

ANNUAL FINANCIAL REPORT

of

CHAMBERS COUNTY, TEXAS

Fiscal Year Ended
December 31, 2008

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CHAMBERS COUNTY, TEXAS

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CHAMBERS COUNTY, TEXAS

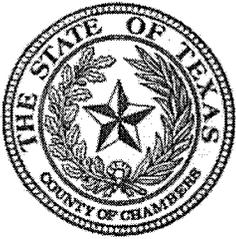
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INTRODUCTORY SECTION

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CHAMBERS COUNTY AUDITOR

Jerry Sparks P.O. Box 910 Anahuac, Texas 77514 (409) 267-8282

January 15, 2010

The Honorable County Judge,
Members of the Commissioners' Court, and
Citizens of Chambers County:

The County Auditor's office is pleased to submit the Annual Financial Report for Chambers County, Texas (the "County"), for the fiscal year ended December 31, 2008.

This report was prepared to provide the Commissioners' Court, County staff, our citizens, our bondholders, and other interested parties with detailed information concerning the financial condition and activities of the County government. 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 Chambers County financial statements have been audited by Belt Harris & Associates, L.L.P., 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 December 31, 2008 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management and evaluating the overall financial 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 December 31, 2008 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 Chambers 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). The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found in the Financial Section of the Annual Financial Report.

PROFILE OF CHAMBERS COUNTY

Chambers County was created in 1838, and is located in southeast Texas between Harris and Jefferson Counties. The County occupies an area of 613.5 square miles of land and 294.4 square miles of water and serves a population of 28,771.

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 financial reporting entity of Chambers County includes all of the funds of the County. The County provides a full range of services including police protection, legal and judicial services, and construction and maintenance of roads and bridges. The transactions of all elected county, district, and precinct officers are also included. Although these officials are responsible solely to the electorate, the officials receive funding for the operation of their departments from the Commissioners' Court, which has discretion over those expenditures.

The annual budget serves as the foundation for Chambers County's financial planning and control. All departments of the County are required to submit 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 the general, debt service, and road and bridge funds.

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 Chambers County operates.

Local Economy – The County is diverse in its economic makeup. Government is a significant job source for the area, while additional employment focuses on agribusiness, including ranching, rice and soybean farming, and also the commercial fishing industry. Throughout the County, there are numerous petrochemical plants, construction and service industries, and a growing number of retail and manufacturing businesses, which all play a part in the County's economy.

The 2000 census for Chambers County reported the population at 26,031. Based on the census of 1990, the population was 20,088. As a result, the ten-year period reflected a 30 percent increase in population growth. The 2007 population was estimated at 28,771. The 2007 fiscal year total certified property values for Chambers County were set at \$4.84 billion for the year, a 12.2 percent increase from the previous year. Additionally, the 2008 fiscal year total property values were certified at \$5.77 billion or a 19.1 percent increase over 2007.

Environmentally, Chambers County is in viable condition, having suffered relatively little natural degradation and alteration from outside development. The salt grass prairie marsh and the shoreline around Galveston and Trinity Bay host a rich wildlife community attracting hunters, bird watchers, and other outdoors enthusiasts. Anahuac National Wildlife Refuge and the Moody National Wildlife Refuge, combined with the State of Texas' Candy Abshier Wildlife Management Area, create an area of over 38,000 acres of sustained natural resources. The Parks System of Chambers County includes over 260 acres of developed parks and

recreational areas mainly being located along the County's 164 miles of navigable waterways. As a result of the existing environmental quality and the abundance of natural resources, Chambers County will continue to be positioned for growth and prosperity in the future.

Long-Term Financial Planning – Chambers County records reflect modest debt levels and improving reserve levels that have benefited from sound fiscal management practices. The County practices conservative budgeting and set general fund reserve targets at 10 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.

The incinerator operation of the solid waste fund has subsequently been sold, with major positive financial implications for Chambers County. A major portion of the long-term debt will be defeased with the proceeds, with substantial funds remaining for general fund reserve improvement as well as future capital expansion needs.

Chambers County has identified several long-term issues that need to be studied and funded by Commissioners' Court. These issues include the improved fortification of the Courthouse in light of the recent storms that affected the County. Additionally, roads continue to need improvements due to increasing traffic patterns. Court security in all County annexes has become an increasing concern. General facility improvements throughout the County have been discussed and should receive major consideration within the next budget cycle.

Cash Management – The County has developed a formal investment policy that is consistent with State statutes. The policy states that the County will use the "prudent person rule" in investment decisions. The objectives of the County policy are to ensure the safety of the principal, maintain adequate liquidity, and yield the highest possible return subject to the first two principles. Cash during the year was invested according to policy guidelines.

The County's current depository contract remains with Anahuac National Bank in Anahuac, Texas.

Risk Management – Chambers County provides for property loss exposures through commercial insurance coverage, which includes: property damage, general liability, automobile liability, select equipment and automobile physical damage, aviation damage and liability, law enforcement liability, environmental pollution liability, officials' errors and omissions liability, and liability of certain construction projects as needed. Coverage provides officials and employees with the right to be reimbursed for damages, court costs, and costs of legal defense of suits in certain circumstances, when related to their official County duties.

The County purchases liability insurance and claims administration services for workers' compensation from a third-party administrator. A safety committee meets monthly to address safety issues and provide recommendations for the court to consider. The committee is chaired by the assistant county engineer and consists of at least one employee from all departments within the County.

The County provides medical and dental benefits to employees and their dependents through risk retention. Funds are recognized from payroll deductions for employee dependent coverage and from County contributions for employee coverage.

Pension and Other Post-Employment Benefits – Chambers 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.

OTHER INFORMATION

Independent Audit – In compliance with Texas Local Government Code Section 115.045, the County's financial records have been audited by independent certified public accountants and their report has been

included in this report.

Acknowledgments – We express our appreciation and thanks to the members of the Commissioners' Court and all County employees who have given their support in planning and conducting the financial operations of Chambers County in a responsible manner. A special recognition should be given to the efficient and dedicated efforts of the staff of the County Auditor's Office, without whom this preparation would not be possible. We also express our gratitude to the accounting firm of Belt Harris & Associates, LLLP, Certified Public Accountants, for sharing their knowledge, and extending their cooperation and support to the County Auditor's Office.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jerry Sparks". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jerry Sparks
County Auditor

CHAMBERS COUNTY, TEXAS
LIST OF ELECTED AND APPOINTED OFFICIALS
December 31, 2008

COMMISSIONERS' COURT:

| | |
|-------------------------|---------------------------|
| Jimmy Sylvia | County Judge |
| Mark Huddleston | Commissioner, Precinct #1 |
| David "Bubba" Abernathy | Commissioner, Precinct #2 |
| Gary R. Nelson | Commissioner, Precinct #3 |
| W.O. "Bill" Wallace | Commissioner, Precinct #4 |

JUDICIAL:

| | |
|--------------|-------------------|
| Cheryl Lieck | District Attorney |
| Patti Henry | District Clerk |

COUNTY COURT AT LAW:

| | |
|----------------------|----------------------------|
| N/A | Judge, County Court at Law |
| Heather H. Hawthorne | County Clerk |

JUSTICE COURTS:

| | |
|------------------------|-------------------------------|
| Yale Devillier | Justice of Peace, Precinct #1 |
| Randy Van Deventer | Justice of Peace, Precinct #2 |
| Tracy Woody | Justice of Peace, Precinct #3 |
| Dennis McMurrey | Justice of Peace, Precinct #4 |
| R.M "Bob" Wallace, Sr. | Justice of Peace, Precinct #5 |
| Larry Cryer | Justice of Peace, Precinct #6 |

LAW ENFORCEMENT:

| | |
|--------------------------|------------------------|
| Joe LaRive | County Sheriff |
| Dennis Dugat | Constable, Precinct #1 |
| Don R. Langford | Constable, Precinct #2 |
| Donnie Standley | Constable, Precinct #3 |
| Ben L. "Butch" Bean | Constable, Precinct #4 |
| Cecil R. "Popeye" Oldham | Constable, Precinct #5 |
| Robert Barrow | Constable, Precinct #6 |

FINANCIAL ADMINISTRATION:

| | |
|---------------|------------------------|
| Margie Henry | Tax Assessor/Collector |
| Carren Sparks | County Treasurer |
| Jerry Sparks | County Auditor* |

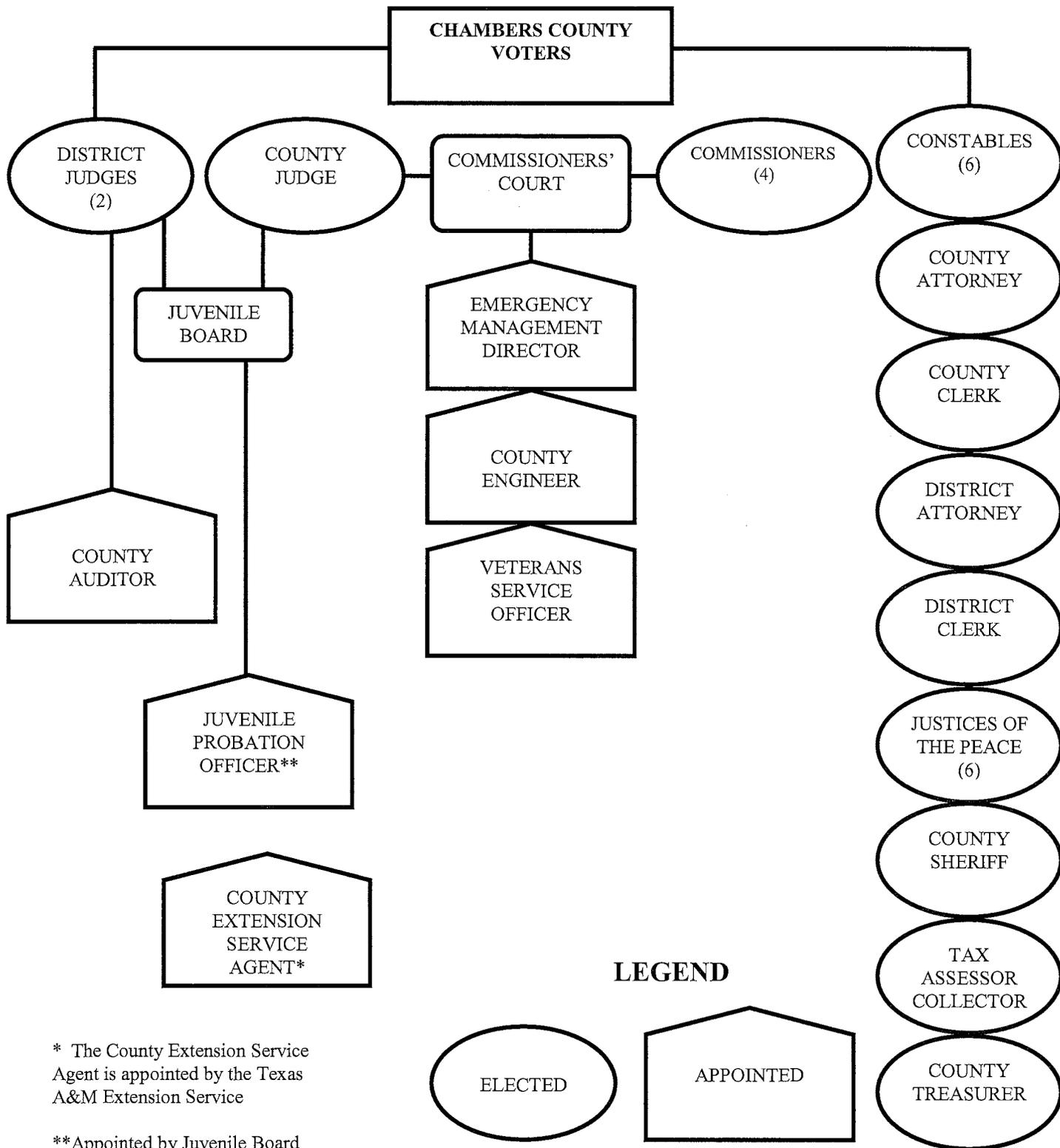
*Designated appointed official. All others are elected.

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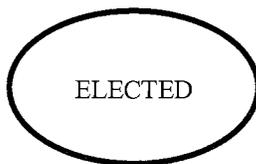
CHAMBERS COUNTY, TEXAS

ORGANIZATIONAL CHART

December 31, 2008



LEGEND



* The County Extension Service Agent is appointed by the Texas A&M Extension Service

**Appointed by Juvenile Board

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Chambers County, Texas (the "County") as of and for the year ended December 31, 2008, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States of America.

The Management's Discussion and Analysis on pages 21 through 28, budgetary comparison information on pages 75 through 81, and schedules of funding progress on pages 82 through 83 are not a required part 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 15, 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 assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The 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.

Belt Harris & Associates, LLLP

Belt Harris & Associates, LLLP

Certified Public Accountants

Houston, Texas

January 15, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

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CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2008

The following Management's Discussion and Analysis ("MD&A") of Chambers County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2008. This overview is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the County's financial activity, (c) identify changes in the County's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Please consider the information presented here in conjunction with the transmittal letter on pages 7-10 and the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

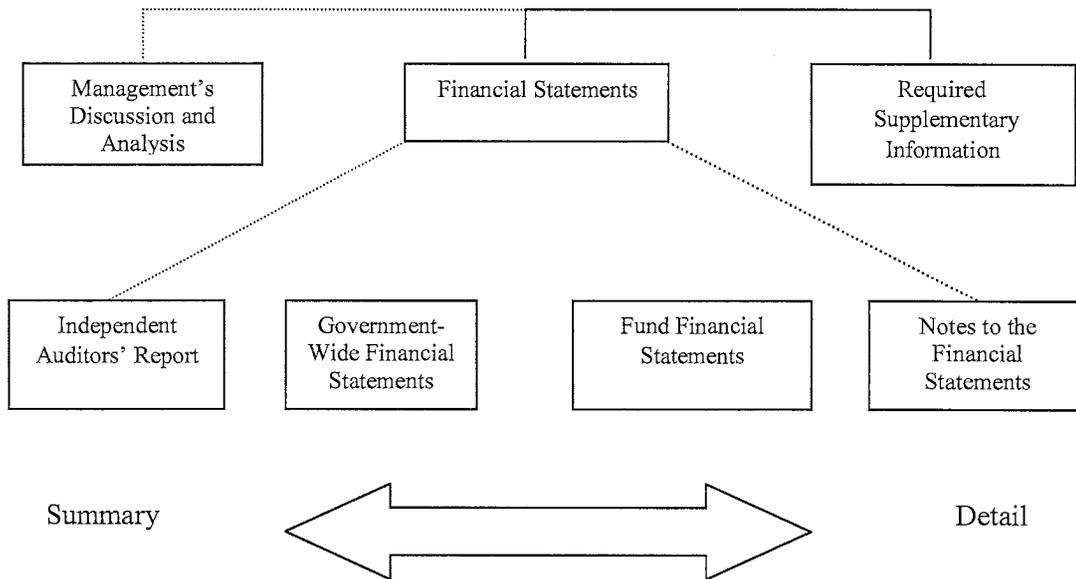
The general fund, on a current financial resource basis (fund level), reported revenues over expenditures and other financing sources and uses of \$14,373,161, as compared to a planned budget increase of \$209,253. Total budget variances resulted in a positive variance of \$15,169,248 after transfers.

On a government-wide basis for governmental activities, the County had expenses net of program revenue of \$23,207,934. General revenues of \$51,470,687 were \$28,262,753 greater than expenses net of program revenue.

The County's total net assets, on the government-wide basis, totaled \$51,844,234 at December 31, 2008.

THE STRUCTURE OF OUR ANNUAL REPORT

Components of the Financial Section



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

CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended December 31, 2008

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. One of the most important questions asked about the County's finances is, "Is the County as a whole better or worse off as a result of this year's activity?" The Statement of Net Assets and the Statement of Activities, which are the government-wide statements, report information about the County as a whole and about its activities in a way that help answer this question. These statements include all assets and liabilities on the accrual basis of accounting, which is similar to the basis of accounting used by most private sector entities. All current year revenues and expenses are taken into account regardless of when the cash is received or paid.

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

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

The Statement of Net Assets and the Statement of Activities divide the County into two classes of activities:

Governmental Activities - Most of the County's basic services are reported here such as general government, financial administration, justice system, health and welfare, cultural and recreational, law enforcement and public safety, transportation and, interest and fiscal agent fees on long-term debt.

Business-Type Activities - Services involving a fee for those services are reported within this class. These services include the County's solid waste collection, airport, and golf course.

The government-wide financial statements can be found on pages 31 through 33 of this report.

FUND FINANCIAL STATEMENTS

Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is on the County's most significant funds. The fund financial statements provide more information about the County's most significant funds - not the County as a whole.

The County has three types of funds:

Governmental Funds - Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's major programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation is provided along with the basic financial statements that explains the relationship or differences between them.

Proprietary Funds - The County maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended December 31, 2008

The County uses enterprise funds to account for its solid waste collection, airport, and golf course operations. The proprietary fund financial statements provide separate information for the solid waste collection, airport, and golf course funds. The proprietary fund financial statements can be found in the basic financial statements of this report.

The County also uses an internal service fund to account for its self-insurance health program. This internal service fund has been included within governmental activities in the government-wide financial statements.

Fiduciary Funds – These 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 statement 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 can be found on pages 51 through 74 of this report.

Other Information – In addition to basic financial statements, this MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI that GASB Statement No. 34 requires includes budgetary comparison schedules for the general fund and road and bridge fund as well as a schedule of funding progress for the Texas County and District Retirement System (TCDRS) and Post-Employment Healthcare Benefits. RSI can be found on pages 75 through 83.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

In accordance with GASB Statement No. 34, the County is providing comparative information. A comparative analysis of government-wide information is presented on the following page.

CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended December 31, 2008

Statement of Net Assets:

The following table reflects the condensed Statement of Net Assets:

| | 2008 | | | 2007 | | |
|--|----------------------------|-----------------------------|----------------------|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total | Governmental Activities | Business-Type Activities | Total |
| Current and other assets | \$ 87,836,626 | \$ 2,496,116 | \$ 90,332,742 | \$ 50,348,293 | \$ 890,756 | \$ 51,239,049 |
| Capital assets, net | 22,153,873 | 4,459,285 | 26,613,158 | 19,683,042 | 13,766,986 | 33,450,028 |
| Total Assets | 109,990,499 | 6,955,401 | 116,945,900 | 70,031,335 | 14,657,742 | 84,689,077 |
| Other liabilities | 39,678,961 | 393,319 | 40,072,280 | 29,077,207 | 465,133 | 29,542,340 |
| Long-term liabilities | 20,454,703 | 4,574,683 | 25,029,386 | 19,360,046 | 4,020,524 | 23,380,570 |
| Total Liabilities | 60,133,664 | 4,968,002 | 65,101,666 | 48,437,253 | 4,485,657 | 52,922,910 |
| Net Assets: | | | | | | |
| Invested in capital assets, net of related debt | 2,165,138 | 4,459,285 | 6,624,423 | 754,602 | 13,760,086 | 14,514,688 |
| Restricted | 20,256,998 | - | 20,256,998 | 7,647,943 | - | 7,647,943 |
| Unrestricted | 27,434,699 | (2,471,886) | 24,962,813 | 13,191,537 | (3,588,001) | 9,603,536 |
| Total Net Assets | \$ 49,856,835 | \$ 1,987,399 | \$ 51,844,234 | \$ 21,594,082 | \$ 10,172,085 | \$ 31,766,167 |

A large portion of the primary government's net assets, \$20,256,998 or 39 percent, represents resources that are subject to external restriction on how they may be used. The balance of unrestricted net assets, \$24,962,813 or 48 percent, may be used to meet the County's ongoing obligation to citizens and creditors.

