

ANNUAL FINANCIAL REPORT

OF

LIBERTY COUNTY, TEXAS

For the Year Ended
September 30, 2011

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LIBERTY COUNTY, TEXAS

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September 30, 2011

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INTRODUCTORY SECTION

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

June 12, 2012

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

The County Auditor's Office is pleased to present the Annual Financial Report for Liberty County, Texas (the "County") for the fiscal year ended September 30, 2011.

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

The Liberty County financial statements have been audited by Belt Harris Pechacek, LLLP, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the financial statements for the year ended September 30, 2011 are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

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

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

PROFILE OF LIBERTY COUNTY

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

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

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

The 2000 Census for the County reported the population at 70,154. Based on the census of 1990, the population was 52,726. As a result, the ten-year period reflected a 33 percent increase in population. The 2006 population was estimated at 75,434. The County's unemployment rate at September 30, 2011 was 10.9 percent compared to 10.3 percent at September 30, 2010.

Long-term financial planning – Liberty County records reflect modest debt levels and acceptable reserve levels that have benefited from sound fiscal management practices. The County practices

Transmittal Letter
Liberty County, Texas

conservative budgeting and sets general fund reserve targets at eight percent to ten percent of annual expenditures. In the past fiscal year, the County incurred a significant decrease in the general fund unassigned fund balance as a result of a decrease in revenues.

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

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

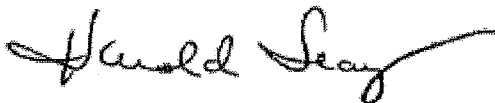
Risk management – The County retains various levels of risk and accounts for the associated expenditures in the general fund. The portions of risk that are not transferred to third party coverage are self-funded by the County under formal arrangements. Additional information concerning the County's risk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

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,



Harold Seay, CPA
Liberty County Auditor

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LIBERTY COUNTY, TEXAS
LIST OF ELECTED AND APPOINTED OFFICIALS
For the Year Ended September 30, 2011

COMMISSIONERS' COURT

Craig McNair
Todd Fontenot
Charlotte Warner
Melvin Hunt
Norman Brown

County Judge
Commissioner, Precinct # 1
Commissioner, Precinct # 2
Commissioner, Precinct # 3
Commissioner, Precinct # 4

DISTRICT COURTS

Mark Morefield
Chap Cain, III
Michael Little
Donna Brown
Michael Little

Judge, 75th Judicial District
Judge, 253rd Judicial District
District Attorney
District Clerk
Criminal District Attorney

COUNTY COURT

Thomas Chambers
Wesley Hinch
Paulette Williams
Anthony Scott

Judge, County Court at Law
County Attorney
County Clerk
Juvenile Probation

JUSTICE COURTS

Bobby Rader
Ronnie Davis
Cody Parrish
Barry Graves
Wade Brown
Peggy Dunn

Justice of Peace, Precinct # 1
Justice of Peace, Precinct # 2
Justice of Peace, Precinct # 3
Justice of Peace, Precinct # 4
Justice of Peace, Precinct # 5
Justice of Peace, Precinct # 6

LAW ENFORCEMENT

Henry Patterson
Tim Allison
Leslie Hulsey
Danny Frankum
Chad Pafford
L. W. DeSpain
Royce Wheeler

Sheriff
Constable, Precinct # 1
Constable, Precinct # 2
Constable, Precinct # 3
Constable, Precinct # 4
Constable, Precinct # 5
Constable, Precinct # 6

FINANCIAL ADMINISTRATION

Harold Seay
Richard L. Brown
Kim Harris

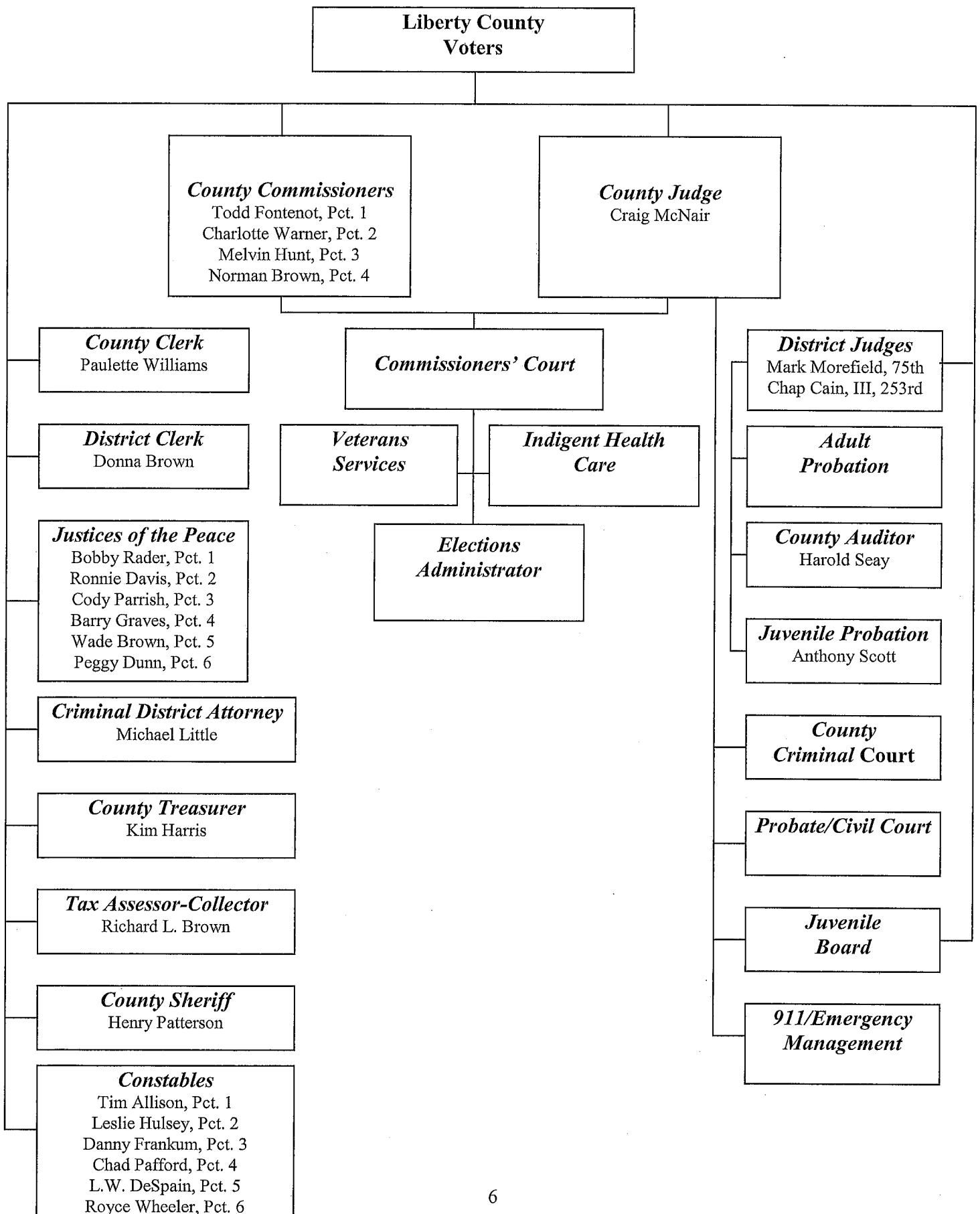
County Auditor*
Tax Assessor-Collector
County Treasurer

* Designates appointed official. All others elected.

LIBERTY COUNTY, TEXAS

ORGANIZATIONAL CHART

For the Year Ended September 30, 2011



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty County, Texas (the "County"), as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of September 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2012 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, and schedules of funding progress, identified as Required Supplementary Information on the table of contents, are not required parts of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. 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

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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 County's financial statements as a whole. The introductory section, combining statements, and individual fund schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining fund statements and schedules 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 section has 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.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
June 12, 2012

***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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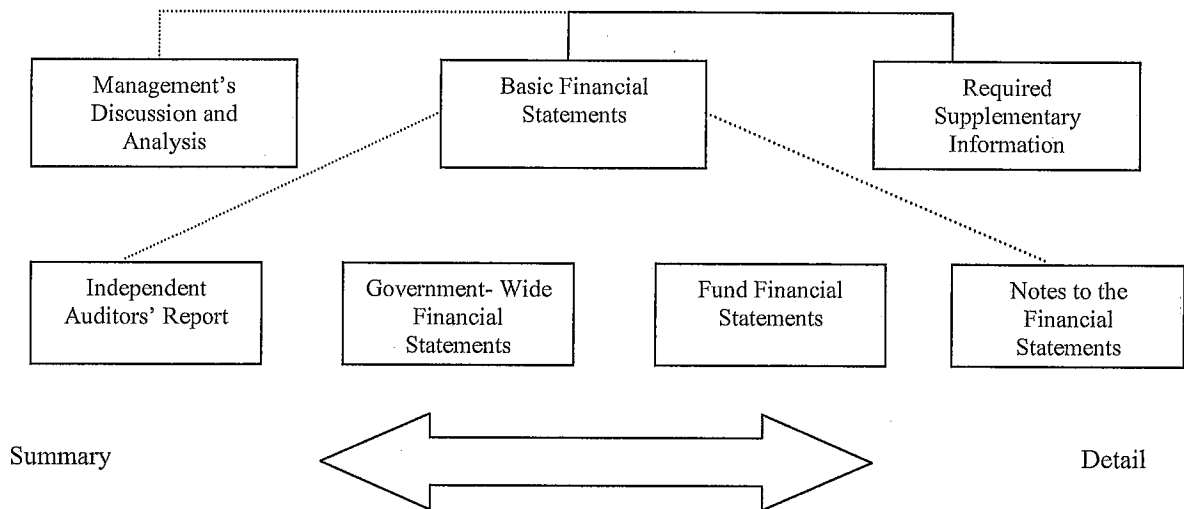
LIBERTY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2011

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of Liberty County, Texas' (the "County") financial activities for the year ended September 30, 2011. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the County's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Governmental Accounting Standards Board (GASB) Statement No. 34 establishes the content of the minimum requirements for MD&A. Please read the MD&A in conjunction with the County's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

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

Components of the Financial Section



The annual financial report is presented as compliant with the financial reporting model in effect pursuant to GASB Statement No. 34. The financial reporting model requires governments to present certain basic financial statements as well as an MD&A and certain other Required Supplementary Information (RSI). The basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements.

Government-Wide Statements

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

LIBERTY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2011

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general, road and bridge, and capital projects funds, which are considered to be major funds.

