

ANNUAL FINANCIAL REPORT

OF

LIBERTY COUNTY, TEXAS

For the Year Ended
September 30, 2010

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LIBERTY COUNTY, TEXAS

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For the Year Ended September 30, 2010

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INTRODUCTORY SECTION

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

September 26, 2011

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, 2010.

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, 2010 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial 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, 2010 are fairly presented in conformity with 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 on 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 75,643.

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 Liberty 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. Liberty County is located halfway between Houston and Beaumont which provides additional nearby employment opportunities.

The 2000 Census for Liberty 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 2010 population was estimated at 75,643. The County's unemployment rate at September 30, 2010 was 10.3 percent compared to 10.9 percent at September 30, 2009.

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 increase in the general fund unreserved fund balance as a result of additional revenues and a decrease in general fund expenditures.

Liberty 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.

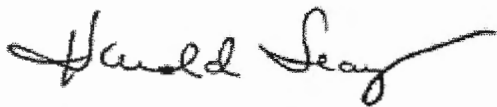
Risk management – The County retains various levels of risk and accounts for the associated expenditures in the General Fund. The portions of risk that are not transferred to third party coverage are self-funded by the County under formal arrangements. Additional information concerning the County's risk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

Pension and other post-employment benefits – Liberty 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 TCDRS. 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 TCDRS 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 Liberty County in a progressive and responsible manner.

Respectfully submitted,



Harold Seay, CPA
Liberty County Auditor

LIBERTY COUNTY, TEXAS
LIST OF ELECTED AND APPOINTED OFFICIALS
For the Year Ended September 30, 2010

COMMISSIONERS' COURT

Craig McNair
Todd Fontenot
Lee Groce
Melvin Hunt
Norman Brown

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

DISTRICT COURTS

C. T. Hight
Chap Cain, III
Michael Little
Donna Brown

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

COUNTY COURT

Don Taylor
Wesley Hinch
Paulette Williams

Judge, County Court at Law
County Attorney
County Clerk

JUSTICE COURTS

Bobby Rader
Ronnie Davis
Cody Parrish
Glenn Pruett
Joseph W. McAnally
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

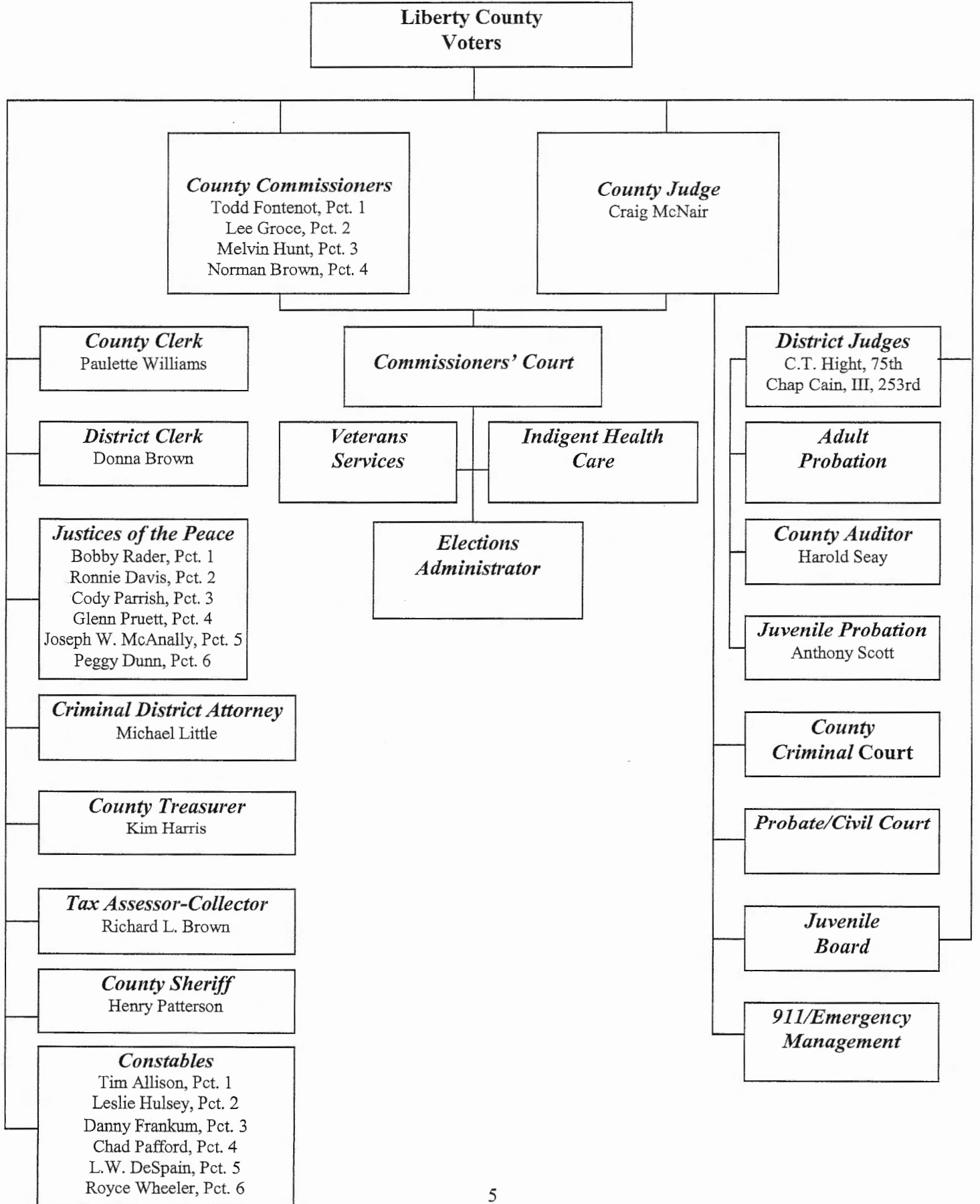
County Auditor*
Tax Assessor-Collector
County Treasurer

* Designates appointed official. All others elected.

LIBERTY COUNTY, TEXAS

ORGANIZATIONAL CHART

For the Year Ended September 30, 2010



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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and
Members of the Commissioners' Court,
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, 2010, 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, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2011 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 conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress on page 13 through 19, 60 through 64, and 65 through 67, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted

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in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The introductory section and combining statements and schedules are presented for purposes of additional analysis and are not a required part of the 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 or provide any assurance on it.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

September 26, 2011

*MANAGEMENT'S DISCUSSION
AND ANALYSIS*

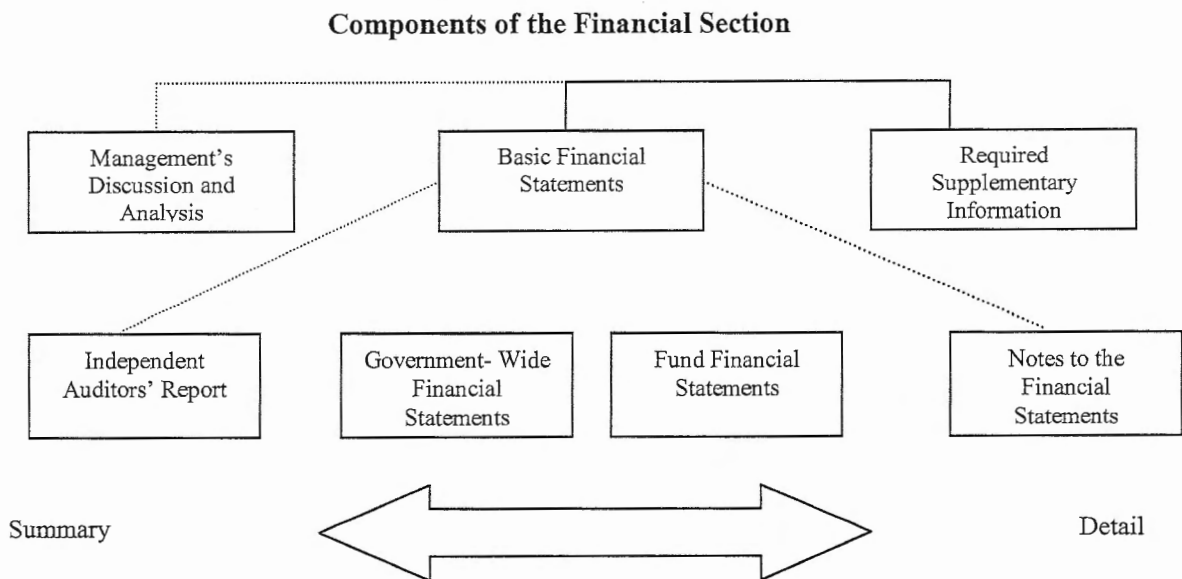
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LIBERTY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
For the Year Ended September 30, 2010

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, 2010. 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.



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 a Management's Discussion and Analysis (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 (MD&A), Continued
For the Year Ended September 30, 2010

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 Liberty 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, capital projects, and Hurricane Ike funds, which are considered to be major funds.

LIBERTY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A), Continued
For the Year Ended September 30, 2010

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 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 a schedule of funding progress for the Texas County and District Retirement System and Other Post Employment Benefits for healthcare. RSI can be found after the basic financial statements.

LIBERTY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A), Continued
For the Year Ended September 30, 2010

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 \$31,542,281 as of year end.

A large portion of the County's net assets, \$12,662,465, 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.

Governmental Activities - Statement of Net Assets

	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 33,856,145	\$ 36,221,818
Capital assets, net	31,516,570	32,552,729
Total Assets	<u>65,372,715</u>	<u>63,256,460</u>
Long-term liabilities	28,197,556	27,082,572
Other liabilities	5,632,878	2,513,260
Total Liabilities	<u>33,830,434</u>	<u>23,144,844</u>
Net assets:		
Invested in capital assets, net of related debt	12,662,465	12,847,822
Restricted	6,900,250	2,422,860
Unrestricted	<u>11,979,566</u>	<u>23,908,033</u>
Total Net Assets	<u>\$ 31,542,281</u>	<u>\$ 39,178,715</u>

Unrestricted net assets, \$11,979,566, may be used to meet the County's ongoing obligation to citizens and creditors.

