

ANNUAL FINANCIAL REPORT
OF
LIBERTY COUNTY, TEXAS

For the Year Ended
September 30, 2009

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LIBERTY COUNTY, TEXAS

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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

July 12, 2010

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, 2009.

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, 2009 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial 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, 2009 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 the fair presentation of the financial statements, but also on the County's internal controls and compliance with legal requirements, with special emphasis on internal controls and compliance with legal requirements involving the administration of federal awards.

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

PROFILE OF LIBERTY COUNTY

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

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

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

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

The annual budget serves as the foundation for 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 2006 population was estimated at 75,434. The County's unemployment rate at September 30, 2009 was 6.3 percent compared to 5.3 percent at September 30, 2008.

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 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.

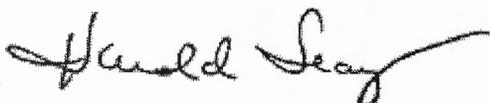
Risk management – The County retains various levels of risk and accounts for the associated expenditures in the General Fund. The portions of risk that are not transferred to third party coverage are self-funded by the County under formal arrangements. Additional information concerning the County's risk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

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LIBERTY COUNTY, TEXAS
LIST OF ELECTED AND APPOINTED OFFICIALS
For the Year Ended September 30, 2009

COMMISSIONERS' COURT

Phil Fitzgerald	County Judge
Todd Fontenot	Commissioner, Precinct # 1
Lee Groce	Commissioner, Precinct # 2
Melvin Hunt	Commissioner, Precinct # 3
Norman Brown	Commissioner, Precinct # 4

DISTRICT COURTS

C. T. Hight	Judge, 75 th Judicial District
Chap Cain, III	Judge, 253 rd Judicial District
Michael Little	District Attorney
Melody Gilmore	District Clerk

COUNTY COURT

Don Taylor	Judge, County Court at Law
Wesley Hinch	County Attorney
Delia Sellers	County Clerk

JUSTICE COURTS

Bobby Rader	Justice of Peace, Precinct # 1
Ronnie Davis	Justice of Peace, Precinct # 2
Cody Parrish	Justice of Peace, Precinct # 3
Glenn Pruett	Justice of Peace, Precinct # 4
Joseph W. McAnally	Justice of Peace, Precinct # 5
Peggy Dunn	Justice of Peace, Precinct # 6

LAW ENFORCEMENT

Henry Patterson	Sheriff
Tim Allison	Constable, Precinct # 1
Leslie Hulsey	Constable, Precinct # 2
Danny Frankum	Constable, Precinct # 3
Chad Pafford	Constable, Precinct # 4
L. W. DeSpain	Constable, Precinct # 5
Royce Wheeler	Constable, Precinct # 6

FINANCIAL ADMINISTRATION

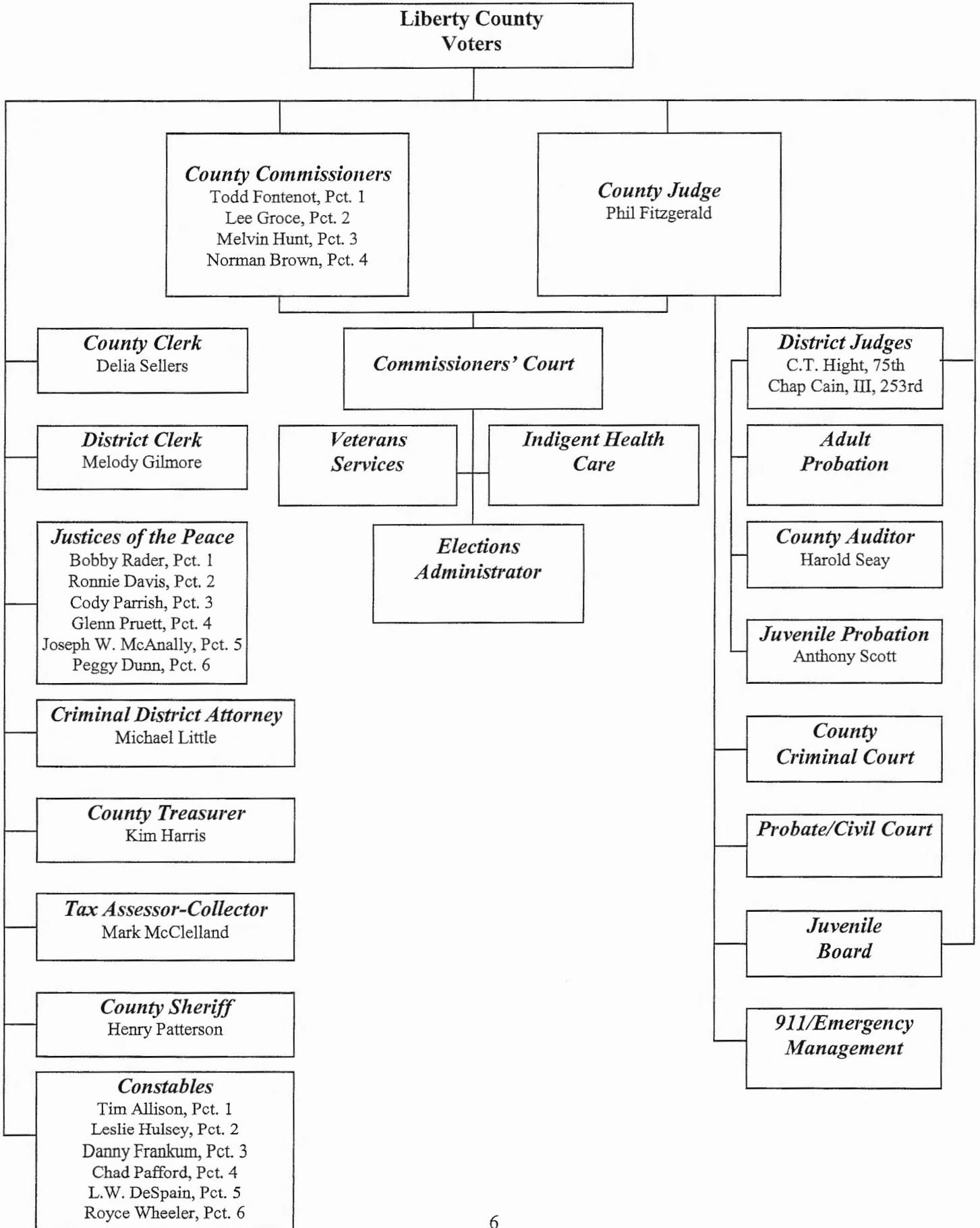
Harold Seay	County Auditor*
Mark McClelland	Tax Assessor-Collector
Kim Harris	County Treasurer

* Designates appointed official. All others elected.

LIBERTY COUNTY, TEXAS

ORGANIZATIONAL CHART

For the Year Ended September 30, 2009



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, 2009, 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, 2009, and the respective changes in financial position, and, where applicable, cash flows 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 July 12, 2010 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.

The Management's Discussion and Analysis, the budgetary comparison information, and the schedules of funding progress are not required parts of the basic financial statements but are supplementary information required by generally accepted accounting principles in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

BELT HARRIS PECHACEK, LLP
Providing Governmental & Nonprofit Audits Sealed with Excellence

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on it.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
July 12, 2010

*MANAGEMENT'S DISCUSSION
AND ANALYSIS*

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LIBERTY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2009

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, and hurricane like funds, which are considered to be major funds.

LIBERTY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2009

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, Continued
For the Year Ended September 30, 2009

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 \$38,628,315 as of year end.