Proprietary Funds

The County maintains one of the two types of proprietary funds, which include enterprise and internal service funds. Enterprise funds are used to report business-type activities. The County does not maintain an enterprise fund. An internal service fund is an accounting device used to accumulate revenue and allocate costs. The County's internal service fund is used in the administration of the County's employee benefits self-insurance

LIBERTY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
For the Year Ended September 30, 2011

program. Since this fund benefits governmental activities rather than a business-type function, it has been included with governmental activities in the government-wide financial statements. The proprietary fund financial statements can be found after the governmental fund financial statements of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

Notes to Financial Statements

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

Other Information

In addition to basic financial statements, this MD&A, and accompanying notes, this report also presents certain RSI. The RSI that GASB Statement No. 34 requires includes budgetary comparison schedules for the general and road and bridge funds, as well as schedules of funding progress for the Texas County and District Retirement System and Other Post Employment Benefits for healthcare. The RSI can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the County's financial position. For the County, assets exceed liabilities by \$24,118,843 as of year end.

A large portion of the County's net assets, \$11,888,634, reflects its investments in capital assets (e.g., land, buildings, and machinery and equipment) less any debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

LIBERTY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2011

Governmental Activities - Statement of Net Assets

	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 26,981,670	\$ 33,856,145
Capital assets, net	29,836,651	31,516,570
Total Assets	<u>56,818,321</u>	<u>65,372,715</u>
Long-term liabilities	30,037,504	28,197,556
Other liabilities	2,661,974	5,632,878
Total Liabilities	<u>32,699,478</u>	<u>33,830,434</u>
Net assets:		
Invested in capital assets, net of related debt	11,888,634	12,662,465
Restricted	8,666,279	6,900,250
Unrestricted	<u>3,563,930</u>	<u>11,979,566</u>
Total Net Assets	<u>\$ 24,118,843</u>	<u>\$ 31,542,281</u>

Unrestricted net assets, \$3,563,930, may be used to meet the County's ongoing obligation to citizens and creditors.

Governmental Activities - Statement of Activities

	<u>2011</u>	<u>2010</u>
Revenues		
Program revenues:		
Charges for services	\$ 6,296,854	\$ 7,173,860
Operating grants and contributions	3,399,520	2,119,963
General revenues:		
Property taxes	23,125,569	22,479,199
Sales taxes	3,031,083	2,679,499
Other taxes	44,809	45,253
Investment income	349,188	503,551
Other revenue	480,664	492,681
Total Revenues	<u>36,727,687</u>	<u>35,494,006</u>
Expenses		
General government	6,737,563	4,676,878
Judicial	4,824,741	4,678,251
Legal	2,156,619	2,241,429
Financial	2,498,236	2,766,925
Public safety	14,578,311	14,559,081
Health and welfare	984,365	1,016,883
Public transportation	10,189,908	11,222,290
Other	1,544,188	1,385,911
Interest and fiscal agent fees	637,194	582,792
Total Expenses	<u>44,151,125</u>	<u>43,130,440</u>
Change in Net Assets	<u>(7,423,438)</u>	<u>(7,636,434)</u>
Beginning Net Assets	<u>31,542,281</u>	<u>39,178,715</u>
Ending Net Assets	<u>\$ 24,118,843</u>	<u>\$ 31,542,281</u>

LIBERTY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2011

Governmental Activities

Total revenues for the governmental activities have increased by \$1,233,681 or three percent when compared to the previous year. The majority of this net increase is a result of additional intergovernmental grant revenues received. Total expenses for governmental activities increased compared to the prior year. There was an increase of \$1,020,685 or two percent. This increase can be largely attributed to increases in general government expenditures related to the grant funds.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

The County's governmental funds reflect a combined fund balance of \$21,444,453. Of this, \$3,252,886 is restricted for capital projects, \$146,489 is restricted for debt service and \$5,266,904 is restricted for various special revenue programs.

The general fund is the chief operating fund of the County. At the end of the current year, unassigned fund balance of the general fund was \$12,551,712. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 47 percent of total general fund expenditures and total general fund balance represents 48 percent of this same amount. The general fund demonstrated an overall decrease of \$4,454,632 primarily due to an increase in general government, judicial and public safety expenditures, as well as an increase in transfers out.

The road and bridge fund experienced a decrease in fund balance in the amount of \$529,337. This decrease is due to an increase in public transportation expenditures.

The capital projects fund experienced a decrease in fund balance in the amount of \$39,655. This decrease is due to a decrease in investment income revenue.

Proprietary Funds – The County's internal service fund is used in the administration of the County's employee benefits self-insurance program. This fund is presented as a governmental activity rather than a business-type function. Net assets increased by \$830,203 or 62 percent when compared to the previous year. This increase can be attributed to an increase in revenues from County and employee contributions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At the end of the year, the County's governmental activities funds had invested \$29,836,651, net of accumulated depreciation, in a variety of capital assets. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34.

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

Long-Term Debt – At the end of the year, the County's total long-term debt consisted of \$9,895,000 in certificates of obligation, \$9,595,000 in general obligation bonds, and capital leases of \$1,359,861.

LIBERTY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2011

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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LIBERTY COUNTY, TEXAS

STATEMENT OF NET ASSETS

September 30, 2011

	<u>Primary Government Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 21,064,503
Receivables, net	3,046,241
Due from other governments	1,812,846
Due from others	402,006
Prepays	170,019
Other current assets	25,000
Deferred charges	461,055
	<u>26,981,670</u>
Nondepreciable capital assets	2,208,727
Depreciable capital assets, net	27,627,924
	<u>29,836,651</u>
Total Assets	<u>56,818,321</u>
<u>Liabilities</u>	
Current:	
Accounts payable and accrued liabilities	2,344,786
Accrued interest payable	126,182
Due to other governments	125,068
Due to others	65,938
	<u>2,661,974</u>
Noncurrent liabilities:	
Long-term liabilities due within one year	2,312,064
Long-term liabilities due in more than one year	27,725,440
	<u>30,037,504</u>
Total Liabilities	<u>32,699,478</u>
<u>Net Assets</u>	
Invested in capital assets, net of related debt	11,888,634
Restricted for:	
Capital projects	3,252,886
Debt service	146,489
Records management	1,015,521
Public safety	214,920
Judicial	1,098,381
Other purposes	2,938,082
Unrestricted	3,563,930
	<u>3,563,930</u>
Total Net Assets	<u>\$ 24,118,843</u>

See Notes to Financial Statements.

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LIBERTY COUNTY, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government:				
Governmental Activities:				
General government	\$ 6,737,563	\$ 100,791	\$ 2,174,041	\$ (4,462,731)
Judicial	4,824,741	2,081,589	186,953	(2,556,199)
Legal	2,156,619	73,496	72,042	(2,011,081)
Financial	2,498,236	-	-	(2,498,236)
Public safety	14,578,311	2,047,899	594,588	(11,935,824)
Health and welfare	984,365	-	203,076	(781,289)
Public transportation	10,189,908	1,899,351	56,561	(8,233,996)
Other	1,544,188	93,728	112,259	(1,338,201)
Interest and fiscal agent fees on long-term debt	637,194	-	-	(637,194)
Total Governmental Activities	44,151,125	6,296,854	3,399,520	(34,454,751)
Total Primary Government	\$ 44,151,125	\$ 6,296,854	\$ 3,399,520	(34,454,751)
General Revenues:				
				23,125,569
				3,031,083
				44,809
				349,188
				480,664
			Total General Revenues	27,031,313
			Change in Net Assets	(7,423,438)
			Beginning Net Assets	31,542,281
			Ending Net Assets	\$ 24,118,843

See Notes to Financial Statements.

LIBERTY COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2011

	General	Road and Bridge	Capital Projects	Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 11,322,324	\$ 384,417	\$ 3,259,223	\$ 5,065,227
Receivables, net	2,243,861	558,071	-	244,309
Due from other governments	685,428	21,600	-	1,105,818
Due from other funds	1,551,138	66,508	-	96,785
Due from others	-	2,115	-	3,510
Prepays	170,019	-	-	-
Other current assets	25,000	-	-	-
Total Assets	\$ 15,997,770	\$ 1,032,711	\$ 3,259,223	\$ 6,515,649
Liabilities				
Accounts payable and accrued liabilities	\$ 953,948	\$ 368,610	\$ -	\$ 469,002
Due to other governments	61,983	-	-	63,085
Due to other funds	451	46,000	7,960	263,937
Due to others	2,051	-	-	63,887
Other liabilities	12,973	-	-	-
Deferred revenue	2,244,633	558,071	-	244,309
Total Liabilities	3,276,039	972,681	7,960	1,104,220
Fund Balances				
Nonspendable:				
Prepays	170,019	-	-	-
Restricted for:				
Capital projects	-	-	3,251,263	1,623
Debt service	-	-	-	146,489
Special revenue	-	-	-	5,266,904
Unassigned	12,551,712	60,030	-	(3,587)
Total Fund Balances	12,721,731	60,030	3,251,263	5,411,429
Total Liabilities and Fund Balances	\$ 15,997,770	\$ 1,032,711	\$ 3,259,223	\$ 6,515,649

Adjustments for the Statement of Net Assets:

- Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.
 - Capital assets - non-depreciable
 - Capital assets - depreciable
 - Accumulated depreciation
- Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.
- The internal service fund is used to charge the costs of self-insurance activities to appropriate functions in other funds and, therefore, not reported in the governmental funds.
- Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.
 - Accrued interest payable
 - Non-current liabilities due in one year
 - Non-current liabilities due in more than one year
 - Deferred charges for issuance costs

See Notes to Financial Statements.