LIBERTY COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A), Continued

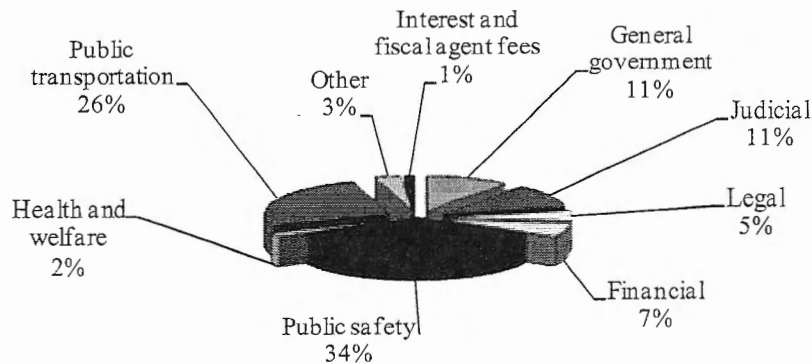
For the Year Ended September 30, 2010

Governmental Activities - Statement of Activities

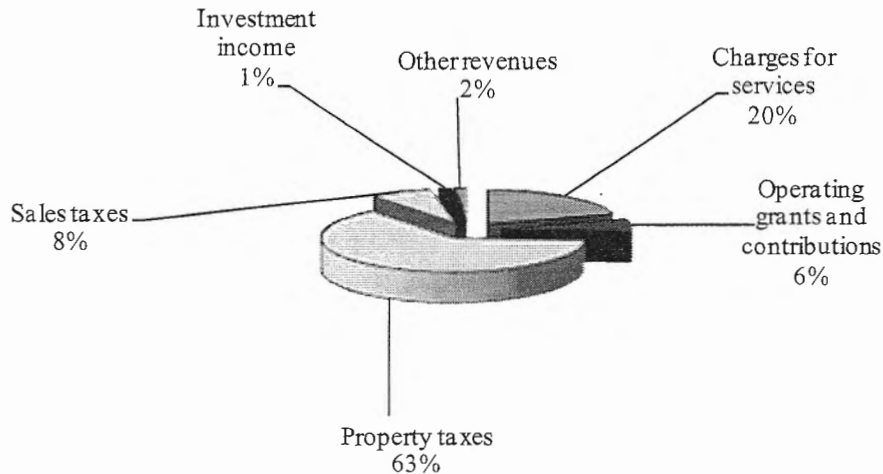
	<u>2010</u>	<u>2009</u>
Revenues		
Program revenues:		
Charges for services	\$ 7,173,860	\$ 5,533,329
Operating grants and contributions	2,119,963	22,570,907
General revenues:		
Property taxes	22,479,199	24,013,968
Sales taxes	2,679,499	2,980,055
Other taxes	45,253	48,603
Investment income	503,551	872,265
Other revenue	492,681	1,497,628
Total Revenues	<u>35,494,006</u>	<u>57,516,755</u>
Expenses		
General government	4,676,878	4,742,186
Judicial	4,678,251	3,769,004
Legal	2,241,429	1,633,416
Financial	2,766,925	2,178,078
Public safety	14,559,081	35,620,652
Health and welfare	1,016,883	962,891
Public transportation	11,222,290	6,663,088
Other	1,385,911	2,091,342
Interest and fiscal agent fees	582,793	788,999
Total Expenses	<u>43,130,440</u>	<u>58,449,656</u>
Change in Net Assets	(7,636,434)	(932,901)
Beginning Net Assets	<u>39,178,715</u>	<u>40,111,616</u>
Ending Net Assets	<u>\$ 31,542,281</u>	<u>\$ 39,178,715</u>

LIBERTY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A), Continued
For the Year Ended September 30, 2010

Governmental Functional Expenses



Governmental Revenues



Governmental Activities

Total revenues for the governmental activities have decreased by \$22,022,749 or 38 percent when compared to the previous year. The majority of this net decrease is a result of FEMA grant revenues received due to Hurricane Ike in the previous year. Total expenses for governmental activities decreased compared to the prior year. There was a decrease of \$15,319,216 or 26 percent. This decrease can be largely attributed to public safety expenditures related to Hurricane Ike for debris removal in the prior year.

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 unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

The County's governmental funds reflect a combined fund balance of \$26,318,456. Of this, \$11,500,540 is designated or reserved for various special revenue and capital project programs.

LIBERTY COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A), *Continued*

For the Year Ended September 30, 2010

The general fund is the chief operating fund of the County. There was a decrease in the fund balance of \$1,291,636 for an ending balance of \$17,176,363. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 55 percent of total general fund expenditures and total general fund balance represents 66 percent of this same amount.

The road and bridge fund experienced a decrease in fund balance in the amount of \$2,611,677. This decrease is due to a decrease in property tax revenues from the prior year. The road and bridge fund property tax rate decreased to 0.0916 or 26 percent from the prior year.

Hurricane Ike had a decrease in fund balance in the amount of \$69,680 due to public safety expenditures in excess of FEMA revenue.

The capital projects fund experienced a decrease in fund balance in the amount of \$140,111. This decrease is due to expenses related to public transportation.

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. Revenues remained relatively stable while expenses increased by \$2,543,803 over the prior year. This was largely due to an increase in the County's insurance premiums. This caused net assets to decrease by \$2,524,802.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At the end of the year, the County's governmental activities funds had invested \$31,516,570, 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 \$11,055,000 in certificates of obligation, \$9,790,000 in general obligation bonds, and capital leases of \$1,166,741.

The County issued general obligation refunding bonds, series 2010 for \$10,140,000. Proceeds from the sale of the Bonds were used for refunding a portion of the County's outstanding Certificates of Obligation, Series 2005, Certificates of Obligation, Taxable Series 2008, and paying costs of issuance related to the Bonds.

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.

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BASIC FINANCIAL STATEMENTS

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LIBERTY COUNTY, TEXAS

STATEMENT OF NET ASSETS

September 30, 2010

	<u>Primary Government Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 25,299,093
Receivables, net	2,909,583
Due from other governments	4,404,582
Due from others	553,582
Other current assets	193,498
Deferred charges	495,807
	<u>33,856,145</u>
Nondepreciable capital assets	2,229,271
Depreciable capital assets, net	29,287,299
	<u>31,516,570</u>
Total Assets	<u>65,372,715</u>
<u>Liabilities</u>	
Current:	
Accounts payable and accrued liabilities	2,327,251
Deficit cash balances	3,050,416
Accrued interest payable	163,733
Due to other governments	27,591
Due to others	63,887
	<u>5,632,878</u>
Noncurrent liabilities:	
Long-term liabilities due within one year	1,895,858
Long-term liabilities due in more than one year	26,301,698
	<u>28,197,556</u>
Total Liabilities	<u>33,830,434</u>
<u>Net Assets</u>	
Invested in capital assets, net of related debt	12,662,465
Restricted for:	
Road and bridge	589,367
Capital projects	3,290,918
Debt service	395,170
Records management	978,485
Public safety	194,601
Judicial	1,028,521
Other purposes	423,188
Unrestricted	11,979,566
	<u>11,979,566</u>
Total Net Assets	<u>\$ 31,542,281</u>

See Notes to Financial Statements.

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LIBERTY COUNTY, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government:				
Governmental Activities:				
General government	\$ 4,676,878	\$ 117,197	\$ -	\$ (4,559,681)
Judicial	4,678,251	2,250,806	259,983	(2,167,462)
Legal	2,241,429	150,688	62,065	(2,028,676)
Financial	2,766,925	-	-	(2,766,925)
Public safety	14,559,081	2,843,587	1,632,771	(10,082,723)
Health and welfare	1,016,883	-	84,582	(932,301)
Public transportation	11,222,290	1,734,868	56,743	(9,430,679)
Other	1,385,911	76,714	23,819	(1,285,378)
Interest and fiscal agent fees on on long-term debt	582,793	-	-	(582,793)
Total Governmental Activities	43,130,440	7,173,860	2,119,963	(33,836,617)
Total Primary Government	\$ 43,130,440	\$ 7,173,860	\$ 2,119,963	(33,836,617)
General Revenues:				
				22,479,199
				2,679,499
				45,253
				503,551
				492,681
			Total General Revenues	26,200,183
			Change in Net Assets	(7,636,434)
			Beginning Net Assets	39,178,715
			Ending Net Assets	\$ 31,542,281

See Notes to Financial Statements.