The County's total net assets increased to \$51,844,234 from \$31,766,167 when compared to the prior year. Total assets increased significantly by \$32,256,823 due to increased cash related to the sale of the County's incinerator facility. Other liabilities increased by \$12,178,756 primarily due to hurricane clean up expenditures accrued at year end.

CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended December 31, 2008

Statement of Activities

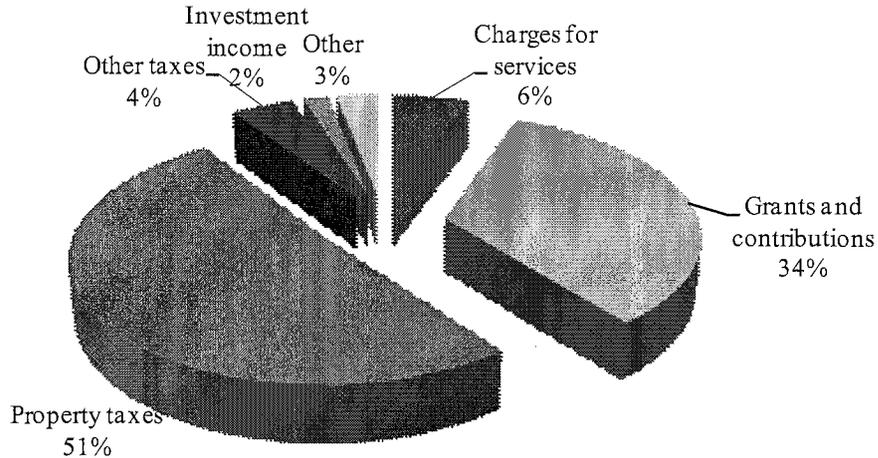
The following table provides a summary of the County's changes in net assets:

| | For the Year Ended December 31, 2008 | | | For the Year Ended December 31, 2007 | | |
|-----------------------------------|--------------------------------------|--------------------------|--------------------------|--------------------------------------|--------------------------|--------------------------|
| | Governmental Activities | Business-Type Activities | Total Primary Government | Governmental Activities | Business-Type Activities | Total Primary Government |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 3,067,831 | \$ 6,241,157 | \$ 9,308,988 | \$ 3,539,616 | \$ 3,175,859 | \$ 6,715,475 |
| Grants and contributions | 18,324,842 | - | 18,324,842 | 1,797,945 | - | 1,797,945 |
| General revenues: | | | | | | |
| Property taxes | 27,663,150 | - | 27,663,150 | 26,315,379 | - | 26,315,379 |
| Other taxes | 2,503,386 | - | 2,503,386 | 2,254,567 | - | 2,254,567 |
| Investment income | 991,117 | 45,427 | 1,036,544 | 1,195,703 | - | 1,195,703 |
| Other | 1,636,837 | - | 1,636,837 | 2,612,312 | 39,695 | 2,652,007 |
| Gain on sale of asset | - | 11,948,780 | 11,948,780 | - | - | - |
| Total Revenues | 54,187,163 | 18,235,364 | 72,422,527 | 37,715,522 | 3,215,554 | 40,931,076 |
| Expenses | | | | | | |
| General government | 18,190,543 | - | 18,190,543 | 2,813,797 | - | 2,813,797 |
| Financial administration | 1,629,787 | - | 1,629,787 | 1,494,969 | - | 1,494,969 |
| Justice system | 3,924,560 | - | 3,924,560 | 3,592,479 | - | 3,592,479 |
| Health and welfare | 3,569,169 | - | 3,569,169 | 2,889,646 | - | 2,889,646 |
| Culture and recreational | 2,369,221 | - | 2,369,221 | 2,095,927 | - | 2,095,927 |
| Law enforcement and public safety | 7,340,958 | - | 7,340,958 | 6,561,730 | - | 6,561,730 |
| Transportation | 6,695,333 | - | 6,695,333 | 5,702,232 | - | 5,702,232 |
| Interest and other | 881,036 | - | 881,036 | 782,778 | - | 782,778 |
| Solid waste | - | 6,733,334 | 6,733,334 | - | 5,949,704 | 5,949,704 |
| Airport | - | 460,504 | 460,504 | - | 362,934 | 362,934 |
| Golf course | - | 550,015 | 550,015 | - | 493,472 | 493,472 |
| Total Expenses | 44,600,607 | 7,743,853 | 52,344,460 | 25,933,558 | 6,806,110 | 32,739,668 |
| Change in Net Assets | | | | | | |
| Before Transfers | 9,586,556 | 10,491,511 | 20,078,067 | 11,781,964 | (3,590,556) | 8,191,408 |
| Transfers | 18,676,197 | (18,676,197) | - | (4,070,735) | 4,070,735 | - |
| Total | 18,676,197 | (18,676,197) | - | (4,070,735) | 4,070,735 | - |
| Change in Net Assets | 28,262,753 | (8,184,686) | 20,078,067 | 7,711,229 | 480,179 | 8,191,408 |
| Beginning Net Assets | 21,594,082 | 10,172,085 | 31,766,167 | 13,882,853 | 9,691,906 | 23,574,759 |
| Ending Net Assets | \$ 49,856,835 | \$ 1,987,399 | \$ 51,844,234 | \$ 21,594,082 | \$ 10,172,085 | \$ 31,766,167 |

CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
 For the Year Ended December 31, 2008

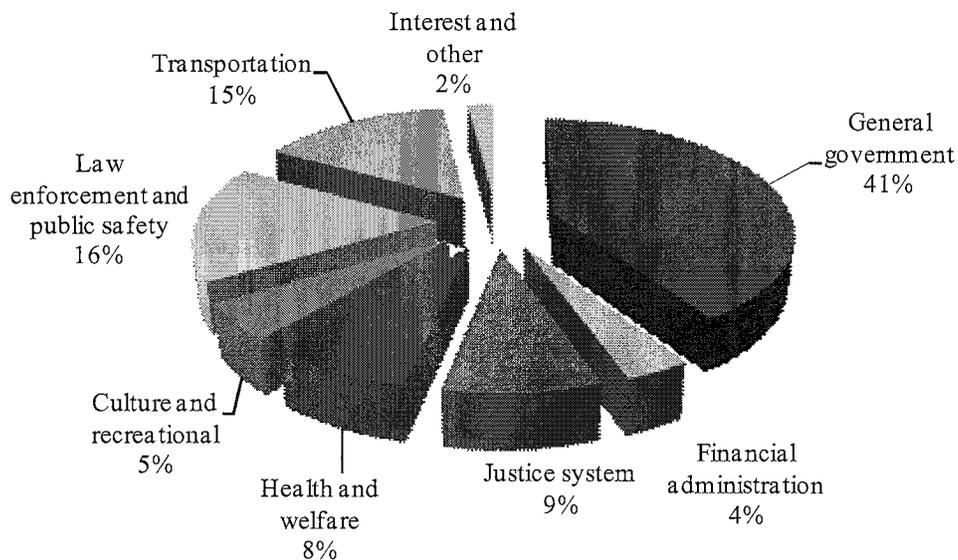
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the County's activities.

Governmental Activities - Revenues



Total governmental activity revenues increased by \$16,471,641 over the prior year. This increase is primarily the result of federal grant reimbursements related to Hurricane Ike debris clean up.

Governmental Activities - Expenses

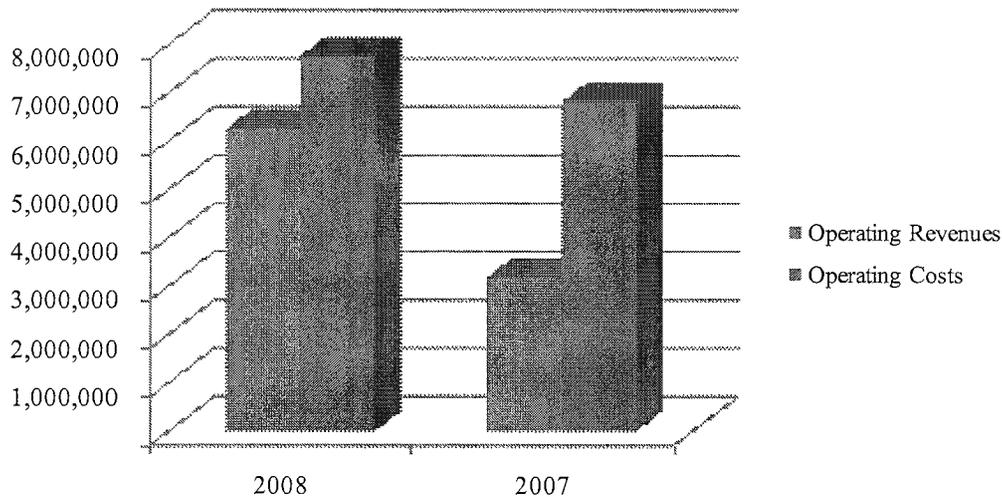


Governmental expenses have increased by \$18,667,049 from the prior year due to overtime salaries and debris clean up related to Hurricane Ike.

CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended December 31, 2008

Business-type activities are shown comparing operating costs to revenues generated by related services.

Business-type Activities
Revenue vs. Costs



Total business-type revenue increased by \$15,019,810 over the prior year. This is due to the sale of the incinerator facility near the end of the year and greater revenues received related to the incinerator facility during the year. Expenses remained relatively stable when compared to 2007.

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 expendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

The County's governmental funds reflect a combined fund balance of \$45,237,903. Of this, \$24,646,468 is unreserved and available for day-to-day operations of the County, \$13,160,222 is reserved for debt service, and \$7,328,386 is reserved for endowments/trusts.

There was an increase in the combined fund balance of \$26,401,534 over the prior year. Included in this amount are increases of \$14,373,161 in the general fund, \$12,524,132 in the debt service fund and \$316,533 in the permanent school fund. The general and debt service funds have increased due to transfers in related to the sale of the incinerator facility. Funds have been transferred to pay debt service in the subsequent year.

The road and bridge fund had a decrease in fund balance of \$988,994 for the year. This decrease is primarily related to higher than expected debris removal expenditures, resulting from Hurricane Ike. Total fund balance was \$2,172,491 at year end.

Debt service fund payments totaled \$2,663,165 for the year.

CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended December 31, 2008

Proprietary Funds - The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual general fund revenues were greater than final budgeted revenues by \$4,005,088 during the year. This increase is primarily attributable to higher intergovernmental revenue and taxes received than the anticipated amount in the final budget. Actual expenditures were \$1,306,479 less than budgeted resulting in a total positive budget variance of \$5,311,567 before other financing sources and uses.

CAPITAL ASSETS

At the end of the year, the County's governmental activities funds had invested \$22,153,873 in a variety of capital assets and infrastructure, net of depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34.

Major capital asset events during the current year include the following:

- New cell construction for the County landfill in the amount of \$824,835;
- Road construction related to Kilgore Parkway in the amount of \$325,818;
- Road construction related to Highway 1409 in the amount of \$334,065;
- Sale of the incinerator for \$25,000,000.

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

LONG-TERM DEBT

At the end of the year, the County reported total bonds, certificates of obligation, notes, and capital leases outstanding of \$19,988,735 net of issuance premiums, discounts and deferred charges. The County issued \$3,000,000 in tax notes in fiscal year 2008.

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

All of the County's bond issues have been successful in qualifying for bond insurance resulting in ratings of "BAA" and "AAA" by Moody's and Standard & Poors, respectively.

ECONOMIC FACTORS

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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the County's finances. Questions concerning this report or requests for additional financial information should be directed to Jerry Sparks, County Auditor, Chambers County, 404 Washington Ave., Anahuac, Texas 77514.

BASIC FINANCIAL STATEMENTS

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CHAMBERS COUNTY, TEXAS

STATEMENT OF NET ASSETS

December 31, 2008

| | Primary Government | | |
|--|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Assets | | | |
| Cash and cash equivalents | \$ 36,771,641 | \$ 75,361 | \$ 36,847,002 |
| Investments | 3,304,500 | - | 3,304,500 |
| Receivables, net | 26,835,998 | 2,922,318 | 29,758,316 |
| Internal balances | 535,009 | (535,009) | - |
| Due from other governments | 12,380,384 | - | 12,380,384 |
| Inventory | 102,827 | 31,486 | 134,313 |
| Prepays | 168,853 | 1,960 | 170,813 |
| Deferred charges | 409,028 | - | 409,028 |
| Restricted cash | 4,473,920 | - | 4,473,920 |
| Restricted investments | 2,854,466 | - | 2,854,466 |
| Total Current Assets | 87,836,626 | 2,496,116 | 90,332,742 |
| Capital assets: | | | |
| Non-depreciable | 2,554,319 | 1,782,943 | 4,337,262 |
| Net depreciable capital assets | 19,599,554 | 2,676,342 | 22,275,896 |
| | 22,153,873 | 4,459,285 | 26,613,158 |
| Total Assets | 109,990,499 | 6,955,401 | 116,945,900 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 10,762,538 | 393,319 | 11,155,857 |
| Deferred property tax revenue | 28,314,779 | - | 28,314,779 |
| Accrued interest payable | 231,610 | - | 231,610 |
| Net OPEB obligation | 370,034 | - | 370,034 |
| Total Current Liabilities | 39,678,961 | 393,319 | 40,072,280 |
| Noncurrent liabilities: | | | |
| Due within one year | 3,133,986 | - | 3,133,986 |
| Due in more than one year | 17,320,717 | 4,574,683 | 21,895,400 |
| Total Noncurrent Liabilities | 20,454,703 | 4,574,683 | 25,029,386 |
| Total Liabilities | 60,133,664 | 4,968,002 | 65,101,666 |
| Net Assets | | | |
| Invested in capital assets, net of related debt | 2,165,138 | 4,459,285 | 6,624,423 |
| Restricted for: | | | |
| Debt service | 12,928,612 | - | 12,928,612 |
| Endowments/trusts | 7,328,386 | - | 7,328,386 |
| Unrestricted | 27,434,699 | (2,471,886) | 24,962,813 |
| Total Net Assets | \$ 49,856,835 | \$ 1,987,399 | \$ 51,844,234 |

See Notes to Financial Statements.

CHAMBERS COUNTY, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2008

| Functions/Programs | Expenses | Program Revenues | |
|---------------------------------------|----------------------|-------------------------|--|
| | | Charges for Services | Operating Grants and Contributions |
| Primary Government | | | |
| Governmental Activities | | | |
| General government | \$ 18,190,543 | \$ 1,529,752 | \$ 17,554,651 |
| Financial administration | 1,629,787 | - | - |
| Justice system | 3,924,560 | 280,277 | 172,333 |
| Health and welfare | 3,569,169 | - | 317,720 |
| Culture and recreational | 2,369,221 | - | 8,269 |
| Law enforcement and public safety | 7,340,958 | 146,571 | 207,919 |
| Transportation | 6,695,333 | 1,111,231 | 63,950 |
| Interest and other | 881,036 | - | - |
| Total Governmental Activities | 44,600,607 | 3,067,831 | 18,324,842 |
| Business-Type Activities | | | |
| Solid waste | 6,733,334 | 5,445,811 | - |
| Airport | 460,504 | 469,752 | - |
| Golf course | 550,015 | 325,594 | - |
| Total Business-Type Activities | 7,743,853 | 6,241,157 | - |
| Total Primary Government | \$ 52,344,460 | \$ 9,308,988 | \$ 18,324,842 |

General Revenues:

- Property taxes
- Other taxes
- Investment income
- Other
- Transfers, net
- Gain on sale of asset

Beginning Net Assets

Ending Net Assets

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Assets

Primary Government

| Governmental Activities | Business-Type Activities | Total |
|------------------------------------|-------------------------------------|----------------------|
| \$ 893,860 | \$ - | \$ 893,860 |
| (1,629,787) | - | (1,629,787) |
| (3,471,950) | - | (3,471,950) |
| (3,251,449) | - | (3,251,449) |
| (2,360,952) | - | (2,360,952) |
| (6,986,468) | - | (6,986,468) |
| (5,520,152) | - | (5,520,152) |
| (881,036) | - | (881,036) |
| <u>(23,207,934)</u> | <u>-</u> | <u>(23,207,934)</u> |
| - | (1,287,523) | (1,287,523) |
| - | 9,248 | 9,248 |
| - | (224,421) | (224,421) |
| - | (1,502,696) | (1,502,696) |
| <u>(23,207,934)</u> | <u>(1,502,696)</u> | <u>(24,710,630)</u> |
| 27,663,150 | - | 27,663,150 |
| 2,503,386 | - | 2,503,386 |
| 991,117 | 45,427 | 1,036,544 |
| 1,636,837 | - | 1,636,837 |
| 18,676,197 | (18,676,197) | - |
| - | 11,948,780 | 11,948,780 |
| <u>51,470,687</u> | <u>(6,681,990)</u> | <u>44,788,697</u> |
| 28,262,753 | (8,184,686) | 20,078,067 |
| <u>21,594,082</u> | <u>10,172,085</u> | <u>31,766,167</u> |
| <u>\$ 49,856,835</u> | <u>\$ 1,987,399</u> | <u>\$ 51,844,234</u> |

CHAMBERS COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2008

| | General | Road and Bridge | Debt Service | Permanent Fund |
|---|----------------------|---------------------|----------------------|---------------------|
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 15,228,580 | \$ 1,847,346 | \$ 13,051,652 | \$ - |
| Investments | - | - | 233,800 | - |
| Receivables, net | 18,033,250 | 4,449,437 | 2,508,958 | - |
| Due from other funds | 3,714,539 | 832,048 | - | - |
| Due from other governments | 11,088,595 | 455,633 | 238,254 | - |
| Inventory | 77,257 | 25,570 | - | - |
| Restricted cash | - | - | - | 4,473,920 |
| Restricted investments | - | - | - | 2,854,466 |
| Total Assets | \$ 48,142,221 | \$ 7,610,034 | \$ 16,032,664 | \$ 7,328,386 |
| <u>Liabilities and Fund Balances</u> | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 9,439,975 | \$ 348,068 | \$ - | \$ - |
| Due to other funds | - | - | - | - |
| Deferred revenue | 20,645,808 | 5,089,475 | 2,872,442 | - |
| Total Liabilities | 30,085,783 | 5,437,543 | 2,872,442 | - |
| Fund Balances: | | | | |
| Reserved for: | | | | |
| Debt service | - | - | 13,160,222 | - |
| Reserved for endowments/trusts | - | - | - | 7,328,386 |
| Inventories | 77,257 | 25,570 | - | - |
| Unreserved, undesignated reported in: | | | | |
| General fund | 17,979,181 | - | - | - |
| Special revenue funds | - | 2,146,921 | - | - |
| Total Fund Balances | 18,056,438 | 2,172,491 | 13,160,222 | 7,328,386 |
| Total Liabilities and Fund Balances | \$ 48,142,221 | \$ 7,610,034 | \$ 16,032,664 | \$ 7,328,386 |

See Notes to Financial Statements.

| Nonmajor Governmental Funds | Total Governmental Funds |
|--|---|
| \$ 6,076,303 | \$ 36,203,881 |
| 1,870,700 | 2,104,500 |
| 487,841 | 25,479,486 |
| - | 4,546,587 |
| 597,902 | 12,380,384 |
| - | 102,827 |
| - | 4,473,920 |
| - | 2,854,466 |
| <u>\$ 9,032,746</u> | <u>\$ 88,146,051</u> |

| | |
|------------------|-------------------|
| \$ 500,802 | \$ 10,288,845 |
| 4,011,578 | 4,011,578 |
| - | 28,607,725 |
| <u>4,512,380</u> | <u>42,908,148</u> |

| | |
|---------------------|----------------------|
| - | 13,160,222 |
| - | 7,328,386 |
| - | 102,827 |
| - | 17,979,181 |
| <u>4,520,366</u> | <u>6,667,287</u> |
| <u>4,520,366</u> | <u>45,237,903</u> |
| <u>\$ 9,032,746</u> | <u>\$ 88,146,051</u> |

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CHAMBERS COUNTY, TEXAS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS GOVERNMENTAL FUNDS

December 31, 2008

Fund balances - total government funds \$ 45,237,903

Adjustments for the Statement of Net Assets:

Certain accounts receivable, net of related allowance, are not current financial resources and, therefore, are not reported in the governmental funds. 1,356,512

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

Nondepreciable capital assets 2,554,319

Depreciable capital assets 39,317,586

Accumulated depreciation (19,718,032)

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

Deferred revenue 292,946

Certain prepaid items are not current financial resources and, therefore, are not reported in the governmental funds. 168,853

Internal service funds are used by management to charge the costs of certain activities such as self insurance, therefore, the assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets. 1,294,067

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 (231,610)

Net OPEB obligation (370,034)

Bonds and notes (20,491,796)

Capital leases (252,239)

Deferred charges:

Issuance discounts 36,171

Refunding 755,625

Premium (36,496)

Debt issue expense 409,028

Compensated absences (465,968)

Net Assets of Governmental Activities \$ 49,856,835

See Notes to Financial Statements.