Net Assets of Governmental Activities

**Total
Governmental
Funds**

\$ 20,031,191
3,046,241
1,812,846
1,714,431
5,625
170,019
25,000
\$ 26,805,353

\$ 1,791,560
125,068
318,348
65,938
12,973
3,047,013
5,360,900

170,019
3,252,886
146,489
5,266,904
12,608,155
21,444,453

2,208,727
59,985,818
(32,357,894)

3,047,013
(506,643)

(126,182)
(2,312,064)
(27,725,440)
461,055
\$ 24,118,843

LIBERTY COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended September 30, 2011

	General	Road and Bridge	Capital Projects	Nonmajor Governmental Funds
Revenues				
Property taxes	\$ 16,932,830	\$ 4,205,462	\$ -	\$ 1,849,847
Sales taxes	3,031,083	-	-	-
Other taxes	44,809	-	-	-
Licenses and permits	93,728	-	-	-
Intergovernmental revenue	582,108	56,561	-	2,760,851
Charges for services	1,929,298	-	-	118,601
Fines and forfeitures	1,950,144	1,557,609	-	647,474
Investment income	287,518	-	41,454	10,935
Other revenue	260,550	179,920	-	40,194
Total Revenues	25,112,068	5,999,552	41,454	5,427,902
Expenditures				
Current:				
General government	4,013,337	-	-	2,105,533
Judicial	4,215,578	-	-	218,121
Legal	1,805,549	-	-	42,880
Financial	2,247,790	-	-	-
Public safety	12,783,408	-	-	582,338
Health and welfare	955,805	-	-	-
Public transportation	-	7,768,491	-	51,639
Other	674,493	687,284	-	112,259
Capital outlay	24,750	-	81,109	457,496
Debt service:				
Principal	-	331,973	-	1,355,000
Interest and fiscal charges	-	62,617	-	392,288
Total Expenditures	26,720,710	8,850,365	81,109	5,317,554
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,608,642)	(2,850,813)	(39,655)	110,348
Other Financing Sources (Uses)				
Transfers	(2,845,990)	1,806,717	-	39,273
Capital leases	-	514,759	-	-
Total Other Financing Sources (Uses)	(2,845,990)	2,321,476	-	39,273
Net Change in Fund Balances	(4,454,632)	(529,337)	(39,655)	149,621
Beginning Fund Balances	17,176,363	589,367	3,290,918	5,261,808
Ending Fund Balances	\$ 12,721,731	\$ 60,030	\$ 3,251,263	\$ 5,411,429

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 22,988,139
3,031,083
44,809
93,728
3,399,520
2,047,899
4,155,227
339,907
480,664
36,580,976

6,118,870
4,433,699
1,848,429
2,247,790
13,365,746
955,805
7,820,130
1,474,036
563,355

1,686,973
454,905
40,969,738

(4,388,762)

(1,000,000)
514,759
(485,241)

(4,874,003)

26,318,456

\$ 21,444,453

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LIBERTY COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2011

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

Net changes in fund balances - total governmental funds	\$ (4,874,003)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	1,380,049
Depreciation	(2,950,716)
Net effect of various miscellaneous transactions involving capital assets	(109,252)
<p>The County uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net income (loss) of internal service funds is reported with governmental activities.</p>	
	830,203
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Deferred revenue	137,430
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.</p>	
Principal payments	1,676,639
Amortization of bond, premiums, discounts, and deferred charges	(174,754)
Amortization of bond issuance costs	(34,752)
Capital leases	(514,759)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This adjustment reflects the net change in interest payable on the accrual basis of accounting and the net change in compensated absences.</p>	
Compensated absences	36,672
Interest payable	37,551
OPEB	(2,863,746)
Change in Net Assets of Governmental Activities	\$ <u>(7,423,438)</u>

See Notes to Financial Statements.

LIBERTY COUNTY, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUND

September 30, 2011

	<u>Internal Service Fund</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 1,033,312
Due from others	<u>298</u>
Total Assets	<u>1,033,610</u>
<u>Liabilities</u>	
Accounts payable	540,253
Due to other funds	<u>1,000,000</u>
Total Liabilities	<u>1,540,253</u>
<u>Net Assets</u>	
Unrestricted	<u>(506,643)</u>
Total Net Assets	<u><u>\$ (506,643)</u></u>

See Notes to Financial Statements.

LIBERTY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND

For the Year Ended September 30, 2011

		<u>Internal Service Fund</u>
<u>Operating Revenues</u>		
County and employee contributions		\$ 5,229,793
	Total Operating Revenues	<u>5,229,793</u>
<u>Operating Expenses</u>		
Claims, premiums, and administrative costs		5,408,871
	Total Operating Expenses	<u>5,408,871</u>
	Operating (Loss)	<u>(179,078)</u>
<u>Non-Operating Revenues</u>		
Investment income		9,281
	Total Non-Operating Revenues	<u>9,281</u>
Transfers in		<u>1,000,000</u>
	Change in Net Assets	830,203
Beginning Net Assets		<u>(1,336,846)</u>
	Ending Net Assets	<u>\$ (506,643)</u>

See Notes to Financial Statements.

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LIBERTY COUNTY, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended September 30, 2011

	<u>Internal Service Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from County and employee contributions	\$ 5,230,167
Payments for insurance claims, premiums, and administrative costs	(5,401,054)
Net Cash (Used) by Operating Activities	<u>(170,887)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfer from other funds	1,000,000
Net Cash Provided by Noncapital Financing Activities	<u>1,000,000</u>
<u>Cash Flows from Investing Activities</u>	
Interest on investments	9,281
Net Cash Provided by Investing Activities	<u>9,281</u>
Net (Increase) in Cash and Cash Equivalents	838,394
Beginning Cash and Cash Equivalents	<u>194,918</u>
Ending Cash and Cash Equivalents	<u><u>\$ 1,033,312</u></u>
 Reconciliation of Operating (Loss)	
to Net Cash (Used) by Operating Activities	
Operating (loss)	\$ (179,078)
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in:	
Due from others	374
Increase (Decrease) in:	
Accounts payable	<u>7,817</u>
Net Cash (Used) by Operating Activities	<u><u>\$ (170,887)</u></u>

See Notes to Financial Statements.

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LIBERTY COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
September 30, 2011

	<u>Total Agency Funds</u>
<u>Assets</u>	
Cash and investments	\$ 5,337,829
Due from other funds	17,449
Accounts receivable	<u>7,641</u>
Total Assets	\$ <u>5,362,919</u>
 <u>Liabilities</u>	
Accounts payable	\$ 4,275
Due to other governments	193,246
Due to other funds	413,532
Due to other units	<u>4,751,866</u>
Total Liabilities	\$ <u>5,362,919</u>

See Notes to Financial Statements.

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LIBERTY COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

Blended Component Unit

Liberty County Juvenile Probation Department

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

B. Government-Wide and Fund Financial Statements

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

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

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2011

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

Governmental Funds

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

General Fund

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

Special Revenue Funds

The special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The special revenue funds are considered non-major funds for reporting purposes except for the road and bridge, which is considered major.

Capital Projects Fund

The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. The capital projects fund is a major fund for reporting purposes.

Proprietary Funds

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

Internal Service Fund

The internal service fund accounts for revenues and expenses related to the County's medical and dental self-insurance program in accordance with Chapter 172 of the Texas Government Code. Operating revenues and expenses generally result from providing services and producing and delivering goods in

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2011

connection with a proprietary fund's ongoing operations. Revenues are derived from County contributions, employee and retiree COBRA premiums and investment of idle funds. Expenses are for claims, premiums, and administrative costs. The general fund is contingently liable for liabilities of the internal service fund. Sub-fund accounting is employed to maintain the integrity of the self-insurance activities of the County.

Fiduciary Funds

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The County has the following types of fiduciary funds:

Agency Funds

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

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

The government-wide Statements of Net Assets and Statements of Activities are accounted for on a flow of economic resources measurement focus, and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. With this measurement focus, all assets and all liabilities associated with the operation of these activities are included on the balance sheet or on the statement of fiduciary net assets. Government – wide and proprietary fund equity consists of net assets. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total assets.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus, which is the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing resources) and decreases (i.e., expenditures and other financing uses) in net current assets. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in the net assets presented in the government-wide financial statements.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues available if they are collected within 60 days of the end of the current fiscal period.

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

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

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2011

Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the accounting period in which they are incurred.

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

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

1. Deposits and Investments

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

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the County reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

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

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

2. Receivables

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

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

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

Property taxes

General property taxes are recorded as revenue when levied for the current year and due, payable, and collected in the current year. Uncollected amounts at year end are reported as deferred revenue. Delinquent property taxes collected within 60 days subsequent to year end were not considered material.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2011

The property tax calendar dates are:

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

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

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

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

3. Inventories and Prepaid Items

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

4. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2011

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

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	30 years
Vehicles	5 to 8 years
Furniture and fixtures	3 to 10 years
Machinery and general equipment	5 to 10 years
Infrastructure	40 to 50 years

5. Compensated Employee Absences

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

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. The long-term debt consists primarily of bonds payable, notes payable, capital leases payable, accrued compensated absences, and other post employment benefits.

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

Assets acquired under the terms of capital leases are recorded as a liability and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

7. Fund Equity

Fund balances of governmental funds are classified as follows:

Nonspendable fund balance — represents amounts that cannot be spent because they are either in nonspendable form (such as inventory or prepaid insurance) or are legally required to remain intact (such as notes receivable or principal of a permanent fund).

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2011

Restricted fund balance — represents amounts that are constrained by external parties, constitutional provisions, or by enabling legislation.

Committed fund balance — represents amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e., Commissioners' Court). To be reported as committed, amounts cannot be used for any other purpose unless the County takes the same highest level action to remove or change the constraint. The commitment must be made prior to year end.

Assigned fund balance — represents amounts the County intends to use for a specific purpose. Intent can be expressed by the Commissioners' Court or by an official or body to which the Commissioners' Court delegates the authority. Assignments can be made at any time.

Unassigned fund balance — represents amounts that are available for any purpose. Positive amounts are reported only in the general fund. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When an expenditure is incurred for which restricted, committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of restricted, committed, then assigned funds, and finally unassigned funds.

The Commissioners' Court is the government's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Commissioners at the County's court meeting. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

The County strives to maintain an unassigned fund balance of not less than 25% of the budgeted operational expenditures in all County funds. The County considers a balance of less than 15% to be cause for concern, barring unusual or deliberate circumstances.

If unassigned fund balance falls below the goal or has a deficiency, the County will impose budget strategies and timeframes necessary to return to its goal. Examples would be to reduce recurring expenditures, increase revenues, pursue other funding sources, or enact some combination of these measures.

8. Estimates

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

The final amended budget is used in this report. Budgets are adopted for the general fund, most special revenue funds, and the debt service fund. A budget was not adopted for the Hurricane Ike fund in the current

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2011

year. All funds that adopted a budget did so on a GAAP basis. Several supplemental budget appropriations were made for the period ended September 30, 2011.

A. Excess of Expenditures Over Appropriations

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

General Fund:	
District attorney	\$ 1,302
Road and Bridge Fund:	
Precinct No. 3	\$ 277,443
Precinct No. 4	\$ 198,437
Debt service	\$ 20,779
Transfers	\$ 26,155

B. Deficit Fund Balances

The commissary and FEMA grant special revenue funds had deficit fund balances of \$2,653 and \$934 respectively, as of September 30, 2011.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Interest rate risk. In accordance with its investment policy, the County manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

Credit risk. The County’s policy requires that investment pools must be rated no lower than AAA or AAA-m. Banker’s acceptances must be issued in the United States and carry a rating of A1/P1 as provided by two of the top nationally recognized rating agencies.

