b>TOTAL JUDICIAL</b>	<b>90,000</b>	<b>90,000</b>	<b>24,640</b>	<b>65,360</b>
<b>TOTAL EXPENDITURES</b>	<b>90,000</b>	<b>90,000</b>	<b>24,640</b>	<b>65,360</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(55,400)	(55,400)	10,444	65,844
NET CHANGE IN FUND BALANCE	(55,400)	(55,400)	10,444	65,844
FUND BALANCE AT BEGINNING OF YEAR	88,969	88,969	88,969	--
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 33,569</b>	<b>\$ 33,569</b>	<b>\$ 99,413</b>	<b>\$ 65,844</b>

**WALKER COUNTY, TEXAS**

EXHIBIT C-26

COUNTY AND DISTRICT COURT TECHNOLOGY FUND  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
CHARGES FOR SERVICES				
Courts - Central Costs	\$ 4,200	\$ 4,200	\$ 670	\$ (3,530)
Total Charges for Services	4,200	4,200	670	(3,530)
TOTAL REVENUES	4,200	4,200	670	(3,530)
TOTAL EXPENDITURES	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,200	4,200	670	(3,530)
NET CHANGE IN FUND BALANCE	4,200	4,200	670	(3,530)
FUND BALANCE AT BEGINNING OF YEAR	--	--	--	--
FUND BALANCE AT END OF YEAR	\$ 4,200	\$ 4,200	\$ 670	\$ (3,530)

**WALKER COUNTY, TEXAS**  
**INMATE MEDICAL FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-27**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
CHARGES FOR SERVICES				
Inmate Medical Services	\$ 2,000	\$ 2,000	\$ 1,979	\$ (21)
Total Charges for Services	2,000	2,000	1,979	(21)
INTEREST	200	200	16	(184)
<b>TOTAL REVENUES</b>	<b>2,200</b>	<b>2,200</b>	<b>1,995</b>	<b>(205)</b>
EXPENDITURES				
PUBLIC SAFETY				
Inmate Medical Services				
Operations	11,014	11,014	--	11,014
Total Inmate Medical Services	11,014	11,014	--	11,014
<b>TOTAL PUBLIC SAFETY</b>	<b>11,014</b>	<b>11,014</b>	<b>--</b>	<b>11,014</b>
<b>TOTAL EXPENDITURES</b>	<b>11,014</b>	<b>11,014</b>	<b>--</b>	<b>11,014</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,814)	(8,814)	1,995	10,809
NET CHANGE IN FUND BALANCE	(8,814)	(8,814)	1,995	10,809
FUND BALANCE AT BEGINNING OF YEAR	8,954	8,954	8,954	--
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 140</b>	<b>\$ 140</b>	<b>\$ 10,949</b>	<b>\$ 10,809</b>

Debt service

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**WALKER COUNTY, TEXAS**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-28**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUE				
AD VALOREM TAXES				
Current Taxes	\$ 590,156	\$ 590,156	\$ 601,711	\$ 11,555
Delinquent Taxes	10,000	10,000	18,282	8,282
Penalty and Interest	5,000	5,000	13,553	8,553
Total Ad Valorem Taxes	605,156	605,156	633,546	28,390
INTEREST				
	3,000	3,000	577	(2,423)
TOTAL REVENUES	608,156	608,156	634,123	25,967
EXPENDITURES				
DEBT SERVICE				
Principal Retirement	535,091	535,091	535,091	--
Interest and Fiscal Charges	73,065	73,065	73,065	--
Total Debt Service	608,156	608,156	608,156	--
TOTAL EXPENDITURES	608,156	608,156	608,156	--
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	--	--	25,967	25,967
NET CHANGE IN FUND BALANCE				
	--	--	25,967	25,967
FUND BALANCE AT BEGINNING OF YEAR	401,510	401,510	401,510	--
FUND BALANCE AT END OF YEAR	\$ 401,510	\$ 401,510	\$ 427,477	\$ 25,967

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Capital Projects Funds

**WALKER COUNTY, TEXAS**  
**CAPITAL PROJECTS FUNDS**  
**CAPITAL PROJECTS FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-29**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
INTEREST	\$ --	\$ --	\$ 927	\$ 927
<b>TOTAL REVENUES</b>	<b>--</b>	<b>--</b>	<b>927</b>	<b>927</b>
EXPENDITURES				
GENERAL ADMINISTRATION				
Capital Improvements				
Operations	442,722	534,835	207,349	327,486
Capital Expenditures	138,499	500,844	27,045	473,799
Total Capital Improvements	581,221	1,035,679	234,394	801,285
<b>TOTAL GENERAL ADMINISTRATION</b>	<b>581,221</b>	<b>1,035,679</b>	<b>234,394</b>	<b>801,285</b>
<b>TOTAL EXPENDITURES</b>	<b>581,221</b>	<b>1,035,679</b>	<b>234,394</b>	<b>801,285</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(581,221)	(1,035,679)	(233,467)	802,212
OTHER FINANCING SOURCES (USES)				
Transfers In	--	454,458	454,458	--
Total Other Financing Sources (Uses)	--	454,458	454,458	--
NET CHANGE IN FUND BALANCE	(581,221)	(581,221)	220,991	802,212
FUND BALANCE AT BEGINNING OF YEAR	581,221	581,221	581,221	--
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 802,212</b>	<b>\$ 802,212</b>

**WALKER COUNTY, TEXAS**  
**HEARTS MUSEUM PROJECT**  
**CAPITAL PROJECTS FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-30**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
INTEREST	\$ --	\$ 217	\$ 364	\$ 147
OTHER INCOME				
Miscellaneous	--	13,546	13,546	--
Total Other	--	13,546	13,546	--
<b>TOTAL REVENUES</b>	<b>--</b>	<b>13,763</b>	<b>13,910</b>	<b>147</b>
EXPENDITURES				
GENERAL ADMINISTRATION				
Hearts Museum				
Capital Expenditures	196,744	210,507	151,490	59,017
Total Capital Improvements	196,744	210,507	151,490	59,017
<b>TOTAL GENERAL ADMINISTRATION</b>	<b>196,744</b>	<b>210,507</b>	<b>151,490</b>	<b>59,017</b>
<b>TOTAL EXPENDITURES</b>	<b>196,744</b>	<b>210,507</b>	<b>151,490</b>	<b>59,017</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(196,744)	(196,744)	(137,580)	59,164
NET CHANGE IN FUND BALANCE	(196,744)	(196,744)	(137,580)	59,164
FUND BALANCE AT BEGINNING OF YEAR	196,744	196,744	196,744	--
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 59,164</b>	<b>\$ 59,164</b>

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## Trust and Agency Funds

**WALKER COUNTY, TEXAS**

## COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

## AGENCY FUNDS

SEPTEMBER 30, 2010

	Commissary Operations Fund	County Officials Trust & Agency Funds	Walker County Publ Safety Communicati Center Fund	Total Agency Funds (See Exhibit A-7)
<b>ASSETS</b>				
Assets:				
Cash and Cash Equivalents	\$ 9,058	\$ 2,405,034	\$ 125,957	\$ 2,540,049
Restricted Cash and Cash Equivalents	--	43,743	--	43,743
<b>Total Assets</b>	<b>\$ 9,058</b>	<b>\$ 2,448,777</b>	<b>\$ 125,957</b>	<b>\$ 2,583,792</b>
<b>LIABILITIES</b>				
Liabilities:				
Accounts Payable	\$ 9,058	\$ --	\$ 19,601	\$ 28,659
Due to Other Governments	--	812,284	106,356	918,640
Due to Others	--	1,636,493	--	1,636,493
<b>Total Liabilities</b>	<b>\$ 9,058</b>	<b>\$ 2,448,777</b>	<b>\$ 125,957</b>	<b>\$ 2,583,792</b>