LIBERTY COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2010

	General	Road and Bridge	Capital Projects	Hurricane Ike
Assets				
Cash and cash equivalents	\$ 16,080,692	\$ 882,013	\$ 3,298,878	\$ -
Receivables, net	2,103,628	476,008	-	-
Due from other governments	842,439	20,684	-	3,442,944
Due from other funds	1,526,467	64,907	-	-
Due from others	34,176	9,341	-	-
Other current assets	193,498	-	-	-
Total Assets	\$ 20,780,900	\$ 1,452,953	\$ 3,298,878	\$ 3,442,944
Liabilities				
Accounts payable and accrued liabilities	\$ 1,118,766	\$ 341,578	\$ -	\$ -
Deficit cash balances	-	-	-	3,026,334
Due to other governments	27,591	-	-	-
Due to other funds	281,764	46,000	7,960	-
Due to others	-	-	-	-
Other liabilities	72,788	-	-	-
Deferred revenue	2,103,628	476,008	-	-
Total Liabilities	3,604,537	863,586	7,960	3,026,334
Fund Balances				
Reserved for:				
Capital projects	-	-	3,290,918	-
Debt service	-	-	-	-
Special revenue	-	-	-	416,610
Unreserved and designated	2,904,345	-	-	-
Unreserved, undesignated reported in:				
General fund	14,272,018	-	-	-
Road and bridge fund	-	589,367	-	-
Special revenue	-	-	-	-
Total Fund Balances	17,176,363	589,367	3,290,918	416,610
Total Liabilities and Fund Balances	\$ 20,780,900	\$ 1,452,953	\$ 3,298,878	\$ 3,442,944

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,842,592	\$ 25,104,175
329,947	2,909,583
98,515	4,404,582
245,716	1,837,090
8,027	51,544
-	193,498
<u>\$ 5,524,797</u>	<u>\$ 34,500,472</u>

\$ 261,683	\$ 1,722,027
24,082	3,050,416
-	27,591
-	335,724
63,887	63,887
-	72,788
<u>329,947</u>	<u>2,909,583</u>
<u>679,599</u>	<u>8,182,016</u>

-	3,290,918
395,170	395,170
2,624,795	3,041,405
1,868,702	4,773,047
-	14,272,018
-	589,367
(43,469)	(43,469)
<u>4,845,198</u>	<u>26,318,456</u>
<u>\$ 5,524,797</u>	

2,229,271
59,008,232
(29,720,933)
2,909,583
(1,336,846)
(163,733)
(1,895,858)
(26,301,698)
495,807
<u>\$ 31,542,281</u>

LIBERTY COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2010

	General	Road and Bridge	Capital Projects	Hurricane Ike
Revenues				
Property taxes	\$ 16,186,154	\$ 3,659,586	\$ -	\$ -
Sales taxes	2,679,499	-	-	-
Other taxes	45,253	-	-	-
Licenses and permits	76,714	-	-	-
Intergovernmental revenue	406,062	56,743	-	61
Charges for services	2,627,402	-	-	-
Fines and forfeitures	2,118,768	1,395,106	-	-
Investment income	208,363	-	230,197	-
Other revenue	299,493	133,066	-	-
Total Revenues	24,647,708	5,244,501	230,197	61
Expenditures				
Current:				
General government	3,888,096	-	-	-
Judicial	3,858,465	-	-	-
Legal	1,701,560	-	-	-
Financial	2,350,810	-	-	-
Public safety	12,482,068	-	-	69,741
Health and welfare	961,019	-	-	-
Public transportation	-	6,788,066	362,347	-
Other	633,861	650,160	-	-
Capital outlay	-	-	7,960	-
Debt service:				
Principal	-	456,691	-	-
Interest and fiscal charges	-	76,363	-	-
Bond issuance costs	-	-	201,700	-
Total Expenditures	25,875,879	7,971,280	572,007	69,741
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,228,171)	(2,726,779)	(341,810)	(69,680)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	(63,465)	(46,000)	-	-
Bonds issued	-	-	10,140,000	-
Premium	-	-	470,094	-
Payment to refunded bond escrow agent	-	-	(10,408,395)	-
Capital leases	-	161,102	-	-
Total Other Financing Sources (Uses)	(63,465)	115,102	201,699	-
Net Change in Fund Balances	(1,291,636)	(2,611,677)	(140,111)	(69,680)
Beginning Fund Balances	18,467,999	3,201,044	3,431,029	486,290
Ending Fund Balances	\$ 17,176,363	\$ 589,367	\$ 3,290,918	\$ 416,610

See Notes to Financial Statements.

<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,535,251	\$ 22,380,991
-	2,679,499
-	45,253
-	76,714
1,657,097	2,119,963
216,185	2,843,587
739,685	4,253,559
51,441	490,001
60,122	492,681
<u>5,259,781</u>	<u>35,382,248</u>
263,165	4,151,261
196,576	4,055,041
64,522	1,766,082
-	2,350,810
474,161	13,025,970
-	961,019
233,387	7,383,800
5,500	1,289,521
1,354,925	1,362,885
1,475,000	1,931,691
405,198	481,561
-	201,700
<u>4,472,434</u>	<u>38,961,341</u>
<u>787,347</u>	<u>(3,579,093)</u>
109,465	109,465
-	(109,465)
-	10,140,000
-	470,094
-	(10,408,395)
-	161,102
<u>109,465</u>	<u>362,801</u>
896,812	(3,216,292)
<u>3,948,386</u>	<u>29,534,748</u>
<u>\$ 4,845,198</u>	<u>\$ 26,318,456</u>

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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, 2010

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

Net changes in fund balances - total governmental funds	\$ (3,216,292)
---------------------------------------------------------	----------------

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.

Capital outlay	1,834,709
Depreciation	(2,844,903)
Net effect of various miscellaneous transactions involving capital assets	(25,965)

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.

(2,524,802)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred revenue	98,208
------------------	--------

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.

Principal payments	1,931,691
Payment to refunded bond escrow agent	10,408,395
Net change in bond issuance costs, premiums, and discounts	(374,720)
Bonds issued	(10,140,000)
Capital leases	(161,102)

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 the net change in compensated absences, and the County's OPEB obligation.

Net OPEB obligation	(2,738,714)
Compensated absences	111,967
Interest payable	5,094

Change in Net Assets of Governmental Activities	\$ <u>(7,636,434)</u>
--------------------------------------------------------	------------------------------

See Notes to Financial Statements.

LIBERTY COUNTY, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUND

September 30, 2010

	<u>Internal Service Fund</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 194,918
Due from others	<u>672</u>
Total Assets	<u>195,590</u>
<u>Liabilities</u>	
Accounts payable	532,436
Due to other funds	<u>1,000,000</u>
Total Liabilities	<u>1,532,436</u>
<u>Net Assets</u>	
Unrestricted	<u>(1,336,846)</u>
Total Net Assets	<u><u>\$ (1,336,846)</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, 2010

	<u>Internal Service Fund</u>
<u>Operating Revenues</u>	
County and employee contributions	\$ 4,074,035
Total Operating Revenues	<u>4,074,035</u>
<u>Operating Expenses</u>	
Claims, premiums, and administrative costs	6,612,387
Total Operating Expenses	<u>6,612,387</u>
Operating (Loss)	<u>(2,538,352)</u>
<u>Non-Operating Revenues</u>	
Investment income	13,550
Total Non-Operating Revenues	<u>13,550</u>
Change in Net Assets	<u>(2,524,802)</u>
Beginning Net Assets	<u>1,187,956</u>
Ending Net Assets	<u>\$ (1,336,846)</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, 2010

	<u>Internal Service Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from County and employee contributions	\$ 5,069,805
Payments for insurance claims, premiums, and administrative costs	<u>(6,606,573)</u>
Net Cash (Used) by Operating Activities	<u>(1,536,768)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on investments	13,550
Net Cash Provided by Investing Activities	<u>13,550</u>
Net (Decrease) in Cash and Cash Equivalents	(1,523,218)
Beginning Cash and Cash Equivalents	<u>1,718,136</u>
Ending Cash and Cash Equivalents	<u>\$ 194,918</u>
Reconciliation of Operating (Loss)	
to Net Cash (Used) by Operating Activities	
Operating (loss)	\$ (2,538,352)
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in:	
Due from others	995,770
Increase (Decrease) in:	
Accounts payable	<u>5,814</u>
Net Cash (Used) by Operating Activities	<u>\$ (1,536,768)</u>

See Notes to Financial Statements.

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LIBERTY COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
September 30, 2010

		Total Agency Funds		
<u>Assets</u>				
Cash and investments	\$	7,530,397		
Due from other funds		17,141		
Accounts receivable		16,953		
		<hr/>		
Total Assets	\$	7,564,491		
<u>Liabilities</u>				
Accounts payable	\$	18,196		
Due to other governments		176,675		
Due to other funds		518,507		
Due to other units		6,851,113		
		<hr/>		
Total Liabilities	\$	7,564,491		

See Notes to Financial Statements.

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LIBERTY COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2010

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. Financial Statement Presentation

These financial statements include implementation of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain requirements of the statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the County's overall financial position and results of operations;
- Financial statements prepared using full accrual accounting for all of the County's activities;
- A change in the fund financial statements to focus on the major funds.

GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a Statement of Net Assets and a Statement of Activities. It requires the

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- **Invested in capital assets, net of related debt** – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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.

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.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted or designated for specified activities.

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

Capital Projects Fund

The capital projects fund accounts for the acquisition or construction of major capital projects that are being financed from long-term debt issues. 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 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.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

C. Measurement Focus and Basis of Accounting

The government-wide Statements of Net Assets and Statements of Activities are accounted for on a flow of economic resources measurement focus. 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.

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. 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.

The County utilizes the modified accrual basis of accounting in the governmental fund types. 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. Revenues susceptible to accrual include charges for services and interest on temporary investments.

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.

The Statements of Net Assets and Statements of Activities are presented on the accrual basis of accounting. Under this method 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.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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.

The property tax calendar dates are:

- (a) Levy date – October 1
- (b) Due date – January 31
- (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.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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.

Property, plant, and equipment of the primary government 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.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

6. Long-Term Obligations

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

Long-term debts for governmental funds are not reported as liabilities 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 a liability 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 liabilities 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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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 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, 2010.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

A. Excess of Expenditures Over Appropriations

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

General Fund:		
General Administration	\$	12,942
District Judges	\$	2,301
Juvenile Probation	\$	14,575
Road & Bridge Fund:		
Precinct 1	\$	60,256
Principal	\$	75,088
Interest	\$	28,078
Courthouse Security Fund		
Salaries and Benefits	\$	76
Law Library Fund		
Law Books	\$	8,077
County Clerk Records Management		
Capital Outlay	\$	10,108
Debt Service Fund		
Principal	\$	195,000

B. Deficit Fund Balance

TCDP programs and TDHCA home program special revenue funds had deficit fund balances of \$30,343 and \$13,126 respectively, as of September 30, 2010.