A large portion of the County's net assets, \$12,297,422, 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

	2009	2008
Current and other assets	\$ 36,221,818	\$ 35,487,071
Capital assets, net	32,002,329	27,769,389
Total Assets	68,224,147	63,256,460
Long-term liabilities	27,082,572	19,638,849
Other liabilities	2,513,260	3,505,995
Total Liabilities	29,595,832	23,144,844
Net assets:		
Invested in capital assets, net of related debt	12,297,422	15,058,090
Restricted	2,422,860	3,450,634
Unrestricted	23,908,033	21,602,892
Total Net Assets	\$ 38,628,315	\$ 40,111,616

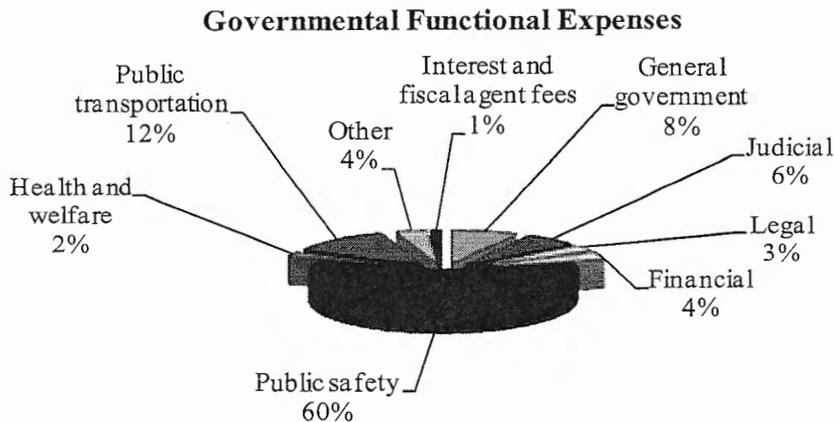
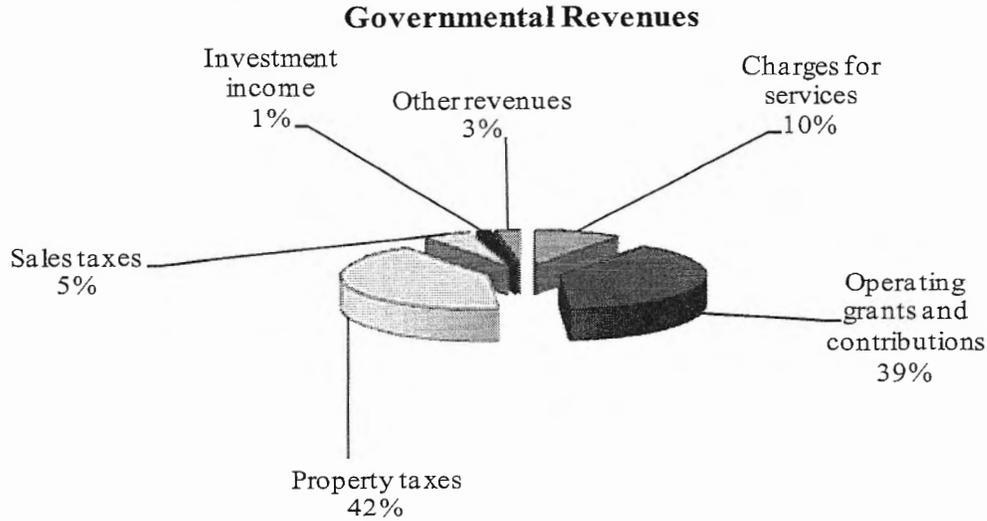
Unrestricted net assets, \$23,908,033, may be used to meet the County's ongoing obligation to citizens and creditors.

LIBERTY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2009

Governmental Activities - Statement of Activities

	2009	2008
Revenues		
Program revenues:		
Charges for services	\$ 5,533,329	\$ 7,425,938
Operating grants and contributions	22,570,907	4,714,650
General revenues:		
Property taxes	24,013,968	22,563,037
Sales taxes	2,980,055	3,266,899
Other taxes	48,603	47,085
Investment income	872,265	864,490
Other revenue	1,497,628	554,845
Total Revenues	57,516,755	39,436,944
Expenses		
General government	4,742,186	3,685,321
Judicial	3,769,004	3,259,991
Legal	1,633,416	1,527,224
Financial	2,178,078	1,647,918
Public safety	35,620,652	14,227,969
Health and welfare	962,891	947,547
Public transportation	7,213,488	10,919,186
Other	2,091,341	1,418,333
Interest and fiscal agent fees	788,999	610,329
Total Expenses	59,000,056	38,243,818
Change in Net Assets	(1,483,301)	1,193,126
Beginning Net Assets	40,111,616	38,918,490
Ending Net Assets	\$ 38,628,315	\$ 40,111,616

LIBERTY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2009



Governmental Activities

Total revenues for the governmental activities have increased by \$18,079,811 or 46 percent when compared to the previous year. The majority of this net increase is a result of additional FEMA grant revenues received due to Hurricane Ike. Total expenses for governmental activities increased compared to the prior year. There was an increase of \$20,756,238 or 54 percent. This increase can be largely attributed to increases in public safety expenditures related to Hurricane Ike for debris removal.

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.

LIBERTY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2009

The County's governmental funds reflect a combined fund balance of \$29,534,748. Of this, \$10,842,970 is designated or reserved for various special revenue and capital project programs.

The general fund is the chief operating fund of the County. There was an increase in the fund balance of \$1,358,108 for an ending balance of \$18,467,999. 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 67 percent of total general fund expenditures and total general fund balance represents 79 percent of this same amount.

The road and bridge fund experienced an increase in fund balance in the amount of \$461,453. This increase is due to an increase in property tax revenues.

Hurricane Ike had a decrease in fund balance of \$359,580 as a result of expenditures related to Hurricane Ike cleanup.

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 and expenses remained relatively stable and net assets decreased by \$472,976 or 28 percent when compared to the previous year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At the end of the year, the County's governmental activities funds had invested \$32,002,329, 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 \$21,465,000 in certificates of obligation, \$730,000 in general obligation bonds, and capital leases of \$1,462,330.

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, 2009

	<u>Primary Government Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 28,386,666
Receivables, net	2,802,312
Due from other governments	4,255,907
Due from others	297,509
Other current assets	136,118
Deferred charges	343,306
	<u>36,221,818</u>
Nondepreciable capital assets	2,205,371
Depreciable capital assets, net	29,796,958
	<u>32,002,329</u>
Total Assets	<u>68,224,147</u>
<u>Liabilities</u>	
Current:	
Accounts payable and accrued liabilities	2,256,545
Accrued interest payable	168,827
Due to other governments	19,628
Due to others	68,260
	<u>2,513,260</u>
Noncurrent liabilities:	
Long-term liabilities due within one year	2,241,058
Long-term liabilities due in more than one year	24,841,514
	<u>27,082,572</u>
Total Liabilities	<u>29,595,832</u>
<u>Net Assets</u>	
Invested in capital assets, net of related debt	12,297,422
Restricted for:	
Debt service	61,925
Records management	975,010
Public safety	194,780
Judicial	861,364
Other purposes	329,781
Unrestricted	23,908,033
	<u>23,908,033</u>
Total Net Assets	<u>\$ 38,628,315</u>

See Notes to Financial Statements.

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LIBERTY COUNTY, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2009

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	\$ 4,742,186	\$ 118,326	\$ -	\$ (4,623,860)
Judicial	3,769,004	1,991,578	176,581	(1,600,845)
Legal	1,633,416	176,443	67,486	(1,389,487)
Financial	2,178,078	-	-	(2,178,078)
Public safety	35,620,652	1,146,693	21,920,494	(12,553,465)
Health and welfare	962,891	-	86,521	(876,370)
Public transportation	7,213,488	2,009,834	56,771	(5,146,883)
Other	2,091,341	90,455	263,054	(1,737,832)
Interest and fiscal agent fees on on long-term debt	788,999	-	-	(788,999)
Total Governmental Activities	59,000,056	5,533,329	22,570,907	(30,895,820)
Total Primary Government	\$ 59,000,056	\$ 5,533,329	\$ 22,570,907	(30,895,820)
General Revenues:				
				24,013,968
				2,980,055
				48,603
				872,265
				1,497,628
			Total General Revenues	29,412,519
			Change in Net Assets	(1,483,301)
			Beginning Net Assets	40,111,616
			Ending Net Assets	\$ 38,628,315

See Notes to Financial Statements.

LIBERTY COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2009

	General	Road and Bridge	Hurricane Ike	Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 9,395,786	\$ 2,192,880	\$ 5,265,841	\$ 9,814,023
Receivables, net	1,967,223	617,349	-	217,740
Due from other governments	457,945	21,174	3,663,688	113,100
Due from other funds	23,572,760	1,464,215	13,616,997	44,388
Due from others	17,954	804	-	5,789
Other current assets	136,118	-	-	-
Total Assets	\$ 35,547,786	\$ 4,296,422	\$ 22,546,526	\$ 10,195,040
Liabilities				
Accounts payable and accrued liabilities	\$ 849,635	\$ 462,840	\$ 4,908	\$ 352,373
Due to other governments	19,628	-	-	-
Due to other funds	14,198,323	-	22,055,328	2,171,747
Due to others	-	-	-	64,702
Other liabilities	44,978	15,189	-	-
Deferred revenue	1,967,223	617,349	-	226,803
Total Liabilities	17,079,787	1,095,378	22,060,236	2,815,625
Fund Balances				
Reserved for:				
Capital projects	-	-	-	3,431,029
Debt service	-	-	-	61,925
Special revenue	-	-	486,290	2,360,935
Unreserved and designated	2,904,345	-	-	1,598,446
Unreserved, undesignated reported in:				
General fund	15,563,654	-	-	-
Road and bridge fund	-	3,201,044	-	-
Special revenue	-	-	-	(72,920)
Total Fund Balances	18,467,999	3,201,044	486,290	7,379,415
Total Liabilities and Fund Balances	\$ 35,547,786	\$ 4,296,422	\$ 22,546,526	\$ 10,195,040

Adjustments for the Statement of Net Assets:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

 Capital assets - non-depreciable

 Capital assets - depreciable

 Accumulated depreciation

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.