**WALKER COUNTY, TEXAS**

EXHIBIT C-32

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

YEAR ENDED SEPTEMBER 30, 2010

	Balance October 1, 2009	Additions	Deductions	Balance September 30, 2010
<b>COUNTY OFFICIALS TRUST AND AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,541,060	\$ 951,753	\$ 87,779	\$ 2,405,034
Restricted Cash and Cash Equivalents	647,214	--	603,471	43,743
Total Assets	<u>\$ 2,188,274</u>	<u>\$ 951,753</u>	<u>\$ 691,250</u>	<u>\$ 2,448,777</u>
<b>LIABILITIES</b>				
Due to Other Governments	691,250	--	691,250	--
Due to Others	1,497,024	951,753	--	2,448,777
Total Liabilities	<u>\$ 2,188,274</u>	<u>\$ 951,753</u>	<u>\$ 691,250</u>	<u>\$ 2,448,777</u>
<b>WALKER COUNTY PUBLIC SAFETY COMMUNICATIONS CENTER</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 180,743	\$ 899,485	\$ 954,271	\$ 125,957
Due from Other Governments	8,554	--	8,554	--
Total Assets	<u>\$ 189,297</u>	<u>\$ 899,485</u>	<u>\$ 962,825</u>	<u>\$ 125,957</u>
<b>LIABILITIES</b>				
Accounts Payable	12,206	899,485	892,090	19,601
Due to Other Governments	177,091	--	70,735	106,356
Total Liabilities	<u>\$ 189,297</u>	<u>\$ 899,485</u>	<u>\$ 962,825</u>	<u>\$ 125,957</u>
<b>JAIL COMMISSARY</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 9,113	\$ 15,827	\$ 15,882	\$ 9,058
Total Assets	<u>\$ 9,113</u>	<u>\$ 15,827</u>	<u>\$ 15,882</u>	<u>\$ 9,058</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 9,113	\$ 15,827	\$ 15,882	\$ 9,058
Total Liabilities	<u>\$ 9,113</u>	<u>\$ 15,827</u>	<u>\$ 15,882</u>	<u>\$ 9,058</u>
<b>TOTAL AGENCY FUNDS:</b>				
<b>ASSETS</b>				
Cash & Investments	\$ 1,730,916	\$ 1,867,065	\$ 1,057,932	\$ 2,540,049
Restricted Cash and Cash Equivalents	647,214	--	603,471	43,743
Due from Other Governments	8,554	--	8,554	--
Total Assets	<u>\$ 2,386,684</u>	<u>\$ 1,867,065</u>	<u>\$ 1,669,957</u>	<u>\$ 2,583,792</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 21,319	\$ 915,312	\$ 907,972	\$ 28,659
Due to Other Governments	868,341	--	691,250	177,091
Due to Others	1,497,024	951,753	70,735	2,378,042
Total Liabilities	<u>\$ 2,386,684</u>	<u>\$ 1,867,065</u>	<u>\$ 1,669,957</u>	<u>\$ 2,583,792</u>

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OTHER SUPPLEMENTARY INFORMATION

### *Other Supplementary Information*

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

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**WALKER COUNTY, TEXAS****EXHIBIT C-33**

COMPARATIVE SCHEDULES BY SOURCE OF  
CAPITAL ASSETS USED IN GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010 AND 2009

	2010	2009
General fixed assets:		
Land	\$ 483,180	\$ 483,180
Construction In Progress	21,088	1,872,583
Buildings	16,874,761	14,920,925
Improvements other than buildings	4,007,247	4,007,247
Furniture, Fixtures and Office Equipment	2,289,844	1,913,392
Vehicles	4,153,524	3,942,323
Machinery and equipment	3,757,957	3,637,640
Total general fixed assets	<u>\$ 31,587,601</u>	<u>\$ 30,777,290</u>
Investment in general fixed assets by source:		
General fund	\$ 7,224,985	\$ 7,036,661
Special revenue funds	9,000,678	8,449,471
Capital projects funds	15,361,938	15,291,158
Total investment in general fixed assets	<u>\$ 31,587,601</u>	<u>\$ 30,777,290</u>

**WALKER COUNTY, TEXAS**  
**SCHEDULE BY FUNCTION AND ACTIVITY OF**  
**CAPITAL ASSETS USED IN GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2010**

Function and Activity	Land	Buildings	Improvements	Furniture Fixtures & Office Equip.	Vehicles	Machinery and Equipment	Construction In Progress	Total
<b>General Government:</b>								
County Judge	\$ --	\$ --	\$ --	\$ --	--	\$ --	\$ --	\$ --
Commissioners Court	--	--	--	--	--	--	--	591,529
IT	--	--	34,344	539,020	13,121	5,040	--	591,969
Non-Department	10,501	--	25,385	535,950	20,130	--	--	596,204
Elections	--	19,484	--	118,720	--	--	--	3,993,713
County Facilities	261,595	990,230	2,445,423	--	50,621	224,756	21,088	1,664,377
Courthouse Annex - Sam Houston	--	1,502,488	81,889	--	--	--	--	179,436
Courthouse Annex II - University	--	86,163	93,173	--	--	--	--	258,707
Annex 340 Hwy 75 North	--	250,000	8,707	--	--	--	--	388,894
Annex 344 Hwy 75 North	--	354,444	32,450	--	--	--	--	1,689,601
H.E.A.R.T.S. Complex	--	1,882,299	--	--	--	5,702	--	9,612,723
<b>Total General Government</b>	<b>272,096</b>	<b>5,085,108</b>	<b>2,721,371</b>	<b>1,193,690</b>	<b>83,872</b>	<b>235,498</b>	<b>21,088</b>	
<b>Judicial</b>								5,244
12/278th Judicial District	--	--	--	5,244	--	--	--	372,348
Criminal District Attorney	--	223,050	15,164	38,474	95,660	--	--	104,357
Justice of the Peace - Precinct 2	--	104,357	--	--	--	--	--	113,018
Justice of the Peace - Precinct 3	--	62,089	50,929	--	--	--	--	81,409
Justice of the Peace - Precinct 4	--	81,409	--	--	--	--	--	576,378
<b>Total Judicial</b>	--	<b>470,905</b>	<b>66,093</b>	<b>43,718</b>	<b>95,660</b>	--	--	
<b>Financial Administration</b>								31,322
County Clerk	--	--	--	31,322	--	--	--	100,840
County Auditor	--	--	--	100,940	--	--	--	132,282
<b>Total Financial Administration</b>	--	--	--	<b>132,262</b>	--	--	--	
<b>Public Safety:</b>								4,987,926
County Jail	43,000	4,442,397	296,575	26,940	153,988	35,045	--	2,881,819
Sheriff's Department	--	2,055,499	--	44,649	744,802	16,869	--	32,147
Constable - Precinct 1	--	--	--	--	32,147	--	--	23,055
Constable - Precinct 2	--	--	--	--	23,055	--	--	35,969
Constable - Precinct 3	--	--	--	--	35,969	--	--	20,791
Constable - Precinct 4	--	--	--	--	20,701	--	--	76,882
Department of Public Safety	62,656	--	--	--	--	14,226	--	338,237
Weigh Station	--	114,635	201,686	--	--	21,916	--	950,791
Central 911 Dispatch	--	--	--	637,207	--	13,584	--	1,219,564
EMS	38,115	102,442	--	13,573	831,699	233,735	--	3,983,870
Emergency Shelter/Management	--	3,369,599	--	--	24,271	--	--	922,008
Probation Support	--	922,008	--	--	--	--	--	14,672,988
<b>Total Public Safety</b>	<b>143,771</b>	<b>11,006,580</b>	<b>498,261</b>	<b>722,369</b>	<b>1,866,612</b>	<b>335,375</b>	--	
<b>Health and Welfare:</b>								65,114
Utility Department	--	--	--	14,656	40,289	10,169	--	65,114
<b>Total Health and Welfare</b>	--	--	--	<b>14,656</b>	<b>40,289</b>	<b>10,169</b>	--	
<b>Road and Bridge:</b>								744,263
General	--	--	--	--	225,119	519,144	--	1,100,098
Precinct 1	--	50,000	--	--	410,601	639,497	--	1,127,668
Precinct 2	26,218	18,650	24,934	--	329,229	728,527	--	1,438,898
Precinct 3	41,095	65,000	212,750	--	355,208	764,845	--	1,482,700
Precinct 4	--	178,518	474,437	--	317,208	512,537	--	27,595
Litter Control	--	--	--	--	27,595	--	--	5,921,412
<b>Total Road and Bridge</b>	<b>67,313</b>	<b>312,168</b>	<b>712,121</b>	--	<b>1,664,960</b>	<b>3,164,550</b>	--	
<b>Other:</b>								113,390
Special Prosecution Unit - Criminal	--	--	--	--	113,390	--	--	70,894
Special Prosecution Unit - Civil	--	--	--	7,329	63,565	--	--	79,170
Special Prosecution Unit - Juvenile	--	--	--	--	79,170	--	--	87,612
Adult Probation	--	--	--	40,634	40,181	6,797	--	15,190
Juvenile Probation	--	--	9,401	5,789	--	--	--	240,790
Surplus/Auction Held	--	--	--	129,397	105,825	5,568	--	607,046
<b>Total Public Safety</b>	--	--	<b>9,401</b>	<b>183,149</b>	<b>402,131</b>	<b>12,365</b>	--	
<b>Total Capital Assets</b>	<b>\$ 483,180</b>	<b>\$ 16,874,761</b>	<b>\$ 4,007,247</b>	<b>\$ 2,289,844</b>	<b>4,153,524</b>	<b>3,757,957</b>	<b>21,088</b>	<b>\$ 31,587,601</b>

**WALKER COUNTY, TEXAS**

EXHIBIT C-35

*SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY OF  
CAPITAL ASSETS USED IN GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2010*