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. As of September 30, 2010, the County's investment in TexStar was rated AAAM by Standard & Poor's.

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, 2010, bank balances were sufficiently covered by market values of pledged securities.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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.

TexSTAR

The Texas Short Term Asset Reserve Fund (“TexSTAR”) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators, providing investment management services, participant services, and marketing, respectively. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

TexSTAR operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. TexSTAR uses amortized cost rather than fair value to report net assets to compute share prices. Accordingly, the fair value of the position in TexSTAR is the same as the value of TexSTAR shares.

B. Receivables

The following comprises receivable balances at year end:

	General	Road and Bridge	Hurricane Ike	Nonmajor Governmental Funds	Total
Property taxes	\$ 5,259,069	\$ 1,190,019	\$ -	\$ 824,867	\$ 7,273,955
Other governments	842,439	20,684	3,442,944	98,515	4,404,582
Other	34,176	9,341	-	8,027	51,544
Less allowance	(3,155,441)	(714,011)	-	(494,920)	(4,364,372)
	<u>\$ 2,980,243</u>	<u>\$ 506,033</u>	<u>\$ 3,442,944</u>	<u>\$ 436,489</u>	<u>\$ 7,365,709</u>

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

C. Capital Assets

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

	Primary Government			Ending Balance
	Beginning Balance*	Increases	Decreases/ Transfers	
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,138,419	\$ -	\$ -	\$ 2,138,419
Construction in progress	66,952	23,900	-	90,852
Total capital assets, not being depreciated	<u>2,205,371</u>	<u>23,900</u>	<u>-</u>	<u>2,229,271</u>
Capital assets, being depreciated:				
Buildings and improvements	15,539,238	132,316	-	15,671,554
Furniture, machinery, and equipment	12,598,707 *	1,678,493	(270,857)	14,006,343
Infrastructure	29,330,335	-	-	29,330,335
Total capital assets being depreciated	<u>57,468,280</u>	<u>1,810,809</u>	<u>(270,857)</u>	<u>59,008,232</u>
Total capital assets	<u>59,673,651</u>	<u>1,834,709</u>	<u>(270,857)</u>	<u>61,237,503</u>
Less accumulated depreciation for:				
Buildings and improvements	(9,887,846)	(462,672)	-	(10,350,518)
Furniture, machinery, and equipment	(8,031,886)	(1,055,138)	244,892	(8,842,132)
Infrastructure	(9,201,196)	(1,327,087)	-	(10,528,283)
Total accumulated depreciation	<u>(27,120,928)</u>	<u>(2,844,897)</u>	<u>244,892</u>	<u>(29,720,933)</u>
Total capital assets, being depreciated, net	<u>30,347,352</u>	<u>(1,034,088)</u>	<u>(25,965)</u>	<u>29,287,299</u>
Governmental activities capital assets, net	<u>\$ 32,552,723</u>	<u>\$ (1,010,188)</u>	<u>\$ (25,965)</u>	<u>\$ 31,516,570</u>
			Less associated debt	(18,854,105)
			Invested in capital assets, net of related debt	<u>\$ 12,662,465</u>

* Beginning balances for furniture, machinery, and equipment have been restated for some assets not recorded in the prior year.

Depreciation was charged to governmental functions as follows:

General government	\$ 265,287
Legal	8,601
Public safety	621,990
Health and welfare	3,971
Public transportation	1,932,000
Other	13,048
Total Governmental Activities Depreciation Expense	<u>\$ 2,844,897</u>

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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	\$ 21,465,000	\$ -	\$ 10,410,000	\$ 11,055,000 *	\$ 1,160,000
General obligation bonds	730,000	10,140,000	1,080,000	9,790,000 *	195,000
Capital leases	1,462,330	161,505	457,094	1,166,741 *	255,292
Deferred amounts:					
On issuance premiums	14,711	470,094	(14,711)	470,094 *	24,742
On issuance discounts	(41,989)	-	2,799	(39,190) *	2,799
On refunding	(69,039)	393,395	(69,039)	(393,395) *	(196,697)
	23,561,013	11,164,994	11,866,143	22,049,250	1,441,136
Other liabilities					
Compensated absences	617,214	690,573	802,540	505,247	454,722
OPEB	2,904,345	3,256,625	517,911	5,643,059	-
Total Governmental Activities	<u>\$ 27,082,572</u>	<u>\$ 15,112,192</u>	<u>\$ 13,186,594</u>	<u>\$ 28,197,556</u>	<u>\$ 1,895,858</u>
Long-term liabilities due in more than one year				<u>\$ 26,301,698</u>	
* Debt associated with capital assets				\$ 22,049,250	
			Less unspent bond proceeds	<u>(3,195,145)</u>	
Total debt associated with governmental activity capital assets				<u>\$ 18,854,105</u>	

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.

Advanced Refunding

The County issued general obligation refunding bonds, series 2010 for \$10,140,000. Proceeds from the sale of the bonds were used for refunding a portion of the County's outstanding Certificates of Obligation, Series 2005, Certificates of Obligation, Taxable Series 2008, and paying costs of issuance related to the bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$393,395. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next ten years by \$1,106,860. As of September 30, 2010, \$5,155,000 of certificates of obligation, series 2005, is considered defeased.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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

Description	Percentage Interest Rates	Balance
Certificates of obligation		
Series 2004B	3.00-3.50%	\$ 225,000
Series 2005	3.00-3.60%	910,000
Series 2007	4.00-4.50%	9,920,000
		<u>11,055,000</u>
General obligation refunding bonds		
Series 2010A	2.00-4.00%	9,790,000
Total Bonds Payable		<u>20,845,000</u>
Capital leases		
	3.99-6.25%	1,166,741
Total Capital Leases		<u>1,166,741</u>
Total Long-Term Debt		<u>\$ 22,011,741</u>

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

Year Ending Sept. 30	Long-Term Debt						
	Certificates of Obligation		General Obligation Bonds		Capital Leases		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2011	\$ 1,160,000	\$ 630,696	\$ 195,000	\$ 351,700	\$ 255,292	\$ 61,755	\$ 2,654,443
2012	25,000	409,293	1,390,000	347,800	172,063	49,944	2,394,100
2013	25,000	408,293	1,450,000	306,100	180,934	41,075	2,411,402
2014	25,000	407,293	1,520,000	262,600	260,451	23,650	2,498,994
2015	25,000	406,293	1,595,000	209,400	256,527	3,715	2,495,935
2016	900,000	405,293	220,000	145,600	41,474	1,904	1,714,271
2017	965,000	369,293	225,000	136,800	-	-	1,696,093
2018	1,000,000	330,693	235,000	127,800	-	-	1,693,493
2019	1,040,000	290,693	245,000	118,400	-	-	1,694,093
2020	1,080,000	249,093	255,000	108,600	-	-	1,692,693
2021	1,130,000	204,543	265,000	98,400	-	-	1,697,943
2022	1,175,000	157,648	280,000	87,800	-	-	1,700,448
2023	1,225,000	108,885	290,000	76,600	-	-	1,700,485
2024-2028	1,280,000	53,760	1,625,000	200,400	-	-	3,159,160
Total	<u>\$ 11,055,000</u>	<u>\$ 4,431,769</u>	<u>\$ 9,790,000</u>	<u>\$ 2,578,000</u>	<u>\$ 1,166,741</u>	<u>\$ 182,043</u>	<u>\$ 29,203,553</u>

Machinery and equipment acquired under current capital lease obligations was a total of \$1,558,438 less accumulated depreciation of \$265,899, net \$1,292,539.

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, 2010

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	518,507
General	Capital Projects	7,960
Road and Bridge	General	64,907
Non-Major	General	199,716
Agency	General	17,141
Non-Major	Road and Bridge	46,000
		<u>\$ 1,854,231</u>

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

F. Fund Equity

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

The following is a list of fund balances reserved or designated as recognized by the County:

General Fund	
Designated for OPEB liability	\$ 2,904,345
Hurricane Ike	
Reserved for special revenue	\$ 416,610
Capital Projects Fund	
Reserved for capital projects	\$ 3,290,918
Debt Service Fund	
Reserved for debt service	\$ 395,170
Special Revenue Funds	
Reserved for records management	\$ 978,485
Reserved for public safety	194,601
Reserved for judicial	1,028,521
Reserved for other purposes	423,188
Designated for public transportation	1,704,821
Designated for public safety	163,881

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 worker compensation related claims. This pool purchases commercial insurance at group rates for

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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.

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 601 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 ages 60 and above with eight or more years of service, with 20 years of service regardless of age, or when the sum of their age and years 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

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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 13.75 percent for the months of the accounting year in 2009 and 14.24 percent for the months of the accounting year in 2010.

The contribution rate payable by the employee members for calendar year 2010 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.

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 GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2007 and December 31, 2008, the basis for determining the contribution rates for plan years 2009 and 2010.

Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, closed
Remaining Amortization Period	20 Years
Asset Valuation Method	SAF: 10-yr smoothed value ESF: Fund Value
Investment Rate of Return	8%
Projected Salary Increases	5.3%
Includes Inflation at	3.5%
Cost of Living Adjustments	None

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Annual Req. Contrib. (ARC)	\$ 1,835,041	\$ 1,725,694	\$ 1,543,768
Contributions Made	\$ 1,835,041	1,725,694	1,543,768
NPO at the End of Period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

The funded status as of December 31, 2009, the most recent valuation date, is as follows:

	2010
Actuarial Valuation Date	12/31/2009
Actuarial Value of Assets	\$ 31,117,494
Actuarial Accrued Liability	\$ 40,207,739
Percentage Funded	77.4%
Unfunded Actuarial Accrued Liability (UAAL)	
Liability (UAAL)	\$ 9,090,245
Annual Covered Payroll	\$ 12,478,662
UAAL as a Percentage of Covered Payroll	72.9%

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.