The internal service fund is used to charge the costs of self-insurance activities to appropriate functions in other funds and, therefore, not reported in the governmental funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

 Accrued interest payable

 Non-current liabilities due in one year

 Non-current liabilities due in more than one year

Deferred charges for issuance costs

See Notes to Financial Statements.

Net Assets of Governmental Activities

**Total
Governmental
Funds**

\$ 26,668,530
2,802,312
4,255,907
38,698,360
24,547
136,118
\$ 72,585,774

\$ 1,669,756
19,628
38,425,398
64,702
60,167
2,811,375
43,051,026

3,431,029
61,925
2,847,225
4,502,791

15,563,654
3,201,044
(72,920)
29,534,748

2,205,371
56,917,880
(27,120,922)

2,811,375

1,187,956

(168,827)
(2,241,058)
(24,841,514)
343,306

\$ 38,628,315

LIBERTY COUNTY, TEXAS

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

For the Year Ended September 30, 2009

	General	Road and Bridge	Hurricane Ike	Nonmajor Governmental Funds
Revenues				
Property taxes	\$ 16,820,933	\$ 5,236,364	\$ -	\$ 1,842,081
Sales taxes	2,980,055	-	-	-
Other taxes	48,603	-	-	-
Licenses and permits	90,455	-	-	-
Intergovernmental revenue	442,986	56,771	21,181,941	970,530
Charges for services	1,049,890	-	-	96,803
Fines and forfeitures	1,855,512	1,640,324	-	800,345
Investment income	639,088	-	-	194,341
Other revenue	688,362	193,828	533,439	81,999
Total Revenues	24,615,884	7,127,287	21,715,380	3,986,099
Expenditures				
Current:				
General government	3,580,878	-	-	236,172
Judicial	3,425,382	-	-	165,227
Legal	1,505,023	-	-	48,116
Financial	2,075,264	-	-	-
Public safety	10,807,269	-	22,033,961	644,224
Health and welfare	913,355	-	-	-
Public transportation	-	6,358,485	-	4,273,470
Other	950,605	1,001,649	-	29,350
Capital outlay	-	-	40,999	955,331
Debt service:				
Principal	-	324,250	-	1,255,000
Interest and fiscal charges	-	48,285	-	646,274
Total Expenditures	23,257,776	7,732,669	22,074,960	8,253,164
Other Financing Sources				
Bonds issued	-	-	-	5,000,000
Capital leases	-	1,066,835	-	-
Excess (Deficiency) of				
Revenues Over (Under) Expenditures	1,358,108	461,453	(359,580)	732,935
Net Change in Fund Balances	1,358,108	461,453	(359,580)	732,935
Beginning Fund Balances	17,109,891	2,739,591	845,870	6,646,480
Ending Fund Balances	\$ 18,467,999	\$ 3,201,044	\$ 486,290	\$ 7,379,415

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 23,899,378
2,980,055
48,603
90,455
22,652,228
1,146,693
4,296,181
833,429
1,497,628

57,444,650

3,817,050
3,590,609
1,553,139
2,075,264
33,485,454
913,355
10,631,955
1,981,604
996,330

1,579,250
694,559

61,318,569

5,000,000
1,066,835

2,192,916

2,192,916

27,341,832

\$ 29,534,748

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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, 2009

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

Net changes in fund balances - total governmental funds	\$ 2,192,916
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	6,944,819
Depreciation	(2,658,879)
Net effect of various miscellaneous transactions involving capital assets	(29,103)
<p>The County uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net income (loss) of internal service funds is reported with governmental activities.</p>	
	(472,976)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Deferred revenue	33,269
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.</p>	
Principal payments	1,549,192
Amortization of bond issuance costs, premiums, and discounts	(44,695)
Bonds issued	(5,000,000)
Capital leases	(1,066,835)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This adjustment reflects the net change in interest payable on the accrual basis of accounting and the net change in compensated absences.</p>	
Compensated absences	23,081
Interest payable	(49,745)
OPEB	(2,904,345)
Change in Net Assets of Governmental Activities	\$ <u>(1,483,301)</u>

See Notes to Financial Statements.

LIBERTY COUNTY, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUND

September 30, 2009

	<u>Internal Service Fund</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 1,718,136
Total Assets	<u>1,718,136</u>
<u>Liabilities</u>	
Accounts payable	526,622
Due to others	<u>3,558</u>
Total Liabilities	<u>530,180</u>
<u>Net Assets</u>	
Unrestricted	<u>1,187,956</u>
Total Net Assets	<u>\$ 1,187,956</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, 2009

	Internal Service Fund
<u>Operating Revenues</u>	
County and employee contributions	\$ 3,556,772
Total Operating Revenues	3,556,772
<u>Operating Expenses</u>	
Claims, premiums, and administrative costs	4,068,584
Total Operating Expenses	4,068,584
Operating (Loss)	(511,812)
<u>Non-Operating Revenues</u>	
Investment income	38,836
Total Non-Operating Revenues	38,836
Change in Net Assets	(472,976)
Beginning Net Assets	1,660,932
Ending Net Assets	\$ 1,187,956

See Notes to Financial Statements.

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LIBERTY COUNTY, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended September 30, 2009

	<u>Internal Service Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from County and employee contributions	\$ 3,564,714
Payments for insurance claims, premiums, and administrative costs	(4,098,903)
Net Cash (Used) by Operating Activities	<u>(534,189)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on investments	38,836
Net Cash Provided by Investing Activities	<u>38,836</u>
Net (Decrease) in Cash and Cash Equivalents	(495,353)
Beginning Cash and Cash Equivalents	<u>2,213,489</u>
Ending Cash and Cash Equivalents	<u>\$ 1,718,136</u>
Reconciliation of Operating (Loss)	
to Net Cash (Used) by Operating Activities	
Operating (loss)	\$ (511,812)
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in:	
Due from others	7,942
Increase (Decrease) in:	
Accounts payable	<u>(30,319)</u>
Net Cash (Used) by Operating Activities	<u>\$ (534,189)</u>

See Notes to Financial Statements.

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LIBERTY COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
September 30, 2009

		<u>Total Agency Funds</u>
<u>Assets</u>		
Cash and investments	\$	8,050,745
Due from other funds		17,226
Accounts receivable		<u>6,633</u>
Total Assets	\$	<u>8,074,604</u>
 <u>Liabilities</u>		
Accounts payable	\$	4,284
Due to other governments		301,044
Due to other funds		290,188
Due to other units		<u>7,479,088</u>
Total Liabilities	\$	<u>8,074,604</u>

See Notes to Financial Statements.

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LIBERTY COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2009

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, 2009

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, 2009

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 one fund. The road and bridge fund is a major fund for reporting purposes.

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, 2009

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

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2009

include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

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

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

2. Receivables

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

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

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

Property taxes

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

The property tax calendar dates are:

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

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

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

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2009

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, 2009

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. The long-term debt consists primarily of bonds payable, notes payable, capital leases payable, 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, 2009.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2009

A. Excess of Expenditures Over Appropriations

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

Road and Bridge fund:	
Precinct No. 3	\$148,433
Precinct No. 4	\$484,634
Interest	\$48,285
Debt service fund	
Principal	\$140,000
Interest	\$267,097
Law library fund:	
Judicial	\$935

B. Deficit Fund Balance

The juvenile probation, TCDP programs, CSCD civil fees, and TDHCA home program special revenue funds had deficit fund balances of \$40,183, \$24,843, \$2,394, and \$5,500 respectively, as of September 30, 2009.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2009, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Certificates of deposit	\$ 81,178	163
External investment pools:		
TexStar	1,829	1
Total fair value	<u>\$ 83,007</u>	
Portfolio weighted average maturity		84.5

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, 2009, 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, 2009, 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, 2009

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:

	<u>General</u>	<u>Road and Bridge</u>	<u>Hurricane Ike</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Property taxes	\$ 4,918,058	\$ 1,543,373	\$ -	\$ 544,350	\$ 7,005,781
Other governments	457,945	21,174	3,663,688	113,100	4,255,907
Other	17,954	804	-	5,789	24,547
Less allowance	(2,950,835)	(926,024)	-	(326,610)	(4,203,469)
	<u>\$ 2,443,122</u>	<u>\$ 639,327</u>	<u>\$ 3,663,688</u>	<u>\$ 336,629</u>	<u>\$ 7,082,766</u>

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2009

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	-	66,952
Total capital assets, not being depreciated	<u>2,138,419</u>	<u>66,952</u>	<u>-</u>	<u>2,205,371</u>
Capital assets, being depreciated:				
Buildings and improvements	15,469,243	69,995	-	15,539,238
Furniture, machinery, and equipment	11,803,105	882,339	(637,137)	12,048,307
Infrastructure	23,404,802	5,925,533	-	29,330,335
Total capital assets being depreciated	<u>50,677,150</u>	<u>6,877,867</u>	<u>(637,137)</u>	<u>56,917,880</u>
Total capital assets	<u>52,815,569</u>	<u>6,944,819</u>	<u>(637,137)</u>	<u>59,123,251</u>
Less accumulated depreciation for:				
Buildings and improvements	(9,428,542)	(459,301)	-	(9,887,843)
Furniture, machinery, and equipment	(7,595,391)	(1,020,629)	584,137	(8,031,883)
Infrastructure	(8,022,247)	(1,178,949)	-	(9,201,196)
Total accumulated depreciation	<u>(25,046,180)</u>	<u>(2,658,879)</u>	<u>584,137</u>	<u>(27,120,922)</u>
Total capital assets, being depreciated, net	<u>25,630,970</u>	<u>4,218,988</u>	<u>(53,000)</u>	<u>29,796,958</u>
Governmental activities capital assets, net	<u>\$ 27,769,389</u>	<u>\$ 4,285,940</u>	<u>\$ (53,000)</u>	<u>\$ 32,002,329</u>
			Less associated debt	(19,704,907)
			Invested in capital assets, net of related debt	<u><u>\$ 12,297,422</u></u>

Depreciation was charged to governmental functions as follows:

General government	\$ 263,757
Legal	3,906
Public safety	578,795
Health and welfare	3,971
Public transportation	1,794,413
Other	14,037
Total Governmental Activities Depreciation Expense	<u><u>\$ 2,658,879</u></u>

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2009

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	\$ 16,975,000	\$ 5,000,000	\$ 510,000	\$ 21,465,000 *	\$ 550,000
General obligation bonds	1,475,000	-	745,000	730,000	730,000
Capital leases	713,649	1,066,835	318,154	1,462,330 *	457,094
Deferred amounts:					
On issuance premiums	31,581	-	16,870	14,711 *	14,711
On issuance discounts	(44,788)	-	2,799	(41,989) *	2,799
On refunding	(151,889)	-	(82,850)	(69,039)	(69,039)
	<u>18,998,553</u>	<u>6,066,835</u>	<u>1,509,973</u>	<u>23,561,013</u>	<u>1,685,565</u>
Other liabilities					
Compensated absences	640,295	1,254,379	1,277,460	617,214	555,493
OPEB	-	3,313,382	409,037	2,904,345	-
Total Governmental Activities	<u>\$ 19,638,848</u>	<u>\$ 10,634,596</u>	<u>\$ 3,196,470</u>	<u>\$ 27,082,572</u>	<u>\$ 2,241,058</u>
Long-term liabilities due in more than one year				<u>\$ 24,841,514</u>	
* Debt associated with capital assets				\$ 22,900,052	
			Less unspent bond proceeds	(3,195,145)	
Total debt associated with governmental activity capital assets				<u>\$ 19,704,907</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.

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2009

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

Description	Percentage Interest Rates	Balance
Certificates of obligation		
Series 2001	4.125-4.30%	\$ 330,000
Series 2004B	3.00-3.50%	250,000
Series 2005	3.00-3.60%	6,080,000
Series 2007	4.00-4.50%	9,945,000
Series 2008	4.00-4.50%	4,860,000
		<u>21,465,000</u>
General obligation refunding bonds		
Series 2004A	2.50-3.50%	730,000
	Total Bonds Payable	<u>22,195,000</u>
Capital leases		
	3.99-6.25%	1,462,330
	Total Capital Leases	<u>1,462,330</u>
	Total Long-Term Debt	<u>\$ 23,657,330</u>

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

Year Ending Sept. 30	Long-Term Debt							Total
	Certificates of Obligation		General Obligation Bonds		Capital Leases			
	Principal	Interest	Principal	Interest	Principal	Interest		
2010	\$ 550,000	\$ 987,411	\$ 730,000	\$ 25,550	\$ 457,094	\$ 75,960	\$ 2,826,015	
2011	1,325,000	960,046	-	-	218,001	55,053	2,558,100	
2012	1,390,000	908,908	-	-	133,224	44,789	2,476,921	
2013	1,465,000	854,008	-	-	140,484	37,531	2,497,023	
2014	1,545,000	796,133	-	-	215,525	23,650	2,580,308	
2015	1,630,000	734,933	-	-	256,527	3,715	2,625,175	
2016	1,130,000	668,843	-	-	41,475	1,906	1,842,224	
2017	1,210,000	616,743	-	-	-	-	1,826,743	
2018	1,260,000	560,993	-	-	-	-	1,820,993	
2019	1,230,000	593,693	-	-	-	-	1,823,693	
2020	1,290,000	533,093	-	-	-	-	1,823,093	
2021	1,360,000	467,543	-	-	-	-	1,827,543	
2022	1,430,000	397,648	-	-	-	-	1,827,648	
2023	1,505,000	323,385	-	-	-	-	1,828,385	
2024-2028	3,145,000	649,260	-	-	-	-	3,794,260	
Total	<u>\$ 21,465,000</u>	<u>\$ 10,052,639</u>	<u>\$ 730,000</u>	<u>\$ 25,550</u>	<u>\$ 1,462,330</u>	<u>\$ 242,604</u>	<u>\$ 33,978,123</u>	

Machinery and equipment acquired under current capital lease obligations was a total of \$3,221,908, less accumulated depreciation of \$1,208,669, net \$2,013,239.

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, 2009

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	Non-Major	2,171,747
General	Hurricane Ike	21,401,013
Road and Bridge	Hurricane Ike	654,315
Road and Bridge	General	809,900
Hurricane Ike	General	13,371,196
Agency	General	17,226
Hurricane Ike	Agency	245,801
Non-Major	Agency	44,387
		<u>\$ 38,715,585</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	\$ 2,904,345
Hurricane Ike Fund	
Reserved for Ike	\$ 486,290
Capital Projects Fund	
Reserved for capital projects	\$ 3,431,029
Debt Service Fund	
Reserved for debt service	\$ 61,925
Special Revenue Funds	
Reserved for records management	\$ 975,010
Reserved for public safety	\$ 194,780
Reserved for judicial	\$ 861,364
Reserved for other purposes	\$ 329,781
Designated for public transportation	\$ 1,598,446

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 participants in the pool. The County has no additional risk or responsibility to either of the pools in which it

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2009

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 586 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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

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

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2009

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 13.43 percent for the months of the accounting year in 2008 and 13.75 percent for the months of the accounting year in 2009.

The contribution rate payable by the employee members for calendar year 2009 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 the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2006 and December 31, 2007, the basis for determining the contribution rates for plan years 2008 and 2009.

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Annual Req. Contrib. (ARC)	\$ 1,725,694	\$ 1,543,768	\$ 1,328,164
Contributions Made	1,725,694	1,543,768	1,328,164
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, 2009

The funded status as of December 31, 2008, the most recent valuation date, is as follows:

	2009
Actuarial Valuation Date	12/31/2008
Actuarial Value of Assets	\$ 28,306,696
Actuarial Accrued Liability	\$ 37,445,184
Percentage Funded	75.6%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 9,137,488
Annual Covered Payroll	\$ 11,853,001
UAAL as a Percentage of Covered Payroll	77.1%

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 \$4,863,953 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, 2009

G. Health Care

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

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

At year end, the County has recorded current health claim liabilities of \$526,622 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:

	2009	2008
Beginning balance	\$ 557,571	\$ 604,073
Claims incurred	4,037,635	3,894,971
Claim paid	(4,068,584)	(3,941,473)
Ending balance	\$ 526,622	\$ 557,571

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), are covered as employees under the Group Health and Related Benefits Plan at the time of retirement, and are vested with the County are eligible to receive County Health Insurance Benefits.