Function and Activity	Capital Assets October 1, 2009	Additions	Deductions	Capital Assets September 30, 2010
<b>General Government:</b>				
County Judge	\$ --	\$ --	\$ --	\$ --
Commissioners Court	--	--	--	--
IT	525,704	65,821	--	591,525
Non-Department	552,149	56,229	16,412	591,966
Elections	132,557	5,647	--	138,204
County Facilities	3,911,212	115,160	32,659	3,993,713
Courthouse Annex - Sam Houston	1,584,377	--	--	1,584,377
Courthouse Annex II - University	179,336	--	--	179,336
Annex 340 Hwy 75 North	250,000	8,707	--	258,707
Annex 344 Hwy 75 North	395,601	--	8,707	386,894
H.E.A.R.T.S. Complex	--	1,888,001	--	1,888,001
Total General Government	7,530,936	2,139,565	57,778	9,612,723
<b>Judicial</b>				
12/278th Judicial District	5,244	--	--	5,244
Criminal District Attorney	380,248	--	7,900	372,348
Justice of the Peace - Precinct 2	104,358	--	--	104,358
Justice of the Peace - Precinct 3	113,017	--	--	113,017
Justice of the Peace - Precinct 4	81,409	--	--	81,409
Total Judicial	684,276	--	7,900	676,376
<b>Financial Administration</b>				
County Clerk	31,322	--	--	31,322
County Auditor	93,283	7,657	--	100,940
Total Financial Administration	124,605	7,657	--	132,262
<b>Public Safety:</b>				
County Jail	4,995,900	27,255	25,230	4,997,925
Sheriff's Department	2,841,431	161,739	141,351	2,861,819
Constable - Precinct 1	32,147	--	--	32,147
Constable - Precinct 2	23,055	--	--	23,055
Constable - Precinct 3	20,510	35,969	20,510	35,969
Constable - Precinct 4	20,701	--	--	20,701
Department of Public Safety	76,882	--	--	76,882
Weigh Station	338,237	--	--	338,237
Central 911 Dispatch	372,562	291,345	13,116	650,791
EMS	1,066,913	172,292	19,641	1,219,564
Emergency Shelter/Management	3,360,513	33,357	--	3,393,870
Probation Support	922,008	--	--	922,008
Total Public Safety	14,070,859	721,957	219,848	14,572,968
<b>Health and Welfare:</b>				
Utility Department	65,114	--	--	65,114
Veterans Museum	1,872,583	--	1,872,583	--
Total Health and Welfare	1,937,697	--	1,872,583	65,114
<b>Road and Bridge:</b>				
General	890,935	--	146,672	744,263
Precinct 1	1,072,246	27,852	--	1,100,098
Precinct 2	1,071,751	76,922	21,115	1,127,558
Precinct 3	1,348,432	171,466	81,000	1,438,898
Precinct 4	1,400,600	82,100	--	1,482,700
Litter Control	27,595	--	--	27,595



**WALKER COUNTY, TEXAS****EXHIBIT C-35**

*SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY OF  
CAPITAL ASSETS USED IN GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2010*

<u>Function and Activity</u>	Capital Assets October 1, 2009	Additions	Deductions	Capital Assets September 30, 2010
Total Road and Bridge	5,811,559	358,340	248,787	5,921,112
Other:				
Special Prosecution Unit - Criminal	113,390	--	--	113,390
Special Prosecution Unit - Civil	70,894	--	--	70,894
Special Prosecution Unit - Juvenile	79,170	--	--	79,170
Adult Probation	87,612	--	--	87,612
Juvenile Probation	15,190	--	--	15,190
Surplus/Auction Held	251,104	12,357	22,671	240,790
Total Public Safety	617,360	12,357	22,671	607,046
Total Capital Assets	\$ 30,777,292	\$ 3,239,876	\$ 2,429,567	\$ 31,587,601

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# STATISTICAL SECTION

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

Contents	Page
Financial Trends	131
<i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i>	
Revenue Capacity	138
<i>These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.</i>	
Debt Capacity	142
<i>These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	145
<i>These schedules offer demographic and economic indicators to help the reader understand how the County's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	148
<i>These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.</i>	

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

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

	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental Activities</b>								
Invested in capital assets, net of related debt	\$ 7,300,573	\$ 7,258,409	\$ 6,979,556	\$ 7,290,739	\$ 8,418,965	\$ 11,143,016	\$ 13,024,741	\$ 12,704,554
Restricted	\$ 1,441,478	\$ 691,049	\$ 616,222	\$ 1,624,434	\$ 893,725	\$ 3,414,486	\$ 1,232,050	\$ 1,336,137
Unrestricted	\$ 4,539,351	\$ 5,446,082	\$ 6,889,220	\$ 8,998,584	\$ 11,014,631	\$ 9,864,761	\$ 7,784,884	\$ 7,364,026
Total governmental activities net assets	\$ 13,281,402	\$ 13,395,540	\$ 14,484,998	\$ 17,913,757	\$ 20,327,321	\$ 24,422,263	\$ 22,041,675	\$ 21,404,717
<b>Business-type activities</b>								
Invested in capital assets, net of related debt	\$ -	\$ 436,715	\$ 328,517	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	\$ -	\$ 890,045	\$ 1,031,984	\$ -	\$ -	\$ -	\$ -	\$ -
Total governmental activities net assets	\$ -	\$ 1,326,760	\$ 1,360,501	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Primary government</b>								
Invested in capital assets, net of related debt	\$ 7,300,573	\$ 7,695,124	\$ 7,308,073	\$ 7,290,739	\$ 8,418,965	\$ 11,143,016	\$ 13,024,741	\$ 12,704,554
Restricted	\$ 1,441,478	\$ 691,049	\$ 616,222	\$ 1,624,434	\$ 893,725	\$ 3,414,486	\$ 1,232,050	\$ 1,336,137
Unrestricted	\$ 4,539,351	\$ 6,336,127	\$ 7,921,204	\$ 8,998,584	\$ 11,014,631	\$ 9,864,761	\$ 7,784,884	\$ 7,364,026
Total governmental activities net assets	\$ 13,281,402	\$ 14,722,300	\$ 15,845,499	\$ 17,913,757	\$ 20,327,321	\$ 24,422,263	\$ 22,041,675	\$ 21,404,717

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

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Expenses</b>								
Governmental Activities:								
General Administration	\$ 1,276,900	\$ 1,580,748	\$ 1,971,406	\$ 2,338,585	\$ 2,196,767	\$ 2,284,682	\$ 3,000,402	\$ 3,759,057
Judicial	4,754,537	4,830,686	4,914,252	5,317,466	5,698,418	7,613,070	8,457,490	9,071,422
Financial Administration	1,288,474	1,454,263	1,408,258	1,614,681	1,612,653	2,065,268	2,186,499	1,951,551
Public Safety	6,546,824	6,894,111	7,023,610	9,086,967	9,569,292	10,290,778	10,775,866	10,617,796
Health & Welfare	326,819	686,923	430,247	514,364	515,571	573,404	603,749	666,885
Public Transportation	3,122,954	3,299,998	3,590,764	3,814,065	4,097,826	4,632,488	4,596,948	4,744,706
Intergovernmental Expenditure	1,230,163	909,694	181,392	-	-	-	-	-
Interest & Fiscal Charges	227,189	199,634	-	145,280	116,254	101,016	85,581	62,340
Total Governmental Activities	\$ 18,773,860	\$ 19,856,057	\$ 19,519,929	\$ 22,831,408	\$ 23,806,781	\$ 27,560,706	\$ 29,706,535	\$ 30,873,757
<b>Business-type activities</b>								
EMS	\$ -	\$ 1,441,468	\$ 1,591,614	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 18,773,860	\$ 21,297,525	\$ 21,111,543	\$ 22,831,408	\$ 23,806,781	\$ 27,560,706	\$ 29,706,535	\$ 30,873,757
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
General Administration	\$ 217,332	\$ 429,309	\$ 244,053	\$ 261,883	\$ 494,850	\$ 878,401	\$ 930,385	\$ 829,984
Judicial	927,788	711,876	756,198	819,936	801,510	610,773	650,617	681,587
Financial Administration	613,810	381,721	434,043	627,417	667,264	305,531	330,732	330,896
Public Safety	917,902	1,132,141	1,489,846	3,317,369	3,195,179	3,063,739	3,351,915	3,543,133
Health & Welfare	34,415	28,547	107,773	109,974	139,150	97,707	88,115	110,969
Public Transportation	1,211,940	1,291,031	1,363,990	1,659,932	1,778,231	1,402,777	2,285,532	2,129,055
Operating grants and contributions	4,348,036	4,339,757	3,517,099	4,134,299	4,797,661	6,310,443	6,903,805	7,488,881
Capital grants and contributions	-	-	86,192	227,734	-	4,773,084	54,254	-
Total Governmental Activities	\$ 8,271,223	\$ 8,314,382	\$ 7,999,194	\$ 11,158,544	\$ 11,873,845	\$ 17,442,455	\$ 14,595,355	\$ 15,114,505