CHAMBERS COUNTY, TEXAS

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

For the Year Ended December 31, 2008

| | General | Road and Bridge | Debt Service | Permanent Fund |
|---|---------------|--------------------|-----------------|-------------------|
| Revenues | | | | |
| Taxes | \$ 19,945,130 | \$ 4,936,677 | \$ 2,738,612 | \$ - |
| Intergovernmental | 16,944,938 | 8,293 | - | - |
| Fees | 889,201 | 780,740 | - | - |
| Fines and forfeitures | 723,908 | 330,491 | - | - |
| Investment income | 485,200 | 152,524 | 29,270 | 197,698 |
| Other | 1,064,771 | 126,756 | - | 406,171 |
| Total Revenues | 40,053,148 | 6,335,481 | 2,767,882 | 603,869 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 18,794,280 | - | - | - |
| Financial administration | 1,627,854 | - | - | - |
| Justice system | 3,169,857 | - | - | - |
| Health and welfare | 1,551,025 | - | - | - |
| Culture and recreational | 1,589,686 | - | - | - |
| Law enforcement and public safety | 6,075,592 | - | - | - |
| Transportation | - | 6,159,240 | - | - |
| Capital: | | | | |
| Capital outlay | 1,203,454 | 1,993,509 | - | - |
| Debt Service: | | | | |
| Issuance costs | - | - | - | - |
| Principal | 92,661 | 13,145 | 2,000,376 | - |
| Interest and other | 22,005 | 803 | 662,789 | - |
| Total Expenditures | 34,126,414 | 8,166,697 | 2,663,165 | - |
| Excess of Revenues Over (Under) Expenditures | 5,926,734 | (1,831,216) | 104,717 | 603,869 |
| Other Financing Sources (Uses) | | | | |
| Capital leases | 61,730 | 10,174 | - | - |
| Tax notes issued | 2,127,915 | 832,048 | - | - |
| Transfers in | 6,256,782 | - | 12,419,415 | - |
| Transfers (out) | - | - | - | (287,336) |
| Total Other Financing Sources (Uses) | 8,446,427 | 842,222 | 12,419,415 | (287,336) |
| Net Change in Fund Balances | 14,373,161 | (988,994) | 12,524,132 | 316,533 |
| Beginning Fund Balances | 3,683,277 | 3,161,485 | 636,090 | 7,011,853 |
| Ending Fund Balances | \$ 18,056,438 | \$ 2,172,491 | \$ 13,160,222 | \$ 7,328,386 |

See Notes to Financial Statements.

| Nonmajor Governmental Funds | Total Governmental Funds |
|--|---|
| \$ 2,503,386 | \$ 30,123,805 |
| 1,371,611 | 18,324,842 |
| 197,313 | 1,867,254 |
| 229,535 | 1,283,934 |
| 102,514 | 967,206 |
| 39,139 | 1,636,837 |
| <u>4,443,498</u> | <u>54,203,878</u> |
| - | 18,794,280 |
| - | 1,627,854 |
| 704,013 | 3,873,870 |
| 1,987,524 | 3,538,549 |
| 686,782 | 2,276,468 |
| 867,605 | 6,943,197 |
| 32,920 | 6,192,160 |
| 252,286 | 3,449,249 |
| 40,037 | 40,037 |
| 29,691 | 2,135,873 |
| 5,538 | 691,135 |
| <u>4,606,396</u> | <u>49,562,672</u> |
| (162,898) | 4,641,206 |
| 12,227 | 84,131 |
| 40,037 | 3,000,000 |
| 287,336 | 18,963,533 |
| - | (287,336) |
| <u>339,600</u> | <u>21,760,328</u> |
| 176,702 | 26,401,534 |
| <u>4,343,664</u> | <u>18,836,369</u> |
| <u>\$ 4,520,366</u> | <u>\$ 45,237,903</u> |

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CHAMBERS 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 December 31, 2008

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

| | |
|--|----------------------|
| Net changes in fund balances - total government funds | \$ 26,401,534 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | |
| Capital outlay | 4,428,378 |
| Depreciation expense | (1,611,204) |
| Capital retirements, net | (346,343) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | |
| Deferred revenue | 42,731 |
| Fines and fees receivable | (83,357) |
| Bonds and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. | |
| Capital leases | (84,131) |
| Debt issuance | (3,000,000) |
| Principal payment | 2,135,873 |
| Amortization of bond premiums, issuance costs, and deferred charges | (117,040) |
| 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. | |
| Accrued interest payable | (32,824) |
| Net OPEB obligation | (370,034) |
| Compensated absences | (34,362) |
| Prepaid expenditures | (16,214) |
| Internal service funds are used by management to charge the costs of self-insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. | |
| | 949,746 |
| Change in Net Assets of Governmental Activities | \$ 28,262,753 |

See Notes to Financial Statements.

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CHAMBERS COUNTY, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2008

| | Business-Type Activities | | | Governmental Activities |
|---|--------------------------|---------------------|---------------------|----------------------------|
| | Solid Waste | Nonmajor Funds | Total | Internal Service |
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ - | \$ 75,361 | \$ 75,361 | \$ 567,760 |
| Investments | - | - | - | 1,200,000 |
| Receivables, net | 2,922,318 | - | 2,922,318 | - |
| Inventory | - | 31,486 | 31,486 | - |
| Prepaid items | 1,960 | - | 1,960 | - |
| Total Current Assets | 2,924,278 | 106,847 | 3,031,125 | 1,767,760 |
| Noncurrent Assets | | | | |
| Capital assets: | | | | |
| Non-depreciable | 172,371 | 1,610,572 | 1,782,943 | - |
| Net depreciable | 2,158,056 | 518,286 | 2,676,342 | - |
| Total Noncurrent Assets | 2,330,427 | 2,128,858 | 4,459,285 | - |
| Total Assets | 5,254,705 | 2,235,705 | 7,490,410 | 1,767,760 |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Accounts payable and accrued liabilities | 345,940 | 47,379 | 393,319 | 6,219 |
| Medical claims liability | - | - | - | 467,474 |
| Due to other funds | 334,082 | 200,927 | 535,009 | - |
| Total Current Liabilities | 680,022 | 248,306 | 928,328 | 473,693 |
| Noncurrent Liabilities | | | | |
| Landfill closure and postclosure care | 4,574,683 | - | 4,574,683 | - |
| Total Noncurrent Liabilities | 4,574,683 | - | 4,574,683 | - |
| Total Liabilities | 5,254,705 | 248,306 | 5,503,011 | 473,693 |
| Net Assets | | | | |
| Invested in capital assets | 2,330,427 | 2,128,858 | 4,459,285 | - |
| Unrestricted | (2,330,427) | (141,459) | (2,471,886) | 1,294,067 |
| Total Net Assets | \$ - | \$ 1,987,399 | \$ 1,987,399 | \$ 1,294,067 |

See Notes to Financial Statements.

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

For the Year Ended December 31, 2008

| | Business-Type Activities | | | Governmental Activities |
|---|--------------------------|---------------------|---------------------|----------------------------|
| | Solid Waste | Nonmajor Funds | Total | Internal Service |
| <u>Operating Revenues</u> | | | | |
| Contributions from County and employees | \$ - | \$ - | \$ - | \$ 3,457,447 |
| Charges for services | 5,425,136 | 688,472 | 6,113,608 | - |
| Other services | 20,675 | 106,874 | 127,549 | - |
| Total Operating Revenues | 5,445,811 | 795,346 | 6,241,157 | 3,457,447 |
| <u>Operating Expenses</u> | | | | |
| Personnel | 2,728,099 | 404,190 | 3,132,289 | - |
| Supplies | 587,833 | 440,114 | 1,027,947 | - |
| Contractual services | 2,024,011 | 80,659 | 2,104,670 | - |
| Other | 557,619 | - | 557,619 | - |
| Depreciation | 835,772 | 85,556 | 921,328 | - |
| Administration | - | - | - | 577,270 |
| Claims | - | - | - | 1,930,418 |
| HAS accounts | - | - | - | 5,163 |
| Premiums | - | - | - | 18,761 |
| Total Operating Expenses | 6,733,334 | 1,010,519 | 7,743,853 | 2,531,612 |
| Operating Income (Loss) | (1,287,523) | (215,173) | (1,502,696) | 925,835 |
| <u>Nonoperating Revenues</u> | | | | |
| Gain on sale of asset | 11,948,780 | - | 11,948,780 | - |
| Investment income | 45,427 | - | 45,427 | 23,911 |
| Total Nonoperating Revenues (Expenses) | 11,994,207 | - | 11,994,207 | 23,911 |
| Income (Loss) Before Transfers | 10,706,684 | (215,173) | 10,491,511 | 949,746 |
| Transfers in | - | 12,386 | 12,386 | - |
| Transfers (out) | (18,688,583) | - | (18,688,583) | - |
| Change in Net Assets | (7,981,899) | (202,787) | (8,184,686) | 949,746 |
| Beginning Net Assets | 7,981,899 | 2,190,186 | 10,172,085 | 344,321 |
| Ending Net Assets | \$ - | \$ 1,987,399 | \$ 1,987,399 | \$ 1,294,067 |

See Notes to Financial Statements.

CHAMBERS COUNTY, TEXAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 1 of 2) For the Year Ended December 31, 2008

| | Business-Type Activities | | | Governmental Activities |
|---|--------------------------|-------------------|---------------------|----------------------------|
| | Solid Waste | Nonmajor Funds | Total | Internal Service |
| <u>Cash Flows from Operating Activities</u> | | | | |
| Receipts from customers | \$ 3,336,565 | \$ 795,346 | \$ 4,131,911 | \$ - |
| Receipts from premium revenues | - | - | - | 3,457,447 |
| Payments to suppliers | (2,887,222) | (295,580) | (3,182,802) | - |
| Payments to employees | (2,173,940) | (404,190) | (2,578,130) | - |
| Payments for other expenses | - | - | - | (23,924) |
| Payments for claims | - | - | - | (1,892,820) |
| Payments for administration fees | - | - | - | (577,270) |
| Net Cash Provided (Used) by Operating Activities | (1,724,597) | 95,576 | (1,629,021) | 963,433 |
| <u>Cash Flows from Noncapital Financing Activities</u> | | | | |
| Transfers from (to) other funds | (18,688,583) | 12,386 | (18,676,197) | - |
| Net Cash Provided (Used) by Noncapital Financing Activities | (18,688,583) | 12,386 | (18,676,197) | - |
| <u>Cash Flows from Capital and Related Financing Activities</u> | | | | |
| Capital purchases | (1,361,010) | (38,164) | (1,399,174) | - |
| Proceeds from sales of capital assets | 21,728,763 | 5,563 | 21,734,326 | - |
| Net Cash Provided (Used) by Capital and Related Financing Activities | 20,367,753 | (32,601) | 20,335,152 | - |
| <u>Cash Flows from Investing Activities</u> | | | | |
| Purchase of investments | - | - | - | (1,200,000) |
| Interest on investments | 45,427 | - | 45,427 | 23,911 |
| Net Cash Provided (Used) by Investing Activities | 45,427 | - | 45,427 | (1,176,089) |
| Net Increase (Decrease) in Cash and Cash Equivalents | - | 75,361 | 75,361 | (212,656) |
| Beginning Cash and Cash Equivalents | - | - | - | 780,416 |
| Ending Cash and Cash Equivalents | \$ - | \$ 75,361 | \$ 75,361 | \$ 567,760 |

CHAMBERS COUNTY, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended December 31, 2008

| | Business-Type Activities | | | Governmental Activities |
|--|--------------------------|-------------------|-----------------------|----------------------------|
| | Solid Waste | Nonmajor Funds | Total | Internal Service |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | |
| Operating Income (Loss) | \$ (1,287,523) | \$ (215,173) | \$ (1,502,696) | \$ 925,835 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation | 835,772 | 85,556 | 921,328 | - |
| Changes in Operating Assets and Liabilities: | | | | |
| (Increase) Decrease in: | | | | |
| Receivables, net | (2,109,246) | - | (2,109,246) | - |
| Inventory | - | (4,909) | (4,909) | - |
| Prepaid items | 49,147 | - | 49,147 | - |
| Increase (Decrease) in: | | | | |
| Accounts payable and accrued liabilities | (100,988) | 36,075 | (64,913) | - |
| Notes payable | - | (6,900) | (6,900) | - |
| Landfill closure and postclosure care | 554,159 | - | 554,159 | - |
| Medical claims liability | - | - | - | 38,004 |
| Due to other funds | 334,082 | 200,927 | 535,009 | (406) |
| Net Cash Provided (Used) by Operating Activities | \$ (1,724,597) | \$ 95,576 | \$ (1,629,021) | \$ 963,433 |

See Notes to Financial Statements.

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CHAMBERS COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

December 31, 2008

| | <u>Total Agency Funds</u> |
|---------------------------|-------------------------------|
| <u>Assets</u> | |
| Cash and cash equivalents | \$ 3,339,591 |
| Investments | 64,000 |
| Due from other units | 2,485,855 |
| Total Assets | <u>\$ 5,889,446</u> |
| <u>Liabilities</u> | |
| Due to other units | \$ 5,889,446 |
| Total Liabilities | <u>\$ 5,889,446</u> |

See Notes to Financial Statements.

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CHAMBERS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Chambers County, Texas is an independent government entity created by an act of the Texas Legislature. The County is governed by Commissioners' Court, composed of four County Commissioners and the County Judge, all of whom are elected officials.

The County provides a vast array of services including general government, financial administration, justice system, health and welfare, culture and recreational, law enforcement and public safety, and transportation.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the County's financial reporting entity is 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 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.

Depending on the significance of the County's financial and operational relationships with various separate entities, the organizations are classified as blended or discrete component units, related organizations, joint ventures, or jointly governed organizations, and the financial disclosure is treated accordingly.

Related Organizations

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

Based upon the foregoing criteria, the following entities are not included in the accompanying financial statements: the Chambers County Economic Industrial Development Corporation and the Chambers County Cedar Bayou Navigation District for 2008.

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 of the significant changes in 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.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

- A change in the fund financial statements to focus on the major funds.

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 classification of net assets be divided 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, 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.”

C. Government-Wide and Fund Accounting

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, which rely to a significant extent on fees and charges for support.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and 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, proprietary, and agency funds. Major individual governmental funds and major individual enterprise 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:

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

1. 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, fees, fines and forfeitures, and investment income. Expenditures include general government, financial administration, justice system, health and welfare, culture and recreation, law enforcement and public safety.

Special Revenue Funds

The special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes (not including permanent funds or major capital projects).

The following special revenue fund is considered a major fund for reporting purposes:

Road & Bridge Fund – This fund is used to account for revenues of property taxes levied and vehicle registration fees for the road & bridge fund. Uses of funds are restricted for the maintenance of roads, bridges, and the operations of related facilities. All precinct operations, as well as permanent road monies, are accounted for in this fund.

The remaining special revenue funds are considered nonmajor funds for reporting purposes.

Debt Service Fund

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the County. The primary source of revenue for debt service is local property taxes. This fund is considered major for reporting purposes.

Capital Projects Fund

The capital projects fund is used to account for the expenditures of resources accumulated from tax anticipation notes and related interest earnings for capital improvement projects. This fund is considered nonmajor for reporting purposes.

Permanent Funds

Permanent funds are governmental funds which are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

The County has the following permanent fund which is not technically a major fund but, due to its significance, management has chosen to present as a major fund for reporting purposes:

Permanent School Fund – The permanent school fund is used to account for investments held for the benefit of the various school districts in the County. The principal of this fund is held intact with all interest earned distributed to the respective school districts.

2. 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 as prescribed by the Governmental Accounting Standards Board (GASB) and all Financial Accounting Standards Board's (FASB) standards issued prior to November 30, 1989. Subsequent to this date, the County accounts for its enterprise funds as presented by GASB. The County has the following types of proprietary funds:

Enterprise Funds

The enterprise funds are used to account for the operation of the County's solid waste collection facilities and the incinerator facility, airport, and golf course, including administration, operation, and maintenance. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The solid waste fund is considered to be a major fund for reporting purposes.

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.

3. Fiduciary Funds

The 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 type of fiduciary funds:

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

Agency Funds

The 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.

D. 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 operations of these activities are either 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 generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing resources) and decreases (i.e., expenditures and other financing uses) in net 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 period. Revenues susceptible to accrual include charges for services and interest on temporary investments.

Property taxes and interest associated with the current period are all susceptible to accrual and so have been recognized as revenues of the current period. Other receipts and other taxes become measurable and available when cash is received by the County 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 accrual basis of accounting is used for the proprietary fund types. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable.

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 in the accounting period in which they are incurred.

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

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

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.

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

1. Deposits and Investments

The County's cash and cash equivalents for the purpose of the cash flow statements are considered to be cash on hand, deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The County maintains a pooled cash account. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end.