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

Retirement on or before December 31, 1996

The retiree pays the entire premium for retiree medical, prescription drug, dental, and vision coverage as well as coverage for eligible 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, 2009

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 2009, 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
Contributions made		409,037
Increase in net OPEB obligation		2,904,345
Net OPEB obligation-beginning of year		-
Net OPEB obligation-end of year	\$	2,904,345

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 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
2007	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A
2009*	\$ 3,313,382	12.34%	\$ -	\$ 2,904,345

* First 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 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

LIBERTY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2009

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

I. Related Party Transactions

The County awarded contracts for debris removal in the aftermath of Hurricane Ike to several companies including C and C Lumber. Subsequent to such award MWM Enterprises became a subcontractor of C and C Lumber. MWM Enterprises, prior to its business relationship with C and C Lumber, had secured equipment rentals from a company in which the County Judge has an interest. The owner of MWM Enterprises and now the daily operations manager for C and C Lumber is the brother-in-law of the County Judge. The County Judge has no ownership interest in C and C Lumber or MWM Enterprises and has no control over the business operation of his brother-in-law. C and C Lumber received \$17,601 and \$3,251,855 in fiscal year 2008 and 2009 respectively.

J. Subsequent Events

Issuance of Debt

Subsequent to year end on June 30, 2010 the County issued general obligation refunding bonds, series 2010 for \$10,140,000. Proceeds from the sale of the Bonds will be 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.

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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, 2009
 With Comparative Totals for the Year Ended September 30, 2008

	2009		Actual Amounts	Variance with Final Budget	2008 Actual
	Budgeted Amounts			Positive (Negative)	
	Original	Final			
Revenues					
Property taxes	\$ 16,300,478	\$ 16,300,478	\$ 16,820,933	\$ 520,455	\$ 16,790,073
Sales taxes	2,800,000	2,800,000	2,980,055	180,055	3,266,899
Other taxes	26,500	26,500	48,603	22,103	47,085
Licenses and permits	76,000	76,000	90,455	14,455	86,889
Intergovernmental revenue	367,400	367,400	442,986	75,586	489,817
Charges for services	2,225,000	2,225,000	1,049,890	(1,175,110)	2,903,036
Fines and forfeitures	1,706,300	1,706,300	1,855,512	149,212	1,983,453
Investment income	600,000	600,000	639,088	39,088	758,091
Other revenue	208,300	208,300	688,362	480,062	284,748
Total Revenues	24,309,978	24,309,978	24,615,884	305,906	26,610,091
Expenditures					
General government:					
Commissioners' court	461,200	461,200	391,231	69,969	351,486
County clerk	821,863	824,263	780,720	43,543	718,589
Veterans services	113,466	114,566	112,727	1,839	108,311
General administration	2,579,300	1,949,783	1,505,766	444,017	1,519,579
Employee benefits	1,395,900	546,423	345,963	200,460	341,808
Building maintenance	482,221	484,546	444,471	40,075	394,777
	5,853,950	4,380,781	3,580,878	799,903	3,434,550
Judicial:					
County judge	366,697	441,397	436,328	5,069	311,190
County court at law	272,989	274,989	267,984	7,005	266,079
District judges	547,022	574,322	567,486	6,836	496,821
Court costs	639,408	864,908	827,302	37,606	703,382
Court collections	-	-	-	-	130,349
District clerk	544,308	544,308	507,348	36,960	452,150
Justice courts	810,799	831,479	818,934	12,545	742,284
	3,181,223	3,531,403	3,425,382	106,021	3,102,255
Legal:					
County attorney	597,643	606,768	605,221	1,547	619,642
District attorney	887,668	909,154	899,802	9,352	793,565
	1,485,311	1,515,922	1,505,023	10,899	1,413,207
Financial:					
County auditor	341,403	360,303	352,251	8,052	295,097
County treasurer	243,651	246,451	239,294	7,157	206,011
Tax assessor-collector	781,900	782,846	748,518	34,328	638,951
Data processing	123,466	123,466	114,036	9,430	(241)
Central appraisal district	650,000	650,000	621,165	28,835	508,391
	2,140,420	2,163,066	2,075,264	87,802	1,648,209

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, 2009
With Comparative Totals for the Year Ended September 30, 2008

	2009		Actual Amounts	Variance with Final Budget	2008 Actual
	Budgeted Amounts			Positive (Negative)	
	Original	Final			
Expenditures (continued)					
Public safety:					
Sheriff	\$ 4,465,457	\$ 4,539,374	\$ 4,425,618	\$ 113,756	\$ 4,224,827
Jail operations and prisoner support	5,125,000	5,125,000	4,863,953	261,047	5,713,006
Juvenile probation	257,801	257,801	112,667	145,134	125,929
Constables	492,379	540,874	498,669	42,205	532,508
Fire marshall	270,112	305,112	309,694	(4,582)	249,177
Emergency management	613,189	412,189	111,673	300,516	120,092
DARE	74,725	74,725	47,815	26,910	71,989
Weight division	484,938	448,258	437,180	11,078	418,439
	<u>11,783,601</u>	<u>11,703,333</u>	<u>10,807,269</u>	<u>896,064</u>	<u>11,455,967</u>
Health and welfare:					
Public welfare	574,384	584,384	519,422	64,962	470,340
Indigent services	637,827	637,827	393,933	243,894	473,274
	<u>1,212,211</u>	<u>1,222,211</u>	<u>913,355</u>	<u>308,856</u>	<u>943,614</u>
Other:					
Extension service	170,298	170,298	151,413	18,885	152,829
Engineering and permits	264,711	264,711	229,763	34,948	296,338
Special projects	260,000	570,000	569,429	571	95,254
	<u>695,009</u>	<u>1,005,009</u>	<u>950,605</u>	<u>54,404</u>	<u>544,421</u>
Total Expenditures	<u>26,351,725</u>	<u>25,521,725</u>	<u>23,257,776</u>	<u>2,263,949</u>	<u>22,542,223</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,041,747)</u>	<u>(1,211,747)</u>	<u>1,358,108</u>	<u>2,569,855</u>	<u>4,067,868</u>
Other Financing Sources (Uses):					
Transfer (out):	-	(460,000)	-	460,000	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(460,000)</u>	<u>-</u>	<u>460,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (2,041,747)</u>	<u>\$ (1,671,747)</u>	<u>1,358,108</u>	<u>\$ 3,029,855</u>	<u>\$ 4,067,868</u>
Beginning Fund Balance			<u>17,109,891</u>		
Ending Fund Balance			<u>\$ 18,467,999</u>		

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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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, 2009

With Comparative Totals for the Year Ended September 30, 2008

	2009			Variance with	2008 Actual
	Budgeted Amounts		Actual	Final Budget	
	Original	Final	Amounts	Positive (Negative)	
Revenues					
Property taxes	\$ 5,229,474	\$ 5,229,474	\$ 5,236,364	\$ 6,890	\$ 4,976,247
Intergovernmental revenue	57,000	57,000	56,771	(229)	56,729
Fines and forfeitures	1,629,000	1,629,000	1,640,324	11,324	1,625,631
Other revenue	90,000	90,000	193,828	103,828	156,321
Total Revenues	7,005,474	7,005,474	7,127,287	121,813	6,814,928
Expenditures					
Public transportation:					
Precinct No. 1	1,290,163	1,290,163	1,067,028	223,135	1,055,197
Precinct No. 2	2,338,408	2,357,408	2,040,990	316,418	1,913,498
Precinct No. 3	1,068,463	1,100,563	1,248,996	(148,433) *	958,624
Precinct No. 4	1,503,438	1,516,838	2,001,471	(484,633) *	1,171,161
	<u>6,200,472</u>	<u>6,264,972</u>	<u>6,358,485</u>	<u>(93,513)</u>	<u>5,098,480</u>
Other:					
Landfill and solid waste	611,000	1,026,000	1,001,649	24,351	776,883
	<u>611,000</u>	<u>1,026,000</u>	<u>1,001,649</u>	<u>24,351</u>	<u>776,883</u>
Debt Service:					
Principal	395,717	331,217	324,250	6,967	211,696
Interest	48,285	48,285	48,285	-	31,118
	<u>444,002</u>	<u>379,502</u>	<u>372,535</u>	<u>6,967</u>	<u>242,814</u>
Total Expenditures	7,255,474	7,670,474	7,732,669	(62,195)	6,118,177
Excess (Deficiency) of Revenues Over (Under) Expenditures	(250,000)	(665,000)	(605,382)	59,618	696,751
Other Financing Sources					
Transfers in	-	415,000	-	(415,000)	-
Capital leases	-	-	1,066,835	1,066,835	-
Total Other Financing Sources	-	415,000	1,066,835	651,835	-
Revenues and Other Financing Sources Over (Under) Expenditures	\$ (250,000)	\$ (250,000)	461,453	\$ 711,453	\$ 696,751
Beginning Fund Balance			<u>2,739,591</u>		
Ending Fund Balance			<u>\$ 3,201,044</u>		