Custodial credit risk – deposits. In the case of deposits, this is the risk that, in the event of a bank failure, the County’s deposits may not be returned to it. The County’s investment policy requires funds on deposit at the depository bank to be collateralized. As of September 30, 2011, bank balances were sufficiently covered by market values of pledged securities.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County’s investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, shall be conducted on a delivery versus payment basis or commercial book entry system as utilized by the Federal Reserve and shall be protected through the use of a third party custody/safekeeping agent.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2011

B. Receivables

The following comprises receivable balances at year end:

	General	Road and Bridge	Nonmajor Governmental Funds	Internal Service	Total
Property taxes	\$ 5,609,653	\$ 1,395,178	\$ 610,772	\$ -	\$ 7,615,603
Other governments	685,428	21,600	1,105,818	-	1,812,846
Other	-	2,115	3,510	298	5,923
Less allowance	(3,365,792)	(837,107)	(366,463)	-	(4,569,362)
	<u>\$ 2,929,289</u>	<u>\$ 581,786</u>	<u>\$ 1,353,637</u>	<u>\$ 298</u>	<u>\$ 4,865,010</u>

C. Capital Assets

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

	Primary Government			
	Beginning Balance	Increases	Decreases/ Transfers	
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,138,419	\$ 40,623	\$ -	\$ 2,179,042
Construction in progress	90,852	29,685	(90,852)	29,685
Total capital assets, not being depreciated	<u>2,229,271</u>	<u>70,308</u>	<u>(90,852)</u>	<u>2,208,727</u>
Capital assets, being depreciated:				
Buildings and improvements	15,671,554	119,228	-	15,790,782
Furniture, machinery, and equipment	14,006,343	1,190,513	(332,155)	14,864,701
Infrastructure	29,330,335	-	-	29,330,335
Total capital assets being depreciated	<u>59,008,232</u>	<u>1,309,741</u>	<u>(332,155)</u>	<u>59,985,818</u>
Total capital assets	<u>61,237,503</u>	<u>1,380,049</u>	<u>(423,007)</u>	<u>62,194,545</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,350,518)	(466,864)	-	(10,817,382)
Furniture, machinery, and equipment	(8,842,132)	(1,170,846)	313,755	(9,699,223)
Infrastructure	(10,528,283)	(1,313,006)	-	(11,841,289)
Total accumulated depreciation	<u>(29,720,933)</u>	<u>(2,950,716)</u>	<u>313,755</u>	<u>(32,357,894)</u>
Total capital assets, being depreciated, net	<u>29,287,299</u>	<u>(1,640,975)</u>	<u>(18,400)</u>	<u>27,627,924</u>
Governmental activities capital assets, net	<u>\$ 31,516,570</u>	<u>\$ (1,570,667)</u>	<u>\$ (109,252)</u>	<u>\$ 29,836,651</u>
			Less associated debt	(17,948,017)
			Invested in capital assets, net of related debt	<u>\$ 11,888,634</u>

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2011

Depreciation was charged to governmental functions as follows:

General government	\$	306,631
Legal		8,601
Public safety		688,598
Health and welfare		3,971
Public transportation		1,930,856
Other		<u>12,059</u>
Total Governmental Activities Depreciation Expense	\$	<u>2,950,716</u>

D. Long-Term Debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Certificates, bonds, and other payables:					
Certificates of obligation	\$ 11,055,000	\$ -	\$ 1,160,000	\$ 9,895,000 *	\$ 25,000
General obligation bonds	9,790,000	-	195,000	9,595,000 *	1,390,000
Capital leases	1,166,741	514,759	321,639	1,359,861 *	251,107
Deferred amounts:					
On issuance premiums	470,094	-	24,742	445,352 *	24,742
On issuance discounts	(39,190)	-	(2,799)	(36,391) *	2,799
On refunding	(393,395)	-	(196,697)	(196,698) *	196,698
	<u>22,049,250</u>	<u>514,759</u>	<u>1,501,885</u>	<u>21,062,124</u>	<u>1,890,346</u>
Other liabilities:					
Compensated absences	505,247	728,769	765,441	468,575	421,718
OPEB	5,643,059	2,863,746	-	8,506,805	-
Total Governmental Activities	\$ 28,197,556	\$ 4,107,274	\$ 2,267,326	\$ 30,037,504	\$ 2,312,064

Long-term liabilities due in more than one year **\$ 27,725,440**

* Debt associated with capital assets \$ 21,062,124
Less unspent bond proceeds (3,114,107)

Total debt associated with governmental activity capital assets **\$ 17,948,017**

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

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2011

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

<u>Description</u>	<u>Percentage Interest Rates</u>	<u>Balance</u>
Certificates of obligation Series 2007	4.00-4.50%	\$ 9,895,000
Total Certificates of Obligation		<u>9,895,000</u>
General obligation refunding bonds Series 2010A	2.00-4.00%	9,595,000
Total Bonds Payable		<u>9,595,000</u>
Capital leases	3.99-6.25%	1,359,861
Total Capital Leases		<u>1,359,861</u>
Total Long-Term Debt		<u>\$ 20,849,861</u>

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

Year Ending Sept. 30	Certificates of Obligation		General Obligation Bonds		Capital Leases		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2012	\$ 25,000	\$ 409,293	\$ 1,390,000	\$ 347,800	\$ 251,107	\$ 65,593	\$ 2,488,793
2013	25,000	408,293	1,450,000	306,100	262,664	54,037	2,506,094
2014	25,000	407,293	1,520,000	262,600	344,959	33,835	2,593,687
2015	25,000	406,293	1,595,000	209,400	343,906	11,030	2,590,629
2016	900,000	405,293	220,000	145,600	64,620	6,245	1,741,758
2017-2021	5,215,000	1,444,315	1,225,000	590,000	92,605	-	8,566,920
2022-2026	3,680,000	320,293	1,505,000	323,000	-	-	5,828,293
2027-2028	-	-	690,000	41,800	-	-	731,800
Total	<u>\$ 9,895,000</u>	<u>\$ 3,801,073</u>	<u>\$ 9,595,000</u>	<u>\$ 2,226,300</u>	<u>\$ 1,359,861</u>	<u>\$ 170,740</u>	<u>\$ 27,047,974</u>

Machinery and equipment acquired under current capital lease obligations was a total of \$1,558,437, less accumulated depreciation of \$421,741, net \$1,136,697.

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

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2011

E. Interfund Transactions

The composition of interfund balances as of year end was as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amounts</u>
General	Internal Service	\$ 1,000,000
General	Agency	295,571
General	Nonmajor	247,607
General	Capital Projects	7,960
Road and Bridge	Agency	66,508
Agency	Agency	17,449
Non-Major	Agency	34,004
Non-Major	Road and Bridge	46,000
Non-Major	Nonmajor	16,330
Non-Major	General	451
		<u>\$ 1,731,880</u>

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

Transfers between the primary government funds during the year were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amounts</u>
General	Road and Bridge	\$ 1,806,717
General	Agency	1,000,000
General	Nonmajor	39,273
		<u>\$ 2,845,990</u>

IV. OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

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

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

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2011

C. Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the County could result. Although the County does not anticipate that it will have any arbitrage liability, it periodically engages an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service rules and regulations.

D. Pension Plan

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 586 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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

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

Funding Policy

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 14.24 percent for the months of the accounting year in 2010 and 14.29 percent for the months of the accounting year in 2011.

The contribution rate payable by the employee members for calendar year 2011 is the rate of seven percent as adopted by Commissioners' Court. The employee contribution rate and the employer contribution rate may be changed by Commissioners' Court within the options available in the TCDRS Act.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2011

Annual Pension Costs

The annual required contributions were actuarially determined as a percentage of the covered payroll of the participating employees and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2008 and December 31, 2009, the basis for determining the contribution rates for plan years 2010 and 2011.

Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	20 Years - Open Period
Asset Valuation Method	SAF: 10-yr smoothed value
	ESF: Fund Value
Investment Rate of Return	8%
Projected Salary Increases	5.4%
Includes Inflation at	3.5%
Cost of Living Adjustments	None

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Annual Req. Contrib. (ARC)	\$ 1,864,166	\$ 1,835,041	\$ 1,725,694
Contributions Made	\$ 1,864,166	\$ 1,835,041	1,725,694
NPO at the End of Period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The funded status as of December 31, 2010, the most recent valuation date, is as follows:

	<u>2011</u>
Actuarial Valuation Date	12/31/2010
Actuarial Value of Assets	\$ 31,434,178
Actuarial Accrued Liability	\$ 41,519,188
Percentage Funded	75.71%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 10,085,010
Annual Covered Payroll	\$ 12,648,516
UAAL as a Percentage of Covered Payroll	79.73%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

E. Deferred Compensation Plan

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

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

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2011

F. Commitments and Other Obligations

The County entered into the Facility Operation and Management Agreement with Civigenics-Texas, Inc. (the "Operator") for operation, management, and maintenance (subject to certain limitations) of the County's jail facility. This agreement is for five years, containing options for both early cancellation and renewal on November 14, 2006 commencing on January 1, 2007. In December 2011, the contract will automatically renew for two years unless the County or the operator gives 150 days advance written notice of intent not to renew. Over the term of the contract, the daily rate paid to the operator for County and non-County inmates will range from \$44.00 to \$46.50. During the year, the County paid \$5,418,784 for housing County and non-County inmates.

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

Future minimum commitments for these agreements are as follows:

Year Ending September 30	Governmental Activities
2012	\$ 139,979

G. Health Care

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

Claims incurred are subject to an annual specific deductible of \$150,000, maximum specific reimbursement of \$1,850,000 and maximum aggregate reimbursement of \$1,000,000. Employee health claims are self-insured by the County up to these annual limits and stop-loss benefits are provided by United of Omaha Life Insurance Company.

At year end, the County has recorded current health claim liabilities of \$540,253 in the internal service fund. Of this amount, \$419,198 represents estimated claims incurred but not reported. These liabilities are based on requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements and the amount of loss can be reasonably estimated. Changes in the balances of claims liabilities during the last two years ended September 30, are as follows:

	2011	2010
Beginning balance	\$ 532,436	\$ 526,622
Claims incurred	5,416,688	6,618,201
Claims paid	(5,408,871)	(6,612,387)
Ending balance	<u>\$ 540,253</u>	<u>\$ 532,436</u>

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2011

H. Other Post Employment Benefits – Post Employment Healthcare Plan

Plan Description

The County administers a single-employer defined benefit Other Post Employment Benefits (OPEB) plan, known as the County Health Insurance Benefits (the “Program”). The Program offers medical, dental, and vision insurance benefits to eligible retirees and their spouses as well as life insurance for retirees only. Employees who retire in accordance with the provisions of the TCDRS are covered as employees under the Group Health and Related Benefits Program at the time of retirement, and are vested with the County are eligible to receive County health insurance benefits.