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

The Local Government Code of Texas authorizes the County to invest in:

- (1) obligations of the United States or its agencies and instrumentalities;
- (2) direct obligations of the State of Texas or its agencies and instrumentalities;
- (3) collateral mortgage obligations although significantly limited;
- (4) other obligations, the principal and interest on which are unconditionally guaranteed or insured or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities;
- (5) obligations of state, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm of not less than A or its equivalent;
- (6) certificates of deposit issued by state and national banks or savings and loans domiciled in Texas which are:
 - (a) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or
 - (b) secured by obligations of paragraphs (1) to (5) above and that have a market value of not less than the principal amount of the certificates but excluding certain mortgage-backed securities;

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

- (c) fully collateralized repurchase agreements, bankers' acceptances, commercial paper, mutual funds, guaranteed investment contracts, and investment pools, all of which are required to meet certain restrictive criteria.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the 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 noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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

All trade receivables are shown net of an allowance for uncollectible amounts.

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:

- Levy date and Due date – October 1
- Collection dates – October 1 through January 31
- Lien date – February 1

The County bills and collects its own taxes and those for certain government entities within the County. Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the tax assessor's agency fund. Tax collections deposited for the County are distributed on a periodic basis to the general, road and bridge, school equalization, and debt service 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 countywide 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 appraisal district must review the value of the property within the County every three years 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.

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. In addition, certain payments to vendors reflect costs applicable to future accounting periods and are also recorded as expenditures when purchased.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

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 column in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized 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 one year. 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> |
|----------------------------|------------------------------|
| Infrastructure | 10 to 50 years |
| Buildings and improvements | 10-50 |
| Machinery and equipment | 3-20 |

The costs of a significant portion of capital assets have been estimated based on management's estimated historical cost.

5. Compensated Employee Absences

The County maintains a record of accumulated sick pay. Any additional accruals for unused sick pay are no longer paid upon retirement or death of an employee. However, the employee will be paid upon retirement or death for any unused sick pay up to certain maximums accrued prior to April 1, 1994. The accumulated sick pay obligation is computed at specified rates for all employees. It is the County's policy to permit employees to accumulate earned but unused vacation benefits. When an employee leaves the service of the County, he or she will be paid for his or her accrued but unused vacation leave balance up to a maximum of 160 hours. Vacation and sick time 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. Amounts of vested or accumulated vacation leave and compensatory time that are not expected to be liquidated with expendable available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

6. Long-Term Obligations

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

Long-term debt for governmental funds is not reported as a liability in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payment of principal and interest 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.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

However, claims and judgments and compensated absences paid from governmental funds are reported as liabilities in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

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 year. The legal level of control is the department level for all funds. Management may not amend the budget without the approval of Commissioners' Court.

The County prepares its annual budget on a basis that differs from Generally Accepted Accounting Principles (GAAP). The budget and all transactions are presented in accordance with the County's method (budgetary basis) in the schedule of revenues, expenditures, and changes in fund balances - budget and actual (budgetary basis) comparisons to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis of accounting are certain accruals and appropriated revenues. Budgets are adopted for all funds except the grant, internal service, youth activity, jail commissary, tax assessor vehicle inventory, and all fiduciary funds. The capital projects fund adopts a project length budget. Several supplemental budget appropriations were made for the year ended December 31, 2008.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

A. Deficit Fund Equity

The special revenue funds below had deficit fund balances at December 31, 2008, as indicated.

| | |
|------------------------------------|----------|
| Tax Assessor Vehicle Inventory Tax | \$668 |
| Available School | \$17,535 |
| Texas History Preservation | \$3,109 |
| Airport Maintenance (Anahuac) | \$2,657 |
| State Boating Access | \$26,042 |
| CMP (GLO) Cycle 10 | \$30,801 |
| SEAPAC | \$14,405 |
| USDHHS TDH WIC | \$29,620 |
| Help America Vote Act | \$39,375 |
| Victim of Crime Act | \$17,952 |
| TDHC Home Program | \$5,245 |
| DSHS IDS | \$532 |
| SETH:HTF | \$45,152 |
| Chapter Nineteen | \$78 |

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of December 31, 2008, the County had the following investments:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Weighted Average Maturity (Years)</u> |
|-------------------------------------|----------------------|--|
| Certificates of deposit | \$ 3,740,600 | 0.38 |
| State Pools (TexPool) | 40,442,313 | 0.00 |
| U.S. Treasuries | 2,482,366 | 3.51 |
| | <u>\$ 46,665,279</u> | |
| Portfolio weighted average maturity | | 1.61 |

Interest rate risk. In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less.

Credit risk. State law and the County's investment policy limits investments to obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent. Further, commercial paper must be rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies. As of December 31, 2008, the County's investment in TexPool was rated AAAM by Standard & Poor's and AAA/V1+ by Fitch Ratings. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuing U.S. agency.

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 by securities and FDIC insurance. As of December 31,

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

2008, bank balances were sufficiently covered by market values of pledged securities and FDIC insurance.

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

B. Receivables

The following comprise receivable balances at year end:

| | <u>General</u> | <u>Road and Bridge</u> | <u>Debt Service</u> | <u>Nonmajor governmental</u> | <u>Solid Waste</u> | <u>Total</u> |
|----------------|----------------------|----------------------------|---------------------|----------------------------------|---------------------|----------------------|
| Property taxes | \$ 19,246,707 | \$ 4,742,990 | \$ 2,677,786 | \$ - | \$ - | \$ 26,667,483 |
| Other taxes | - | - | - | 487,841 | - | 487,841 |
| Accounts | - | - | - | - | 2,922,318 | 2,922,318 |
| Other | 11,088,595 | 455,633 | 238,254 | 597,902 | - | 12,380,384 |
| (Allowance) | (1,213,457) | (293,553) | (168,828) | - | - | (1,675,838) |
| Total | <u>\$ 29,121,845</u> | <u>\$ 4,905,070</u> | <u>\$ 2,747,212</u> | <u>\$ 1,085,743</u> | <u>\$ 2,922,318</u> | <u>\$ 40,782,188</u> |

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

C. Capital Assets

A summary of changes in capital assets for the year ended December 31, 2008 follows:

| | Beginning Balance | Increases | (Decreases) | Ending Balance |
|---------------------------------------|------------------------------|---------------------|--|---------------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,894,436 | \$ - | \$ - | \$ 1,894,436 |
| Construction in progress | - | 659,883 | - | 659,883 |
| | <u>1,894,436</u> | <u>659,883</u> | <u>-</u> | <u>2,554,319</u> |
| Other capital assets: | | | | |
| Buildings and improvements | 15,863,944 | 449,325 | (182,038) | 16,131,231 |
| Machinery and equipment | 10,558,620 | 2,758,129 | (578,906) | 12,737,843 |
| Infrastructure | 9,887,471 | 561,041 | - | 10,448,512 |
| Total other capital assets | <u>36,310,035</u> | <u>3,768,495</u> | <u>(760,944)</u> | <u>39,317,586</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (9,382,454) | (401,734) | 164,820 | (9,619,368) |
| Machinery and equipment | (5,923,873) | (945,128) | 249,781 | (6,619,220) |
| Infrastructure | (3,215,102) | (264,342) | - | (3,479,444) |
| Total accumulated depreciation | <u>(18,521,429)</u> | <u>(1,611,204)</u> | <u>414,601</u> | <u>(19,718,032)</u> |
| Other capital assets, net | <u>17,788,606</u> | <u>2,157,291</u> | <u>(346,343)</u> | <u>19,599,554</u> |
| Totals | <u>\$ 19,683,042</u> | <u>\$ 2,157,291</u> | <u>\$ (346,343)</u> | <u>22,153,873</u> |
| | | | Less associated debt | (19,988,735) |
| | | | Invested in Capital Assets, Net of Related Debt | \$ 2,165,138 |

Depreciation was charged to governmental functions as follows:

| | |
|---|---------------------|
| General government | \$ 247,530 |
| Financial administration | 1,933 |
| Justice system | 50,690 |
| Health and welfare | 26,777 |
| Culture and recreational | 157,260 |
| Law enforcement/public safety | 452,857 |
| Transportation | 674,157 |
| Total Governmental Activities Depreciation Expense | \$ 1,611,204 |

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>(Decreases)</u> | <u>Ending Balance</u> |
|--|------------------------------|-------------------|-----------------------|---------------------------|
| Business-Type Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,792,746 | \$ - | \$ (9,803) | \$ 1,782,943 |
| Construction in progress | 39,850 | - | (39,850) | - |
| Total capital assets not being depreciated: | <u>1,832,596</u> | <u>-</u> | <u>(49,653)</u> | <u>1,782,943</u> |
| Other capital assets: | | | | |
| Buildings and improvements | 13,748,624 | 824,835 | (11,929,330) | 2,644,129 |
| Machinery and equipment | 2,483,988 | 578,194 | (502,953) | 2,559,229 |
| Total other capital assets | <u>16,232,612</u> | <u>1,403,029</u> | <u>(12,432,283)</u> | <u>5,203,358</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (2,947,212) | (784,844) | 2,313,619 | (1,418,437) |
| Machinery and equipment | (1,351,010) | (136,484) | 378,915 | (1,108,579) |
| Total accumulated depreciation | <u>(4,298,222)</u> | <u>(921,328)</u> | <u>2,692,534</u> | <u>(2,527,016)</u> |
| Other capital assets, net | <u>11,934,390</u> | <u>481,701</u> | <u>(9,739,749)</u> | <u>2,676,342</u> |
| Totals | <u>\$ 13,766,986</u> | <u>\$ 481,701</u> | <u>\$ (9,789,402)</u> | <u>\$ 4,459,285</u> |

Depreciation was charged to business-type functions as follows:

| | |
|--|-------------------|
| Solid waste | \$ 835,772 |
| Airport | 53,877 |
| Golf course | 31,679 |
| Total Business-Type Activities Depreciation Expense | <u>\$ 921,328</u> |

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

D. Long-Term Debt

The following is a summary of changes in the County's total governmental long-term liabilities for the year ended December 31, 2008. 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: | | | | | |
| Bonds, notes payable, and capital leases: | | | | | |
| Certificates of obligation | \$ 2,255,000 | \$ - | \$ (380,000) | \$ 1,875,000 | \$ 400,000 |
| General obligation refundings | 13,870,000 | - | (985,000) | 12,885,000 | 1,020,000 |
| Tax notes | 3,305,000 | 3,000,000 | (605,000) | 5,700,000 | 1,145,000 |
| Notes payable | 62,172 | - | (30,376) | 31,796 | 31,796 |
| Less deferred amounts: | | | | | |
| For issuance discounts | (41,218) | - | 5,047 | (36,171) | - |
| For issuance premiums | 40,057 | - | (3,561) | 36,496 | - |
| On refunding | (866,176) | - | 110,551 | (755,625) | - |
| Obligations under capital leases | 303,605 | 84,131 | (135,497) | 252,239 | 117,819 |
| | <u>18,928,440</u> | <u>3,084,131</u> | <u>(2,023,836)</u> | <u>19,988,735</u> * | <u>2,714,615</u> |
| Other: | | | | | |
| Compensated absences | 431,606 | - | 34,362 | 465,968 | 419,371 |
| Total Governmental Activities | <u>\$ 19,360,046</u> | <u>\$ 3,084,131</u> | <u>\$ (1,989,474)</u> | <u>\$ 20,454,703</u> | <u>\$ 3,133,986</u> |
| * Debt associated with capital assets | | | Long-term liabilities due in more than one year | <u>\$ 17,320,717</u> | |
| Business-Type Activities: | | | | | |
| Landfill closure and post closure care costs | 4,020,524 | 554,159 | - | 4,574,683 | - |
| Total Business-Type Activities | <u>\$ 4,020,524</u> | <u>\$ 4,020,524</u> | <u>\$ -</u> | <u>\$ 4,574,683</u> | <u>\$ -</u> |

See footnote V. C. for additional information regarding landfill closure and post closure care costs. The County is not obligated in any manner for special assessment debt.

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

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

Long-term debt obligations of the County as of December 31, 2008 are as follows:

| | Percentage Interest Rate | Original Amount | Balance |
|-------------------------------------|-----------------------------|--------------------|----------------------|
| Certificates of Obligation | | | |
| Series 1999 | 5.20-5.30 | \$ 6,700,000 | \$ 315,000 |
| Series 2002 | 3.80-5.00 | 2,000,000 | 1,560,000 |
| | | | <u>1,875,000</u> |
| General Obligation Refunding | | | |
| Series 2003 Refunding | 2.37-3.20 | 9,710,000 | 8,290,000 |
| Series 2005 Refunding | 3.00-4.25 | 5,905,000 | 4,595,000 |
| | | | <u>12,885,000</u> |
| Tax Notes | | | |
| Series 2006 Tax Notes | 4.50-4.50 | 1,600,000 | 1,000,000 |
| Series 2007 Tax Notes | 4.35-4.35 | 2,000,000 | 1,700,000 |
| Series 2008 Tax Notes | 2.68-4.23 | 3,000,000 | 3,000,000 |
| | | | <u>5,700,000</u> |
| Notes Payable | | | |
| IBM Credit LLC | 2.87-2.87 | 93,258 | 31,796 |
| Capital Leases | | | |
| | Various | 532,034 | <u>252,239</u> |
| | | Total | \$ 20,744,035 |

A summary of the County's debt service requirements, including interest, is as follows:

| Fiscal Year | Certificates of Obligation | | | General Obligation Refunding | | |
|--------------|----------------------------|-------------------|---------------------|------------------------------|---------------------|----------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2009 | \$ 400,000 | \$ 74,923 | \$ 474,923 | \$ 1,020,000 | \$ 393,159 | \$ 1,413,159 |
| 2010 | 85,000 | 62,325 | 147,325 | 1,395,000 | 361,593 | 1,756,593 |
| 2011 | 90,000 | 57,950 | 147,950 | 1,430,000 | 322,523 | 1,752,523 |
| 2012 | 90,000 | 53,450 | 143,450 | 1,480,000 | 279,036 | 1,759,036 |
| 2013 | 95,000 | 49,300 | 144,300 | 1,535,000 | 231,310 | 1,766,310 |
| 2014 | 100,000 | 45,500 | 145,500 | 1,595,000 | 182,240 | 1,777,240 |
| 2015 | 105,000 | 41,500 | 146,500 | 1,490,000 | 133,475 | 1,623,475 |
| 2016 | 110,000 | 37,145 | 147,145 | 1,380,000 | 85,786 | 1,465,786 |
| 2017 | 115,000 | 32,504 | 147,504 | 500,000 | 52,400 | 552,400 |
| 2018 | 125,000 | 27,461 | 152,461 | 520,000 | 32,000 | 552,000 |
| 2019 | 130,000 | 22,010 | 152,010 | 540,000 | 10,800 | 550,800 |
| 2020 | 135,000 | 16,245 | 151,245 | - | - | - |
| 2021 | 145,000 | 10,013 | 155,013 | - | - | - |
| 2022 | 150,000 | 3,375 | 153,375 | - | - | - |
| Total | <u>\$ 1,875,000</u> | <u>\$ 533,701</u> | <u>\$ 2,408,701</u> | <u>\$ 12,885,000</u> | <u>\$ 2,084,322</u> | <u>\$ 14,969,322</u> |

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

| Fiscal Year | Tax Notes | | | Notes | | |
|--------------|---------------------|-------------------|---------------------|------------------|---------------|------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2009 | \$ 1,145,000 | \$ 193,955 | \$ 1,338,955 | \$ 31,796 | \$ 912 | \$ 32,708 |
| 2010 | 1,180,000 | 161,644 | 1,341,644 | - | - | - |
| 2011 | 1,225,000 | 114,115 | 1,339,115 | - | - | - |
| 2012 | 700,000 | 75,279 | 775,279 | - | - | - |
| 2013 | 715,000 | 46,290 | 761,290 | - | - | - |
| 2014 | 735,000 | 15,710 | 750,710 | - | - | - |
| Total | \$ 5,700,000 | \$ 606,993 | \$ 6,306,993 | \$ 31,796 | \$ 912 | \$ 32,708 |

Future minimum payments to retire capital lease obligations are as follows:

| Fiscal Year | Capital Leases | | |
|--------------|-------------------|------------------|-------------------|
| | Principal | Interest | Total |
| 2009 | \$ 117,819 | \$ 20,562 | \$ 138,381 |
| 2010 | 70,858 | 10,610 | 81,468 |
| 2011 | 38,925 | 4,733 | 43,658 |
| 2012 | 18,892 | 1,398 | 20,290 |
| 2013 | 5,745 | 249 | 5,994 |
| Total | \$ 252,239 | \$ 37,552 | \$ 289,791 |

Machinery and equipment acquired under current capital lease obligations totaled \$532,034.

E. Interfund Transactions

Operating transfers between the primary government funds during the 2008 year were as follows:

| | Transfers in | Transfers out |
|--------------------------------------|----------------------|----------------------|
| Governmental funds: | | |
| Individual major governmental funds: | | |
| General | \$ 6,256,782 | \$ - |
| Debt service | 12,419,415 | - |
| Permanent | - | 287,336 |
| Other non-major governmental funds | 287,336 | - |
| Total governmental funds | 18,963,533 | 287,336 |
| Enterprise funds: | | |
| Individual major enterprise funds: | | |
| Solid waste | - | 18,688,583 |
| Golf course | 12,386 | - |
| Total enterprise funds | 12,386 | 18,688,583 |
| Total transfers | \$ 18,975,919 | \$ 18,975,919 |

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

The composition of interfund balances as of December 31, 2008 is as follows:

| Funds | Due from | Due to |
|------------------------|--------------|-----------|
| General: | | |
| Solid waste | \$ 334,082 | \$ - |
| Nonmajor enterprise | 200,927 | - |
| Nonmajor governmental | 3,179,530 | - |
| Road and bridge | | |
| Nonmajor governmental | 832,048 | - |
| Solid Waste | - | 334,082 |
| Nonmajor governmental: | | |
| General | - | 3,179,530 |
| Road and bridge | - | 832,048 |
| Nonmajor enterprise: | | |
| General | - | 200,927 |
| | \$ 4,546,587 | 4,546,587 |

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 balance reserved by the County:

| | | |
|--------------------------------|----|------------|
| General | | |
| Reserved for inventories | \$ | 77,257 |
| Road and Bridge | | |
| Reserved for inventories | | 25,570 |
| Debt Service | | |
| Reserved for debt service | | 13,160,222 |
| Permanent | | |
| Reserved for endowments/trusts | | 7,328,386 |
| | \$ | 20,591,435 |

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

IV. OTHER INFORMATION

A. Risk Management

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

The County reports liabilities 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 payout and other economic and social factors. The liability for claims and judgments is reported in the government-wide financial statements because it is not expected to be liquidated with expendable available financial resources. However, none are reported at December 31, 2008.

B. Contingent Liabilities

Amounts received or receivable from grant 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, if any, 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.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the County.

C. Landfill Closure and Post Closure Care Cost

Current state regulations and the U.S. Environmental Protection Agency (EPA) require the County to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County is required to recognize a portion of the landfill closure and post closure care liability each year. Recognition of the liability is based on the landfill capacity used to date. The operations of the landfill are recorded in the solid waste fund, one of the enterprise funds used by the County.