Notes to Required Supplementary Information

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- * 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, 2009

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>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarial Valuation Date	12/31/2008	12/31/2007	12/31/2006	12/31/2005
Actuarial Value of Assets	\$ 28,306,696	\$ 29,150,307	\$ 26,564,516	\$ 23,826,265
Actuarial Accrued Liability	\$ 37,445,184	\$ 35,486,036	\$ 31,714,904	\$ 29,769,496
Percentage Funded	75.60%	82.15%	83.76%	80.04%
Unfunded Actuarial				
Accrued Liability	\$ 9,138,488	\$ 6,335,728	\$ 5,150,388	\$ 5,943,231
Annual Covered Payroll	\$ 11,853,001	\$ 10,798,763	\$ 9,963,651	\$ 9,290,254
Unfunded Actuarial Accrued Liability				
(UAAL) % of Covered Payroll	77.10%	58.67%	51.69%	63.97%
Net Pension Obligation (NPO)				
at the Beginning of Period	\$ -	\$ -	\$ -	\$ -
Annual Req. Contrib. (ARC)	1,725,694	1,543,768	1,328,164	1,244,269
Contributions Made	1,725,694	1,543,768	1,328,164	1,244,269
NPO at the End of Period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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LIBERTY COUNTY, TEXAS
SCHEDULE OF FUNDING PROGRESS
POST-EMPLOYMENT HEALTHCARE BENEFITS¹

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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 is the first year the County is 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 two preceding years.

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***COMBINING STATEMENTS
AND SCHEDULES***

LIBERTY COUNTY, TEXAS

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2009

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, 2009

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.

CAPITAL PROJECT FUND

The Capital Projects fund accounts for expenditures related to capital improvements.

DEBT SERVICE FUND

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

LIBERTY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 1 of 3)
September 30, 2009

Special Revenue Funds				
	Land Acquisition	Courthouse Security	Law Library	Juvenile Probation
Assets				
Cash and cash equivalents	\$ 1,576,863	\$ 88,621	\$ 37,158	\$ -
Receivables, net	-	-	-	-
Due from other governments	-	-	-	34
Due from other funds	21,583	1,788	560	-
Due from others	-	156	-	-
Total Assets	\$ 1,598,446	\$ 90,565	\$ 37,718	\$ 34
Liabilities				
Accounts payable	\$ -	\$ -	\$ 3,204	\$ 31,154
Due to other funds	-	-	-	-
Due to others	-	-	-	-
Deferred revenue	-	-	-	9,063
Total Liabilities	-	-	3,204	40,217
Fund Balances				
Reserved for:				
Capital projects	-	-	-	-
Debt service	-	-	-	-
Records management	-	-	-	-
Public safety	-	-	-	-
Judicial	-	90,565	34,514	-
Other purposes	-	-	-	-
Unreserved and designated for:				
Public transportation	1,598,446	-	-	-
Public safety	-	-	-	(40,183)
Total Fund Balances	1,598,446	90,565	34,514	(40,183)
Total Liabilities and Fund Balances	\$ 1,598,446	\$ 90,565	\$ 37,718	\$ 34

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>
\$ 33,475	\$ 2,174	\$ -	\$ 19,608	\$ 282,707	\$ 8,384
-	-	-	-	-	-
-	-	62,433	-	-	-
-	-	-	-	726	-
-	-	-	-	-	-
<u>\$ 33,475</u>	<u>\$ 2,174</u>	<u>\$ 62,433</u>	<u>\$ 19,608</u>	<u>\$ 283,433</u>	<u>\$ 8,384</u>
\$ -	\$ -	\$ 87,276	\$ -	\$ 939	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	87,276	-	939	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	282,494	-
33,475	2,174	-	-	-	8,384
-	-	-	19,608	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(24,843)	-	-	-
<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>\$ 33,475</u>	<u>\$ 2,174</u>	<u>\$ 62,433</u>	<u>\$ 19,608</u>	<u>\$ 283,433</u>	<u>\$ 8,384</u>

LIBERTY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 2 of 3)
September 30, 2009

	Special Revenue Funds			
	District Attorney	District Attorney Programs	District Clerk TDCJ	District Clerk Child Support
Assets				
Cash and cash equivalents	\$ 40,963	\$ 193,111	\$ 23,296	\$ 431,411
Receivables, net	-	-	-	-
Due from other governments	-	-	2,000	9,589
Due from other funds	-	-	-	-
Due from others	5,182	-	-	291
Total Assets	\$ 46,145	\$ 193,111	\$ 25,296	\$ 441,291
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to others	20,173	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	20,173	-	-	-
Fund Balances				
Reserved for:				
Capital projects	-	-	-	-
Debt service	-	-	-	-
Records management	-	-	-	-
Public safety	-	-	-	-
Judicial	25,972	193,111	25,296	441,291
Other purposes	-	-	-	-
Unreserved and designated for:				
Public transportation	-	-	-	-
Public safety	-	-	-	-
Total Fund Balances	25,972	193,111	25,296	441,291
Total Liabilities and Fund Balances	\$ 46,145	\$ 193,111	\$ 25,296	\$ 441,291

Special Revenue Funds

District Clerk Records Management	County Clerk Records Management	County Attorney Check Collections	County Constable Seizures	County Sheriff Programs	JP Technology
\$ 24,000	\$ 677,927	\$ 28,456	\$ 109,366	\$ 85,910	\$ 160,275
-	-	-	-	-	-
-	-	-	-	-	-
23	5,805	2,903	-	-	432
-	-	-	-	-	160
<u>\$ 24,023</u>	<u>\$ 683,732</u>	<u>\$ 31,359</u>	<u>\$ 109,366</u>	<u>\$ 85,910</u>	<u>\$ 160,867</u>
\$ -	\$ 15,239	\$ 352	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	20,175	24,354	-
-	-	-	-	-	-
-	15,239	352	20,175	24,354	-
-	-	-	-	-	-
-	-	-	-	-	-
24,023	668,493	-	-	-	-
-	-	-	89,191	61,556	-
-	-	31,007	-	-	-
-	-	-	-	-	160,867
-	-	-	-	-	-
-	-	-	-	-	-
<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>\$ 24,023</u>	<u>\$ 683,732</u>	<u>\$ 31,359</u>	<u>\$ 109,366</u>	<u>\$ 85,910</u>	<u>\$ 160,867</u>

LIBERTY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 3 of 3)
September 30, 2009

	Special Revenue Funds			
	CSCD Civil Fees	CDBG Disaster Recovery	Infectious Disease	CDBG
<u>Assets</u>				
Cash and cash equivalents	\$ -	\$ 11,657	\$ 8,845	\$ 302,775
Receivables, net	-	-	-	-
Due from other governments	-	39,044	-	-
Due from other funds	-	-	-	-
Due from others	-	-	-	-
Total Assets	\$ -	\$ 50,701	\$ 8,845	\$ 302,775
<u>Liabilities</u>				
Accounts payable	\$ 2,394	\$ 5,231	\$ -	\$ -
Due to other funds	-	-	-	189,076
Due to others	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	2,394	5,231	-	189,076
<u>Fund Balances</u>				
Reserved for:				
Capital projects	-	-	-	-
Debt service	-	-	-	-
Records management	-	-	-	-
Public safety	-	-	-	-
Judicial	-	-	-	-
Other purposes	-	45,470	8,845	113,699
Unreserved and designated for:				
Public transportation	-	-	-	-
Unreserved and undesignated	(2,394)	-	-	-
Total Fund Balances	(2,394)	45,470	8,845	113,699
Total Liabilities and Fund Balances	\$ -	\$ 50,701	\$ 8,845	\$ 302,775