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 \$5,750,908 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
2010	\$ 41,859

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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 are 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 \$532,436 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:

	2010	2009
Beginning balance	\$ 526,622	\$ 557,571
Claims incurred	6,618,201	4,037,635
Claim paid	(6,612,387)	(4,068,584)
Ending balance	\$ 532,436	\$ 526,622

H. Other Post Employment Benefits

1. 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 "Benefits"). 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 Texas County District Retirement System (TCDRS), and were covered under the Group Health and Related Benefits Plan at the time of retirement, and who 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 dependants. The County does not pay any portion of this premium.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

Retirement on or after January 1, 1997

The County pays 100% 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. For fiscal year 2010, the County has designated fund balance of \$2,904,345 for OPEB costs.

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	\$	3,313,382
Interest on OPEB obligation		87,130
Adjustment to annual required contribution		<u>(143,887)</u>
Annual OPEB cost expense		3,256,625
Contributions made		<u>517,911</u>
Increase in net OPEB obligation		2,738,714
Net OPEB obligation-beginning of year		<u>2,904,345</u>
Net OPEB obligation-end of year	\$	<u><u>5,643,059</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 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
2008	N/A	N/A	N/A	N/A
2009	\$ 3,313,382	12.34%	\$ -	\$ 2,904,345
2010*	3,313,382	15.18%	2,904,345	5,643,059

* Second year of implementation of GASB 45.

Funded Status and Funding Progress

As of October 1, 2008, the most recent actuarial valuation date, the plan was 0.00 percent funded. The actuarial accrued liability for benefits was \$24,876,324, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$24,876,324.

Actuarial valuations of an ongoing plan 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

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared 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 plan 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 plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used 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
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%

I. Change in Beginning Net Assets

The County has restated beginning net assets for governmental activities due to the recording of capital assets not recorded in the prior year.

	Governmental Activities
Prior year ending net assets as reported	\$ 38,628,315
Change in capital assets	550,400
Restated beginning net assets	<u>\$ 39,178,715</u>

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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, 2010
 With Comparative Totals for the Year Ended September 30, 2009

	2010		Actual Amounts	Variance with Final Budget	2009 Actual
	Budgeted Amounts			Positive (Negative)	
	Original	Final			
Revenues					
Property taxes	\$ 16,170,000	\$ 16,170,000	\$ 16,186,154	\$ 16,154	\$ 16,820,933
Sales taxes	2,300,000	2,300,000	2,679,499	379,499	2,980,055
Other taxes	28,500	28,500	45,253	16,753	48,603
Licenses and permits	75,000	75,000	76,714	1,714	90,455
Intergovernmental revenue	378,650	378,650	406,062	27,412	442,986
Charges for services	1,670,000	2,365,000	2,627,402	262,402	1,049,890
Fines and forfeitures	1,558,000	1,558,000	2,118,768	560,768	1,855,512
Investment income	300,000	300,000	208,363	(91,637)	639,088
Other revenue	190,200	190,200	299,493	109,293	688,362
Total Revenues	22,670,350	23,365,350	24,647,708	1,282,358	24,615,884
Expenditures					
General government:					
Commissioners' court	448,074	405,538	396,262	9,276	391,231
County clerk	876,602	876,602	746,596	130,006	780,720
Veterans services	123,593	127,663	126,937	726	112,727
General administration	2,120,300	1,786,743	1,799,685	(12,942) *	1,505,766
Employee benefits	1,146,370	402,325	350,319	52,006	345,963
Building maintenance	441,869	472,446	468,297	4,149	444,471
	5,156,808	4,071,317	3,888,096	183,221	3,580,878
Judicial:					
County judge	410,903	488,481	455,118	33,363	436,328
County court at law	398,335	538,335	526,283	12,052	267,984
District judges	763,134	1,033,162	1,035,463	(2,301) *	567,486
Court costs	236,908	389,408	374,697	14,711	827,302
District clerk	558,439	586,039	557,580	28,459	507,348
Justice courts	864,429	936,498	909,324	27,174	818,934
	3,232,148	3,971,923	3,858,465	113,458	3,425,382
Legal:					
County attorney	628,979	637,446	628,477	8,969	605,221
District attorney	1,014,697	1,088,557	1,073,083	15,474	899,802
	1,643,676	1,726,003	1,701,560	24,443	1,505,023
Financial:					
County auditor	379,323	379,323	331,250	48,073	352,251
County treasurer	243,578	249,466	244,769	4,697	239,294
Tax assessor-collector	782,918	795,379	780,130	15,249	748,518
Data processing	139,077	148,020	147,144	876	114,036
Capital outlay	200,000	200,000	196,096	3,904	-
Central appraisal district	665,000	665,000	651,421	13,579	621,165
	2,409,896	2,437,188	2,350,810	86,378	2,075,264

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, 2010
 With Comparative Totals for the Year Ended September 30, 2009

	2010		Actual Amounts	Variance with Final Budget Positive (Negative)	2009 Actual
	Budgeted Amounts				
	Original	Final			
<u>Expenditures (continued)</u>					
Public safety:					
Sheriff	\$ 4,560,828	\$ 4,764,912	\$ 4,744,674	\$ 20,238	\$ 4,425,618
Jail operations and prisoner support	4,370,000	5,830,000	5,750,908	79,092	4,863,953
Juvenile probation	227,755	318,224	332,799	(14,575) *	112,667
Constables	606,432	713,168	694,802	18,366	498,669
Fire marshall	270,685	335,685	330,707	4,978	309,694
Emergency management	372,533	176,066	137,843	38,223	111,673
DARE	-	-	-	-	47,815
Weight division	443,923	494,895	490,335	4,560	437,180
	<u>10,852,156</u>	<u>12,632,950</u>	<u>12,482,068</u>	<u>150,882</u>	<u>10,807,269</u>
Health and welfare:					
Public welfare	568,168	568,168	515,079	53,089	519,422
Indigent services	604,696	595,896	445,940	149,956	393,933
	<u>1,172,864</u>	<u>1,164,064</u>	<u>961,019</u>	<u>203,045</u>	<u>913,355</u>
Other:					
Extension service	164,705	166,230	164,638	1,592	151,413
Engineering and permits	246,688	284,142	248,005	36,137	229,763
Special projects	380,000	380,000	221,218	158,782	569,429
	<u>791,393</u>	<u>830,372</u>	<u>633,861</u>	<u>196,511</u>	<u>950,605</u>
Total Expenditures	<u>25,258,941</u>	<u>26,833,817</u>	<u>25,875,879</u>	<u>957,938</u>	<u>23,257,776</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,588,591)</u>	<u>(3,468,467)</u>	<u>(1,228,171)</u>	<u>2,240,296</u>	<u>1,358,108</u>
Other Financing Sources (Uses):					
Transfer in	2,700,000	3,465,000	-	(3,465,000)	-
Transfer (out)	(3,273,469)	(3,475,462)	(63,465)	3,411,997	-
Total Other Financing Sources (Uses)	<u>(573,469)</u>	<u>(10,462)</u>	<u>(63,465)</u>	<u>(53,003)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (3,162,060)</u>	<u>\$ (3,478,929)</u>	<u>(1,291,636)</u>	<u>\$ 2,187,293</u>	<u>\$ 1,358,108</u>
Beginning Fund Balance			18,467,999		
Ending Fund Balance			<u>\$ 17,176,363</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, 2010

With Comparative Totals for the Year Ended September 30, 2009

	2010			Variance with Final Budget Positive (Negative)	2009 Actual
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Revenues					
Property taxes	\$ 3,981,482	\$ 3,981,482	\$ 3,659,586	\$ (321,896)	\$ 5,236,364
Intergovernmental revenue	57,000	57,000	56,743	(257)	56,771
Fines and forfeitures	1,875,000	1,875,000	1,395,106	(479,894)	1,640,324
Other revenue	108,000	186,747	133,066	(53,681)	193,828
Total Revenues	6,021,482	6,100,229	5,244,501	(855,728)	7,127,287
Expenditures					
Public transportation:					
Precinct No. 1	1,270,811	1,301,939	1,362,195	(60,256) *	1,067,028
Precinct No. 2	2,326,159	2,452,556	2,393,656	58,900	2,040,990
Precinct No. 3	1,077,621	1,117,391	1,090,051	27,340	1,248,996
Precinct No. 4	1,571,589	2,066,192	1,942,164	124,028	2,001,471
	<u>6,246,180</u>	<u>6,938,078</u>	<u>6,788,066</u>	<u>150,012</u>	<u>6,358,485</u>
Other:					
Landfill and solid waste	906,000	841,216	650,160	191,056	1,001,649
	<u>906,000</u>	<u>841,216</u>	<u>650,160</u>	<u>191,056</u>	<u>1,001,649</u>
Debt Service:					
Principal	444,315	381,603	456,691	(75,088) *	324,250
Interest	48,285	48,285	76,363	(28,078) *	48,285
	<u>492,600</u>	<u>429,888</u>	<u>533,054</u>	<u>(103,166)</u>	<u>372,535</u>
Total Expenditures	7,644,780	8,209,182	7,971,280	237,902	7,732,669
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,623,298)	(2,108,953)	(2,726,779)	(617,826)	(605,382)
Other Financing Sources					
Transfers	-	210,655	(46,000)	(256,655)	-
Capital leases	-	-	161,102	161,102	1,066,835
Total Other Financing Sources	-	210,655	115,102	(95,553)	1,066,835
Net Change in Fund Balance	\$ (1,623,298)	\$ (1,898,298)	(2,611,677)	\$ (713,379)	\$ 461,453
Beginning Fund Balance			<u>3,201,044</u>		
Ending Fund Balance			<u>\$ 589,367</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 FUNDING PROGRESS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
For the Year Ended September 30, 2010