The County's estimate of the total cost of closure and post closure care for 30 years, under permits and regulations currently in effect, is \$6,099,578. The \$4,574,683 reported as landfill closure and post closure care liability at December 31, 2008 is based on the use of 75 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post closure care of \$1,524,894 as the remaining estimated capacity is filled (2019).

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

The estimated total current cost of the landfill closure and post closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2008. However, the actual cost of closure and post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

D. 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's rules and regulations.

E. Other Post Employee Benefits

During the year, the County implemented Governmental Accounting Standards Board (GASB) No. 45. The County elected to prospectively implement GASB No. 45 for the County's plan named Chambers County Postretirement Health Plan.

Plan Description

In order to recognize and reward long-term employees, as well as to provide an incentive for remaining in the County's employment, the County administers a single-employer defined benefit Other Post-Employment Benefits (OPEB) plan that will offer coverage for the continuation of the medical, dental, vision, and life insurance coverage of certain retirees, as noted below.

In order to be eligible for this benefit, the retiree must have been a full-time employee of the County for eight consecutive years immediately prior to retirement; and satisfy the applicable plan requirements for the extension of retiree coverage under the medical, dental, vision, and life insurance benefit plan offered by the County at the time of retirement.

Beginning with retirement, and ending once Medicare eligibility is reached, the County shall offer the retiree medical coverage in accordance with the following: 100 percent of the premium costs for retirees retiring after age 59, but before age 65, and having at least 8 years of full-time service with the County for a maximum of 5 years or until Medicare eligibility is reached and; 100 percent of the premium costs for retirees retiring before age 60 and having at least 30 years of full-time service with the County, for a maximum of 5 years or until Medicare eligibility is reached and; will offer coverage, at the same cost as active employees, to retirees who retire with at least 8 years of full-time service until age 60 and provide 100 percent of the premium costs after age 60 until Medicare eligibility is reached. Beginning with retirement the County shall offer the retiree dental, vision, and life coverage at the same cost as active employees until the retiree chooses to end coverage. To provide medical, dental, vision, and life, to their spouses and dependants, eligible retirees must pay 100 percent of the cost.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

Funding Policy

The County has elected to finance the OPEB plan on a pay-as-you-go basis. The County paid \$111,989 related to the plan for 19 retirees during the year.

Annual OPEB Cost and Net OPEB Obligation

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 | \$ | 482,023 |
| Contributions made | | 111,989 |
| Increase in net OPEB obligation | | 370,034 |
| Net OPEB obligation-beginning of year | | - |
| Net OPEB obligation-end of year | \$ | 370,034 |

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 and the two preceding years are as follows:

Three-Year Contribution Information

| Fiscal year | Annual OPEB Percentage of ARC | | Net Pension Obligation | |
|-------------|-------------------------------|---------------|------------------------|------------|
| | Cost (ARC) | Contributions | Beginning | Ending |
| 2006 | \$ N/A | N/A | \$ N/A | \$ N/A |
| 2007 | \$ N/A | N/A | \$ N/A | \$ N/A |
| 2008 | \$ 370,034 | 0.00% | \$ - | \$ 370,034 |

* First year of implementation of GASB 45

Actuarial Information

The contribution requirement has been actuarially determined. The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimate are made about the future. The required schedule of funding progress immediately following the notes presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point, and the projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective, and consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. As of the actuarial valuation date of January 1, 2008, the actuarial

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

value of plan assets is zero dollars, the actuarial accrued liability is \$2,780,045, the total unfunded actuarial liability is \$2,780,045, and the actuarial value of assets as a percentage of the actuarial accrued liability is zero percent. The actuarial determined annual required contribution (ARC) is \$370,034. The components of the ARC consist of the employer's normal cost and the amortization of the unfunded actuarial accrued liabilities.

The following is a summary of the actuarial assumptions:

| | |
|---|------------------------|
| Actuarial Cost Method | Projected Unit Credit |
| Amortization Method | Level Dollar |
| Remaining Amortization Period | 30 Years - Open period |
| Asset Valuation Method | N/A |
| Investment Rate of Return | 3.0% |
| Projected Salary Increases | N/A |
| Healthcare Cost Trend Rate (Initial/Ultimate) | 6%/8% |

F. 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. Total participant contributions were approximately \$96,900 for the year ended December 31, 2008. The County does not contribute to the plan.

G. Pension Plans

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 574 nontraditional defined benefit pension plans. TCDRS, in the aggregate, issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at: P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the Commissioners' Court within the options available in Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 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 8 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.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

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

Funding Policy

The County has elected the annually determined contribution rate (ACDR) 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 9.84 percent for the calendar year of 2008.

The Commissioners' Court adopted the rate of 7 percent as the contribution rate payable by the employee members for calendar year 2008. The Commissioners' Court may change the employee contribution rate and the employer contribution rate within the options available in the TCDRS Act.

Annual Pension Costs

The County's 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.

The funded status as of December 31, 2007, the most recent valuation date, is as follows:

| | 2008 |
|---|---------------|
| Actuarial Valuation Date | 12/31/2007 |
| Actuarial Value of Assets | \$ 34,570,170 |
| Actuarial Accrued Liability | \$ 37,329,147 |
| Percentage Funded | 92.6% |
| Unfunded Actuarial Accrued Liability (UAAL) | \$ 2,758,977 |
| Annual Covered Payroll | \$ 12,170,324 |
| UAAL as a Percentage of Covered Payroll | 22.7% |

The annual required contributions were actuarially determined as a percent 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, 2007, the basis for determining the contribution rates for plan years 2008.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

| | |
|-------------------------------|--------------------------|
| Actuarial cost method | Entry Age |
| Amortization method | Level Percent of Payroll |
| Remaining amortization period | 15 Years - Closed Period |
| Asset valuation method | 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>2008</u> | <u>2007</u> | <u>2006</u> |
|---------------------------------|--------------|--------------|-------------|
| Annual req. contrib. (ARC) | \$ 1,352,440 | \$ 1,157,598 | \$ 951,365 |
| Contributions made | 1,352,440 | 1,157,598 | 951,365 |
| NPO at the End of Period | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

H. Health Care

The County maintains a self-insured health plan (the "Plan") for all eligible employees and retirees. Such activities are reported in an internal service fund, the medical benefit fund. Revenues are recognized from payroll deductions for employee dependent coverage and from County contributions for employee coverage.

At year end, the County has recorded current health claim liabilities of \$467,474 in the internal service fund. 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 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 December 31 are as follows:

| | <u>2008</u> | <u>2007</u> |
|-------------------|-------------------|-------------------|
| Beginning balance | \$ 429,470 | \$ 367,539 |
| Claims incurred | 1,963,530 | 2,347,349 |
| Claim paid | (1,925,526) | (2,285,418) |
| Ending balance | <u>\$ 467,474</u> | <u>\$ 429,470</u> |

I. Hurricane Ike

Prior to making landfall on September 12, 2008, the National Hurricane Center forecasted that Hurricane Ike, a category 4 hurricane, would likely come ashore just west of the County placing the County on the "dirty side" of the storm. Actual landfall occurred west of the County, in Galveston, Texas. Although at landfall, the storm was rated as a category 2 hurricane, Ike was unusually large and had a storm surge disproportional to its wind speed (category). The storm resulted in extensive flooding, wind damage, and a massive amount of debris removal. Ike's damages along the Gulf Coast reached U.S. \$24 billion, making it the third costliest hurricane on record.

The County incurred substantial expenses: planning and preparing for the event, providing refuge and assistance to citizens of the area, manning emergency operations, and cleaning up debris. Many of these expenditures incurred by the County are expected to be reimbursed by the Federal Emergency Management Agency (FEMA). The County has estimated the amount it anticipates to recover from FEMA for the portion of expenditures incurred. However, FEMA's policies have and will likely change;

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2008

therefore, the actual reimbursement could differ from the amount estimated based on the County's current understanding and interpretation of FEMA's policies.

J. Restatement

The County has restated beginning net assets within governmental activities and restated beginning fund balance within the general, road and bridge, juvenile probation commission, community corrections assistance and USDHHS TDH PH & HS funds. Beginning fund balances/net assets were restated due to a change in the reporting of accruals and a prior year correction.

The restatement of beginning fund balances/net assets is as follows:

| | <u>Governmental Activities</u> | <u>General Fund</u> | <u>Road and Bridge Fund</u> | <u>Juvenile Probation Commision</u> | <u>Community Corrections Assistance</u> | <u>USDHHS TDH PH & HS</u> |
|---|------------------------------------|-------------------------|---------------------------------|---|---|---------------------------------------|
| Prior year ending net assets as reported | \$ 21,099,226 | \$ 3,757,392 | \$ 2,568,978 | \$ 72 | \$ 2,351 | \$ 18,228 |
| Change in reporting of accruals | 518,392 | (74,115) | 592,507 | - | - | - |
| Change in reporting of accruals | (23,536) | - | - | (4,092) | (1,216) | (18,228) |
| Restated beginning net assets | <u>\$ 21,594,082</u> | <u>\$ 3,683,277</u> | <u>\$ 3,161,485</u> | <u>\$ (4,020)</u> | <u>\$ 1,135</u> | <u>\$ -</u> |

REQUIRED SUPPLEMENTARY INFORMATION

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CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 1 of 3)
GENERAL FUND

For the Year Ended December 31, 2008

| | 2008 | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------|-------------------|-------------------|---|
| | Budgeted Amounts | | Actual Amounts | |
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 18,417,850 | \$ 18,417,850 | \$ 21,000,470 | \$ 2,582,620 |
| Intergovernmental | 90,250 | 16,090,250 | 16,944,938 | 854,688 |
| Fees | 946,700 | 946,700 | 889,201 | (57,499) |
| Fines and forfeitures | 676,000 | 676,000 | 723,908 | 47,908 |
| Investment income | 300,000 | 300,000 | 485,200 | 185,200 |
| Other | 672,600 | 672,600 | 1,064,771 | 392,171 |
| Total Revenues | 21,103,400 | 37,103,400 | 41,108,488 | 4,005,088 |
| Expenditures | | | | |
| General Government: | | | | |
| Commissioners' Court | 594,660 | 16,594,660 | 16,337,973 | 256,687 |
| Non-departmental | 2,062,626 | 2,062,626 | 1,870,980 | 191,646 |
| Data processing | 254,720 | 259,320 | 257,927 | 1,393 |
| Communications | 105,460 | 108,460 | 107,785 | 675 |
| Maintenance | 290,500 | 265,879 | 219,615 | 46,264 |
| Total General Government | 3,307,966 | 19,290,945 | 18,794,280 | 496,665 |
| Financial Administration | | | | |
| County Auditor | 318,660 | 319,660 | 312,511 | 7,149 |
| County Treasurer | 231,190 | 231,190 | 226,946 | 4,244 |
| Tax Assessor | 715,438 | 727,438 | 727,017 | 421 |
| Budget and planning | 250,220 | 258,220 | 257,803 | 417 |
| Purchasing | 107,025 | 107,025 | 103,577 | 3,448 |
| Total Financial Administration | 1,622,533 | 1,643,533 | 1,627,854 | 15,679 |
| Justice System | | | | |
| County Court | 71,000 | 71,000 | 37,844 | 33,156 |
| District Court | 556,201 | 566,201 | 565,379 | 822 |
| District Clerk | 293,260 | 295,260 | 278,471 | 16,789 |
| County Clerk | 505,345 | 501,345 | 500,923 | 422 |
| Justice of the Peace, Pct #1 | 166,120 | 166,120 | 165,529 | 591 |
| Justice of the Peace, Pct #2 | 185,020 | 185,020 | 183,345 | 1,675 |
| Justice of the Peace, Pct #3 | 107,085 | 107,585 | 107,524 | 61 |
| Justice of the Peace, Pct #4 | 154,895 | 154,895 | 149,477 | 5,418 |
| Justice of the Peace, Pct #5 | 150,945 | 150,945 | 143,700 | 7,245 |
| Justice of the Peace, Pct #6 | 200,080 | 200,080 | 196,833 | 3,247 |
| Juvenile Probation | 99,050 | 99,050 | 98,923 | 127 |
| County Attorney | 237,300 | 241,300 | 241,061 | 239 |
| District Attorney | 441,210 | 441,210 | 396,892 | 44,318 |
| Elections | 106,545 | 106,545 | 103,956 | 2,589 |
| Total Justice System | 3,274,056 | 3,286,556 | 3,169,857 | 116,699 |

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 2 of 3)
GENERAL FUND

For the Year Ended December 31, 2008

| | 2008 | | | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Budgeted Amounts | | Actual Amounts | |
| | Original | Final | | |
| Expenditures (continued) | | | | |
| Health and Welfare | | | | |
| Environmental health | \$ 221,160 | \$ 233,160 | \$ 233,078 | \$ 82 |
| Health department | 222,260 | 222,260 | 192,075 | 30,185 |
| Indigent health care | 502,040 | 501,726 | 453,879 | 47,847 |
| Nurse Practitioner | 161,580 | 161,580 | 157,212 | 4,368 |
| Welfare | 28,903 | 28,903 | 18,709 | 10,194 |
| Rehabilitation | 51,300 | 51,300 | 50,000 | 1,300 |
| Mosquito control | 594,000 | 587,761 | 446,072 | 141,689 |
| Total Health and Welfare | 1,781,243 | 1,786,690 | 1,551,025 | 235,665 |
| Culture and Recreational | | | | |
| Libraries | 481,254 | 487,754 | 475,532 | 12,222 |
| Agricultural Extension | 217,190 | 217,190 | 187,018 | 30,172 |
| Parks and Recreation | 853,670 | 925,294 | 924,492 | 802 |
| Historical Commission | 7,375 | 7,375 | 2,644 | 4,731 |
| Total Culture and Recreational | 1,559,489 | 1,637,613 | 1,589,686 | 47,927 |
| Law Enforcement and Public Safety | | | | |
| Emergency management | 128,030 | 135,030 | 134,325 | 705 |
| Safety department | 21,250 | 21,250 | 12,838 | 8,412 |
| Constable, Pct #1 | 61,180 | 61,380 | 61,272 | 108 |
| Constable, Pct #2 | 132,030 | 132,730 | 132,635 | 95 |
| Constable, Pct #3 | 56,780 | 56,780 | 56,235 | 545 |
| Constable, Pct #4 | 56,880 | 57,580 | 57,487 | 93 |
| Constable, Pct #5 | 62,820 | 63,120 | 63,054 | 66 |
| Constable, Pct #6 | 69,260 | 69,560 | 69,512 | 48 |
| Jail | 847,640 | 890,640 | 890,112 | 528 |
| Sheriff | 4,267,360 | 4,598,385 | 4,598,122 | 263 |
| Total Law Enforcement and Public Safety | 5,703,230 | 6,086,455 | 6,075,592 | 10,863 |
| Capital | | | | |
| Capital outlay | 986,000 | 1,457,815 | 1,191,724 | 266,091 |
| Total Capital | 986,000 | 1,457,815 | 1,191,724 | 266,091 |
| Debt Service: | | | | |
| Principal | 200,970 | 209,551 | 92,661 | 116,890 |
| Interest and other | 22,005 | 22,005 | 22,005 | - |
| Total Debt Service | 222,975 | 231,556 | 114,666 | 116,890 |
| Total Expenditures | 18,457,492 | 35,421,163 | 34,114,684 | 1,306,479 |
| Excess (Deficiency) of Revenues Over Expenditures | 2,645,908 | 1,682,237 | 6,993,804 | 5,311,567 |

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 3 of 3)
GENERAL FUND

For the Year Ended December 31, 2008

| | Budgeted Amounts | | Actual | Variance with |
|---|------------------|-------------|---------------|---------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Other Financing Sources (Uses) | | | | |
| Tax notes issued | - | 1,024,451 | 2,127,915 | 1,103,464 |
| Operating transfers in | - | - | 6,256,782 | 6,256,782 |
| Operating transfers (out) | (2,497,435) | (2,497,435) | - | 2,497,435 |
| Total Other Financing Sources (Uses) | (2,497,435) | (1,472,984) | 8,384,697 | 9,857,681 |
| | | | | |
| Net Change in Fund Balance | \$ 148,473 | \$ 209,253 | 15,378,501 | \$ 15,169,248 |
| | | | | |
| Beginning Fund Balance | | | 3,226,948 | |
| | | | | |
| Ending Fund Balance | | | \$ 18,605,449 | |
| | | | | |
| Net change in | | | | |
| Fund Balance - Budgetary Basis | | | \$ 15,378,501 | |
| | | | | |
| Reconciliation of Fund Balance (GAAP Basis) | | | | |
| To adjust revenues for tax accruals | | | (1,055,340) | |
| To adjust for note payable payments | | | 50,000 | |
| Net Change in Fund Balance - GAAP Basis | | | \$ 14,373,161 | |

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CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2008

| | 2008 | | | Variance with Final Budget Positive (Negative) |
|--|------------------|-----------------------|---------------------|---|
| | Budgeted Amounts | | Actual Amounts | |
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 5,074,627 | \$ 5,074,627 | \$ 5,195,841 | \$ 121,214 |
| Intergovernmental | 6,600 | 6,600 | 8,293 | 1,693 |
| Fees | 720,000 | 720,000 | 780,740 | 60,740 |
| Fines and forfeitures | 320,000 | 320,000 | 330,491 | 10,491 |
| Investment income | 140,000 | 140,000 | 152,524 | 12,524 |
| Other | 64,800 | 64,800 | 126,756 | 61,956 |
| Total Revenues | 6,326,027 | 6,326,027 | 6,594,645 | 268,618 |
| Expenditures | | | | |
| Current: | | | | |
| Transportation | 5,602,240 | 6,165,373 | 6,159,240 | 6,133 |
| Capital: | | | | |
| Capital outlay | 814,195 | 1,983,335 | 1,983,335 | - |
| Debt Service: | | | | |
| Principal | 16,197 | 21,197 | 13,145 | 8,052 |
| Interest and other | 803 | 803 | 803 | - |
| Total Debt Service | 17,000 | 22,000 | 13,948 | 8,052 |
| Total Expenditures | 6,433,435 | 8,170,708 | 8,156,523 | 14,185 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (107,408) | (1,844,681) | (1,561,878) | 282,803 |
| Other Financing Sources (Uses) | | | | |
| Tax notes issued | - | - | 832,048 | 832,048 |
| Transfers in | 107,408 | 107,408 | - | (107,408) |
| Total Other Financing Sources (Uses) | 107,408 | 107,408 | 832,048 | 724,640 |
| Net Change in Fund Balance | \$ - | \$ (1,737,273) | (729,830) | \$ 1,007,443 |
| Beginning Fund Balance | | | 2,217,231 | |
| Ending Fund Balance | | | \$ 1,487,401 | |
| Net Change in Fund Balance - Budgetary Basis | | | \$ (729,830) | |
| Reconciliation of Fund Balance (GAAP Basis) | | | | |
| To adjust revenues for tax accruals | | | (259,164) | |
| Net Change in Fund Balance - GAAP Basis | | | \$ (988,994) | |

CHAMBERS COUNTY, TEXAS
SCHEDULE OF FUNDING PROGRESS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
For the Year Ended December 31, 2008