Special Revenue Funds		Capital Project Fund	Total Nonmajor Special Revenue and Capital Project Funds	Debt Service	Total Nonmajor Governmental Funds
Supplemental Environmental Project	TDHCA Home Program	Capital Projects			
\$ 900	\$ -	\$ 5,614,784	\$ 9,762,666	\$ 51,357	\$ 9,814,023
-	-	-	-	217,740	217,740
-	-	-	113,100	-	113,100
-	-	-	33,820	10,568	44,388
-	-	-	5,789	-	5,789
<u>\$ 900</u>	<u>\$ -</u>	<u>\$ 5,614,784</u>	<u>\$ 9,915,375</u>	<u>\$ 279,665</u>	<u>\$ 10,195,040</u>
\$ -	\$ 5,500	\$ 201,084	\$ 352,373	\$ -	\$ 352,373
-	-	1,982,671	2,171,747	-	2,171,747
-	-	-	64,702	-	64,702
-	-	-	9,063	217,740	226,803
-	5,500	2,183,755	2,597,885	217,740	2,815,625
-	-	3,431,029	3,431,029	-	3,431,029
-	-	-	-	61,925	61,925
-	-	-	975,010	-	975,010
-	-	-	194,780	-	194,780
-	-	-	861,364	-	861,364
900	-	-	329,781	-	329,781
-	-	-	1,598,446	-	1,598,446
-	(5,500)	-	(72,920)	-	(72,920)
<u>900</u>	<u>(5,500)</u>	<u>3,431,029</u>	<u>7,317,490</u>	<u>61,925</u>	<u>7,379,415</u>
<u>\$ 900</u>	<u>\$ -</u>	<u>\$ 5,614,784</u>	<u>\$ 9,915,375</u>	<u>\$ 279,665</u>	<u>\$ 10,195,040</u>

LIBERTY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 1 of 3)
For the Year Ended September 30, 2009

	Special Revenue Funds			
	Land Acquisition	Courthouse Security	Law Library	Juvenile Probation
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	331,576
Charges for services	-	-	-	-
Fines and forfeitures	369,510	56,216	45,059	-
Investment income	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	<u>369,510</u>	<u>56,216</u>	<u>45,059</u>	<u>331,576</u>
Expenditures				
Current:				
General government	-	-	-	-
Judicial	-	61,321	48,935	-
Legal	-	-	-	-
Public safety	-	-	-	521,772
Public transportation	49,286	-	-	-
Other	-	-	-	-
Capital outlay	-	1,137	-	-
Debt Service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>49,286</u>	<u>62,458</u>	<u>48,935</u>	<u>521,772</u>
Other Financing Sources				
Bonds issued	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>320,224</u>	<u>(6,242)</u>	<u>(3,876)</u>	<u>(190,196)</u>
Net Change in Fund Balances	320,224	(6,242)	(3,876)	(190,196)
Beginning Fund Balances	<u>1,278,222</u>	<u>96,807</u>	<u>38,390</u>	<u>150,013</u>
Ending Fund Balances	<u>\$ 1,598,446</u>	<u>\$ 90,565</u>	<u>\$ 34,514</u>	<u>\$ (40,183)</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	12,404	4,883	-	-
-	71,803	-	-	-	-
-	-	-	-	29,616	-
-	-	-	-	-	-
116	-	-	-	-	-
<u>116</u>	<u>71,803</u>	<u>12,404</u>	<u>4,883</u>	<u>29,616</u>	<u>-</u>
-	-	-	-	4,538	-
-	-	-	-	-	-
-	-	-	-	-	-
9,766	85,287	-	1,500	-	-
-	-	-	-	-	-
-	-	29,350	-	-	-
-	-	-	-	-	3,606
-	-	-	-	-	-
<u>9,766</u>	<u>85,287</u>	<u>29,350</u>	<u>1,500</u>	<u>4,538</u>	<u>3,606</u>
-	-	-	-	-	-
<u>(9,650)</u>	<u>(13,484)</u>	<u>(16,946)</u>	<u>3,383</u>	<u>25,078</u>	<u>(3,606)</u>
(9,650)	(13,484)	(16,946)	3,383	25,078	(3,606)
<u>43,125</u>	<u>15,658</u>	<u>(7,897)</u>	<u>16,225</u>	<u>257,416</u>	<u>11,990</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>

LIBERTY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 2 of 3)
For the Year Ended September 30, 2009

	Special Revenue Funds			
	District Attorney	District Attorney Programs	District Clerk TDCJ	District Clerk Child Support
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	36,236	-	-	84,680
Charges for services	-	-	25,000	-
Fines and forfeitures	20,210	116,259	-	-
Investment income	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	56,446	116,259	25,000	84,680
Expenditures				
Current:				
General government	-	-	-	-
Judicial	-	-	-	45,648
Legal	15,545	4,001	-	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Other	-	-	-	-
Capital outlay	-	25,259	-	-
Debt Service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	15,545	29,260	-	45,648
Other Financing Sources				
Bonds issued	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	40,901	86,999	25,000	39,032
Net Change in Fund Balances	40,901	86,999	25,000	39,032
Beginning Fund Balances	(14,929)	106,112	296	402,259
Ending Fund Balances	\$ 25,972	\$ 193,111	\$ 25,296	\$ 441,291

Special Revenue Funds

<u>District Clerk Records Management</u>	<u>County Clerk Records Management</u>	<u>County Attorney Check Collections</u>	<u>County Constable Seizures</u>	<u>County Sheriff Programs</u>	<u>JP Technology</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
8,000	88,710	39,974	-	-	26,791
-	-	-	-	-	-
-	-	-	78,378	3,505	-
<u>8,000</u>	<u>88,710</u>	<u>39,974</u>	<u>78,378</u>	<u>3,505</u>	<u>26,791</u>
-	26,443	-	-	3,890	-
6,528	-	-	-	-	401
-	-	28,570	-	-	-
-	-	-	1,061	-	-
-	-	-	-	-	-
-	26,209	1,640	-	-	21,500
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,528</u>	<u>52,652</u>	<u>30,210</u>	<u>1,061</u>	<u>3,890</u>	<u>21,901</u>
-	-	-	-	-	-
<u>1,472</u>	<u>36,058</u>	<u>9,764</u>	<u>77,317</u>	<u>(385)</u>	<u>4,890</u>
1,472	36,058	9,764	77,317	(385)	4,890
<u>22,551</u>	<u>632,435</u>	<u>21,243</u>	<u>11,874</u>	<u>61,941</u>	<u>155,977</u>
<u>\$ 24,023</u>	<u>\$ 668,493</u>	<u>\$ 31,007</u>	<u>\$ 89,191</u>	<u>\$ 61,556</u>	<u>\$ 160,867</u>

LIBERTY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 3 of 3)
For the Year Ended September 30, 2009

	Special Revenue Funds			
	CSCD Civil Fees	CDBG Disaster Recovery	Infectious Disease	CDBG
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	250,101	-	189,076
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	-	250,101	-	189,076
Expenditures				
Current:				
General government	-	-	-	201,301
Judicial	2,394	-	-	-
Legal	-	-	-	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Other	-	-	-	-
Capital outlay	-	276,918	-	-
Debt Service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	2,394	276,918	-	201,301
Other Financing Sources				
Bonds issued	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,394)	(26,817)	-	(12,225)
Net Change in Fund Balances	(2,394)	(26,817)	-	(12,225)
Beginning Fund Balances	-	72,287	8,845	125,924
Ending Fund Balances	\$ (2,394)	\$ 45,470	\$ 8,845	\$ 113,699

<u>Special Revenue Funds</u>		<u>Capital Project Fund</u>	<u>Total Nonmajor Special Revenue and Capital Project Funds</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Supplemental Environmental Project</u>	<u>TDHCA Home Program</u>	<u>Capital Projects</u>			
\$ -	\$ -	\$ -	\$ -	\$ 1,842,081	\$ 1,842,081
-	61,574	-	970,530	-	970,530
-	-	-	96,803	-	96,803
-	-	-	800,345	-	800,345
-	-	150,467	150,467	43,874	194,341
-	-	-	81,999	-	81,999
-	61,574	150,467	2,100,144	1,885,955	3,986,099
-	-	-	236,172	-	236,172
-	-	-	165,227	-	165,227
-	-	-	48,116	-	48,116
-	24,838	-	644,224	-	644,224
-	-	4,224,184	4,273,470	-	4,273,470
-	-	-	29,350	-	29,350
-	-	186,769	543,038	412,293	955,331
-	-	-	-	1,255,000	1,255,000
-	-	71,979	71,979	574,295	646,274
-	24,838	4,482,932	6,011,576	2,241,588	8,253,164
-	-	5,000,000	5,000,000	-	5,000,000
-	36,736	667,535	1,088,568	(355,633)	732,935
-	36,736	667,535	1,088,568	(355,633)	732,935
900	(42,236)	2,763,494	6,228,922	417,558	6,646,480
\$ 900	\$ (5,500)	\$ 3,431,029	\$ 7,317,490	\$ 61,925	\$ 7,379,415

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LIBERTY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LAND ACQUISITION FUND
For the Year Ended September 30, 2009