	2003	2004	2005	2006	2007	2008	2009	2010
<b>Business-type activities</b>								
Charges for service	\$ -	\$ 1,126,235	\$ 1,423,505	\$ -	\$ -	\$ -	\$ -	\$ -
Operating grants and contributions	-	186,691	4,480	-	-	-	-	-
EMS	-	1,312,926	1,427,985	-	-	-	-	-
<b>Total primary government</b>	<b>\$ 8,271,223</b>	<b>\$ 9,627,308</b>	<b>\$ 9,427,179</b>	<b>\$ 11,158,544</b>	<b>\$ 11,873,845</b>	<b>\$ 17,442,455</b>	<b>\$ 14,595,355</b>	<b>\$ 15,114,505</b>
<b>Net (expense)/revenue</b>								
Governmental activities	\$ (10,502,637)	\$ (11,541,675)	\$ (11,520,735)	\$ (11,672,864)	\$ (11,932,936)	\$ (10,118,251)	\$ (15,111,180)	\$ (15,759,252)
Business-type activities	-	(128,542)	(163,629)	-	-	-	-	-
<b>Total primary government net expense</b>	<b>\$ (10,502,637)</b>	<b>\$ (11,670,217)</b>	<b>\$ (11,684,364)</b>	<b>\$ (11,672,864)</b>	<b>\$ (11,932,936)</b>	<b>\$ (10,118,251)</b>	<b>\$ (15,111,180)</b>	<b>\$ (15,759,252)</b>
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Taxes								
Property taxes	\$ 8,274,177	\$ 9,247,367	\$ 9,792,822	\$ 10,146,889	\$ 10,469,685	\$ 10,460,117	\$ 11,522,727	\$ 12,625,076
Sales taxes	1,672,772	1,827,236	1,912,387	2,068,095	2,197,937	2,260,752	2,423,490	2,343,620
Other taxes	15,682	13,047	14,586	14,280	14,527	14,326	24,399	21,982
Vehicle Registration	1,008,185	989,014	990,030	979,757	992,143	970,798	-	-
Alcoholic beverage taxes	51,517	65,646	77,361	70,246	77,238	69,668	89,173	92,676
Investment earnings	89,892	76,720	222,759	461,856	594,969	437,532	152,407	38,938
Transfers	-	(602,454)	(313,331)	-	-	-	-	-
Other	381,886	39,234	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>\$ 11,494,111</b>	<b>\$ 11,655,810</b>	<b>\$ 12,696,614</b>	<b>\$ 13,741,123</b>	<b>\$ 14,346,499</b>	<b>\$ 14,213,193</b>	<b>\$ 14,212,196</b>	<b>\$ 15,122,292</b>
Business-type activities:								
Investment earnings	\$ -	\$ 1,498	\$ 1,489	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers	-	1,453,804	313,331	-	-	-	-	-
<b>Total business-type activities</b>	<b>\$ -</b>	<b>\$ 1,455,302</b>	<b>\$ 314,820</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total primary government</b>	<b>\$ 11,494,111</b>	<b>\$ 13,111,112</b>	<b>\$ 13,011,434</b>	<b>\$ 13,741,123</b>	<b>\$ 14,346,499</b>	<b>\$ 14,213,193</b>	<b>\$ 14,212,196</b>	<b>\$ 15,122,292</b>
<b>Change in Net Assets</b>								
Governmental activities	\$ 991,474	\$ 114,135	\$ 1,175,879	\$ 2,068,259	\$ 2,413,563	\$ 4,094,942	\$ (898,984)	\$ (636,960)
Prior Period Adjustment (EMS Receivables)	-	\$ (1,031,747)	\$ (459,919)	\$ (116,092)	\$ 126,155	-	-	-
Business-type activities	-	1,326,760	151,191	-	-	-	-	-
<b>Total primary government</b>	<b>\$ 991,474</b>	<b>\$ 409,148</b>	<b>\$ 867,151</b>	<b>\$ 1,952,167</b>	<b>\$ 2,539,718</b>	<b>\$ 4,094,942</b>	<b>\$ (898,984)</b>	<b>\$ (636,960)</b>

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

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

Fiscal Year	Property Tax	Sales Tax	Other Taxes	Alcoholic Beverage		Total
				Tax	Tax	
2003	\$8,274,177	\$1,672,772	\$ 15,681	\$ 51,517		\$10,014,147
2004	9,247,367	1,827,236	13,047	65,646		11,153,296
2005	9,792,822	1,912,387	14,586	77,361		11,797,156
2006	10,146,889	2,068,095	14,280	70,246		12,299,510
2007	10,469,685	2,197,937	14,527	77,238		12,759,387
2008	10,460,117	2,260,752	14,326	69,668		12,804,863
2009	11,522,727	2,423,490	24,399	89,173		14,059,789
2010	12,625,076	2,343,620	21,982	92,676		15,083,354

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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund										
Reserved		\$1,747,259	\$2,007,578	\$2,368,602	\$3,506,504	\$4,693,770	\$5,162,815	\$5,082,124	\$5,586,097	\$5,636,281
Unreserved		\$1,747,259	\$2,007,578	\$2,368,602	\$3,506,504	\$4,693,770	\$5,162,815	\$5,082,124	\$5,586,097	\$5,636,281
Total general fund										
All other governmental funds										
Reserved	\$ 630,170	\$1,775,062	\$1,441,479	\$ 691,049	\$ 616,220	\$ 644,738	\$ 816,931	\$3,348,611	\$ 1,179,475	\$ 1,288,853
Unreserved, reported in:										
Special revenue funds	\$1,592,355	\$1,676,182	\$1,796,599	\$1,786,285	\$1,944,605	\$3,665,474	\$4,871,812	\$4,133,784	\$ 2,371,763	\$ 2,631,726
Total all other governmental funds	\$2,222,525	\$3,451,244	\$3,238,078	\$2,477,334	\$2,560,825	\$4,310,212	\$5,688,743	\$7,482,395	\$ 3,551,238	\$ 3,920,579

**WALKER COUNTY, TEXAS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Revenues</b>										
Property Taxes	\$ 12,568,933	\$ 11,510,947	\$ 10,700,202	\$ 10,329,957	\$ 10,035,873	\$ 9,715,552	\$ 9,157,938	\$ 8,224,770	\$ 7,454,471	\$ 6,944,788
Other Taxes	2,458,278	2,537,062	2,344,746	3,281,845	3,132,378	2,994,364	2,894,942	2,748,156	2,825,008	2,668,642
Licenses and permits	96,904	84,288	97,664	76,639	71,525	66,650	32,545	34,415	36,473	33,605
Intergovernmental	7,419,809	7,601,448	10,955,219	4,838,025	4,390,433	3,882,902	4,407,695	4,290,200	4,343,770	4,171,090
Charges for services	5,899,127	5,716,805	5,486,902	4,618,519	4,594,614	2,249,524	2,209,046	1,995,389	1,961,888	2,113,783
Fines	1,315,714	1,413,686	1,510,048	1,856,488	1,635,806	1,459,933	1,482,362	1,370,495	1,323,089	1,099,268
Investment earnings	38,938	152,407	437,532	594,969	461,856	222,758	76,720	90,295	132,712	336,844
Special assessments	-	-	-	-	-	-	-	-	-	-
Other	403,525	452,249	418,255	503,441	374,180	282,670	247,605	442,423	201,924	241,518
<b>Total revenues</b>	<b>\$ 30,201,228</b>	<b>\$ 29,468,892</b>	<b>\$ 31,950,568</b>	<b>\$ 26,099,883</b>	<b>\$ 24,696,665</b>	<b>\$ 20,874,353</b>	<b>\$ 20,508,853</b>	<b>\$ 19,196,143</b>	<b>\$ 18,279,335</b>	<b>\$ 17,609,538</b>
<b>Expenditures</b>										
General Administration	\$ 1,874,541	\$ 1,852,065	\$ 1,841,400	\$ 1,407,377	\$ 1,709,624	\$ 1,237,394	\$ 1,096,998	\$ 1,038,040	\$ 1,041,255	\$ 1,115,286
Judicial	9,014,958	8,515,885	7,591,874	5,668,645	5,260,421	4,857,656	4,763,051	4,708,799	4,503,655	3,855,935
Financial Administration	1,920,995	1,835,543	1,727,346	1,609,829	1,598,581	1,404,136	1,439,949	1,287,878	1,225,630	1,127,609
Public Safety	9,483,904	9,836,567	8,806,703	8,113,094	7,907,717	5,857,333	6,301,619	6,208,227	5,617,108	5,247,413
Health & Welfare	554,724	522,896	511,311	459,356	438,663	361,589	675,832	319,382	470,385	676,100
Public Transportation	4,241,268	3,990,104	4,231,038	3,750,869	3,705,404	3,214,207	2,961,304	3,313,522	2,863,249	2,643,251
Intergovernmental/Contractual	1,134,146	1,069,738	1,034,739	959,487	937,601	913,884	897,254	1,224,065	1,349,565	1,008,409
Capital Outlay	1,072,856	3,073,396	4,331,888	1,573,733	598,335	886,346	967,390	429,655	2,951,736	1,310,931
Debt service										
Principal	535,091	619,306	548,379	604,867	842,592	705,051	1,361,592	615,191	508,793	476,254
Interest	73,065	98,972	95,220	129,033	156,799	182,526	203,678	232,688	111,910	115,432
Other charges										
<b>Total expenditures</b>	<b>\$ 29,905,548</b>	<b>\$ 31,414,472</b>	<b>\$ 30,719,898</b>	<b>\$ 24,276,290</b>	<b>\$ 23,155,737</b>	<b>\$ 19,620,122</b>	<b>\$ 20,668,667</b>	<b>\$ 19,377,447</b>	<b>\$ 20,643,286</b>	<b>\$ 17,576,620</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ 295,680</b>	<b>\$ (1,945,580)</b>	<b>\$ 1,230,670</b>	<b>\$ 1,823,593</b>	<b>\$ 1,540,928</b>	<b>\$ 1,254,231</b>	<b>\$ (159,814)</b>	<b>\$ (181,304)</b>	<b>\$ (2,363,951)</b>	<b>\$ 32,918</b>
<b>Other financing sources (uses)</b>										
Transfers in	\$ 1,644,023	\$ 1,420,689	\$ 1,537,639	\$ 1,635,416	\$ 2,241,215	\$ 284,560	\$ 244,637	\$ 548,973	\$ 691,833	\$ 238,769
Transfers out	(1,644,023)	(1,420,689)	(1,537,639)	(1,635,416)	(880,713)	(597,890)	(847,092)	(548,974)	(689,503)	(238,769)
Debt Issued	-	-	482,311	23,985	35,226	280,491	362,547	228,461	3,100,000	219,571
<b>Total other financing sources (uses)</b>	<b>\$ 123,843</b>	<b>\$ -</b>	<b>\$ 482,311</b>	<b>\$ 23,985</b>	<b>\$ 1,395,728</b>	<b>\$ (32,839)</b>	<b>\$ (239,908)</b>	<b>\$ 228,460</b>	<b>\$ 3,102,330</b>	<b>\$ 219,571</b>
<b>Net change in fund balances</b>	<b>\$ 419,523</b>	<b>\$ (1,945,580)</b>	<b>\$ 1,712,981</b>	<b>\$ 1,847,578</b>	<b>\$ 2,936,656</b>	<b>\$ 1,221,392</b>	<b>\$ (399,722)</b>	<b>\$ 47,156</b>	<b>\$ 738,379</b>	<b>\$ 252,489</b>
<b>Decrease in fund balances EMS</b>										
<b>Debt service as a percentage of noncapital expenditures</b>	<b>2.15%</b>	<b>2.60%</b>	<b>2.50%</b>	<b>3.34%</b>	<b>4.64%</b>	<b>4.97%</b>	<b>8.63%</b>	<b>4.68%</b>	<b>3.64%</b>	<b>3.77%</b>