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 | 2008 | 2007 | 2006 | 2005 |
|---------------------------------|---------------|---------------|---------------|---------------|
| Actuarial Valuation Date | 12/31/2007 | 12/31/2006 | 12/31/2005 | 12/31/2004 |
| Actuarial Value of Assets | \$ 34,570,170 | \$ 32,396,075 | \$ 29,106,124 | \$ 27,174,690 |
| Actuarial Accrued Liability | \$ 37,329,147 | \$ 34,240,901 | \$ 32,137,163 | \$ 29,648,322 |
| Percentage Funded | 92.6% | 94.6% | 90.6% | 91.7% |
| Unfunded Actuarial | | | | |
| Accrued Liability | \$ 2,758,977 | \$ 1,844,826 | \$ 3,031,039 | \$ 2,473,632 |
| Annual Covered Payroll | \$ 12,170,324 | \$ 11,318,097 | \$ 11,036,984 | \$ 10,629,772 |
| Unfunded Actuarial | | | | |
| Accrued Liability | | | | |
| (UAAL) % of Covered Payroll | 22.67% | 16.30% | 27.46% | 23.27% |
| Net Pension Obligation (NPO) | | | | |
| at the Beginning of Period | \$ - | \$ - | \$ - | \$ - |
| Annual Req. Contrib. (ARC) | \$ 1,352,440 | \$ 1,157,598 | \$ 951,365 | \$ 955,803 |
| Contributions Made | 1,352,440 | 1,157,598 | 951,365 | \$ 955,803 |
| NPO at the End of Period | \$ - | \$ - | \$ - | \$ - |

CHAMBERS COUNTY, TEXAS

SCHEDULE OF FUNDING PROGRESS

POST-EMPLOYMENT HEALTHCARE BENEFITS¹

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Annual Covered Payroll (c) | UAAL as a Percentage of Covered Payroll [(b-a)/c] |
|--------------------------------|--|--|------------------------------------|--------------------------|-------------------------------------|---|
| 01/01/08 | \$ - | \$ 2,780,045 | \$ 2,780,045 | 0.0% | 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***

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

For the Year Ended December 31, 2008

| | 2008 | | | Variance with Final Budget Positive (Negative) |
|--|------------------|---------------------|----------------------|---|
| | Budgeted Amounts | | Actual Amounts | |
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 2,351,679 | \$ 2,351,679 | \$ 2,885,441 | \$ 533,762 |
| Investment income | 25,000 | 25,000 | 29,270 | 4,270 |
| Total Revenues | <u>2,376,679</u> | <u>2,376,679</u> | <u>2,914,711</u> | <u>538,032</u> |
| Expenditures | | | | |
| Principal | 1,970,000 | 2,495,000 | 2,000,376 | 494,624 |
| Interest and fiscal charges | 641,864 | 760,945 | 662,789 | 98,156 |
| Total Expenditures | <u>2,611,864</u> | <u>3,255,945</u> | <u>2,663,165</u> | <u>592,780</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(235,185)</u> | <u>(879,266)</u> | <u>251,546</u> | <u>1,130,812</u> |
| Other Financing Sources | | | | |
| Transfers in | 235,185 | 235,185 | 12,419,415 | 12,184,230 |
| Total Other Financing Sources | <u>235,185</u> | <u>235,185</u> | <u>12,419,415</u> | <u>12,184,230</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ (644,081)</u> | 12,670,961 | <u>\$ 13,315,042</u> |
| Beginning Fund Balance | | | <u>628,032</u> | |
| Ending Fund Balance | | | <u>\$ 13,298,993</u> | |
| Net Change in Fund Balance - Budgetary Basis | | | \$ 12,670,961 | |
| Reconciliation of Fund Balance (GAAP Basis) | | | | |
| To adjust revenues for tax accruals | | | <u>(146,829)</u> | |
| Net Change in Fund Balance - GAAP Basis | | | <u>\$ 12,524,132</u> | |

CHAMBERS COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (page 1 of 6)

December 31, 2008

| | Special Revenue Funds | | | |
|---|-----------------------|------------------------|-------------------|--------------------|
| | Lateral Road | County Court Fee | Youth Activity | Worthless Check |
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 115,062 | \$ 15,480 | \$ 18,900 | \$ 20,264 |
| Investments | - | - | - | - |
| Receivables, net | - | - | - | - |
| Due from other governments | - | - | - | - |
| Total Assets | \$ 115,062 | \$ 15,480 | \$ 18,900 | \$ 20,264 |
| <u>Liabilities and Fund Balances</u> | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | - | - | - | - |
| Total Liabilities | - | - | - | - |
| Fund Balances: | | | | |
| Unreserved and undesignated | 115,062 | 15,480 | 18,900 | 20,264 |
| Total Fund Balances | 115,062 | 15,480 | 18,900 | 20,264 |
| Total Liabilities and Fund Balances | \$ 115,062 | \$ 15,480 | \$ 18,900 | \$ 20,264 |

Special Revenue Funds

| County Attorney DWI | District Attorney Drug Prevention | Sheriff Forfeiture | Hotel Tax | District Attorney Seizure & Forfeiture | Election |
|------------------------------------|--|-------------------------------|----------------------|---|------------------|
| \$ 22,304 | \$ 47,158 | \$ 9,168 | \$ 339,187 | \$ 86,570 | \$ 10,740 |
| - | - | 30,000 | 450,000 | 150,000 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 22,304</u> | <u>\$ 47,158</u> | <u>\$ 39,168</u> | <u>\$ 789,187</u> | <u>\$ 236,570</u> | <u>\$ 10,740</u> |
| | | | | | |
| \$ - | \$ - | \$ 5,388 | \$ 57,529 | \$ 18,999 | \$ - |
| - | - | - | - | - | 2,000 |
| - | - | 5,388 | 57,529 | 18,999 | 2,000 |
| <u>-</u> | <u>-</u> | <u>5,388</u> | <u>57,529</u> | <u>18,999</u> | <u>2,000</u> |
| | | | | | |
| 22,304 | 47,158 | 33,780 | 731,658 | 217,571 | 8,740 |
| <u>22,304</u> | <u>47,158</u> | <u>33,780</u> | <u>731,658</u> | <u>217,571</u> | <u>8,740</u> |
| | | | | | |
| \$ 22,304 | \$ 47,158 | \$ 39,168 | \$ 789,187 | \$ 236,570 | \$ 10,740 |

CHAMBERS COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (page 2 of 6)

December 31, 2008

| | Special Revenue Funds | | | |
|---|-----------------------|-------------------------------------|--|--------------------------------|
| | LEOCE Allocation | HUD Sec. 8 Housing Program | County Clerk Records Archives | Justice Court Technology |
| Assets | | | | |
| Cash and cash equivalents | \$ 21,286 | \$ 17,298 | \$ 114,845 | \$ 63,100 |
| Investments | - | - | 150,000 | - |
| Receivables, net | - | - | - | - |
| Due from other governments | - | - | - | - |
| Total Assets | \$ 21,286 | \$ 17,298 | \$ 264,845 | \$ 63,100 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 34 | \$ - | \$ - | \$ 5,297 |
| Due to other funds | - | - | - | - |
| Total Liabilities | 34 | - | - | 5,297 |
| Fund Balances: | | | | |
| Unreserved and undesignated | 21,252 | 17,298 | 264,845 | 57,803 |
| Total Fund Balances | 21,252 | 17,298 | 264,845 | 57,803 |
| Total Liabilities and Fund Balances | \$ 21,286 | \$ 17,298 | \$ 264,845 | \$ 63,100 |

Special Revenue Funds

| Courthouse Security | Records Mngmt County Clerk | Records Mngmt District Clerk | Jail Commissary | Narcotics Task Force | Tax Assessor Vehicle Inv Tax |
|--------------------------------|---|---|----------------------------|---------------------------------|---|
| \$ 39,528 | \$ 59,177 | \$ 12,647 | \$ 9,986 | \$ 740,210 | \$ - |
| - | 75,000 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 39,528</u> | <u>\$ 134,177</u> | <u>\$ 12,647</u> | <u>\$ 9,986</u> | <u>\$ 740,210</u> | <u>\$ -</u> |
| | | | | | |
| \$ - | \$ 289 | \$ 593 | \$ - | \$ 320,367 | \$ 668 |
| - | - | - | - | 1,241 | - |
| <u>-</u> | <u>289</u> | <u>593</u> | <u>-</u> | <u>321,608</u> | <u>668</u> |
| | | | | | |
| 39,528 | 133,888 | 12,054 | 9,986 | 418,602 | (668) |
| <u>39,528</u> | <u>133,888</u> | <u>12,054</u> | <u>9,986</u> | <u>418,602</u> | <u>(668)</u> |
| | | | | | |
| <u>\$ 39,528</u> | <u>\$ 134,177</u> | <u>\$ 12,647</u> | <u>\$ 9,986</u> | <u>\$ 740,210</u> | <u>\$ -</u> |

CHAMBERS COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (page 3 of 6)

December 31, 2008

| | Special Revenue Funds | | | |
|---|------------------------------------|---------------------|-----------------------|----------------------------------|
| | Health Services Sales Tax | Available School | Ecotourism Entergy | Texas History Preservation |
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 916,565 | \$ 56 | \$ 18 | \$ - |
| Investments | 1,000,000 | 15,700 | - | - |
| Receivables, net | 424,520 | - | - | - |
| Due from other governments | - | - | - | - |
| Total Assets | \$ 2,341,085 | \$ 15,756 | \$ 18 | \$ - |
| <u>Liabilities and Fund Balances</u> | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 2,546 | \$ 33,291 | \$ - | \$ - |
| Due to other funds | - | - | - | 3,109 |
| Total Liabilities | 2,546 | 33,291 | - | 3,109 |
| Fund Balances: | | | | |
| Unreserved and undesignated | 2,338,539 | (17,535) | 18 | (3,109) |
| Total Fund Balances | 2,338,539 | (17,535) | 18 | (3,109) |
| Total Liabilities and Fund Balances | \$ 2,341,085 | \$ 15,756 | \$ 18 | \$ - |

Special Revenue Funds

| Community Outdoor Outreach | Library Lone Star | HGAC ACSEC Addressing Pool | Juvenile Probation Comm | Community Corrections Assistance | Indigent Defense Formula |
|---|----------------------------------|---|--|---|---|
| \$ 1,883 | \$ 7,899 | \$ 57,707 | \$ 9,022 | \$ 9,678 | \$ 39,613 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 1,883</u> | <u>\$ 7,899</u> | <u>\$ 57,707</u> | <u>\$ 9,022</u> | <u>\$ 9,678</u> | <u>\$ 39,613</u> |
| | | | | | |
| \$ - | \$ - | \$ - | \$ 2,089 | \$ 65 | \$ - |
| - | - | - | - | - | 14,941 |
| - | - | - | 2,089 | 65 | 14,941 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>2,089</u> | <u>65</u> | <u>14,941</u> |
| | | | | | |
| 1,883 | 7,899 | 57,707 | 6,933 | 9,613 | 24,672 |
| <u>1,883</u> | <u>7,899</u> | <u>57,707</u> | <u>6,933</u> | <u>9,613</u> | <u>24,672</u> |
| | | | | | |
| \$ 1,883 | \$ 7,899 | \$ 57,707 | \$ 9,022 | \$ 9,678 | \$ 39,613 |
| <u>\$ 1,883</u> | <u>\$ 7,899</u> | <u>\$ 57,707</u> | <u>\$ 9,022</u> | <u>\$ 9,678</u> | <u>\$ 39,613</u> |

CHAMBERS COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (page 4 of 6)

December 31, 2008

| Special Revenue Funds | | | | |
|---|-----------------|---------------------|-------------------------------------|------------------------------------|
| | Vine Project | Chapter Nineteen | Airport Maintenance (Anahuac) | Airport Maintenance (Winnie) |
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ 2,426 |
| Investments | - | - | - | - |
| Receivables, net | - | - | - | - |
| Due from other governments | - | - | - | - |
| Total Assets | \$ - | \$ - | \$ - | \$ 2,426 |
| <u>Liabilities and Fund Balances</u> | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | - | 78 | 2,657 | - |
| Total Liabilities | - | 78 | 2,657 | - |
| Fund Balances: | | | | |
| Unreserved and undesignated | - | (78) | (2,657) | 2,426 |
| Total Fund Balances | - | (78) | (2,657) | 2,426 |
| Total Liabilities and Fund Balances | \$ - | \$ - | \$ - | \$ 2,426 |

Special Revenue Funds

| State Boating Access | CMP (Glo) Cycle 10 | SHSP DPA | SEAPAC | USDHHS BVCAA | USDHHS TDH PH & HS |
|-------------------------------------|-----------------------------------|---------------------|-------------------|-------------------------|---------------------------------------|
| \$ - | \$ - | \$ 79,646 | \$ 117,115 | \$ 764 | \$ 18,228 |
| - | - | - | - | - | - |
| 63,321 | - | - | - | - | - |
| - | - | 69,663 | - | - | - |
| <u>\$ 63,321</u> | <u>\$ -</u> | <u>\$ 149,309</u> | <u>\$ 117,115</u> | <u>\$ 764</u> | <u>\$ 18,228</u> |
| | | | | | |
| \$ 4,501 | \$ - | \$ 2,329 | \$ - | \$ - | \$ - |
| 84,862 | 30,801 | 146,501 | 131,520 | - | 18,228 |
| <u>89,363</u> | <u>30,801</u> | <u>148,830</u> | <u>131,520</u> | <u>-</u> | <u>18,228</u> |
| | | | | | |
| (26,042) | (30,801) | 479 | (14,405) | 764 | - |
| <u>(26,042)</u> | <u>(30,801)</u> | <u>479</u> | <u>(14,405)</u> | <u>764</u> | <u>-</u> |
| | | | | | |
| <u>\$ 63,321</u> | <u>\$ -</u> | <u>\$ 149,309</u> | <u>\$ 117,115</u> | <u>\$ 764</u> | <u>\$ 18,228</u> |

CHAMBERS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 5 of 6)
December 31, 2008

| | Special Revenue Funds | | | |
|---|-----------------------|-----------------------------|------------------------------------|-----------------------|
| | USDHHS TDH WIC | Help America Vote Act | Texas Traffic Safety Program | FEMA United Way |
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 42,636 | \$ 2,934 |
| Investments | - | - | - | - |
| Receivables, net | - | - | - | - |
| Due from other governments | - | 174,936 | - | - |
| Total Assets | \$ - | \$ 174,936 | \$ 42,636 | \$ 2,934 |
| <u>Liabilities and Fund Balances</u> | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 933 | \$ - | \$ - | \$ - |
| Due to other funds | 28,687 | 214,311 | - | - |
| Total Liabilities | 29,620 | 214,311 | - | - |
| Fund Balances: | | | | |
| Unreserved and undesignated | (29,620) | (39,375) | 42,636 | 2,934 |
| Total Fund Balances | (29,620) | (39,375) | 42,636 | 2,934 |
| Total Liabilities and Fund Balances | \$ - | \$ 174,936 | \$ 42,636 | \$ 2,934 |

Special Revenue Funds

| <u>Title IV Funds</u> | <u>TXDPS BSEO</u> | <u>Victim of Crime Act</u> | <u>TDHC Home Program</u> | <u>DSHS IDS</u> | <u>SETH:HTF</u> |
|---------------------------|-----------------------|------------------------------------|----------------------------------|---------------------|-----------------|
| \$ 28,981 | \$ 18,103 | \$ - | \$ - | \$ 156 | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 28,981</u> | <u>\$ 18,103</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 156</u> | <u>\$ -</u> |
| | | | | | |
| \$ - | \$ - | \$ 129 | \$ 4,800 | \$ - | \$ - |
| - | - | 17,823 | 445 | 688 | 45,152 |
| - | - | 17,952 | 5,245 | 688 | 45,152 |
| <u>-</u> | <u>-</u> | <u>17,952</u> | <u>5,245</u> | <u>688</u> | <u>45,152</u> |
| | | | | | |
| 28,981 | 18,103 | (17,952) | (5,245) | (532) | (45,152) |
| <u>28,981</u> | <u>18,103</u> | <u>(17,952)</u> | <u>(5,245)</u> | <u>(532)</u> | <u>(45,152)</u> |
| | | | | | |
| <u>\$ 28,981</u> | <u>\$ 18,103</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 156</u> | <u>\$ -</u> |

CHAMBERS COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (page 6 of 6)

December 31, 2008

| | Special Revenue Funds | | | Capital Projects |
|---|-----------------------|----------------------|------------------|--------------------------------|
| | Homeland Security | Disaster Recovery | CIAP | CAP Proj 02 Construction |
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ 2,959,963 |
| Investments | - | - | - | - |
| Receivables, net | - | - | - | - |
| Due from other governments | 74,319 | 213,372 | 65,612 | - |
| Total Assets | \$ 74,319 | \$ 213,372 | \$ 65,612 | \$ 2,959,963 |
| <u>Liabilities and Fund Balances</u> | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 32,063 | \$ 8,892 | \$ - | \$ - |
| Due to other funds | 42,256 | 200,703 | 65,612 | 2,959,963 |
| Total Liabilities | 74,319 | 209,595 | 65,612 | 2,959,963 |
| Fund Balances: | | | | |
| Unreserved and undesignated | - | 3,777 | - | - |
| Total Fund Balances | - | 3,777 | - | - |
| Total Liabilities and Fund Balances | \$ 74,319 | \$ 213,372 | \$ 65,612 | \$ 2,959,963 |

**Total
Nonmajor
Governmental
Funds**

\$ 6,076,303
1,870,700
487,841
597,902
\$ 9,032,746

\$ 500,802
4,011,578
4,512,380

4,520,366
4,520,366

\$ 9,032,746

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 1 of 6)
For the Year Ended December 31, 2008

| | Special Revenue Funds | | | |
|--|-----------------------|------------------------|-------------------|--------------------|
| | Lateral Road | County Court Fee | Youth Activity | Worthless Check |
| Revenues | | | | |
| Taxes | \$ 23,465 | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - |
| Fees | - | 4,456 | - | 8,821 |
| Fines and forfeitures | - | - | - | - |
| Investment income | - | - | - | - |
| Other | - | - | - | - |
| Total Revenues | <u>23,465</u> | <u>4,456</u> | <u>-</u> | <u>8,821</u> |
| Expenditures | | | | |
| Current: | | | | |
| Personnel | - | - | - | - |
| Supplies | - | - | - | - |
| Contractual services | - | - | - | - |
| Capital: | | | | |
| Capital outlay | - | - | - | - |
| Debt Service: | | | | |
| Issuance costs | - | - | - | - |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>23,465</u> | <u>4,456</u> | <u>-</u> | <u>8,821</u> |
| Other Financing Sources (Uses) | | | | |
| Capital leases | - | - | - | - |
| Debt issuance | - | - | - | - |
| Transfers in | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | 23,465 | 4,456 | - | 8,821 |
| Beginning Fund Balances | <u>91,597</u> | <u>11,024</u> | <u>18,900</u> | <u>11,443</u> |
| Ending Fund Balances | <u>\$ 115,062</u> | <u>\$ 15,480</u> | <u>\$ 18,900</u> | <u>\$ 20,264</u> |