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>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarial Valuation Date	12/31/2009	12/31/2008	12/31/2007	12/31/2006
Actuarial Value of Assets	\$ 31,117,494	\$ 28,306,696	\$ 29,150,307	\$ 26,564,516
Actuarial Accrued Liability	\$ 40,207,739	\$ 37,445,184	\$ 35,486,036	\$ 31,714,904
Percentage Funded	77.39%	75.60%	82.15%	83.76%
Unfunded Actuarial				
Accrued Liability	\$ 9,090,245	\$ 9,138,488	\$ 6,335,728	\$ 5,150,388
Annual Covered Payroll	\$ 12,478,662	\$ 11,853,001	\$ 10,798,763	\$ 9,963,651
Unfunded Actuarial Accrued Liability				
(UAAL) % of Covered Payroll	72.85%	77.10%	58.67%	51.69%
Net Pension Obligation (NPO)				
at the Beginning of Period	\$ -	\$ -	\$ -	\$ -
Annual Req. Contrib. (ARC)	1,835,041	1,725,694	1,543,768	1,328,164
Contributions Made	1,835,041	1,725,694	1,543,768	1,328,164
NPO at the End of Period	\$ -	\$ -	\$ -	\$ -

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LIBERTY COUNTY, TEXAS
SCHEDULE OF FUNDING PROGRESS
POST-EMPLOYMENT HEALTHCARE BENEFITS¹
For the Year Ended September 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	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

¹ 2009 was the first year the County was required to implement GASB Statement No. 45 and the requirements have been implemented prospectively, therefore, the above illustration does not reflect similar information for the preceding two years.

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***COMBINING STATEMENTS
AND SCHEDULES***

LIBERTY COUNTY, TEXAS

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2010

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, 2010

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 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.

LIBERTY COUNTY, TEXAS

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2010

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).

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LIBERTY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 1 of 4)
September 30, 2010

Special Revenue Funds				
	Land Acquisition	Courthouse Security	Law Library	Juvenile Probation
Assets				
Cash and cash equivalents	\$ 1,760,683	\$ 96,674	\$ 31,042	\$ -
Receivables, net	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	22,251	1,292	1,260	152,674
Due from others	-	197	-	-
Total Assets	\$ 1,782,934	\$ 98,163	\$ 32,302	\$ 152,674
Liabilities				
Accounts payable	\$ 78,113	\$ -	\$ 3,020	\$ 77,952
Deficit cash balances	-	-	-	-
Due to others	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	78,113	-	3,020	77,952
Fund Balances				
Reserved for:				
Debt service	-	-	-	-
Records management	-	-	-	-
Public safety	-	-	-	-
Judicial	-	98,163	29,282	-
Other purposes	-	-	-	-
Designated for:				
Public transportation	1,704,821	-	-	-
Public safety	-	-	-	74,722
Unreserved	-	-	-	-
Total Fund Balances	1,704,821	98,163	29,282	74,722
Total Liabilities and Fund Balances	\$ 1,782,934	\$ 98,163	\$ 32,302	\$ 152,674

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>
\$ 27,052	\$ 3,968	\$ -	\$ 24,627	\$ 295,523	\$ 8,384
-	-	62,433	-	-	-
-	-	-	-	568	-
-	-	-	-	-	-
<u>\$ 27,052</u>	<u>\$ 3,968</u>	<u>\$ 62,433</u>	<u>\$ 24,627</u>	<u>\$ 296,091</u>	<u>\$ 8,384</u>
\$ 1,159	\$ -	\$ 92,776	\$ -	\$ 100	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,159</u>	<u>-</u>	<u>92,776</u>	<u>-</u>	<u>100</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	295,991	-
25,893	3,968	-	-	-	8,384
-	-	-	24,627	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(30,343)	-	-	-
<u>25,893</u>	<u>3,968</u>	<u>(30,343)</u>	<u>24,627</u>	<u>295,991</u>	<u>8,384</u>
<u>\$ 27,052</u>	<u>\$ 3,968</u>	<u>\$ 62,433</u>	<u>\$ 24,627</u>	<u>\$ 296,091</u>	<u>\$ 8,384</u>

LIBERTY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 2 of 4)
September 30, 2010

	Special Revenue Funds			
	District Attorney	District Attorney Programs	District Clerk TDCJ	District Clerk Child Support
Assets				
Cash and cash equivalents	\$ 46,649	\$ 303,029	\$ 33,296	\$ 466,501
Receivables, net	-	-	-	-
Due from other governments	-	-	-	21,023
Due from other funds	-	-	-	-
Due from others	448	-	-	-
Total Assets	<u>\$ 47,097</u>	<u>\$ 303,029</u>	<u>\$ 33,296</u>	<u>\$ 487,524</u>
Liabilities				
Accounts payable	\$ 1,400	\$ -	\$ -	\$ -
Deficit cash balances	-	-	-	-
Due to others	19,358	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	<u>20,758</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Reserved for:				
Debt service	-	-	-	-
Records management	-	-	-	-
Public safety	-	-	-	-
Judicial	26,339	303,029	33,296	487,524
Other purposes	-	-	-	-
Designated for:				
Public transportation	-	-	-	-
Public safety	-	-	-	-
Unreserved	-	-	-	-
Total Fund Balances	<u>26,339</u>	<u>303,029</u>	<u>33,296</u>	<u>487,524</u>
Total Liabilities and Fund Balances	<u>\$ 47,097</u>	<u>\$ 303,029</u>	<u>\$ 33,296</u>	<u>\$ 487,524</u>

Special Revenue Funds

District Clerk Records Management	County Clerk Records Management	County Attorney Check Collections	County Constable Seizures	County Sheriff Programs	JP Technology
\$ 23,082	\$ 649,055	\$ 25,394	\$ 107,796	\$ 85,934	\$ 178,664
-	-	-	-	-	-
-	-	1,068	-	-	-
165	3,270	-	-	-	348
-	-	-	4,382	-	200
<u>\$ 23,247</u>	<u>\$ 652,325</u>	<u>\$ 26,462</u>	<u>\$ 112,178</u>	<u>\$ 85,934</u>	<u>\$ 179,212</u>
\$ -	\$ -	\$ 201	\$ 1,127	\$ -	\$ -
-	-	-	-	-	-
-	-	-	20,175	24,354	-
-	-	-	-	-	-
-	-	201	21,302	24,354	-
-	-	-	-	-	-
23,247	652,325	-	-	-	-
-	-	-	90,876	61,580	-
-	-	26,261	-	-	-
-	-	-	-	-	179,212
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<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>\$ 23,247</u>	<u>\$ 652,325</u>	<u>\$ 26,462</u>	<u>\$ 112,178</u>	<u>\$ 85,934</u>	<u>\$ 179,212</u>

LIBERTY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 3 of 4)
September 30, 2010

	Special Revenue Funds			
	CSCD Civil Fees	CDBG Disaster Recovery	Infectious Disease	CDBG
<u>Assets</u>				
Cash and cash equivalents	\$ 83,065	\$ 108,307	\$ 8,845	\$ 125,924
Receivables, net	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Due from others	-	-	-	-
Total Assets	\$ 83,065	\$ 108,307	\$ 8,845	\$ 125,924
<u>Liabilities</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deficit cash balances	-	-	-	-
Due to others	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	-	-	-	-
<u>Fund Balances</u>				
Reserved for:				
Debt service	-	-	-	-
Records management	-	-	-	-
Public safety	-	-	-	-
Judicial	-	-	-	-
Other purposes	-	108,307	8,845	125,924
Designated for:				
Public transportation	-	-	-	-
Public safety	83,065	-	-	-
Unreserved	-	-	-	-
Total Fund Balances	83,065	108,307	8,845	125,924
Total Liabilities and Fund Balances	\$ 83,065	\$ 108,307	\$ 8,845	\$ 125,924

Special Revenue Funds

Supplemental Environmental Project	TDHCA Home Program	COPS Grant	County & District Court Tech	Court Record Preservation	TDHCA Home Program
\$ 900	\$ 6,094	\$ 3,541	\$ 335	\$ 6,692	\$ -
-	-	-	-	-	-
-	-	-	24	230	-
-	-	-	-	-	2,800
<u>\$ 900</u>	<u>\$ 6,094</u>	<u>\$ 3,541</u>	<u>\$ 359</u>	<u>\$ 6,922</u>	<u>\$ 2,800</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	15,926
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	15,926
-	-	-	-	-	-
-	-	-	-	6,922	-
-	-	3,541	359	-	-
900	-	-	-	-	-
-	-	-	-	-	-
-	6,094	-	-	-	-
-	-	-	-	-	(13,126)
<u>900</u>	<u>6,094</u>	<u>3,541</u>	<u>359</u>	<u>6,922</u>	<u>(13,126)</u>
<u>\$ 900</u>	<u>\$ 6,094</u>	<u>\$ 3,541</u>	<u>\$ 359</u>	<u>\$ 6,922</u>	<u>\$ 2,800</u>

LIBERTY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 4 of 4)
September 30, 2010