The employee’s responsibility for the premium depends on whether they retired on or before December 31, 1996 or after as follows:

Retirement on or before December 31, 1996

The retiree pays the entire premium for retiree medical, prescription drug, dental, and vision coverage as well as coverage for eligible dependents. The County does not pay any portion of this premium.

Retirement on or after January 1, 1997

The County pays 100 percent of the premium for retiree medical, prescription drug, dental, vision, and life insurance coverage. Retirees must pay the entire premium for coverage of eligible dependents. Life insurance is not available for dependents of retirees.

Dependent coverage ends upon the cessation of premium payments.

Funding Policy

The County has elected to subsidize premiums for the plan and funding is provided on a pay-as-you-go basis.

Annual OPEB Cost

The County’s annual 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 Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County’s annual OPEB cost of the year, the amount actually contributed to the plan, and the County’s net OPEB obligation.

Annual required contribution	\$ 3,596,334
Interest on OPEB obligation	164,873
Adjustment to annual required contribution	<u>(287,686)</u>
Annual OPEB cost expense	3,473,521
Contributions made	<u>609,775</u>
Increase in net OPEB obligation	2,863,746
Net OPEB obligation-beginning of year	<u>5,643,059</u>
Net OPEB obligation-end of year	<u><u>\$ 8,506,805</u></u>

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2011

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Program, and the net OPEB obligation for 2011 and the two preceding years are as follows:

Fiscal year	Annual OPEB Cost (ARC)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	
			Beginning	Ending
2009	\$ 3,313,382	12.34%	\$ -	\$ 2,904,345
2010	\$ 3,313,382	15.18%	\$ 2,904,345	\$ 5,643,059
2011	\$ 3,596,334	18.00%	\$ 5,643,059	\$ 8,506,805

Funded Status and Funding Progress

As of October 1, 2010, the most recent actuarial valuation date, the Program was 0.00 percent funded. The actuarial accrued liability for benefits was \$29,027,347, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$29,027,347.

Actuarial valuations of an ongoing Program involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Program and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Program, assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar
Remaining Amortization Period	30 years
Asset Valuation Method	N/A
Investment Rate of Return	3.00%
Healthcare Cost Trend Rate (Initial/Ultimate)	13.0% / 5.0%

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REQUIRED SUPPLEMENTARY INFORMATION

LIBERTY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 1 of 2)
GENERAL FUND

For the Year Ended September 30, 2011
 With Comparative Totals for the Year Ended September 30, 2010

	2011		Actual Amounts	Variance with Final Budget Positive (Negative)	2010 Actual
	Budgeted Amounts				
	Original	Final			
Revenues					
Property taxes	\$ 15,754,249	\$ 15,754,249	\$ 16,932,830	\$ 1,178,581	\$ 16,186,154
Sales taxes	2,000,000	2,000,000	3,031,083	1,031,083	2,679,499
Other taxes	27,000	27,000	44,809	17,809	45,253
Licenses and permits	70,000	70,000	93,728	23,728	76,714
Intergovernmental revenue	400,700	400,700	582,108	181,408	406,062
Charges for services	1,165,000	1,934,385	1,929,298	(5,087)	2,627,402
Fines and forfeitures	1,543,500	1,543,500	1,950,144	406,644	2,118,768
Investment income	300,000	300,000	287,518	(12,482)	208,363
Other revenue	2,661,000	2,661,000	260,550	(2,400,450)	299,493
Total Revenues	23,921,449	24,690,834	25,112,068	421,234	24,647,708
Expenditures					
General government:					
Commissioners' court	504,334	469,457	448,683	20,774	396,262
County clerk	876,927	935,142	877,476	57,666	746,596
Veterans services	132,393	139,513	136,248	3,265	126,937
General administration	2,123,200	1,797,730	1,789,825	7,905	1,799,685
Employee benefits	534,425	289,425	280,928	8,497	350,319
Building maintenance	486,434	503,434	480,177	23,257	468,297
	4,657,713	4,134,701	4,013,337	121,364	3,888,096
Judicial:					
County judge	457,318	472,443	461,540	10,903	455,118
County court at law	448,465	532,240	526,715	5,525	526,283
District judges	902,121	1,209,651	1,143,176	66,475	1,035,463
Court costs	303,908	486,408	483,789	2,619	374,697
District clerk	601,309	626,724	579,891	46,833	557,580
Justice courts	959,505	1,037,990	1,020,467	17,523	909,324
	3,672,626	4,365,456	4,215,578	149,878	3,858,465
Legal:					
County attorney	658,635	680,085	662,450	17,635	628,477
District attorney	1,086,497	1,141,797	1,143,099	(1,302) *	1,073,083
	1,745,132	1,821,882	1,805,549	16,333	1,701,560
Financial:					
County auditor	379,453	375,888	353,712	22,176	331,250
County treasurer	256,276	283,976	282,087	1,889	244,769
Tax assessor-collector	782,558	868,558	840,563	27,995	780,130
Data processing	142,952	115,452	106,915	8,537	147,144
Capital outlay	-	27,500	24,750	2,750	196,096
Central appraisal district	666,955	666,955	664,513	2,442	651,421
	2,228,194	2,338,329	2,272,540	65,789	2,350,810

LIBERTY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 2 of 2)
GENERAL FUND

For the Year Ended September 30, 2011
 With Comparative Totals for the Year Ended September 30, 2010

	2011		Actual Amounts	Variance with Final Budget	2010 Actual
	Budgeted Amounts			Positive (Negative)	
	Original	Final			
<u>Expenditures (continued)</u>					
Public safety:					
Sheriff	\$ 4,727,499	\$ 5,192,709	\$ 5,111,626	\$ 81,083	\$ 4,744,674
Jail operations and prisoner support	4,165,000	5,419,385	5,418,784	601	5,750,908
Juvenile probation	317,314	360,664	329,291	31,373	332,799
Constables	528,237	636,329	621,327	15,002	694,802
Fire marshall	330,685	557,285	554,619	2,666	330,707
Emergency management	270,498	156,198	128,195	28,003	137,843
Weight division	574,003	658,396	619,566	38,830	490,335
	<u>10,913,236</u>	<u>12,980,966</u>	<u>12,783,408</u>	<u>197,558</u>	<u>12,482,068</u>
Health and welfare:					
Public welfare	584,000	584,000	558,055	25,945	515,079
Indigent services	582,351	474,101	397,750	76,351	445,940
	<u>1,166,351</u>	<u>1,058,101</u>	<u>955,805</u>	<u>102,296</u>	<u>961,019</u>
Other:					
Extension service	139,021	170,703	166,007	4,696	164,638
Engineering and permits	239,358	258,608	244,013	14,595	248,005
Special projects	230,000	265,000	264,473	527	221,218
	<u>608,379</u>	<u>694,311</u>	<u>674,493</u>	<u>19,818</u>	<u>633,861</u>
Total Expenditures	<u>24,991,631</u>	<u>27,393,746</u>	<u>26,720,710</u>	<u>673,036</u>	<u>25,875,879</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(1,070,182)</u>	<u>(2,702,912)</u>	<u>(1,608,642)</u>	<u>1,094,270</u>	<u>(1,228,171)</u>
Other Financing (Uses):					
Transfers (out)	<u>(3,232,872)</u>	<u>(2,846,085)</u>	<u>(2,845,990)</u>	<u>95</u>	<u>(63,465)</u>
Net Change in Fund Balance	<u>\$ (4,303,054)</u>	<u>\$ (5,548,997)</u>	<u>(4,454,632)</u>	<u>\$ 1,094,365</u>	<u>\$ (1,291,636)</u>
Beginning Fund Balance			<u>17,176,363</u>		
Ending Fund Balance			<u>\$ 12,721,731</u>		

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. * Expenditures exceeded appropriations at the legal level of control.

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LIBERTY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND

For the Year Ended September 30, 2011
 With Comparative Totals for the Year Ended September 30, 2010

	2011		Actual Amounts	Variance with Final Budget	2010 Actual
	Budgeted Amounts			Positive (Negative)	
	Original	Final			
Revenues					
Property taxes	\$ 3,895,465	\$ 3,895,465	\$ 4,205,462	\$ 309,997	\$ 3,659,586
Intergovernmental revenue	57,000	57,000	56,561	(439)	56,743
Fines and forfeitures	1,755,000	1,755,000	1,557,609	(197,391)	1,395,106
Other revenue	795,000	822,380	179,920	(642,460)	133,066
Total Revenues	6,502,465	6,529,845	5,999,552	(530,293)	5,244,501
Expenditures					
Public transportation:					
Precinct No. 1	1,452,581	1,504,970	1,173,411	331,559	1,362,195
Precinct No. 2	2,868,455	2,906,455	2,905,619	836	2,393,656
Precinct No. 3	1,115,381	1,158,161	1,435,604	(277,443) *	1,090,051
Precinct No. 4	1,915,320	2,055,420	2,253,857	(198,437) *	1,942,164
	<u>7,351,737</u>	<u>7,625,006</u>	<u>7,768,491</u>	<u>(143,485)</u>	<u>6,788,066</u>
Other:					
Landfill and solid waste	856,000	728,900	687,284	41,616	650,160
	<u>856,000</u>	<u>728,900</u>	<u>687,284</u>	<u>41,616</u>	<u>650,160</u>
Debt Service:					
Principal	429,983	311,194	331,973	(20,779)	456,691
Interest	62,617	62,617	62,617	-	76,363
	<u>492,600</u>	<u>373,811</u>	<u>394,590</u>	<u>(20,779) *</u>	<u>533,054</u>
Total Expenditures	8,700,337	8,727,717	8,850,365	(122,648)	7,971,280
(Deficiency) of Revenues (Under) Expenditures	(2,197,872)	(2,197,872)	(2,850,813)	(652,941)	(2,726,779)
Other Financing Sources					
Transfers	1,832,872	1,832,872	1,806,717	(26,155) *	(46,000)
Capital leases	-	-	514,759	514,759	161,102
Total Other Financing Sources	1,832,872	1,832,872	2,321,476	488,604	115,102
Net Change in Fund Balance	\$ (365,000)	\$ (365,000)	(529,337)	\$ (164,337)	\$ (2,611,677)
Beginning Fund Balance			589,367		
Ending Fund Balance			\$ 60,030		

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. * Expenditures exceeded appropriations at the legal level of control.