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

Fiscal Year	Property Tax(1)	Sales Tax	Other Taxes	Alcoholic Beverage		Total Other Taxes	Total Taxes
				Tax	Tax		
2001	\$ 6,944,788	1,613,060	15,795	64,392	\$ 1,693,247	\$ 8,638,035	
2002	\$ 7,454,471	1,740,572	37,190	61,611	\$ 1,839,373	\$ 9,293,844	
2003	\$ 8,224,770	1,672,772	15,682	51,517	\$ 1,739,971	\$ 9,964,741	
2004	\$ 9,157,938	1,827,236	13,047	65,646	\$ 1,905,929	\$ 11,063,867	
2005	\$ 9,715,552	1,912,387	14,586	77,361	\$ 2,004,334	\$ 11,719,886	
2006	\$ 10,035,873	2,068,095	14,280	70,246	\$ 2,152,621	\$ 12,188,494	
2007	\$ 10,329,957	2,197,937	14,527	77,238	\$ 2,289,702	\$ 12,619,659	
2008	\$ 10,700,202	2,260,752	14,326	69,668	\$ 2,344,746	\$ 13,044,948	
2009	\$ 11,510,947	2,423,490	24,399	89,173	\$ 2,537,062	\$ 14,048,009	
2010	\$ 12,568,933	2,343,620	21,982	92,676	\$ 2,458,278	\$ 15,027,211	

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

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

Fiscal Year Ended Sept. 30	Real Property Residential	Commercial Property	(2) Agricultural & Open Acreage	Total Real	Personal Property Total	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Direct Tax Rate	Total Value as a Percentage of Actual Value
2001	\$ 587,742,311	\$ 261,877,020	\$ 402,544,650	\$ 1,252,163,981	\$ 230,424,930	\$ 309,260,153	\$ 1,173,328,758	0.5850	81.00%
2002	\$ 636,633,630	\$ 273,022,800	\$ 407,162,150	\$ 1,316,818,580	\$ 248,739,190	\$ 322,145,633	\$ 1,243,412,137	0.6250	79.42%
2003	\$ 661,223,442	\$ 290,366,350	\$ 406,852,930	\$ 1,358,442,722	\$ 258,845,713	\$ 320,659,813	\$ 1,296,628,622	0.6250	80.17%
2004	\$ 769,892,720	\$ 339,644,630	\$ 437,062,943	\$ 1,546,600,293	\$ 277,771,360	\$ 387,429,964	\$ 1,436,941,689	0.6250	78.76%
2005	\$ 808,790,080	\$ 372,293,180	\$ 445,167,436	\$ 1,626,250,696	\$ 300,254,868	\$ 384,738,808	\$ 1,541,766,786	0.6250	19.97%
2006	\$ 899,413,974	\$ 404,446,520	\$ 528,747,595	\$ 1,832,608,089	\$ 312,268,070	\$ 474,762,275	\$ 1,670,113,884	0.5997	77.87%
2007	\$ 998,400,584	\$ 450,987,080	\$ 636,081,552	\$ 2,085,469,216	\$ 333,779,460	\$ 589,787,362	\$ 1,829,461,314	0.5667	75.62%
2008	\$ 1,083,675,165	\$ 490,998,701	\$ 827,663,738	\$ 2,402,337,604	\$ 332,671,138	\$ 751,063,719	\$ 1,983,945,023	0.5450	72.54%
2009	\$ 1,156,006,988	\$ 534,606,069	\$ 939,348,329	\$ 2,629,961,386	\$ 362,013,554	\$ 852,752,876	\$ 2,139,222,064	0.5450	71.50%
2010	\$ 1,213,042,379	\$ 560,495,831	\$ 940,934,856	\$ 2,714,473,066	\$ 399,324,045	\$ 903,321,290	\$ 2,210,475,821	0.5770	70.99%

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

StateCode	Description	Grouping	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004	FY 2003
A	Single Family Residence	residential	\$ 1,001,871,339	\$ 977,153,378	\$ 930,774,965	\$ 867,490,994	\$ 796,096,214	\$ 708,588,200	\$ 681,751,860	\$ 579,522,832
B	Multi-Family Residence	residential	211,171,040	178,853,610	152,900,200	130,909,590	103,317,760	100,201,880	88,140,860	81,700,610
C	Vacant Lot	land	89,540,840	90,455,940	82,564,011	75,908,609	62,379,372	54,426,874	49,780,212	40,716,540
D1	Qualified Ag Land	land	798,546,287	791,261,545	696,031,268	523,181,703	434,563,242	360,151,761	355,263,571	337,580,470
D2	Non Qualified Land	land	52,847,729	57,630,844	49,068,459	36,991,240	31,804,981	30,588,801	32,019,160	28,555,920
E	Farm or Ranch Improv.	commercial	292,208,361	280,598,771	260,976,171	232,571,710	202,135,550	175,777,290	165,425,470	127,190,330
F1	Commercial Real Property	commercial	252,701,530	240,566,988	217,270,660	206,279,660	191,690,700	185,887,170	164,817,680	153,709,950
F2	Industrial Real Property	commercial	15,585,940	13,440,310	12,751,870	12,135,710	10,620,270	10,628,720	9,401,480	9,466,070
G1	Oil and Gas	minerals	9,409,435	10,823,964	11,974,918	12,782,580	10,703,390	11,358,328	8,101,610	3,352,403
G3	Minerals-Non Producing	minerals	284,060	284,060	284,600	284,600	285,800	287,660	288,160	-
J1	Water Systems	personal	4,000	4,000	4,000	4,000	868,070	1,092,670	4,000	4,000
J2	Gas Distribution System	personal	1,434,290	1,402,330	1,444,820	1,519,980	1,608,910	1,599,500	1,688,120	1,716,260
J3	Electric Company	personal	32,425,920	31,723,310	30,385,990	27,129,320	28,333,040	27,996,390	26,647,850	26,114,720
J4	Telephone Company	personal	18,138,180	19,376,840	22,366,010	22,336,320	23,609,460	21,581,190	25,764,620	28,749,750
J5	RailRoad	personal	11,209,160	10,442,880	7,763,270	7,426,640	7,425,290	7,477,600	6,328,630	5,552,970
J6	Pipelane Company	personal	15,325,720	15,902,070	16,922,720	14,369,010	14,027,980	13,863,620	15,635,470	13,979,980
J7	Cable Television Co.	personal	2,969,980	2,885,300	2,613,730	2,597,850	2,733,670	2,037,580	2,219,060	2,368,310
J8	Other type of Utility	personal	31,800	31,800	31,800	212,000	7,244,320	8,111,470	7,256,890	7,510,670
L1	Commercial Personal	personal	232,557,780	118,728,270	123,302,530	110,307,460	138,912,120	130,742,700	97,297,440	95,285,430
L2	Industrial Personal	personal	11,132,160	82,799,150	47,077,150	62,152,450	14,354,210	11,371,310	25,711,770	27,671,360
M1	Tangible Other	personal	52,533,620	52,884,250	53,670,390	56,412,470	46,562,030	45,767,320	44,874,060	32,519,530
N	Intangible Property	personal	10,000	10,000	1,869,020	1,888,050	1,938,770	1,938,770	1,745,580	1,523,450
O	Residential Inventory	personal	2,467,100	4,061,980	3,352,500	4,909,920	4,648,190	5,451,010	3,021,140	2,626,830
S	Special Inventory Tax	personal	9,400,840	10,653,350	9,607,690	9,448,380	9,012,820	9,577,780	9,720,090	9,336,920
<b>Less:</b>			<b>\$ 3,113,797,111</b>	<b>\$ 2,991,974,940</b>	<b>\$ 2,735,008,742</b>	<b>\$ 2,419,248,676</b>	<b>\$ 2,144,876,159</b>	<b>\$ 1,926,505,594</b>	<b>\$ 1,824,371,653</b>	<b>\$ 1,617,288,435</b>
Productivity Loss (Ag and Timber Use)			(775,445,300)	(744,534,217)	(649,250,466)	(476,533,360)	(378,513,271)	(304,221,350)	(291,079,751)	(273,108,840)
Homestead Cap (10% cap on residential homesteads)			(15,567,539)	(26,567,273)	(37,861,456)	(42,416,412)	(33,847,571)	(24,811,396)	(50,199,446)	(2,745,810)
Tax Ceiling and Over 65 and disabled exemption			(46,170,943)	(45,423,831)	(45,555,372)	(44,214,462)	(42,321,907)	(39,964,679)	(38,827,134)	(36,987,134)
Other Exemptions			(66,137,508)	(36,227,555)	(18,396,425)	(26,623,128)	(20,279,526)	(14,722,341)	(6,186,088)	(5,978,029)
<b>Total Exemptions</b>			<b>\$ (903,321,290)</b>	<b>\$ (852,752,876)</b>	<b>\$ (751,063,719)</b>	<b>\$ (589,787,362)</b>	<b>\$ (474,762,275)</b>	<b>\$ (384,738,808)</b>	<b>\$ (387,429,964)</b>	<b>\$ (320,659,813)</b>