	<u>Special Revenue Funds</u>		<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>CDBG Hull Fresh Water District</u>	<u>Total Nonmajor Special Revenue Funds</u>		
<u>Assets</u>				
Cash and cash equivalents	\$ -	\$ 4,511,056	\$ 331,536	\$ 4,842,592
Receivables, net	-	-	329,947	329,947
Due from other governments	13,991	98,515	-	98,515
Due from other funds	-	182,082	63,634	245,716
Due from others	-	8,027	-	8,027
Total Assets	\$ 13,991	\$ 4,799,680	\$ 725,117	\$ 5,524,797
<u>Liabilities</u>				
Accounts payable	\$ 5,835	\$ 261,683	\$ -	\$ 261,683
Deficit cash balances	8,156	24,082	-	24,082
Due to others	-	63,887	-	63,887
Deferred revenue	-	-	329,947	329,947
Total Liabilities	13,991	349,652	329,947	679,599
<u>Fund Balances</u>				
Reserved for:				
Debt service	-	-	395,170	395,170
Records management	-	978,485	-	978,485
Public safety	-	194,601	-	194,601
Judicial	-	1,028,521	-	1,028,521
Other purposes	-	423,188	-	423,188
Designated for:				
Public transportation	-	1,704,821	-	1,704,821
Public safety	-	163,881	-	163,881
Unreserved	-	(43,469)	-	(43,469)
Total Fund Balances	-	4,450,028	395,170	4,845,198
Total Liabilities and Fund Balances	\$ 13,991	\$ 4,799,680	\$ 725,117	\$ 5,524,797

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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, 2010

	<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	-	-	-	388,589
Charges for services	-	-	-	-
Fines and forfeitures	339,762	54,609	45,395	-
Investment income	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	<u>339,762</u>	<u>54,609</u>	<u>45,395</u>	<u>388,589</u>
Expenditures				
Current:				
General government	-	-	-	-
Judicial	-	47,011	50,627	-
Legal	-	-	-	-
Public safety	-	-	-	337,149
Public transportation	233,387	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>233,387</u>	<u>47,011</u>	<u>50,627</u>	<u>337,149</u>
Other Financing Sources				
Transfers	-	-	-	63,465
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,465</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>106,375</u>	<u>7,598</u>	<u>(5,232)</u>	<u>114,905</u>
Net Change in Fund Balances	106,375	7,598	(5,232)	114,905
Beginning Fund Balances	<u>1,598,446</u>	<u>90,565</u>	<u>34,514</u>	<u>(40,183)</u>
Ending Fund Balances	<u>\$ 1,704,821</u>	<u>\$ 98,163</u>	<u>\$ 29,282</u>	<u>\$ 74,722</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	21,179	-	-
-	77,741	-	-	-	-
-	-	-	-	26,792	-
-	-	-	-	-	-
12	-	-	-	-	-
<u>12</u>	<u>77,741</u>	<u>-</u>	<u>21,179</u>	<u>26,792</u>	<u>-</u>
-	-	-	-	9,300	-
-	-	-	-	-	-
-	-	-	-	-	-
7,594	75,947	-	1,023	-	-
-	-	-	-	-	-
-	-	5,500	-	-	-
-	-	-	15,137	3,995	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>7,594</u>	<u>75,947</u>	<u>5,500</u>	<u>16,160</u>	<u>13,295</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>(7,582)</u>	<u>1,794</u>	<u>(5,500)</u>	<u>5,019</u>	<u>13,497</u>	<u>-</u>
<u>(7,582)</u>	<u>1,794</u>	<u>(5,500)</u>	<u>5,019</u>	<u>13,497</u>	<u>-</u>
<u>33,475</u>	<u>2,174</u>	<u>(24,843)</u>	<u>19,608</u>	<u>282,494</u>	<u>8,384</u>
<u>\$ 25,893</u>	<u>\$ 3,968</u>	<u>\$ (30,343)</u>	<u>\$ 24,627</u>	<u>\$ 295,991</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, 2010

	Special Revenue Funds			
	District Attorney	District Attorney Programs	District Clerk TDCJ	District Clerk Child Support
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	9,981	-	-	93,602
Charges for services	-	-	8,000	-
Fines and forfeitures	15,605	100,526	-	-
Investment income	-	9,392	-	-
Other revenue	-	-	-	-
Total Revenues	<u>25,586</u>	<u>109,918</u>	<u>8,000</u>	<u>93,602</u>
Expenditures				
Current:				
General government	-	-	-	-
Judicial	-	-	-	47,369
Legal	25,219	-	-	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>25,219</u>	<u>-</u>	<u>-</u>	<u>47,369</u>
Other Financing Sources				
Transfers	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>367</u>	<u>109,918</u>	<u>8,000</u>	<u>46,233</u>
Net Change in Fund Balances	367	109,918	8,000	46,233
Beginning Fund Balances	25,972	193,111	25,296	441,291
Ending Fund Balances	<u>\$ 26,339</u>	<u>\$ 303,029</u>	<u>\$ 33,296</u>	<u>\$ 487,524</u>

Special Revenue Funds

District Clerk Records Management	County Clerk Records Management	County Attorney Check Collections	County Constable Seizures	County Sheriff Programs	JP Technology
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
8,017	90,405	34,557	-	-	24,017
-	-	-	-	-	-
-	-	-	57,674	1,000	-
<u>8,017</u>	<u>90,405</u>	<u>34,557</u>	<u>57,674</u>	<u>1,000</u>	<u>24,017</u>
-	46,465	-	-	976	-
8,793	-	-	-	-	5,072
-	-	39,303	-	-	-
-	-	-	55,989	-	-
-	-	-	-	-	-
-	60,108	-	-	-	600
-	-	-	-	-	-
-	-	-	-	-	-
<u>8,793</u>	<u>106,573</u>	<u>39,303</u>	<u>55,989</u>	<u>976</u>	<u>5,672</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>(776)</u>	<u>(16,168)</u>	<u>(4,746)</u>	<u>1,685</u>	<u>24</u>	<u>18,345</u>
(776)	(16,168)	(4,746)	1,685	24	18,345
<u>24,023</u>	<u>668,493</u>	<u>31,007</u>	<u>89,191</u>	<u>61,556</u>	<u>160,867</u>
<u>\$ 23,247</u>	<u>\$ 652,325</u>	<u>\$ 26,261</u>	<u>\$ 90,876</u>	<u>\$ 61,580</u>	<u>\$ 179,212</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, 2010

	Special Revenue Funds			
	CSCD Civil Fees	CDBG Disaster Recovery	Infectious Disease	CDBG
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	63,863	-	12,225
Charges for services	123,163	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	<u>123,163</u>	<u>63,863</u>	<u>-</u>	<u>12,225</u>
Expenditures				
Current:				
General government	-	-	-	-
Judicial	37,704	-	-	-
Legal	-	-	-	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Other	-	-	-	-
Capital outlay	-	1,026	-	-
Debt Service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>37,704</u>	<u>1,026</u>	<u>-</u>	<u>-</u>
Other Financing Sources				
Transfers	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>85,459</u>	<u>62,837</u>	<u>-</u>	<u>12,225</u>
Net Change in Fund Balances	85,459	62,837	-	12,225
Beginning Fund Balances	<u>(2,394)</u>	<u>45,470</u>	<u>8,845</u>	<u>113,699</u>
Ending Fund Balances	<u>\$ 83,065</u>	<u>\$ 108,307</u>	<u>\$ 8,845</u>	<u>\$ 125,924</u>

Special Revenue Funds

<u>Supplemental Environmental Project</u>	<u>TDHCA Home Program</u>	<u>COPS Grant</u>	<u>County & District Court Tech</u>	<u>Court Record Preservation</u>	<u>TDHCA Home Program</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	11,594	862,766	-	-	136,468
-	-	-	359	6,922	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	11,594	862,766	359	6,922	136,468
-	-	-	-	-	149,594
-	-	-	-	-	-
-	-	(3,541)	-	-	-
-	-	-	-	-	-
-	-	862,766	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	859,225	-	-	149,594
-	-	-	-	-	-
-	-	-	-	-	-
-	11,594	3,541	359	6,922	(13,126)
-	11,594	3,541	359	6,922	(13,126)
900	(5,500)	-	-	-	-
<u>\$ 900</u>	<u>\$ 6,094</u>	<u>\$ 3,541</u>	<u>\$ 359</u>	<u>\$ 6,922</u>	<u>\$ (13,126)</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, 2010

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Special Revenue Funds</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>CDBG Hull Fresh Water Dist.</u>				
<u>Revenues</u>					
Property taxes	\$ -		\$ -	\$ 2,535,251	\$ 2,535,251
Intergovernmental revenue	56,830		1,657,097	-	1,657,097
Charges for services	-		216,185	-	216,185
Fines and forfeitures	-		739,685	-	739,685
Investment income	-		9,392	42,049	51,441
Other revenue	-		58,686	1,436	60,122
Total Revenues	56,830		2,681,045	2,578,736	5,259,781
<u>Expenditures</u>					
Current:					
General government	56,830		263,165	-	263,165
Judicial	-		196,576	-	196,576
Legal	-		64,522	-	64,522
Public safety	-		474,161	-	474,161
Public transportation	-		233,387	-	233,387
Other	-		5,500	-	5,500
Capital outlay	-		943,632	411,293	1,354,925
Debt Service:					
Principal	-		-	1,475,000	1,475,000
Interest and fiscal charges	-		-	405,198	405,198
Total Expenditures	56,830		2,180,943	2,291,491	4,472,434
<u>Other Financing Sources</u>					
Transfers	-		63,465	46,000	109,465
Total Other Financing Sources	-		63,465	46,000	109,465
Excess (Deficiency) of Revenues Over (Under) Expenditures	-		-	333,245	896,812
Net Change in Fund Balances	-		563,567	333,245	896,812
Beginning Fund Balances	-		3,886,461	61,925	3,948,386
Ending Fund Balances	\$ -		\$ 4,450,028	\$ 395,170	\$ 4,845,198