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LIBERTY COUNTY, TEXAS
SCHEDULE OF FUNDING PROGRESS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
For the Year Ended September 30, 2011

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

Fiscal Year	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarial Valuation Date	12/31/2010	12/31/2009	12/31/2008	12/31/2007
Actuarial Value of Assets	\$ 31,434,178	\$ 31,117,494	\$ 28,306,696	\$ 29,150,307
Actuarial Accrued Liability	\$ 41,519,188	\$ 40,207,739	\$ 37,445,184	\$ 35,486,036
Percentage Funded	75.71%	77.39%	75.60%	82.15%
Unfunded Actuarial				
Accrued Liability	\$ 10,085,010	\$ 9,090,245	\$ 9,138,488	\$ 6,335,728
Annual Covered Payroll	\$ 12,648,516	\$ 12,478,662	\$ 11,853,001	\$ 10,798,763
Unfunded Actuarial Accrued Liability				
(UAAL) % of Covered Payroll	79.73%	72.85%	77.10%	58.67%
Net Pension Obligation (NPO)				
at the Beginning of Period	\$ -	\$ -	\$ -	\$ -
Annual Req. Contrib. (ARC)	1,864,166	1,835,041	1,725,694	1,543,763
Contributions Made	1,864,166	1,835,041	1,725,694	1,543,763
NPO at the End of Period	\$ -	\$ -	\$ -	\$ -

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LIBERTY COUNTY, TEXAS
SCHEDULE OF FUNDING PROGRESS
POST EMPLOYMENT HEALTHCARE BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
10/01/08	\$ -	\$ 24,876,324	\$ 24,876,324	0%	N/A	N/A
10/01/10	\$ -	\$ 29,027,347	\$ 29,027,347	0%	10,485,551	276.83%

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***COMBINING STATEMENTS
AND SCHEDULES***

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LIBERTY COUNTY, TEXAS

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2011

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

LIBERTY COUNTY, TEXAS

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2011

SPECIAL REVENUE FUNDS (Continued)

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

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

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

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

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

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

The CSCD Civil Fees fund accounts for revenues received for supervising misdemeanor and felony offenders.

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

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

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

The Supplemental Environmental Project fund accounts for revenue received from the state used for environmental enforcement purposes.

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

The COPS Grant fund accounts for revenues received from the Texas Department of Public Safety.

The County and District Court Technology fund accounts for services provided by the County and District Clerk.

The Court Record Preservation fund is used to account for preservation services provided by the District Clerk.

The TDHCA Home Program 1000952 fund accounts for revenues received from the Texas Department of Housing and Community Affairs.

The CDBG Hull Fresh Water District fund accounts for revenues received from the Texas Department of Rural Affairs.

The TDHCA Grant fund accounts for revenues received from the Texas Department of Housing and Community Affairs.

The FEMA Grant fund accounts for revenues received from the Federal Emergency Management Agency.

LIBERTY COUNTY, TEXAS

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2011

SPECIAL REVENUE FUNDS (Continued)

The HUD Grant Fund accounts for the revenue received from the Texas Department of Rural Affairs.

The DRS TDRA Grant fund accounts for the revenue received from the Texas Department of Rural Affairs.

The Hurricane Ike fund accounts for Hurricane Ike related grant revenues.

The HAVA grant fund accounts for revenues related to the Help America Vote Act.

DEBT SERVICE FUND

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

LIBERTY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 1 of 4)
September 30, 2011

Special Revenue Funds				
	Land Acquisition	Courthouse Security	Law Library	Juvenile Probation
Assets				
Cash and cash equivalents	\$ 1,964,825	\$ 98,535	\$ 26,257	\$ 125,357
Receivables, net	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	30,169	1,270	840	451
Due from others	-	324	-	-
Total Assets	\$ 1,994,994	\$ 100,129	\$ 27,097	\$ 125,808
Liabilities				
Accounts payable	\$ 70	\$ -	\$ 6,224	\$ 3,854
Due to other governments	-	-	-	63,085
Due to other funds	-	-	-	-
Due to others	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	70	-	6,224	66,939
Fund Balances				
Restricted for:				
Capital projects	-	-	-	-
Debt service	-	-	-	-
Records management	-	-	-	-
Public safety	-	-	-	-
Judicial	-	100,129	20,873	-
Other purposes	1,994,924	-	-	58,869
Unassigned	-	-	-	-
Total Fund Balances	1,994,924	100,129	20,873	58,869
Total Liabilities and Fund Balances	\$ 1,994,994	\$ 100,129	\$ 27,097	\$ 125,808

Special Revenue Funds

<u>DARE</u>	<u>Commissary</u>	<u>TCDP Programs</u>	<u>Homeland Security</u>	<u>Commissioners' Court Records Management</u>	<u>District Attorney Federal Forfeiture</u>
\$ 22,485	\$ 5,717	\$ -	\$ 44,624	\$ 310,523	\$ 8,384
-	-	-	-	-	-
-	-	62,433	-	-	-
-	-	-	-	508	-
-	-	-	-	-	-
<u>\$ 22,485</u>	<u>\$ 5,717</u>	<u>\$ 62,433</u>	<u>\$ 44,624</u>	<u>\$ 311,031</u>	<u>\$ 8,384</u>
\$ -	\$ -	\$ -	\$ 19,997	\$ 120	\$ -
-	-	-	-	-	-
-	8,370	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	8,370	-	19,997	120	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	310,911	-
22,485	-	-	24,627	-	8,384
-	-	-	-	-	-
-	-	62,433	-	-	-
-	(2,653)	-	-	-	-
<u>22,485</u>	<u>(2,653)</u>	<u>62,433</u>	<u>24,627</u>	<u>310,911</u>	<u>8,384</u>
<u>\$ 22,485</u>	<u>\$ 5,717</u>	<u>\$ 62,433</u>	<u>\$ 44,624</u>	<u>\$ 311,031</u>	<u>\$ 8,384</u>

LIBERTY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 2 of 4)
September 30, 2011

	Special Revenue Funds			
	District Attorney	District Attorney Programs	District Clerk TDCJ	District Clerk Child Support
<u>Assets</u>				
Cash and cash equivalents	\$ 54,312	\$ 318,902	\$ 38,304	\$ 514,401
Receivables, net	-	-	-	-
Due from other governments	-	-	-	15,493
Due from other funds	-	-	-	-
Due from others	6	-	-	-
	Total Assets	\$ 318,902	\$ 38,304	\$ 529,894
<u>Liabilities</u>				
Accounts payable	\$ 100	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Due to others	19,358	-	-	-
Deferred revenue	-	-	-	-
	Total Liabilities	-	-	-
<u>Fund Balances</u>				
Restricted for:				
Capital projects	-	-	-	-
Debt service	-	-	-	-
Records management	-	-	-	-
Public safety	-	-	-	-
Judicial	34,860	318,902	38,304	529,894
Other purposes	-	-	-	-
Unassigned	-	-	-	-
	Total Fund Balances	318,902	38,304	529,894
	Total Liabilities and Fund Balances	\$ 318,902	\$ 38,304	\$ 529,894

Special Revenue Funds

District Clerk Records Management	County Clerk Records Management	County Attorney Check Collections	County Constable Seizures	County Sheriff Programs	JP Technology
\$ 19,140	\$ 681,927	\$ 35,618	\$ 119,706	\$ 85,934	\$ 202,347
-	-	-	-	-	-
-	-	2,119	1,477	-	-
38	3,505	-	-	-	366
-	-	-	-	-	325
<u>\$ 19,178</u>	<u>\$ 685,432</u>	<u>\$ 37,737</u>	<u>\$ 121,183</u>	<u>\$ 85,934</u>	<u>\$ 203,038</u>
\$ -	\$ -	\$ 57	\$ 3,164	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	20,175	24,354	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>57</u>	<u>23,339</u>	<u>24,354</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
19,178	685,432	-	-	-	-
-	-	-	97,844	61,580	-
-	-	37,680	-	-	-
-	-	-	-	-	203,038
-	-	-	-	-	-
<u>19,178</u>	<u>685,432</u>	<u>37,680</u>	<u>97,844</u>	<u>61,580</u>	<u>203,038</u>
<u>\$ 19,178</u>	<u>\$ 685,432</u>	<u>\$ 37,737</u>	<u>\$ 121,183</u>	<u>\$ 85,934</u>	<u>\$ 203,038</u>

LIBERTY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 3 of 4)
September 30, 2011

	Special Revenue Funds			
	CSCD Civil Fees	CDBG Disaster Recovery	Infectious Disease	CDBG
Assets				
Cash and cash equivalents	\$ 64,629	\$ 1,806	\$ -	\$ 125,924
Receivables, net	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Due from others	2,855	-	-	-
Total Assets	\$ 67,484	\$ 1,806	\$ -	\$ 125,924
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Due to others	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances				
Restricted for:				
Capital projects	-	-	-	-
Debt service	-	-	-	-
Records management	-	-	-	-
Public safety	-	-	-	-
Judicial	-	-	-	-
Other purposes	67,484	1,806	-	125,924
Unassigned	-	-	-	-
Total Fund Balances	67,484	1,806	-	125,924
Total Liabilities and Fund Balances	\$ 67,484	\$ 1,806	\$ -	\$ 125,924

LIBERTY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 4 of 4)
September 30, 2011

	Special Revenue Funds			
	CDBG Hull Fresh Water Dist.	TDHCA Grant	FEMA Grant	HUD Grant
Assets				
Cash and cash equivalents	\$ 80,232	\$ -	\$ 3,754	\$ -
Receivables, net	-	-	-	-
Due from other governments	38,308	332,061	-	13,205
Due from other funds	-	-	-	-
Due from others	-	-	-	-
Total Assets	\$ 118,540	\$ 332,061	\$ 3,754	\$ 13,205
Liabilities				
Accounts payable	\$ 116,917	\$ 300,606	\$ 4,688	\$ 13,205
Due to other governments	-	-	-	-
Due to other funds	-	31,455	-	-
Due to others	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	116,917	332,061	4,688	13,205
Fund Balances				
Restricted for:				
Capital projects	1,623	-	-	-
Debt service	-	-	-	-
Records management	-	-	-	-
Public safety	-	-	-	-
Judicial	-	-	-	-
Other purposes	-	-	-	-
Unassigned	-	-	(934)	-
Total Fund Balances	1,623	-	(934)	-
Total Liabilities and Fund Balances	\$ 118,540	\$ 332,061	\$ 3,754	\$ 13,205