Special Revenue Funds

| County Attorney DWI | District Attorney Drug Prevention | Sheriff Forfeiture | Hotel Tax | District Attorney Seizure & Forfeiture | Election |
|------------------------------------|--|-------------------------------|----------------------|---|-----------------|
| \$ - | \$ - | \$ - | \$ 331,305 | \$ - | \$ - |
| - | - | - | - | - | 47,417 |
| 1,755 | 3,435 | - | - | - | - |
| - | - | 12,320 | - | 82,964 | - |
| - | - | 1,329 | 14,422 | 7,415 | - |
| - | - | - | - | - | - |
| <u>1,755</u> | <u>3,435</u> | <u>13,649</u> | <u>345,727</u> | <u>90,379</u> | <u>47,417</u> |
| - | - | - | 4,148 | 22,876 | 6,079 |
| 1,106 | - | 31,027 | - | 64,275 | 30,598 |
| - | - | - | 321,217 | 30,090 | - |
| - | - | - | - | 7,603 | - |
| - | - | - | - | - | - |
| - | - | - | - | 2,541 | - |
| - | - | - | - | - | - |
| <u>1,106</u> | <u>-</u> | <u>31,027</u> | <u>325,365</u> | <u>127,385</u> | <u>36,677</u> |
| <u>649</u> | <u>3,435</u> | <u>(17,378)</u> | <u>20,362</u> | <u>(37,006)</u> | <u>10,740</u> |
| - | - | - | - | 7,603 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | 7,603 | - |
| 649 | 3,435 | (17,378) | 20,362 | (29,403) | 10,740 |
| <u>21,655</u> | <u>43,723</u> | <u>51,158</u> | <u>711,296</u> | <u>246,974</u> | <u>(2,000)</u> |
| <u>\$ 22,304</u> | <u>\$ 47,158</u> | <u>\$ 33,780</u> | <u>\$ 731,658</u> | <u>\$ 217,571</u> | <u>\$ 8,740</u> |

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 2 of 6)
For the Year Ended December 31, 2008

| | Special Revenue Funds | | | |
|--|------------------------------|---|--|---|
| | LEOCE Allocation | HUD Sec. 8 Housing Program | County Clerk Records Archives | Justice Court Technology |
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 9,511 | - | - | - |
| Fees | - | 3,255 | 50,406 | - |
| Fines and forfeitures | - | - | - | - |
| Investment income | - | - | 4,425 | - |
| Other | - | - | - | 35,312 |
| Total Revenues | 9,511 | 3,255 | 54,831 | 35,312 |
| Expenditures | | | | |
| Current: | | | | |
| Personnel | - | - | - | - |
| Supplies | - | 335 | - | 30,444 |
| Contractual services | 10,540 | - | 14,617 | - |
| Capital: | | | | |
| Capital outlay | - | - | - | 420 |
| Debt Service: | | | | |
| Issuance costs | - | - | - | - |
| Principal | - | 1,240 | - | 14,763 |
| Interest | - | 258 | - | 2,787 |
| Total Expenditures | 10,540 | 1,833 | 14,617 | 48,414 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,029) | 1,422 | 40,214 | (13,102) |
| Other Financing Sources (Uses) | | | | |
| Capital leases | - | - | - | - |
| Debt issuance | - | - | - | - |
| Transfers in | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - |
| Net Change in Fund Balances | (1,029) | 1,422 | 40,214 | (13,102) |
| Beginning Fund Balances | 22,281 | 15,876 | 224,631 | 70,905 |
| Ending Fund Balances | \$ 21,252 | \$ 17,298 | \$ 264,845 | \$ 57,803 |

Special Revenue Funds

| <u>Courthouse Security</u> | <u>Records Mngmt County Clerk</u> | <u>Records Mngmt District Clerk</u> | <u>Jail Commissary</u> | <u>Narcotics Task Force</u> | <u>Tax Assessor Vehicle Inv Tax</u> |
|----------------------------|-----------------------------------|-------------------------------------|------------------------|-----------------------------|-------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | 9,506 | - |
| 50,141 | 60,402 | 14,642 | - | - | - |
| - | - | - | - | 134,251 | - |
| 882 | 3,512 | - | - | 29,653 | - |
| - | - | - | - | 3,827 | - |
| <u>51,023</u> | <u>63,914</u> | <u>14,642</u> | <u>-</u> | <u>177,237</u> | <u>-</u> |
| 76,832 | 38,753 | 1,197 | - | 442,764 | - |
| 332 | 24,738 | 12,041 | - | 86,915 | - |
| 1,453 | 20,744 | - | - | 2,180 | - |
| - | - | - | - | 291 | - |
| - | - | - | - | - | - |
| 373 | 7,229 | 516 | - | - | - |
| 78 | 1,515 | 77 | - | - | - |
| <u>79,068</u> | <u>92,979</u> | <u>13,831</u> | <u>-</u> | <u>532,150</u> | <u>-</u> |
| <u>(28,045)</u> | <u>(29,065)</u> | <u>811</u> | <u>-</u> | <u>(354,913)</u> | <u>-</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>(28,045)</u> | <u>(29,065)</u> | <u>811</u> | <u>-</u> | <u>(354,913)</u> | <u>-</u> |
| <u>67,573</u> | <u>162,953</u> | <u>11,243</u> | <u>9,986</u> | <u>773,515</u> | <u>(668)</u> |
| <u>\$ 39,528</u> | <u>\$ 133,888</u> | <u>\$ 12,054</u> | <u>\$ 9,986</u> | <u>\$ 418,602</u> | <u>\$ (668)</u> |

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 3 of 6)
For the Year Ended December 31, 2008

| | Special Revenue Funds | | | |
|--|------------------------------------|---------------------|-----------------------|----------------------------------|
| | Health Services Sales Tax | Available School | Ecotourism Entergy | Texas History Preservation |
| Revenues | | | | |
| Taxes | \$ 2,148,616 | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - |
| Fees | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment income | 31,724 | 9,152 | - | - |
| Other | - | - | - | - |
| Total Revenues | 2,180,340 | 9,152 | - | - |
| Expenditures | | | | |
| Current: | | | | |
| Personnel | 123,082 | - | - | - |
| Supplies | 63,934 | - | - | - |
| Contractual services | 1,423,974 | 315,335 | - | - |
| Capital: | | | | |
| Capital outlay | 62,425 | - | - | - |
| Debt Service: | | | | |
| Issuance costs | - | - | - | - |
| Principal | 2,206 | - | - | - |
| Interest | 410 | - | - | - |
| Total Expenditures | 1,676,031 | 315,335 | - | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 504,309 | (306,183) | - | - |
| Other Financing Sources (Uses) | | | | |
| Capital leases | - | - | - | - |
| Debt issuance | - | - | - | - |
| Transfers in | - | 287,336 | - | - |
| Total Other Financing Sources (Uses) | - | 287,336 | - | - |
| Net Change in Fund Balances | 504,309 | (18,847) | - | - |
| Beginning Fund Balances | 1,834,230 | 1,312 | 18 | (3,109) |
| Ending Fund Balances | \$ 2,338,539 | \$ (17,535) | \$ 18 | \$ (3,109) |

Special Revenue Funds

| Community Outdoor Outreach | Library Lone Star | HGAC ACSEC Addressing Pool | Juvenile Probation Commision | Community Corrections Assistance | Indigent Defense Formula |
|---|----------------------------------|---|---|---|---|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | 8,269 | 22,679 | 90,599 | 81,734 | 39,613 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 8,269 | 22,679 | 90,599 | 81,734 | 39,613 |
| - | - | - | 70,798 | 65,139 | - |
| - | 2,455 | - | 5,348 | 3,561 | - |
| - | - | - | 3,500 | 4,556 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 2,455 | - | 79,646 | 73,256 | - |
| - | 5,814 | 22,679 | 10,953 | 8,478 | 39,613 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 5,814 | 22,679 | 10,953 | 8,478 | 39,613 |
| 1,883 | 2,085 | 35,028 | (4,020) | 1,135 | (14,941) |
| \$ 1,883 | \$ 7,899 | \$ 57,707 | \$ 6,933 | \$ 9,613 | \$ 24,672 |

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 4 of 6)
For the Year Ended December 31, 2008

| | <u>Special Revenue Funds</u> | | | |
|--|------------------------------|-----------------------------|--|---|
| | <u>Vine Project</u> | <u>Chapter Nineteen</u> | <u>Airport Maintenance (Anahuac)</u> | <u>Airport Maintenance (Winnie)</u> |
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 6,739 | 7,434 | 2,010 | 355 |
| Fees | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment income | - | - | - | - |
| Other | - | - | - | - |
| Total Revenues | <u>6,739</u> | <u>7,434</u> | <u>2,010</u> | <u>355</u> |
| Expenditures | | | | |
| Current: | | | | |
| Personnel | - | 78 | - | - |
| Supplies | - | 7,434 | - | - |
| Contractual services | 6,739 | - | 3,108 | - |
| Capital: | | | | |
| Capital outlay | - | - | - | - |
| Debt Service: | | | | |
| Issuance costs | - | - | - | - |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total Expenditures | <u>6,739</u> | <u>7,512</u> | <u>3,108</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>-</u> | <u>(78)</u> | <u>(1,098)</u> | <u>355</u> |
| Other Financing Sources (Uses) | | | | |
| Capital leases | - | - | - | - |
| Debt issuance | - | - | - | - |
| Transfers in | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | <u>-</u> | <u>(78)</u> | <u>(1,098)</u> | <u>355</u> |
| Beginning Fund Balances | <u>-</u> | <u>-</u> | <u>(1,559)</u> | <u>2,071</u> |
| Ending Fund Balances | <u>\$ -</u> | <u>\$ (78)</u> | <u>\$ (2,657)</u> | <u>\$ 2,426</u> |

Special Revenue Funds

| State Boating Access | CMP (Glo) Cycle 10 | SHSP DPA | SEAPAC | USDHHS BVCAA | USDHHS TDH PH & HS |
|-----------------------------|---------------------------|-----------------|--------------------|---------------------|-------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 43,627 | - | 70,800 | 30,955 | 28,248 | 18,228 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>43,627</u> | <u>-</u> | <u>70,800</u> | <u>30,955</u> | <u>28,248</u> | <u>18,228</u> |
| - | - | - | 27,148 | - | 18,228 |
| - | - | 69,663 | - | 28,090 | - |
| 43,627 | - | - | - | 180 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>43,627</u> | <u>-</u> | <u>69,663</u> | <u>27,148</u> | <u>28,270</u> | <u>18,228</u> |
| - | - | 1,137 | 3,807 | (22) | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | 1,137 | 3,807 | (22) | - |
| <u>(26,042)</u> | <u>(30,801)</u> | <u>(658)</u> | <u>(18,212)</u> | <u>786</u> | <u>-</u> |
| <u>\$ (26,042)</u> | <u>\$ (30,801)</u> | <u>\$ 479</u> | <u>\$ (14,405)</u> | <u>\$ 764</u> | <u>\$ -</u> |

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 5 of 6)
For the Year Ended December 31, 2008

| | Special Revenue Funds | | | |
|--|-----------------------|-----------------------------|------------------------------------|-----------------------|
| | USDHHS TDH WIC | Help America Vote Act | Texas Traffic Safety Program | FEMA United Way |
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 103,956 | 174,936 | 22,337 | 15,527 |
| Fees | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment income | - | - | - | - |
| Other | - | - | - | - |
| Total Revenues | <u>103,956</u> | <u>174,936</u> | <u>22,337</u> | <u>15,527</u> |
| Expenditures | | | | |
| Current: | | | | |
| Personnel | 92,120 | - | - | - |
| Supplies | 8,794 | 174,936 | 1,049 | 15,527 |
| Contractual services | 13,921 | - | 1,615 | - |
| Capital: | | | | |
| Capital outlay | 4,624 | - | - | - |
| Debt Service: | | | | |
| Issuance costs | - | - | - | - |
| Principal | 823 | - | - | - |
| Interest | 413 | - | - | - |
| Total Expenditures | <u>120,695</u> | <u>174,936</u> | <u>2,664</u> | <u>15,527</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(16,739)</u> | <u>-</u> | <u>19,673</u> | <u>-</u> |
| Other Financing Sources (Uses) | | | | |
| Capital leases | 4,624 | - | - | - |
| Debt issuance | - | - | - | - |
| Transfers in | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>4,624</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | (12,115) | - | 19,673 | - |
| Beginning Fund Balances | <u>(17,505)</u> | <u>(39,375)</u> | <u>22,963</u> | <u>2,934</u> |
| Ending Fund Balances | <u>\$ (29,620)</u> | <u>\$ (39,375)</u> | <u>\$ 42,636</u> | <u>\$ 2,934</u> |

Special Revenue Funds

| Title IV Funds | TXDPS BSEO | Victim of Crime Act | TDHC Home Program | DSHS IDS | SETH:HTF |
|---------------------------|-----------------------|------------------------------------|----------------------------------|---------------------|--------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 5,519 | - | 34,278 | 120,000 | 156 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>5,519</u> | <u>-</u> | <u>34,278</u> | <u>120,000</u> | <u>156</u> | <u>-</u> |
| - | - | 36,268 | 17,098 | - | - |
| 1,012 | - | 2,902 | - | - | - |
| 205 | - | 2,589 | 107,900 | - | - |
| - | - | - | - | - | 45,152 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>1,217</u> | <u>-</u> | <u>41,759</u> | <u>124,998</u> | <u>-</u> | <u>45,152</u> |
| <u>4,302</u> | <u>-</u> | <u>(7,481)</u> | <u>(4,998)</u> | <u>156</u> | <u>(45,152)</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 4,302 | - | (7,481) | (4,998) | 156 | (45,152) |
| <u>24,679</u> | <u>18,103</u> | <u>(10,471)</u> | <u>(247)</u> | <u>(688)</u> | <u>-</u> |
| <u>\$ 28,981</u> | <u>\$ 18,103</u> | <u>\$ (17,952)</u> | <u>\$ (5,245)</u> | <u>\$ (532)</u> | <u>\$ (45,152)</u> |

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 6 of 6)
For the Year Ended December 31, 2008

| | Special Revenue Fund | | | Capital Projects |
|--|----------------------|----------------------|--------|--------------------------------|
| | Homeland Security | Disaster Recovery | CIAP | CAP Proj 02 Construction |
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 74,319 | 237,247 | 65,612 | - |
| Fees | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment income | - | - | - | - |
| Other | - | - | - | - |
| Total Revenues | 74,319 | 237,247 | 65,612 | - |
| Expenditures | | | | |
| Current: | | | | |
| Personnel | - | 25,000 | 65,612 | - |
| Supplies | 74,319 | 10,147 | - | - |
| Contractual services | - | 66,552 | - | - |
| Capital: | | | | |
| Capital outlay | - | 131,771 | - | - |
| Debt Service: | | | | |
| Issuance costs | - | - | - | 40,037 |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total Expenditures | 74,319 | 233,470 | 65,612 | 40,037 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | 3,777 | - | (40,037) |
| Other Financing Sources (Uses) | | | | |
| Capital leases | - | - | - | - |
| Debt issuance | - | - | - | 40,037 |
| Transfers in | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | 40,037 |
| Net Change in Fund Balances | - | 3,777 | - | - |
| Beginning Fund Balances | - | - | - | - |
| Ending Fund Balances | \$ - | \$ 3,777 | \$ - | \$ - |

**Total
Nonmajor
Governmental
Funds**

| | |
|----|-------------------------|
| \$ | 2,503,386 |
| | 1,371,611 |
| | 197,313 |
| | 229,535 |
| | 102,514 |
| | 39,139 |
| | <u>4,443,498</u> |
| | 1,133,220 |
| | 750,982 |
| | 2,394,642 |
| | 252,286 |
| | 40,037 |
| | 29,691 |
| | 5,538 |
| | <u>4,606,396</u> |
| | <u>(162,898)</u> |
| | 12,227 |
| | 40,037 |
| | <u>287,336</u> |
| | <u>339,600</u> |
| | 176,702 |
| | <u>4,343,664</u> |
| \$ | <u><u>4,520,366</u></u> |

CHAMBERS COUNTY, TEXAS
*SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL*
LATERAL ROAD FUND
 For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------|-------------------------|---------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Taxes | \$ 22,000 | \$ 22,000 | \$ 23,465 | \$ 1,465 |
| Total Revenues | <u>22,000</u> | <u>22,000</u> | <u>23,465</u> | <u>1,465</u> |
| <u>Expenditures</u> | | | | |
| Capital: | | | | |
| Capital outlay | 22,000 | 22,000 | - | 22,000 |
| Total Expenditures | <u>22,000</u> | <u>22,000</u> | <u>-</u> | <u>22,000</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | 23,465 | <u>\$ 23,465</u> |
| Beginning Fund Balance | | | <u>91,597</u> | |
| Ending Fund Balance | | | <u>\$ 115,062</u> | |

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY COURT FEE FUND
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------|-------------------------|--------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Fees | \$ 2,000 | \$ 2,000 | \$ 4,456 | \$ 2,456 |
| Total Revenues | <u>2,000</u> | <u>2,000</u> | <u>4,456</u> | <u>2,456</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Supplies | 2,000 | 2,000 | - | 2,000 |
| Total Expenditures | <u>2,000</u> | <u>2,000</u> | <u>-</u> | <u>2,000</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | 4,456 | <u>\$ 4,456</u> |
| Beginning Fund Balance | | | <u>11,024</u> | |
| Ending Fund Balance | | | <u>\$ 15,480</u> | |

CHAMBERS COUNTY, TEXAS
*SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL*
WORTHLESS CHECK FUND
 For the Year Ended December 31, 2008

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------|---------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Fees | \$ 10,100 | \$ 10,100 | \$ 8,821 | \$ (1,279) |
| Total Revenues | <u>10,100</u> | <u>10,100</u> | <u>8,821</u> | <u>(1,279)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Supplies | 10,000 | 10,000 | - | 10,000 |
| Contractual services | 100 | 100 | - | 100 |
| Total Expenditures | <u>10,100</u> | <u>10,100</u> | <u>-</u> | <u>10,100</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | 8,821 | <u>\$ 8,821</u> |
| Beginning Fund Balance | | | <u>11,443</u> | |
| Ending Fund Balance | | | <u>\$ 20,264</u> | |

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY ATTORNEY DWI FUND
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------|-------------------------|--------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Fees | \$ 3,000 | \$ 3,000 | \$ 1,755 | \$ (1,245) |
| Total Revenues | <u>3,000</u> | <u>3,000</u> | <u>1,755</u> | <u>(1,245)</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Supplies | 3,000 | 3,000 | 1,106 | 1,894 |
| Total Expenditures | <u>3,000</u> | <u>3,000</u> | <u>1,106</u> | <u>1,894</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | 649 | <u>\$ 649</u> |
| Beginning Fund Balance | | | <u>21,655</u> | |
| Ending Fund Balance | | | <u>\$ 22,304</u> | |

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DISTRICT ATTORNEY DRUG PREVENTION FUND
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u> |
|-----------------------------------|-------------------------|--------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Fees | \$ 8,000 | \$ 8,000 | \$ 3,435 | \$ (4,565) |
| Total Revenues | <u>8,000</u> | <u>8,000</u> | <u>3,435</u> | <u>(4,565)</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Supplies | 8,000 | 8,000 | - | 8,000 |
| Total Expenditures | <u>8,000</u> | <u>8,000</u> | <u>-</u> | <u>8,000</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | 3,435 | <u>\$ 3,435</u> |
| Beginning Fund Balance | | | <u>43,723</u> | |
| Ending Fund Balance | | | <u>\$ 47,158</u> | |