Less:

Productivity Loss (Ag and Timber Use)  
 Homestead Cap (10% cap on residential homesteads)  
 Tax Ceiling and Over 65 and disabled exemption  
 Other Exemptions  
 Total Exemptions

Taxable Assessed Value

\$ 2,210,475,821 \$ 2,139,222,064 \$ 1,983,945,023 \$ 1,829,461,314 \$ 1,670,113,884 \$ 1,541,766,786 \$ 1,436,941,689 \$ 1,296,628,622

Total Direct Tax Rate

\$0.5770 \$0.5450 \$0.5450 \$0.5667 \$0.5997 \$0.6250 \$0.6250 \$0.6250

(1) Data Source: Walker County Appraisal District (Based on State Reporting)

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

County	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Operating	0.5485	0.5132	0.5136	0.5284	0.5456	0.5709	0.5726	0.5790	0.5400	0.5410
Debt Service	0.0285	0.0318	0.0314	0.0383	0.0541	0.0541	0.0524	0.0460	0.0450	0.0440
Total	0.5770	0.5450	0.5450	0.5667	0.5997	0.6250	0.6250	0.6250	0.5850	0.5850
Huntsville ISD										
Operating	1.0400	1.0400	1.0400	1.3567	1.4850	1.4850	1.4700	1.4700	1.4700	1.3700
Debt Service	0.1700	0.1700	0.1700	0.1700	0.1750	0.1750	0.1900	0.1900	0.1900	0.3200
Total	1.2100	1.2100	1.2100	1.5267	1.6600	1.6600	1.6600	1.6600	1.6600	1.6900
Richards ISD										
Operating	1.0400	1.0400	1.0400	1.3700	1.5000	1.5000	1.5000	1.4629	1.4600	1.4000
Debt Service	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total	1.0400	1.0400	1.0400	1.3700	1.5000	1.5000	1.5000	1.4629	1.4600	1.4000
New Waverly ISD										
Operating	1.0400	1.0234	0.9734	1.2414	1.4000	1.3500	1.3500	1.3500	1.4000	1.3400
Debt Service	0.2300	0.2300	0.2300	0.2008	0.2008	0.2310	0.2368	0.4500	0.1073	0.1300
Total	1.2700	1.2534	1.2034	1.4422	1.6008	1.5810	1.5868	1.8000	1.5073	1.4700
City of Huntsville										
Operating	0.2249	0.2108	0.2436	0.2381	0.2391	0.2447	0.2322	0.2840	0.2779	0.3076
Debt Service	0.1758	0.1899	0.1699	0.1811	0.1928	0.1928	0.1928	0.1660	0.1547	0.1249
Total	0.4007	0.4007	0.4135	0.4192	0.4319	0.4375	0.4250	0.4500	0.4325	0.4325
City of New Waverly										
Operating	0.0000	0.0000	0.2088	0.2300	0.2409	0.2371	0.2442	0.2500	0.2475	0.2438
Debt Service	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total	0.0000	0.0000	0.2088	0.2300	0.2409	0.2371	0.2442	0.2500	0.2475	0.2438
City of Riverside										
Operating	0.1101	0.0803	0.0836	0.0617	0.0584	0.0580	0.0569	0.0600	0.0318	0.0830
Debt Service	0.0983	0.1537	0.1844	0.1983	0.2245	0.2460	0.2585	0.2902	0.3055	0.2094
Total	0.2084	0.2340	0.2480	0.2600	0.2829	0.3040	0.3154	0.3502	0.3372	0.2925
Hospital District										
Operating	0.1534	0.1537	0.1600	0.1720	0.1825	0.1922	0.1850	0.1600	0.1500	0.1445
Debt Service	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total	0.1534	0.1537	0.1600	0.1720	0.1825	0.1922	0.1850	0.1600	0.1500	0.1445
Fire District #1										
Operating	0.0600	0.0600	0.0600	0.0600	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
Debt Service	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total	0.0600	0.0600	0.0600	0.0600	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
Fire District #2										
Operating	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
Debt Service	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
Totals										
Operating Total	4.2469	4.1514	4.3530	5.2883	5.7115	5.6979	5.6709	5.6759	5.6372	5.4900
Debt Service Total	0.7006	0.7754	0.7657	0.7885	0.8472	0.8989	0.9305	1.1422	0.8024	0.8283
Total	4.9475	4.9268	5.1187	6.0768	6.5587	6.5968	6.6014	6.8181	6.4396	6.3183

**WALKER COUNTY, TEXAS  
PRINCIPAL PROPERTY TAXPAYERS  
SEPTEMBER 30, 2010**

	2009			Taxpayer	2000		
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value		Percentage of Total Taxable Assessed Value		
Entergy Gulf States, Inc.	\$24,726,120	1.16%	Southwestern Bell Telephone	\$23,738,810	1.80%		
Fairfield Huntsville Exchange LP	\$22,027,760	1.03%	Rll Timberlands 3 LLC	\$19,997,910	1.50%		
University House Huntsville LLC	\$20,324,431	0.95%	GSU - Entergy Services, Inc	\$18,695,750	1.40%		
Weatherford US LP	\$18,760,927	0.88%	Wal-Mart Properties #01-0285	\$18,342,480	1.40%		
Wal-Mart Stores Texas LP #01-0285	\$16,376,490	0.77%	Weatherford Completion & Oilfield	\$10,039,250	0.80%		
Southwestern Bell Telephone LP	\$15,063,750	0.70%	Arbors of Huntsville	\$8,093,800	0.60%		
Huntsville Aberdeen Place LP	\$14,788,360	0.69%	International Paper	\$8,035,240	60.00%		
Huntsville Place LP	\$13,430,650	0.63%	Sam Dominey	\$7,364,470	0.60%		
SCI Gateway at Huntsville Fund Etal	\$12,638,450	0.59%	Gibbs Brothers & Co	\$6,414,170	0.50%		
Universal Forest Products	\$10,739,236	0.50%	Universal Forest Products	\$6,890,080	0.50%		

Source: Walker County Appraisal District

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

Fiscal Year Ended September 30	(1) 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
2001	\$ 6,742,933	\$ 6,578,863	97.6%	\$	\$ 6,781,019	100.6%
2002	\$ 7,274,416	\$ 7,057,099	97.0%	\$	\$ 7,289,972	100.2%
2003	\$ 8,107,329	\$ 7,860,970	97.0%	\$	\$ 8,084,450	99.7%
2004	\$ 8,980,402	\$ 8,707,905	97.0%	\$	\$ 8,970,790	99.9%
2005	\$ 9,639,424	\$ 9,225,511	95.7%	\$	\$ 9,538,294	99.0%
2006	\$ 9,946,615	\$ 9,552,183	96.0%	\$	\$ 9,825,287	98.8%
2007	\$ 10,263,776	\$ 9,870,789	96.2%	\$	\$ 10,137,189	98.8%
2008	\$ 10,685,761	\$ 10,242,043	95.9%	\$	\$ 10,507,204	98.3%
2009	\$ 11,463,445	\$ 11,025,712	96.2%	\$	\$ 11,317,831	98.7%
2010	\$ 12,424,610	\$ 12,058,566	97.1%	\$	\$ 12,340,997	99.3%