Special Revenue Funds			Total Nonmajor Special Revenue Funds	Debt Service	Total Nonmajor Governmental Funds
DRS TDRA Grant	Hurricane Ike	HAVA Grant			
\$ -	\$ -	\$ -	\$ 4,978,252	\$ 86,975	\$ 5,065,227
-	-	-	-	244,309	244,309
95,977	544,745	-	1,105,818	-	1,105,818
-	-	-	37,271	59,514	96,785
-	-	-	3,510	-	3,510
<u>\$ 95,977</u>	<u>\$ 544,745</u>	<u>\$ -</u>	<u>\$ 6,124,851</u>	<u>\$ 390,798</u>	<u>\$ 6,515,649</u>
\$ -	\$ -	\$ -	\$ 469,002	\$ -	\$ 469,002
-	-	-	63,085	-	63,085
95,977	128,135	-	263,937	-	263,937
-	-	-	63,887	-	63,887
-	-	-	-	244,309	244,309
<u>95,977</u>	<u>128,135</u>	<u>-</u>	<u>859,911</u>	<u>244,309</u>	<u>1,104,220</u>
-	-	-	1,623	-	1,623
-	-	-	-	146,489	146,489
-	-	-	1,015,521	-	1,015,521
-	-	-	214,920	-	214,920
-	-	-	1,098,381	-	1,098,381
-	416,610	-	2,938,082	-	2,938,082
-	-	-	(3,587)	-	(3,587)
-	416,610	-	5,264,940	146,489	5,411,429
<u>\$ 95,977</u>	<u>\$ 544,745</u>	<u>\$ -</u>	<u>\$ 6,124,851</u>	<u>\$ 390,798</u>	<u>\$ 6,515,649</u>

LIBERTY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 1 of 4)
For the Year Ended September 30, 2011

	<u>Special Revenue Funds</u>			
	<u>Land Acquisition</u>	<u>Courthouse Security</u>	<u>Law Library</u>	<u>Juvenile Probation</u>
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	360,945
Charges for services	-	-	-	-
Fines and forfeitures	341,742	52,843	44,654	-
Investment income	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	<u>341,742</u>	<u>52,843</u>	<u>44,654</u>	<u>360,945</u>
Expenditures				
Current:				
General government	-	-	-	-
Judicial	-	50,877	53,063	-
Legal	-	-	-	-
Public safety	-	-	-	376,798
Public transportation	51,639	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>51,639</u>	<u>50,877</u>	<u>53,063</u>	<u>376,798</u>
Other Financing Sources (Uses)				
Transfers	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>290,103</u>	<u>1,966</u>	<u>(8,409)</u>	<u>(15,853)</u>
Net Change in Fund Balances	290,103	1,966	(8,409)	(15,853)
Beginning Fund Balances	<u>1,704,821</u>	<u>98,163</u>	<u>29,282</u>	<u>74,722</u>
Ending Fund Balances	<u>\$ 1,994,924</u>	<u>\$ 100,129</u>	<u>\$ 20,873</u>	<u>\$ 58,869</u>

Special Revenue Funds

<u>DARE</u>	<u>Commissary</u>	<u>TCDP Programs</u>	<u>Homeland Security</u>	<u>Commissioners' Court Records Management</u>	<u>District Attorney Federal Forfeiture</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	112,259	19,997	-	-
-	71,498	-	-	-	-
-	-	-	-	24,060	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>71,498</u>	<u>112,259</u>	<u>19,997</u>	<u>24,060</u>	<u>-</u>
-	-	-	-	7,095	-
-	-	-	-	-	-
-	-	-	-	-	-
3,408	78,119	-	-	-	-
-	-	-	-	-	-
-	-	112,259	-	-	-
-	-	-	19,997	2,045	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,408</u>	<u>78,119</u>	<u>112,259</u>	<u>19,997</u>	<u>9,140</u>	<u>-</u>
-	-	92,776	-	-	-
-	-	92,776	-	-	-
<u>(3,408)</u>	<u>(6,621)</u>	<u>92,776</u>	<u>-</u>	<u>14,920</u>	<u>-</u>
(3,408)	(6,621)	92,776	-	14,920	-
25,893	3,968	(30,343)	24,627	295,991	8,384
<u>\$ 22,485</u>	<u>\$ (2,653)</u>	<u>\$ 62,433</u>	<u>\$ 24,627</u>	<u>\$ 310,911</u>	<u>\$ 8,384</u>

LIBERTY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 2 of 4)
For the Year Ended September 30, 2011

	Special Revenue Funds			
	District Attorney	District Attorney Programs	District Clerk TDCJ	District Clerk Child Support
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	9,542	-	-	95,142
Charges for services	-	-	13,000	-
Fines and forfeitures	6,115	38,077	-	-
Investment income	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	15,657	38,077	13,000	95,142
Expenditures				
Current:				
General government	-	-	-	-
Judicial	-	-	7,992	52,772
Legal	7,136	17,859	-	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Other	-	-	-	-
Capital outlay	-	4,345	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	7,136	22,204	7,992	52,772
Other Financing Sources (Uses)				
Transfers	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,521	15,873	5,008	42,370
Net Change in Fund Balances	8,521	15,873	5,008	42,370
Beginning Fund Balances	26,339	303,029	33,296	487,524
Ending Fund Balances	\$ 34,860	\$ 318,902	\$ 38,304	\$ 529,894

Special Revenue Funds

<u>District Clerk Records Management</u>	<u>County Clerk Records Management</u>	<u>County Attorney Check Collections</u>	<u>County Constable Seizures</u>	<u>County Sheriff Programs</u>	<u>JP Technology</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
7,449	76,731	29,304	-	-	26,499
-	-	-	-	-	-
-	-	-	40,194	-	-
<u>7,449</u>	<u>76,731</u>	<u>29,304</u>	<u>40,194</u>	<u>-</u>	<u>26,499</u>
-	23,407	-	-	-	-
11,518	-	-	-	-	2,673
-	-	17,885	-	-	-
-	-	-	33,226	-	-
-	-	-	-	-	-
-	20,217	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>11,518</u>	<u>43,624</u>	<u>17,885</u>	<u>33,226</u>	<u>-</u>	<u>2,673</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>(4,069)</u>	<u>33,107</u>	<u>11,419</u>	<u>6,968</u>	<u>-</u>	<u>23,826</u>
(4,069)	33,107	11,419	6,968	-	23,826
<u>23,247</u>	<u>652,325</u>	<u>26,261</u>	<u>90,876</u>	<u>61,580</u>	<u>179,212</u>
<u>\$ 19,178</u>	<u>\$ 685,432</u>	<u>\$ 37,680</u>	<u>\$ 97,844</u>	<u>\$ 61,580</u>	<u>\$ 203,038</u>

LIBERTY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 3 of 4)
For the Year Ended September 30, 2011

	Special Revenue Funds			
	CSCD Civil Fees	CDBG Disaster Recovery	Infectious Disease	CDBG
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
Charges for services	23,645	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	<u>23,645</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current:				
General government	-	-	-	-
Judicial	39,226	-	-	-
Legal	-	-	-	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Other	-	-	-	-
Capital outlay	-	600	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>39,226</u>	<u>600</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers	-	(105,901)	(8,845)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(105,901)</u>	<u>(8,845)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,581)</u>	<u>(106,501)</u>	<u>(8,845)</u>	<u>-</u>
Net Change in Fund Balances	<u>(15,581)</u>	<u>(106,501)</u>	<u>(8,845)</u>	<u>-</u>
Beginning Fund Balances	<u>83,065</u>	<u>108,307</u>	<u>8,845</u>	<u>125,924</u>
Ending Fund Balances	<u>\$ 67,484</u>	<u>\$ 1,806</u>	<u>\$ -</u>	<u>\$ 125,924</u>

Special Revenue Funds

Supplemental Environmental Project	TDHCA Home Program	COPS Grant	County & District Court Tech	Court Record Preservation	TDHCA Home Program 1000952
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	87,246	-	-	-
-	-	-	1,866	8,592	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	87,246	1,866	8,592	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	90,787	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	90,787	-	-	-
-	-	-	-	-	13,126
-	-	-	-	-	13,126
-	-	(3,541)	1,866	8,592	13,126
-	-	(3,541)	1,866	8,592	13,126
900	6,094	3,541	359	6,922	(13,126)
<u>\$ 900</u>	<u>\$ 6,094</u>	<u>\$ -</u>	<u>\$ 2,225</u>	<u>\$ 15,514</u>	<u>\$ -</u>

LIBERTY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 4 of 4)
For the Year Ended September 30, 2011

	<u>Special Revenue Funds</u>			
	<u>CDBG</u>			
	<u>Hull Fresh</u>	<u>TDHCA</u>	<u>FEMA</u>	<u>HUD</u>
	<u>Water Dist.</u>	<u>Grant</u>	<u>Grant</u>	<u>Grant</u>
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	373,403	1,330,409	197,499	13,205
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	<u>373,403</u>	<u>1,330,409</u>	<u>197,499</u>	<u>13,205</u>
Expenditures				
Current:				
General government	371,780	1,330,409	198,433	13,205
Judicial	-	-	-	-
Legal	-	-	-	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>371,780</u>	<u>1,330,409</u>	<u>198,433</u>	<u>13,205</u>
Other Financing Sources (Uses)				
Transfers	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of				
Revenues Over (Under) Expenditures	<u>1,623</u>	<u>-</u>	<u>(934)</u>	<u>-</u>
Net Change in Fund Balances	<u>1,623</u>	<u>-</u>	<u>(934)</u>	<u>-</u>
Beginning Fund Balances	-	-	-	-
Ending Fund Balances	<u>\$ 1,623</u>	<u>\$ -</u>	<u>\$ (934)</u>	<u>\$ -</u>

Special Revenue Funds			Total Nonmajor Special Revenue Funds	Debt Service	Total Nonmajor Governmental Funds
DRS TDRA Grant	Hurricane Ike	HAVA Grant			
\$ -	\$ -	\$ -	\$ -	\$ 1,849,847	\$ 1,849,847
95,977	-	65,227	2,760,851	-	2,760,851
-	-	-	118,601	-	118,601
-	-	-	647,474	-	647,474
-	-	-	-	10,935	10,935
-	-	-	40,194	-	40,194
<u>95,977</u>	<u>-</u>	<u>65,227</u>	<u>3,567,120</u>	<u>1,860,782</u>	<u>5,427,902</u>
95,977	-	65,227	2,105,533	-	2,105,533
-	-	-	218,121	-	218,121
-	-	-	42,880	-	42,880
-	-	-	582,338	-	582,338
-	-	-	51,639	-	51,639
-	-	-	112,259	-	112,259
-	-	-	47,204	410,292	457,496
-	-	-	-	1,355,000	1,355,000
-	-	-	-	392,288	392,288
<u>95,977</u>	<u>-</u>	<u>65,227</u>	<u>3,159,974</u>	<u>2,157,580</u>	<u>5,317,554</u>
-	-	-	(8,844)	48,117	39,273
-	-	-	(8,844)	48,117	39,273
-	-	-	398,302	(248,681)	149,621
-	-	-	398,302	(248,681)	149,621
-	416,610	-	4,866,638	395,170	5,261,808
<u>\$ -</u>	<u>\$ 416,610</u>	<u>\$ -</u>	<u>\$ 5,264,940</u>	<u>\$ 146,489</u>	<u>\$ 5,411,429</u>