	Budgeted Amounts		Variance with Final Budget
	Original and Final	Actual Amounts	Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 300,000	\$ 369,510	\$ 69,510
Total Revenues	300,000	369,510	69,510
<u>Expenditures</u>			
Public transportation:			
Rural addressing - 911	25,000	3,453	21,547
Road and bridge	50,000	-	50,000
Right-of-way expenses	100,000	45,833	54,167
Total Expenditures	175,000	49,286	125,714
Net Change in Fund Balance	\$ 125,000	320,224	\$ 195,224
Beginning Fund Balance		1,278,222	
Ending Fund Balance		\$ 1,598,446	

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

For the Year Ended September 30, 2009

	<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	\$ 63,000	\$ 56,216	\$ (6,784)
Total Revenues	<u>63,000</u>	<u>56,216</u>	<u>(6,784)</u>
<u>Expenditures</u>			
Judicial:			
Salaries and benefits	57,421	57,685	(264)
Office expense and supplies	579	1,074	(495)
Education and training	2,500	2,562	(62)
Capital outlay	<u>2,500</u>	<u>1,137</u>	<u>1,363</u>
Total Expenditures	<u>63,000</u>	<u>62,458</u>	<u>542</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(6,242)</u>	<u>\$ (6,242)</u>
Beginning Fund Balance		<u>96,807</u>	
Ending Fund Balance		<u>\$ 90,565</u>	

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

For the Year Ended September 30, 2009

	Budgeted Amounts		Variance with Final Budget
	Original and Final	Actual Amounts	Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 48,000	\$ 45,059	\$ (2,941)
Total Revenues	48,000	45,059	(2,941)
<u>Expenditures</u>			
Judicial:			
Salaries and benefits	7,500	690	6,810
Office expense and supplies	2,000	668	1,332
Law books	27,500	36,946	(9,446)
Copier lease	9,000	1,631	7,369
Office lease	2,000	9,000	(7,000)
Total Expenditures	48,000	48,935	(935) *
Net Change in Fund Balance	\$ -	(3,876)	\$ (3,876)
Beginning Fund Balance		38,390	
Ending Fund Balance		\$ 34,514	

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
COMMISSIONERS' COURT RECORDS MANAGEMENT FUND
For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>	<u>Original and Final</u>		<u>Amounts</u>	<u>(Negative)</u>
Fines and forfeitures	\$ 31,000		\$ 29,616	\$ (1,384)
Total Revenues	31,000		29,616	(1,384)
 <u>Expenditures</u>				
General government:				
Office expense and supplies	40,000		4,538	35,462
Capital outlay	20,000		-	20,000
Total Expenditures	60,000		4,538	55,462
Net Change in Fund Balance	\$ (29,000)		25,078	\$ 54,078
Beginning Fund Balance			257,416	
Ending Fund Balance			\$ 282,494	

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, 2009

	<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>			
Intergovernmental	\$ 62,000	\$ 84,680	\$ 22,680
Total Revenues	<u>62,000</u>	<u>84,680</u>	<u>22,680</u>
<u>Expenditures</u>			
Judicial:			
Salaries and benefits	47,800	45,648	2,152
Total Expenditures	<u>47,800</u>	<u>45,648</u>	<u>2,152</u>
Net Change in Fund Balance	<u>\$ 14,200</u>	39,032	<u>\$ 24,832</u>
Beginning Fund Balance		<u>402,259</u>	
Ending Fund Balance		<u>\$ 441,291</u>	

LIBERTY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DISTRICT CLERK RECORDS MANAGEMENT FUND
For the Year Ended September 30, 2009

	Budgeted Amounts		Variance with Final Budget
	Original and Final	Actual Amounts	Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 8,500	\$ 8,000	\$ (500)
Total Revenues	8,500	8,000	(500)
<u>Expenditures</u>			
Judicial:			
Office expense and supplies	6,000	6,528	(528)
Capital outlay	2,500	-	2,500
Total Expenditures	8,500	6,528	1,972
Net Change in Fund Balance	\$ -	1,472	\$ 1,472
Beginning Fund Balance		22,551	
Ending Fund Balance		\$ 24,023	

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, 2009

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 90,000	\$ 88,710	\$ (1,290)
Total Revenues	90,000	88,710	(1,290)
<u>Expenditures</u>			
General government:			
Office expense and supplies	30,000	26,443	3,557
Equipment lease	10,000	-	10,000
Capital outlay	50,000	26,209	23,791
Total Expenditures	90,000	52,652	37,348
Net Change in Fund Balance	\$ -	36,058	\$ 36,058
Beginning Fund Balance		632,435	
Ending Fund Balance		\$ 668,493	

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, 2009

	Budgeted Amounts		Variance with Final Budget
	Original and Final	Actual Amounts	Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 58,000	\$ 39,974	\$ (18,026)
Total Revenues	58,000	39,974	(18,026)
 <u>Expenditures</u>			
Legal:			
Salaries and benefits	39,629	17,552	22,077
Office expense and supplies	12,500	2,268	10,232
Law books	4,500	8,750	(4,250)
Capital outlay	1,371	1,640	(269)
Total Expenditures	58,000	30,210	27,790
Net Change in Fund Balance	\$ -	9,764	\$ 9,764
Beginning Fund Balance		21,243	
Ending Fund Balance		\$ 31,007	

LIBERTY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
JP TECHNOLOGY FUND
For the Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original and Final</u>	<u>Actual Amounts</u>	
<u>Revenues</u>			
Fines and forfeitures	\$ 23,000	\$ 26,791	\$ 3,791
Total Revenues	<u>23,000</u>	<u>26,791</u>	<u>3,791</u>
<u>Expenditures</u>			
Judicial:			
Office expense and supplies	15,000	401	14,599
Capital outlay	<u>75,000</u>	<u>21,500</u>	<u>53,500</u>
Total Expenditures	<u>90,000</u>	<u>21,901</u>	<u>68,099</u>
Net Change in Fund Balance	<u>\$ (67,000)</u>	4,890	<u>\$ 71,890</u>
Beginning Fund Balance		<u>155,977</u>	
Ending Fund Balance		<u>\$ 160,867</u>	

LIBERTY COUNTY, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2009
With Comparative Totals for the Year Ended September 30, 2008

	2009			Variance with Final Budget Positive (Negative)	2008
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Revenues					
Taxes	\$ 1,804,491	\$ 1,804,491	\$ 1,842,081	\$ 37,590	\$ 1,385,997
Investment income	30,000	30,000	43,874	13,874	17,686
Total Revenues	<u>1,834,491</u>	<u>1,834,491</u>	<u>1,885,955</u>	<u>51,464</u>	<u>1,403,683</u>
Expenditures					
Capital outlay	412,293	412,293	412,293	-	377,935
Principal	1,115,000	1,115,000	1,255,000	(140,000) *	1,030,000
Interest and fiscal charges	307,198	307,198	574,295	(267,097) *	339,993
Total Expenditures	<u>1,834,491</u>	<u>1,834,491</u>	<u>2,241,588</u>	<u>(407,097)</u>	<u>1,747,928</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(355,633)	<u>\$ (355,633)</u>	<u>\$ (344,245)</u>
Beginning Fund Balance			<u>417,558</u>		
Ending Fund Balance			<u>\$ 61,925</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, 2009

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, 2009

	<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	\$ 280,453	\$ 607,515	\$ 1,290	\$ 42,247
Due from other funds	17,226	-	-	-
Accounts receivable	3,937	-	-	-
Total Assets	<u>\$ 301,616</u>	<u>\$ 607,515</u>	<u>\$ 1,290</u>	<u>\$ 42,247</u>
<u>Liabilities</u>				
Accounts payable	\$ 2,857	\$ 1,427	\$ -	\$ -
Due to other governments	298,759	-	-	-
Due to other funds	-	-	-	-
Due to other units	-	606,088	1,290	42,247
Total Liabilities	<u>\$ 301,616</u>	<u>\$ 607,515</u>	<u>\$ 1,290</u>	<u>\$ 42,247</u>

<u>County Officials</u> <u>Escrow</u>	<u>Fine and Bond</u>	<u>Inmate Release</u>	<u>Total Agency</u> <u>Funds</u>
\$ 7,049,226	\$ 2,285	\$ 67,729	\$ 8,050,745
-	-	-	17,226
2,696	-	-	6,633
<u>\$ 7,051,922</u>	<u>\$ 2,285</u>	<u>\$ 67,729</u>	<u>\$ 8,074,604</u>
\$ -	\$ -	\$ -	\$ 4,284
-	2,285	-	301,044
290,188	-	-	290,188
6,761,734	-	67,729	7,479,088
<u>\$ 7,051,922</u>	<u>\$ 2,285</u>	<u>\$ 67,729</u>	<u>\$ 8,074,604</u>

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