(1) Original Tax Levy

**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	Percentage	
							Per Capita	Personal Income
2001	\$ 2,204,390	\$ -	\$ 2,204,390	\$ 535,545	\$ 1,668,845	0.13%	\$ 26.76	1.02%
2002	\$ 4,795,597	\$ -	\$ 4,795,597	\$ 609,402	\$ 4,186,195	0.34%	\$ 66.78	0.42%
2003	\$ 4,301,586	\$ 107,281	\$ 4,408,867	\$ 406,199	\$ 4,002,668	0.31%	\$ 62.66	0.45%
2004	\$ 4,077,506	\$ 82,317	\$ 4,159,823	\$ 392,702	\$ 3,767,121	0.26%	\$ 59.89	0.49%
2005	\$ 3,679,107	\$ 56,154	\$ 3,735,261	\$ 386,683	\$ 3,348,578	0.22%	\$ 53.20	0.57%
2006	\$ 2,899,161	\$ 28,736	\$ 2,927,897	\$ 367,383	\$ 2,560,514	0.15%	\$ 39.71	0.80%
2007	\$ 2,347,016	\$ -	\$ 2,347,016	\$ 407,840	\$ 1,939,176	0.11%	\$ 30.18	1.10%
2008	\$ 2,290,362	\$ -	\$ 2,290,362	\$ 401,479	\$ 1,888,883	0.10%	\$ 29.40	1.22%
2009	\$ 1,671,056	\$ -	\$ 1,671,056	\$ 401,510	\$ 1,269,546	0.06%	\$ 19.61	n/a
2010	\$ 1,259,808	\$ -	\$ 1,259,808	\$ 427,477	\$ 832,331	0.04%	\$ 12.27	n/a



**WALKER COUNTY**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF SEPTEMBER 30, 2010**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Huntsville I.S.D.	\$ 45,993,609	100%	\$ 45,993,609
New Waverly I.S.D.	\$ 12,855,295	100%	\$ 12,855,295
City of Huntsville	\$ 40,135,926	100%	\$ 40,135,926
City of New Waverly	\$ 350,000	100%	\$ 350,000
City of Riverside	\$ 185,000	100%	\$ 185,000
Subtotal Overlapping Debt			<u>\$ 99,519,830</u>
Walker County direct debt			\$ 1,259,808
Total direct and overlapping debt			<u><u>\$ 100,779,638</u></u>

Source: Entities as listed

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

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit (Taxable Property)	\$ 131,804,026	\$ 124,340,773	\$ 129,662,862	\$ 143,672,224	\$ 154,176,679	\$ 167,011,388	\$ 182,661,205	\$ 198,402,670	\$ 213,919,281	\$ 221,047,582
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	832,331
Legal debt margin	\$ 131,804,026	\$ 124,340,773	\$ 129,662,862	\$ 143,672,224	\$ 154,176,679	\$ 167,011,388	\$ 182,661,205	\$ 198,402,670	\$ 213,919,281	\$ 220,215,251
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.38%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	\$ 2,210,475,821
Add back: exempt real property	903,321,290
Total assessed value	\$ 3,113,797,111
Debt limit (10% of total assessed value)	\$ 311,379,711
Debt applicable to limit:	
General obligation debt	\$ 1,259,808
Less: Amount set aside for repayment of general obligation debt	427,477
Total net debt applicable to limit	832,331
Legal debt margin	\$ 310,547,380

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

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(2) Income (amounts expressed in thousands)</u>	<u>(2) Per Capita Personal Income</u>	<u>(3) Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2001	62,365	\$ 1,056,829	\$ 17,069	n/a	7,516	2.3%
2002	62,690	\$ 1,084,658	\$ 17,692	n/a	7,644	2.8%
2003	63,882	\$ 1,111,911	\$ 17,837	n/a	7,523	3.9%
2004	62,904	\$ 1,159,211	\$ 18,470	n/a	7,653	2.5%
2005	62,945	\$ 1,217,000	\$ 19,223	n/a	7,520	5.1%
2006	64,480	\$ 1,304,000	\$ 20,374	n/a	7,116	4.9%
2007	64,245	\$ 136,700	\$ 21,385	n/a	7,014	5.0%
2008	64,239	n/a	\$ 23,130	n/a	6,572	5.8%
2009	64,739	n/a	n/a	n/a	7,186	7.8%
2010	67,861	n/a	n/a	n/a	7,191	7.2%

Note 1. Based on information available from Texas State Data and Office of the State Demographer available at [www.txscd.utsa.edu](http://www.txscd.utsa.edu) for Walker County

Note 2. Based on information available from Bureau of Economic Analysis U.S. Dept. of Commerce at [www.bea.gov/regional/bearfacts](http://www.bea.gov/regional/bearfacts) for Walker County

Note 3. Based on information available at [www.city-data.com](http://www.city-data.com) for Walker County

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

	2010			2000		
	<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	6783	1	24.97%			
Sam Houston State University	3364	2	12.38%			
Huntsville Independent School District	900	3	3.31%			
Huntsville Memorial Hospital	522	4	1.92%			
Wal-Mart	485	5	1.79%			information not available
Region VI Education Service Center	375	7	1.38%			
Walker County	345	6	1.27%			
City of Huntsville	300	8	1.10%			
Weatherford Completion Center	188	9	0.69%			
Gulf Coast Trade Center	186	10	0.68%			

Note. Total employees in Walker County in September 2010 was 27,166.

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									
	2010	2009	2008	2007	2006	2005	2004	2003		
Operating										
General Administration										
Elected	1	1	1	1	1	1	1	1		
Employees	15.5	13.5	13.5	13.5	12	12.5	11.5	11.5		
Judicial										
Elected	9	9	9	9	9	9	9	9		
Employees	41	40	40	40	40	39	39	39		
Financial Administration										
Elected	3	3	3	3	3	3	3	3		
Appointed	2	2	2	2	2	2	2	2		
Employees	31	31	31	28	27.5	24.5	25.5	23.5		
Public Safety										
Elected	5	5	5	5	5	5	5	5		
Employees-Certified	35.5	35.5	35.5	35.5	34.5	-	-	-		
Employees-Non-Certified	34.5	34.5	34.5	34.5	32	-	-	-		
Employee-Certified/Noncertified						65	63	63		
Employees - EMS	33	32	32	32	30.5	25	25	0		
Health and Welfare										
Employees	10.5	10	10	10	9	6	6	6		
Road and Bridge										
Elected	4	4	4	4	4	4	4	4		
Employees	32.5	31	31	31	30.5	30.5	30.5	30.5		
Legislatively Designated										
Judicial	1	1.5	1.5	1.5	1.5	1.5	1.5	1.5		
Public Safety	2	2	2	1	1	1	1	1		
Financial Administration	2	3	3	2	1.5	1.5	1.5	1.5		
Grants/State Funding										
Public Safety										
Juvenile Probation	6	6	6	6	6	6	6	10		
Adult Probation	29	32	32	31	32	32	32	32		
SPU Criminal/Civil/Juvenile	48	51.4	43	32	29	29	29	29		
Total	345.5	347.4	339	322	311	297.5	295.5	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**

<b>Function</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Sheriff Office/Constables					
Papers Served	2003	1,933	2,034	2,236	2,363
Jail					
Bookings at Jail	4089	4,086	4,035	4,227	4,871
Average Daily Jail Population	143	136	143	145	152
Highest Daily Jail Population	176	153	173	177	199
Health and Welfare					
Permits Issued	860	250	273	269	292
Judicial/Courts					
Number of indigent cases	1361	1,462	1,142	1,064	892
Number of cases heard-District Courts-Criminal	1968	2,537	1,812	2,250	1,963
Number of cases heard-District Courts-Civil	469	623	346	475	446
Cases filed District Courts-Civil	551	598	572	343	323
Cases disposed -County Court at Law	1833	2,073	1,918	2,315	2,246
Cases filed in Court at Law-Criminal	1605	1,864	1,745	2,353	2,085
Cases filed County Court at Law-Civil	547	601	706	654	488
Cases filed in JP Courts-Traffic/Non Traffic Misdemeanors	11,732	11,786	11,678	14,933	15,499
Cases filed in JP Courts - Civil	677	657	659	405	366
Cases Disposed of - JP Courts	13060	12,603	13,110	14,387	13,504
CountyClerk					
Documents recorded	8400	8,441	8,984	10,430	10,705
Adult Probation					
Offenders Supervised	3395	2,409	2,465	2,749	2,829
Juvenile Probation					
Juveniles Supervised	109	111	130	95	91

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

Notes. Cases heard include indigent cases

Notes. Cases filed and disposed in JP Courts based on Official Monthly Report filed with the State by the JPs

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

<b>Function</b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
Public Safety					
Sheriff Office	1	1	1	1	1
Stations	34	33	33	33	29
Patrol Units	1	1	1	1	1
Jail	162	162	162	162	162
Number of beds					
Road & Bridge					
Miles of roads	551.74	530.7	530	530	530
Courts					
District Courts	2	2	2	2	2
County Court at Law	1	1	1	1	1
JP Courts	4	4	4	4	4

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

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# COMPLIANCE SECTION

# Kenneth C. Davis & Company

A Professional Corporation

*Certified Public Accountants*

1300 11TH STREET, SUITE 500

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, 2010, which collectively comprise the Walker County, Texas' basic financial statements and have issued our report thereon dated February 8, 2011. 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

### 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", is written over the printed name.

Kenneth C. Davis & Company, P.C.