LIBERTY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LAND ACQUISITION FUND
For the Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget</u>
	<u>Original and Final</u>	<u>Actual Amounts</u>	<u>Positive (Negative)</u>
<u>Revenues</u>			
Fines and forfeitures	\$ 310,000	\$ 339,762	\$ 29,762
Total Revenues	<u>310,000</u>	<u>339,762</u>	<u>29,762</u>
<u>Expenditures</u>			
Public transportation:			
Rural addressing - 911	30,000	3,695	26,305
Road and bridge	230,000	229,692	308
Right-of-way expenses	125,000	-	125,000
Total Expenditures	<u>385,000</u>	<u>233,387</u>	<u>151,613</u>
Net Change in Fund Balance	<u>\$ (75,000)</u>	106,375	<u>\$ 181,375</u>
Beginning Fund Balance		<u>1,598,446</u>	
Ending Fund Balance		<u>\$ 1,704,821</u>	

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

For the Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget</u>
	<u>Original and Final</u>	<u>Actual Amounts</u>	<u>Positive (Negative)</u>
<u>Revenues</u>			
Fines and forfeitures	\$ 53,000	\$ 54,609	\$ 1,609
Total Revenues	<u>53,000</u>	<u>54,609</u>	<u>1,609</u>
<u>Expenditures</u>			
Judicial:			
Salaries and benefits	44,974	45,050	(76) *
Office expense and supplies	1,000	-	1,000
Education and training	2,500	1,961	539
Capital outlay	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total Expenditures	<u>68,474</u>	<u>47,011</u>	<u>21,463</u>
Net Change in Fund Balance	<u>\$ (15,474)</u>	<u>7,598</u>	<u>\$ 23,072</u>
Beginning Fund Balance		<u>90,565</u>	
Ending Fund Balance		<u>\$ 98,163</u>	

Notes to Supplementary Information

1. * Expenditures exceeded appropriations at the legal level of control.

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

For the Year Ended September 30, 2010

	<u>Budgeted</u> <u>Amounts</u>		<u>Variance with</u> <u>Final Budget</u>
	<u>Original and</u> <u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Positive</u> <u>(Negative)</u>
<u>Revenues</u>			
Fines and forfeitures	\$ 47,000	\$ 45,395	\$ (1,605)
Total Revenues	<u>47,000</u>	<u>45,395</u>	<u>(1,605)</u>
<u>Expenditures</u>			
Judicial:			
Salaries and benefits	7,500	-	7,500
Office expense and supplies	1,000	656	344
Law books	31,500	39,577	(8,077) *
Copier lease	1,800	1,394	406
Office lease	9,000	9,000	-
Total Expenditures	<u>50,800</u>	<u>50,627</u>	<u>173</u>
Net Change in Fund Balance	<u>\$ (3,800)</u>	<u>(5,232)</u>	<u>\$ (1,432)</u>
Beginning Fund Balance		<u>34,514</u>	
Ending Fund Balance		<u>\$ 29,282</u>	

Notes to Supplementary Information

- * Expenditures exceeded appropriations at the legal level of control.

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, 2010

	Budgeted Amounts		Variance with Final Budget
	Original and Final	Actual Amounts	Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 23,000	\$ 26,792	\$ 3,792
Total Revenues	23,000	26,792	3,792
 <u>Expenditures</u>			
General government:			
Office expense and supplies	10,000	9,300	700
Capital outlay	100,000	3,995	96,005
Total Expenditures	110,000	13,295	96,705
Net Change in Fund Balance	\$ (87,000)	13,497	\$ 100,497
Beginning Fund Balance		282,494	
Ending Fund Balance		\$ 295,991	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original and Final			
<u>Revenues</u>				
Intergovernmental	\$ 56,500		\$ 93,602	\$ 37,102
Total Revenues	56,500		93,602	37,102
<u>Expenditures</u>				
Judicial:				
Salaries and benefits	48,038		47,369	669
Total Expenditures	48,038		47,369	669
Net Change in Fund Balance	\$ 8,462		46,233	\$ 37,771
Beginning Fund Balance			441,291	
Ending Fund Balance			\$ 487,524	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original and Final			
<u>Revenues</u>				
Fines and forfeitures	\$ 8,500		\$ 8,017	\$ (483)
Total Revenues	8,500		8,017	(483)
 <u>Expenditures</u>				
Judicial:				
Office expense and supplies	15,000		8,793	6,207
Capital outlay	2,500		-	2,500
Total Expenditures	17,500		8,793	8,707
Net Change in Fund Balance	\$ (9,000)		(776)	\$ 8,224
Beginning Fund Balance			24,023	
Ending Fund Balance			\$ 23,247	

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, 2010

	Budgeted Amounts		Variance with Final Budget
	Original and Final	Actual Amounts	Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 70,000	\$ 90,405	\$ 20,405
Total Revenues	70,000	90,405	20,405
<u>Expenditures</u>			
General government:			
Office expense and supplies	50,000	46,465	3,535
Equipment lease	10,000	-	10,000
Capital outlay	50,000	60,108	(10,108) *
Total Expenditures	110,000	106,573	3,427
Net Change in Fund Balance	\$ (40,000)	(16,168)	\$ 23,832
Beginning Fund Balance		668,493	
Ending Fund Balance		\$ 652,325	

Notes to Supplementary Information

1. * Expenditures exceeded appropriations at the legal level of control.

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, 2010

	Budgeted Amounts		Variance with Final Budget
	Original and Final	Actual Amounts	Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 42,000	\$ 34,557	\$ (7,443)
Total Revenues	42,000	34,557	(7,443)
 <u>Expenditures</u>			
Legal:			
Salaries and benefits	39,629	33,503	6,126
Office expense and supplies	12,500	5,800	6,700
Law books	4,500	-	4,500
Capital outlay	1,371	-	1,371
Total Expenditures	58,000	39,303	18,697
Net Change in Fund Balance	\$ (16,000)	(4,746)	\$ 11,254
Beginning Fund Balance		31,007	
Ending Fund Balance		\$ 26,261	

LIBERTY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
JP TECHNOLOGY FUND
For the Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget</u>
	<u>Original and Final</u>	<u>Actual Amounts</u>	<u>Positive (Negative)</u>
<u>Revenues</u>			
Fines and forfeitures	\$ 23,000	\$ 24,017	\$ 1,017
Total Revenues	<u>23,000</u>	<u>24,017</u>	<u>1,017</u>
<u>Expenditures</u>			
Judicial:			
Office expense and supplies	15,000	5,072	9,928
Capital outlay	<u>75,000</u>	<u>600</u>	<u>74,400</u>
Total Expenditures	<u>90,000</u>	<u>5,672</u>	<u>84,328</u>
Net Change in Fund Balance	<u>\$ (67,000)</u>	18,345	<u>\$ 85,345</u>
Beginning Fund Balance		<u>160,867</u>	
Ending Fund Balance		<u>\$ 179,212</u>	

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

For the Year Ended September 30, 2010
 With Comparative Totals for the Year Ended September 30, 2009

	2010			Variance with Final Budget Positive (Negative)	2009
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Revenues					
Taxes	\$ 1,704,491	\$ 1,704,491	\$ 2,535,251	\$ 830,760	\$ 1,842,081
Investment income	20,000	20,000	42,049	22,049	43,874
Other income	-	-	1,436	1,436	-
Total Revenues	<u>1,724,491</u>	<u>1,724,491</u>	<u>2,578,736</u>	<u>854,245</u>	<u>1,885,955</u>
Expenditures					
Capital outlay	411,293	411,293	411,293	-	412,293
Principal	1,280,000	1,280,000	1,475,000	(195,000) *	1,255,000
Interest and fiscal charges	606,668	606,668	405,198	201,470	574,295
Total Expenditures	<u>2,297,961</u>	<u>2,297,961</u>	<u>2,291,491</u>	<u>6,470</u>	<u>2,241,588</u>
Other Financing Sources					
Transfers	-	-	46,000	46,000	-
Net Change in Fund Balance	<u>\$ (573,470)</u>	<u>\$ (573,470)</u>	333,245	<u>\$ 893,775</u>	<u>\$ (355,633)</u>
Beginning Fund Balance			<u>61,925</u>		
Ending Fund Balance			<u>\$ 395,170</u>		

Notes to Supplementary Information

- * Expenditures exceeded appropriations at the legal level of control.

LIBERTY COUNTY, TEXAS

AGENCY FUND DESCRIPTIONS

For the Year Ended September 30, 2010

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, 2010

	<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	\$ 354,325	\$ 531,830	\$ 3,228	\$ 45,729
Due from other funds	15,590	1,551	-	-
Accounts receivable	4,811	9,447	-	-
Total Assets	<u>\$ 374,726</u>	<u>\$ 542,828</u>	<u>\$ 3,228</u>	<u>\$ 45,729</u>
<u>Liabilities</u>				
Accounts payable	\$ 2,122	\$ 15,623	\$ 451	\$ -
Due to other governments	174,390	-	-	-
Due to other funds	198,214	-	-	-
Due to other units	-	527,205	2,777	45,729
Total Liabilities	<u>\$ 374,726</u>	<u>\$ 542,828</u>	<u>\$ 3,228</u>	<u>\$ 45,729</u>

<u>County Officials</u>				<u>Total Agency</u>
<u>Escrow</u>	<u>Fine and Bond</u>	<u>Inmate Release</u>		<u>Funds</u>
\$ 6,511,014	\$ 2,285	\$ 81,986		\$ 7,530,397
-	-	-		17,141
2,695	-	-		16,953
<u>\$ 6,513,709</u>	<u>\$ 2,285</u>	<u>\$ 81,986</u>		<u>\$ 7,564,491</u>
\$ -	\$ -	\$ -		\$ 18,196
-	2,285	-		176,675
320,293	-	-		518,507
6,193,416	-	81,986		6,851,113
<u>\$ 6,513,709</u>	<u>\$ 2,285</u>	<u>\$ 81,986</u>		<u>\$ 7,564,491</u>

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