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LIBERTY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LAND ACQUISITION FUND
For the Year Ended September 30, 2011

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original and Final</u>	<u>Actual Amounts</u>	
<u>Revenues</u>			
Fines and forfeitures	\$ 190,000	\$ 341,742	\$ 151,742
Total Revenues	<u>190,000</u>	<u>341,742</u>	<u>151,742</u>
<u>Expenditures</u>			
Public transportation:			
Rural addressing - 911	30,000	7,433	22,567
Road and bridge	400,000	40,623	359,377
Right-of-way expenses	125,000	3,583	121,417
Total Expenditures	<u>555,000</u>	<u>51,639</u>	<u>503,361</u>
Net Change in Fund Balance	<u>\$ (365,000)</u>	290,103	<u>\$ 655,103</u>
Beginning Fund Balance		<u>1,704,821</u>	
Ending Fund Balance		<u>\$ 1,994,924</u>	

LIBERTY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COURTHOUSE SECURITY

For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original and Final		Amounts	(Negative)
<u>Revenues</u>				
Fines and forfeitures	\$ 45,000		\$ 52,843	\$ 7,843
Total Revenues	45,000		52,843	7,843
<u>Expenditures</u>				
Judicial:				
Salaries and benefits	44,974		45,030	(56)
Office expense and supplies	1,000		2,237	(1,237)
Education and training	2,500		3,610	(1,110)
Capital outlay	20,000		-	20,000
Total Expenditures	68,474		50,877	17,597
Net Change in Fund Balance	\$ (23,474)		1,966	\$ 25,440
Beginning Fund Balance			98,163	
Ending Fund Balance			\$ 100,129	

LIBERTY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LAW LIBRARY FUND

For the Year Ended September 30, 2011

	2011			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Fines and forfeitures	\$ 43,000	\$ 51,070	\$ 44,654	\$ (6,416)
Total Revenues	<u>43,000</u>	<u>51,070</u>	<u>44,654</u>	<u>(6,416)</u>
Expenditures				
Judicial:				
Salaries and benefits	4,100	4,100	-	4,100
Office expense and supplies	100	100	77	23
Law books	30,000	38,070	41,898	(3,828)
Copier lease	1,800	1,800	1,388	412
Office lease	9,000	9,000	9,700	(700)
Total Expenditures	<u>45,000</u>	<u>53,070</u>	<u>53,063</u>	<u>7</u>
Net Change in Fund Balance	<u>\$ (2,000)</u>	<u>\$ (2,000)</u>	(8,409)	<u>\$ (6,409)</u>
Beginning Fund Balance			<u>29,282</u>	
Ending Fund Balance			<u>\$ 20,873</u>	

LIBERTY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMISSIONERS' COURT RECORDS MANAGEMENT FUND
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original and Final		Amounts	(Negative)
<u>Revenues</u>				
Fines and forfeitures	\$ 23,000		\$ 24,060	\$ 1,060
Total Revenues	23,000		24,060	1,060
 <u>Expenditures</u>				
General government:				
Office expense and supplies	25,000		7,095	17,905
Capital outlay	100,000		2,045	97,955
Total Expenditures	125,000		9,140	115,860
Net Change in Fund Balance	\$ (102,000)		14,920	\$ 116,920
Beginning Fund Balance			295,991	
Ending Fund Balance			\$ 310,911	

LIBERTY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DISTRICT CLERK CHILD SUPPORT
For the Year Ended September 30, 2011

	2011			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ 60,000	\$ 66,000	\$ 95,142	\$ 29,142
Total Revenues	<u>60,000</u>	<u>66,000</u>	<u>95,142</u>	<u>29,142</u>
Expenditures				
Judicial:				
Salaries and benefits	47,435	53,435	52,772	663
Total Expenditures	<u>47,435</u>	<u>53,435</u>	<u>52,772</u>	<u>663</u>
Net Change in Fund Balance	<u>\$ 12,565</u>	<u>\$ 12,565</u>	42,370	<u>\$ 29,805</u>
Beginning Fund Balance			<u>487,524</u>	
Ending Fund Balance			<u>\$ 529,894</u>	

LIBERTY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DISTRICT CLERK RECORDS MANAGEMENT FUND
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original and Final			
<u>Revenues</u>				
Fines and forfeitures	\$ 8,000		\$ 7,449	\$ (551)
Total Revenues	8,000		7,449	(551)
<u>Expenditures</u>				
Judicial:				
Office expense and supplies	15,000		11,518	3,482
Capital outlay	2,500		-	2,500
Total Expenditures	17,500		11,518	5,982
Net Change in Fund Balance	\$ (9,500)		(4,069)	\$ 5,431
Beginning Fund Balance			23,247	
Ending Fund Balance			\$ 19,178	

LIBERTY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY CLERK RECORDS MANAGEMENT FUND
For the Year Ended September 30, 2011

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original and Final	Actual Amounts	
<u>Revenues</u>			
Fines and forfeitures	\$ 60,000	\$ 76,731	\$ 16,731
Total Revenues	60,000	76,731	16,731
<u>Expenditures</u>			
General government:			
Office expense and supplies	30,000	23,407	6,593
Equipment lease	10,000	-	10,000
Capital outlay	25,000	20,217	4,783
Total Expenditures	65,000	43,624	21,376
Net Change in Fund Balance	\$ (5,000)	33,107	\$ 38,107
Beginning Fund Balance		652,325	
Ending Fund Balance		\$ 685,432	

LIBERTY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY ATTORNEY CHECK COLLECTIONS FUND
For the Year Ended September 30, 2011

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original and Final</u>	<u>Actual Amounts</u>	
<u>Revenues</u>			
Fines and forfeitures	\$ 35,000	\$ 29,304	\$ (5,696)
Total Revenues	<u>35,000</u>	<u>29,304</u>	<u>(5,696)</u>
<u>Expenditures</u>			
Legal:			
Salaries and benefits	6,200	14,691	(8,491)
Office expense and supplies	12,500	3,194	9,306
Law books	4,500	-	4,500
Capital outlay	<u>2,800</u>	<u>-</u>	<u>2,800</u>
Total Expenditures	<u>26,000</u>	<u>17,885</u>	<u>8,115</u>
Net Change in Fund Balance	<u>\$ 9,000</u>	11,419	<u>\$ 2,419</u>
Beginning Fund Balance		<u>26,261</u>	
Ending Fund Balance		<u>\$ 37,680</u>	

LIBERTY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
JP TECHNOLOGY FUND
For the Year Ended September 30, 2011

	Budgeted Amounts		Variance with Final Budget
	Original and Final	Actual Amounts	Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 20,000	\$ 26,499	\$ 6,499
Total Revenues	20,000	26,499	6,499
 <u>Expenditures</u>			
Judicial:			
Office expense and supplies	12,500	2,673	9,827
Capital outlay	10,000	-	10,000
Total Expenditures	22,500	2,673	19,827
Net Change in Fund Balance	\$ (2,500)	23,826	\$ 26,326
Beginning Fund Balance		179,212	
Ending Fund Balance		\$ 203,038	

LIBERTY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended September 30, 2011
 With Comparative Totals for the Year Ended September 30, 2010

	2011			Variance with Final Budget Positive (Negative)	2010
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Revenues					
Property taxes	\$ 1,704,491	\$ 1,704,491	\$ 1,849,847	\$ 145,356	\$ 2,535,251
Investment income	20,000	20,000	10,935	(9,065)	42,049
Other income	-	-	-	-	1,436
Total Revenues	<u>1,724,491</u>	<u>1,724,491</u>	<u>1,860,782</u>	<u>136,291</u>	<u>2,578,736</u>
Expenditures					
Capital outlay	-	410,292	410,292	-	411,293
Principal	1,355,000	1,355,000	1,355,000	-	1,475,000
Interest and fiscal charges	805,580	395,288	392,288	3,000	405,198
Total Expenditures	<u>2,160,580</u>	<u>2,160,580</u>	<u>2,157,580</u>	<u>3,000</u>	<u>2,291,491</u>
Other Financing Sources					
Transfers	-	-	48,117	48,117	46,000
Net Change in Fund Balance	<u>\$ (436,089)</u>	<u>\$ (436,089)</u>	<u>(248,681)</u>	<u>\$ 181,408</u>	<u>\$ 333,245</u>
Beginning Fund Balance			<u>395,170</u>		
Ending Fund Balance			<u>\$ 146,489</u>		

LIBERTY COUNTY, TEXAS

AGENCY FUND DESCRIPTIONS

For the Year Ended September 30, 2011

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

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

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

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

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

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

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

LIBERTY COUNTY, TEXAS
COMBINING STATEMENT OF NET ASSETS
AGENCY FUNDS
September 30, 2011

	<u>State Court Costs</u>	<u>Old River District No. 1</u>	<u>Social Security</u>	<u>District Attorney Seizure Account</u>
<u>Assets</u>				
Cash and investments	\$ 261,942	\$ 624,274	\$ 4,835	\$ 88,956
Due from other funds	14,646	2,803	-	-
Accounts receivable	7,641	-	-	-
Total Assets	<u>\$ 284,229</u>	<u>\$ 627,077</u>	<u>\$ 4,835</u>	<u>\$ 88,956</u>
<u>Liabilities</u>				
Accounts payable	\$ 600	\$ 2,493	\$ 1,182	\$ -
Due to other governments	192,941	-	-	-
Due to other funds	90,688	-	-	-
Due to other units	-	624,584	3,653	88,956
Total Liabilities	<u>\$ 284,229</u>	<u>\$ 627,077</u>	<u>\$ 4,835</u>	<u>\$ 88,956</u>

<u>County Officials</u> <u>Escrow</u>	<u>Fine and Bond</u>	<u>Inmate Release</u>	<u>Total Agency</u> <u>Funds</u>
\$ 4,253,377	\$ 305	\$ 104,140	\$ 5,337,829
-	-	-	17,449
-	-	-	7,641
<u>\$ 4,253,377</u>	<u>\$ 305</u>	<u>\$ 104,140</u>	<u>\$ 5,362,919</u>
\$ -	\$ -	\$ -	\$ 4,275
-	305	-	193,246
322,844	-	-	413,532
3,930,533	-	104,140	4,751,866
<u>\$ 4,253,377</u>	<u>\$ 305</u>	<u>\$ 104,140</u>	<u>\$ 5,362,919</u>

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