February 8, 2011

# Kenneth C. Davis & Company

A Professional Corporation

*Certified Public Accountants*

1300 11TH STREET, SUITE 500

P.O. BOX 6308

HUNTSVILLE, TEXAS 77342

PHONE (936) 291-3020

FAX (936) 291-9607

## Independent Auditor's Report

Report on Compliance with Requirements That Could Have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance In Accordance With OMB Circular A-133 and the State of Texas Single Audit Circular

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

Members of the Commissioners Court:

### Compliance

We have audited Walker County, Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement and the State of Texas' Single Audit Circular* that could have a direct and material effect on each of Walker County, Texas' major federal programs for the year ended September 30, 2010. 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 and the State of Texas Single Audit Circular*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain 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 or state 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 could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2010.

### Internal Control Over Compliance

Management of Walker County, Texas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Walker County, Texas' internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we

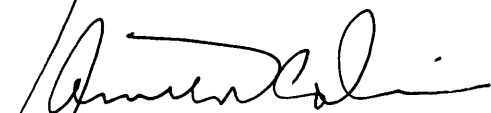
do not express an opinion on the effectiveness of Walker County, Texas' internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, others within the entity, the Commissioners Court, federal and state 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", is written over the typed name.

Kenneth C. Davis & Company, P.C.

February 8, 2011

**WALKER COUNTY, TEXAS****SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010****A. Summary of Auditor's Results****1. Financial Statements**

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

One or more material weaknesses identified?

       Yes  X   NoOne or more significant deficiencies identified that  
are not considered to be material weaknesses?       Yes  X   None ReportedNoncompliance material to financial  
statements noted?       Yes  X   No**2. Federal Awards**

Internal control over major programs:

One or more material weaknesses identified?

       Yes  X   NoOne or more significant deficiencies identified that  
are not considered to be material weaknesses?       Yes  X   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  X   No

Identification of major programs:

CFDA Number(s)Name of Federal/State Program or Cluster

16.803

Justice Assistance Grant

N/A

CSDC - Basic Supervision

N/A

Prosecution of Prison Crimes

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

Auditee qualified as low-risk auditee?

  X   Yes       No**B. Financial Statement Findings**

NONE

**C. Federal Award Findings and Questioned Costs**

NONE

**WALKER COUNTY, TEXAS****SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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

## Schedule of Expenditures of Federal and State Awards



**WALKER COUNTY, TEXAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

**EXHIBIT D-1**

Page 1 of 3

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Expenditures
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Passed Through Bureau of Justice Assistance:			
State Criminal Alien Assistance Program (SCAAF)	16.606	2010-AP-BX-0440	\$ 7,060
Recovery Act JAG	16.738	2009-SB-B9-3085	23,725
2009 Justice Assistance Grant Program (JAG)	16.804	2009-DJ-BX-0833	3,497
Bulletproof Vest Partnership Grant Program	16.607		9,987
Passed Through the Office of the Governor:			
Byrne Memorial Justice Assistance Grant ( Stimu	16.803	SU-09-A10-22720-01	200,000
Total U.S. DEPARTMENT OF JUSTICE			<u>244,269</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed Through Texas Division of Emergency Management:			
Homeland Security Grant	97.053	2007-GE-T7-0024	306
Homeland Security Grant	97.053	2008-GE-T8-0034	12,560
Homeland Security Grant	97.073	2009-GE-T9-0064	18,036
Hazard Mitigation Grant	97.039	1606-DR-TX	46,015
Emergency Management Assistance (EMPG)	97.042	10-TX-EMPG-0483	21,257
Total Passed Through Texas Division of Emergency Management			<u>98,174</u>
Total U.S. DEPARTMENT OF HOMELAND SECURITY			<u>98,174</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Direct Program:			
U.S. Forest Service - Title I *	10.666	--	101,312
Total U.S. DEPARTMENT OF AGRICULTURE			<u>101,312</u>
<b>U.S. DEPARTMENT OF ENERGY</b>			
Passed Through Comptroller of Public Accounts:			
Energy Efficiency and Conservation Block Grant	81.128	DE-EE0000893	8,350
Total U.S. DEPARTMENT OF ENERGY			<u>8,350</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed Through Texas Juvenile Probation Commission:			
Title IV-E Federal Foster Care	93.658	--	23,324
Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>23,324</u>
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>			
Passed Through State Division of Emergency Management:			
Emergency Management Assistance	97.036	1709-DR-07	806
Total FEDERAL EMERGENCY MANAGEMENT AGENCY			<u>806</u>
<b>ELECTION ASSISTANCE COMMISSION</b>			
Passed Through Secretary of State:			
General HAVA Compliance	90.401	78711	96,904
HAVA-TEAM Compatability	39.011	78711	572
Total ELECTION ASSISTANCE COMMISSION			<u>97,476</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 573,711</u>

**WALKER COUNTY, TEXAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

**EXHIBIT D-1**

Page 2 of 3

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Expenditures
<b>STATE AWARDS</b>			
Passed through Office of Court Administration Task Force on Indigent Defense		212-10-236	\$ 117,263
Passed through Juvenile Probation Commission State Aid Contract		A-2010-236	112,205
Commitment Reduction		C-2010-236	34,833
Progressive Sanctions JPOs		F-2010-236	68,866
Community Corrections Assistance		Y-2010-236	117,938
ICBP Regional		X-2010-236	7,121
Salary Adjustment		Z-2010-236	13,729
TJPC-H Diversionary		H-2010-236	26,802
Secure Felony Placement		SFP236-2377	19,939
Passed through Department of Corrections CSCD - Basic Supervision		2010-900	315,441
Basic Supervision - Rider 80		2010-900	29,547
CSCD - Court Services		2010-003	158,769
Court Services - Rider 80		2010-003	4,683
CSCD - Substance Abuse Services		2010-002	63,247
Substance Abuse Services - Rider 80		2010-002	1,888
Passed through Office of Governor Prosecution of Prison Crimes - Criminal		08-A10-14918-11	1,382,847
Passed through Office of State Comptroller Judiciary Apportionment - CDA		--	35,260
Passed through Texas Department of State Health Services EMS - Local Project (DSHS - Equipment)		2010-033891	5,786
Emergency Abatement Response (EMS)		832 TX-GR20	8,301
Passed through Office of Attorney General Statewide Victim Information and Notification Everyday System		1013010	18,283
Passed through Southeast Texas Trauma Regional Advisory Council EMS Trauma Care System		2010-34911	9,109
Passed through Commission on Environmental Quality Cleanup of Unauthorized Trash Dumps		SEP #SAM010	11,963
Walker County ECU Equipment (HGAC)		10-16-G15	10,831
Passed through General Land Office Hearts Museum Project		08-082-000	151,490
Passed through Commission on State Emergency Communications 911 Database Maintenance		--	40,585
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<b>2,766,726</b>
<b>STATE ALLOCATIONS</b>			
SPU - State Allocation		08-A10-14918-11	275,507
SPU - Civil		08-A10-14918-11	2,316,015
SPU - Longevity Pay - Civil		08-A10-14918-11	240
SPU - Longevity Pay - Criminal		08-A10-14918-11	24,440
SPU - Juvenile		08-A10-14918-11	755,051
SPU - Longevity Pay - Juvenile		08-A10-14918-11	1,820
Constitutional Judge Salary Supplement		SB 600	16,424
CCL Judge Supplement		SB 600	75,000
Juror Pay		SB 1704	10,846
State Longevity Pay		SB 844	4,920

**WALKER COUNTY, TEXAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

**EXHIBIT D-1**

Page 3 of 3

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Expenditures
Chapter 19 - Voter Registration		13001	13,482
Road & Bridge - Lateral Road Allocation		Tax Code-Chap 162	54,531
Rider 78 and Rider 81 - Supplement for District Clerk		HB 1	10,000
TOTAL ALLOCATIONS BY STATE			<u>3,558,276</u>
STATE REIMBURSEMENTS			
State Funds - Capital Murder		--	355,770
TOTAL REIMBURSEMENTS BY STATE			<u>355,770</u>
TOTAL STATE AWARDS, ALLOCATIONS AND REIMBURSEMENTS			<u>\$ 6,680,772</u>

\* 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, 2010**

#### 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.

#### Insurance

Walker County is currently insured through the purchase of insurance for Workers Compensation, Health Insurance and other insurances through the Texas Association of Counties. The coverage is through several policies including Workers Compensation, Health, Property, Inland Marine, General Liability, Public Officials and Employee Related Practices Liability, Boiler and Machinery, Automobile Liability, Automobile Comprehensive, and Law Enforcement Legal Liability. Property coverage varies related to property type and type of occurrence, with the total of the listed properties at an aggregate value of approximately \$35,749,000. Coverage of buildings is at replacement cost. Public Officials and Law Enforcement Liability each have \$2,000,000 limits of liability. Automobile Liability coverage is 100K/300K/100K. Automobile Physical Damage is per the scheduled values. General Liability limits of coverage are 100K/300K/100K.