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SHERIFF FORFEITURE FUND
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------|-------------------------|--------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Fines and forfeitures | \$ 5,000 | \$ 5,000 | \$ 12,320 | \$ 7,320 |
| Investment income | 1,000 | 1,000 | 1,329 | 329 |
| Total Revenues | <u>6,000</u> | <u>6,000</u> | <u>13,649</u> | <u>7,649</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Supplies | 6,000 | 32,000 | 31,027 | 973 |
| Total Expenditures | <u>6,000</u> | <u>32,000</u> | <u>31,027</u> | <u>973</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ (26,000)</u> | <u>(17,378)</u> | <u>\$ 8,622</u> |
| Beginning Fund Balance | | | <u>51,158</u> | |
| Ending Fund Balance | | | <u>\$ 33,780</u> | |

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL TAX FUND

For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|--------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Taxes | \$ 250,000 | \$ 250,000 | \$ 331,305 | \$ 81,305 |
| Investment income | 5,000 | 5,000 | 14,422 | 9,422 |
| Total Revenues | <u>255,000</u> | <u>255,000</u> | <u>345,727</u> | <u>90,727</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Personnel | - | - | 4,148 | (4,148) |
| Contractual services | 240,000 | 328,000 | 321,217 | 6,783 |
| Total Expenditures | <u>240,000</u> | <u>328,000</u> | <u>325,365</u> | <u>2,635</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers (out) | (15,000) | (15,000) | - | 15,000 |
| Total Other Financing Sources (Uses) | <u>(15,000)</u> | <u>(15,000)</u> | <u>-</u> | <u>15,000</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ (88,000)</u> | 20,362 | <u>\$ 108,362</u> |
| Beginning Fund Balance | | | <u>711,296</u> | |
| Ending Fund Balance | | | <u>\$ 731,658</u> | |

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DISTRICT ATTORNEY SEIZURE & FORFEITURE FUND
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u> |
|--|-------------------------|--------------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Fines and forfeitures | \$ 50,000 | \$ 50,000 | \$ 82,964 | \$ 32,964 |
| Investment income | 5,000 | 5,000 | 7,415 | 2,415 |
| Total Revenues | <u>55,000</u> | <u>55,000</u> | <u>90,379</u> | <u>35,379</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Personnel | 23,600 | 23,600 | 22,876 | 724 |
| Supplies | 24,400 | 74,400 | 64,275 | 10,125 |
| Contractual services | 7,000 | 22,000 | 30,090 | (8,090) |
| Capital: | | | | |
| Capital outlay | - | - | 7,603 | (7,603) |
| Debt Service: | | | | |
| Principal | - | - | 2,541 | (2,541) |
| Total Expenditures | <u>55,000</u> | <u>120,000</u> | <u>127,385</u> | <u>(7,385)</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Capital leases | - | - | 7,603 | 7,603 |
| Total Other Financing Sources | <u>-</u> | <u>-</u> | <u>7,603</u> | <u>7,603</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ (65,000)</u> | <u>(29,403)</u> | <u>\$ 35,597</u> |
| Beginning Fund Balance | | | <u>246,974</u> | |
| Ending Fund Balance | | | <u>\$ 217,571</u> | |

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ELECTION FUND

For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u> |
|-----------------------------------|-------------------------|--------------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Intergovernmental | \$ 20,000 | \$ 20,000 | \$ 47,417 | \$ 27,417 |
| Total Revenues | <u>20,000</u> | <u>20,000</u> | <u>47,417</u> | <u>27,417</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Personnel | 10,000 | 10,000 | 6,079 | 3,921 |
| Supplies | 10,000 | 27,000 | 30,598 | (3,598) |
| Total Expenditures | <u>20,000</u> | <u>37,000</u> | <u>36,677</u> | <u>323</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ (17,000)</u> | 10,740 | <u>\$ 27,740</u> |
| Beginning Fund Balance | | | <u>(2,000)</u> | |
| Ending Fund Balance | | | <u>\$ 8,740</u> | |

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LEOCE ALLOCATION FUND
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u> |
|-----------------------------------|-------------------------|-------------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Intergovernmental | \$ 9,700 | \$ 9,700 | \$ 9,511 | \$ (189) |
| Total Revenues | <u>9,700</u> | <u>9,700</u> | <u>9,511</u> | <u>(189)</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Contractual services | 9,700 | 10,900 | 10,540 | 360 |
| Total Expenditures | <u>9,700</u> | <u>10,900</u> | <u>10,540</u> | <u>360</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ (1,200)</u> | <u>(1,029)</u> | <u>\$ 171</u> |
| Beginning Fund Balance | | | <u>22,281</u> | |
| Ending Fund Balance | | | <u>\$ 21,252</u> | |

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HUD SEC.8 HOUSING PROGRAM FUND
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------|-------------------------|--------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Fees | \$ 2,500 | \$ 2,500 | \$ 3,255 | \$ 755 |
| Total Revenues | <u>2,500</u> | <u>2,500</u> | <u>3,255</u> | <u>755</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Supplies | 500 | 500 | 335 | 165 |
| Debt Service: | | | | |
| Principal | 1,742 | 1,742 | 1,240 | 502 |
| Interest | 258 | 258 | 258 | - |
| Total Expenditures | <u>2,500</u> | <u>2,500</u> | <u>1,833</u> | <u>667</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | 1,422 | <u>\$ 1,422</u> |
| Beginning Fund Balance | | | <u>15,876</u> | |
| Ending Fund Balance | | | <u>\$ 17,298</u> | |

CHAMBERS COUNTY, TEXAS
*SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL*
COUNTY CLERK RECORDS ARCHIVES FUND
 For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------|-------------------------|---------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Fees | \$ 50,000 | \$ 50,000 | \$ 50,406 | \$ 406 |
| Investment income | 2,000 | 2,000 | 4,425 | 2,425 |
| Total Revenues | <u>52,000</u> | <u>52,000</u> | <u>54,831</u> | <u>2,831</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Personnel | 1,100 | 1,100 | - | 1,100 |
| Contractual services | 50,900 | 50,900 | 14,617 | 36,283 |
| Total Expenditures | <u>52,000</u> | <u>52,000</u> | <u>14,617</u> | <u>37,383</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | 40,214 | <u>\$ 40,214</u> |
| Beginning Fund Balance | | | <u>224,631</u> | |
| Ending Fund Balance | | | <u>\$ 264,845</u> | |

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
JUSTICE COURT TECHNOLOGY FUND
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------|-------------------------|--------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Other | \$ 31,100 | \$ 31,100 | \$ 35,312 | \$ 4,212 |
| Total Revenues | <u>31,100</u> | <u>31,100</u> | <u>35,312</u> | <u>4,212</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Supplies | 14,100 | 24,100 | 30,444 | (6,344) |
| Capital: | | | | |
| Capital outlay | - | 500 | 420 | 80 |
| Debt Service: | | | | |
| Principal | 14,213 | 22,213 | 14,763 | 7,450 |
| Interest | 2,787 | 2,787 | 2,787 | - |
| Total Expenditures | <u>31,100</u> | <u>49,600</u> | <u>48,414</u> | <u>1,186</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ (18,500)</u> | (13,102) | <u>\$ 5,398</u> |
| Beginning Fund Balance | | | <u>70,905</u> | |
| Ending Fund Balance | | | <u>\$ 57,803</u> | |

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COURTHOUSE SECURITY FUND
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------|-------------------------|---------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Fees | \$ 47,100 | \$ 47,100 | \$ 50,141 | \$ 3,041 |
| Investment income | 1,000 | 1,000 | 882 | (118) |
| Other | 31,420 | 31,420 | - | (31,420) |
| Total Revenues | <u>79,520</u> | <u>79,520</u> | <u>51,023</u> | <u>(28,497)</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Personnel | 68,820 | 76,820 | 76,832 | (12) |
| Supplies | 1,000 | 1,000 | 332 | 668 |
| Contractual services | 1,100 | 1,200 | 1,453 | (253) |
| Debt Service: | | | | |
| Principal | 422 | 422 | 373 | 49 |
| Interest | 78 | 78 | 78 | - |
| Total Expenditures | <u>71,420</u> | <u>79,520</u> | <u>79,068</u> | <u>452</u> |
| Net Change in Fund Balance | <u>\$ 8,100</u> | <u>\$ -</u> | <u>(28,045)</u> | <u>\$ (28,045)</u> |
| Beginning Fund Balance | | | <u>67,573</u> | |
| Ending Fund Balance | | | <u>\$ 39,528</u> | |

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RECORDS MANAGEMENT COUNTY CLERK FUND
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u> |
|-----------------------------------|-------------------------|--------------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Fees | \$ 71,500 | \$ 71,500 | \$ 60,402 | \$ (11,098) |
| Investment income | 2,000 | 2,000 | 3,512 | 1,512 |
| Total Revenues | <u>73,500</u> | <u>73,500</u> | <u>63,914</u> | <u>(9,586)</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Personnel | 12,200 | 32,200 | 38,753 | (6,553) |
| Supplies | 25,300 | 25,300 | 24,738 | 562 |
| Contractual services | 21,000 | 21,000 | 20,744 | 256 |
| Capital: | | | | |
| Capital outlay | 10,000 | 10,000 | - | 10,000 |
| Debt Service: | | | | |
| Principal | 3,485 | 3,485 | 7,229 | (3,744) |
| Interest | 1,515 | 1,515 | 1,515 | - |
| Total Expenditures | <u>73,500</u> | <u>93,500</u> | <u>92,979</u> | <u>521</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ (20,000)</u> | <u>(29,065)</u> | <u>\$ (9,065)</u> |
| Beginning Fund Balance | | | <u>162,953</u> | |
| Ending Fund Balance | | | <u>\$ 133,888</u> | |

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RECORDS MANAGEMENT DISTRICT CLERK FUND
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u> |
|-----------------------------------|-------------------------|-------------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Fees | \$ 7,000 | \$ 7,000 | \$ 14,642 | \$ 7,642 |
| Total Revenues | <u>7,000</u> | <u>7,000</u> | <u>14,642</u> | <u>7,642</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Personnel | - | - | 1,197 | (1,197) |
| Supplies | 4,000 | 11,000 | 12,041 | (1,041) |
| Debt Service: | | | | |
| Principal | 2,923 | 2,923 | 516 | 2,407 |
| Interest | 77 | 77 | 77 | - |
| Total Expenditures | <u>7,000</u> | <u>14,000</u> | <u>13,831</u> | <u>169</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ (7,000)</u> | 811 | <u>\$ 7,811</u> |
| Beginning Fund Balance | | | <u>11,243</u> | |
| Ending Fund Balance | | | <u>\$ 12,054</u> | |

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NARCOTICS TASK FORCE FUND
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u> |
|--|-------------------------|----------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Intergovernmental | \$ 1,000 | \$ 1,000 | \$ 9,506 | \$ 8,506 |
| Fines and forfeitures | 200,000 | 200,000 | 134,251 | (65,749) |
| Investment income | 40,000 | 40,000 | 29,653 | (10,347) |
| Other | - | - | 3,827 | 3,827 |
| Total Revenues | <u>241,000</u> | <u>241,000</u> | <u>177,237</u> | <u>(63,763)</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Personnel | 595,740 | 595,740 | 442,764 | 152,976 |
| Supplies | 184,500 | 184,500 | 86,915 | 97,585 |
| Contractual services | 2,500 | 2,500 | 2,180 | 320 |
| Capital: | | | | |
| Capital outlay | 80,000 | 80,000 | 291 | 79,709 |
| Total Expenditures | <u>862,740</u> | <u>862,740</u> | <u>532,150</u> | <u>330,590</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers in | 621,740 | 621,740 | - | (621,740) |
| Total Other Financing Sources (Uses) | <u>621,740</u> | <u>621,740</u> | <u>-</u> | <u>(621,740)</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>(354,913)</u> | <u>\$ (354,913)</u> |
| Beginning Fund Balance | | | <u>773,515</u> | |
| Ending Fund Balance | | | <u>\$ 418,602</u> | |

CHAMBERS COUNTY, TEXAS
*SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL*
HEALTH SERVICES SALES TAX FUND
 For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------|-------------------------|---------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Taxes | \$ 1,622,880 | \$ 1,622,880 | \$ 2,148,616 | \$ 525,736 |
| Investment income | 15,000 | 15,000 | 31,724 | 16,724 |
| Total Revenues | <u>1,637,880</u> | <u>1,637,880</u> | <u>2,180,340</u> | <u>542,460</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Personnel | 125,880 | 171,965 | 123,082 | 48,883 |
| Supplies | 106,000 | 89,982 | 63,934 | 26,048 |
| Contractual services | 1,403,000 | 1,463,975 | 1,423,974 | 40,001 |
| Capital: | | | | |
| Capital outlay | - | 61,907 | 62,425 | (518) |
| Debt Service: | | | | |
| Principal | 2,590 | 2,590 | 2,206 | 384 |
| Interest | 410 | 410 | 410 | - |
| Total Expenditures | <u>1,637,880</u> | <u>1,790,829</u> | <u>1,676,031</u> | <u>114,798</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ (152,949)</u> | 504,309 | <u>\$ 657,258</u> |
| Beginning Fund Balance | | | <u>1,834,230</u> | |
| Ending Fund Balance | | | <u>\$ 2,338,539</u> | |

CHAMBERS COUNTY, TEXAS
*SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 AVAILABLE SCHOOL FUND*
 For the Year Ended December 31, 2008

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-------------------|---------------------|--------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Investment income | \$ 100,000 | \$ 100,000 | \$ 9,152 | \$ (90,848) |
| Total Revenues | <u>100,000</u> | <u>100,000</u> | <u>9,152</u> | <u>(90,848)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Contractual services | - | 315,335 | 315,335 | - |
| Total Expenditures | <u>-</u> | <u>315,335</u> | <u>315,335</u> | <u>-</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | 287,336 | 287,336 |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>287,336</u> | <u>287,336</u> |
| Net Change in Fund Balance | <u>\$ 100,000</u> | <u>\$ (215,335)</u> | (18,847) | <u>\$ 196,488</u> |
| Beginning Fund Balance | | | <u>1,312</u> | |
| Ending Fund Balance | | | <u>\$ (17,535)</u> | |

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TITLE IV FUNDS

For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u> |
|-----------------------------------|-------------------------|-----------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Intergovernmental | \$ 20,000 | \$ 20,000 | \$ 5,519 | \$ (14,481) |
| Total Revenues | <u>20,000</u> | <u>20,000</u> | <u>5,519</u> | <u>(14,481)</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Supplies | 7,475 | 7,475 | 1,012 | 6,463 |
| Contractual services | 10,000 | 10,000 | 205 | 9,795 |
| Total Expenditures | <u>17,475</u> | <u>17,475</u> | <u>1,217</u> | <u>16,258</u> |
| Net Change in Fund Balance | <u>\$ 2,525</u> | <u>\$ 2,525</u> | 4,302 | <u>\$ 1,777</u> |
| Beginning Fund Balance | | | <u>24,679</u> | |
| Ending Fund Balance | | | <u>\$ 28,981</u> | |

CHAMBERS COUNTY, TEXAS

COMBINING STATEMENT OF NET ASSETS

NONMAJOR PROPRIETARY FUNDS

December 31, 2008

| | <u>Airport</u> | <u>Golf Course</u> | <u>Total</u> |
|--|---------------------|------------------------|---------------------|
| <u>Assets</u> | | | |
| <u>Current Assets</u> | | | |
| Cash | \$ 75,361 | \$ - | \$ 75,361 |
| Inventory | 31,486 | - | 31,486 |
| Total Current Assets | <u>106,847</u> | <u>-</u> | <u>106,847</u> |
| <u>Noncurrent Assets</u> | | | |
| Capital assets: | | | |
| Non-depreciable | 1,469,572 | 141,000 | 1,610,572 |
| Net depreciable | 425,459 | 92,827 | 518,286 |
| Total Noncurrent Assets | <u>1,895,031</u> | <u>233,827</u> | <u>2,128,858</u> |
| Total Assets | <u>2,001,878</u> | <u>233,827</u> | <u>2,235,705</u> |
| <u>Liabilities</u> | | | |
| <u>Current Liabilities</u> | | | |
| Accounts payable and accrued liabilities | 14,479 | 32,900 | 47,379 |
| Due to other funds | - | 200,927 | 200,927 |
| Total Liabilities | <u>14,479</u> | <u>233,827</u> | <u>248,306</u> |
| <u>Net Assets</u> | | | |
| Invested in capital assets, net of related debt | 1,895,031 | 233,827 | 2,128,858 |
| Unrestricted | 92,368 | (233,827) | (141,459) |
| Total Net Assets | <u>\$ 1,987,399</u> | <u>\$ -</u> | <u>\$ 1,987,399</u> |

See Notes to Financial Statements.

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended December 31, 2008

| | <u>Airport</u> | <u>Golf Course</u> | <u>Total</u> |
|---------------------------------------|---------------------|------------------------|---------------------|
| <u>Operating Revenues</u> | | | |
| Charges for services | \$ 364,664 | \$ 323,808 | \$ 688,472 |
| Other services | 105,088 | 1,786 | 106,874 |
| Total Operating Revenues | <u>469,752</u> | <u>325,594</u> | <u>795,346</u> |
| <u>Operating Expenses</u> | | | |
| Personnel | 54,543 | 349,647 | 404,190 |
| Supplies | 340,141 | 99,973 | 440,114 |
| Contractual services | 11,943 | 68,716 | 80,659 |
| Depreciation | 53,877 | 31,679 | 85,556 |
| Total Operating Expenses | <u>460,504</u> | <u>550,015</u> | <u>1,010,519</u> |
| Income (Loss) Before Transfers | <u>9,248</u> | <u>(224,421)</u> | <u>(215,173)</u> |
| Transfers in | - | 12,386 | 12,386 |
| Change in Net Assets | 9,248 | (212,035) | (202,787) |
| Beginning Net Assets | <u>1,978,151</u> | <u>212,035</u> | <u>2,190,186</u> |
| Ending Net Assets | <u>\$ 1,987,399</u> | <u>\$ -</u> | <u>\$ 1,987,399</u> |

See Notes to Financial Statements.

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS (Page 1 of 2)
For the Year Ended December 31, 2008

| | <u>Airport</u> | <u>Golf Course</u> | <u>Total</u> |
|---|------------------|------------------------|------------------|
| <u>Cash Flows from Operating Activities</u> | | | |
| Receipts from customers | \$ 469,752 | \$ 325,594 | \$ 795,346 |
| Payments to suppliers | (345,411) | 49,831 | (295,580) |
| Payments to employees | (54,543) | (349,647) | (404,190) |
| Net Cash Provided by Operating Activities | <u>69,798</u> | <u>25,778</u> | <u>95,576</u> |
| <u>Cash Flows from Noncapital Financing Activities</u> | | | |
| Transfers from other funds | - | 12,386 | 12,386 |
| Net Cash Provided by Noncapital Financing Activities | <u>-</u> | <u>12,386</u> | <u>12,386</u> |
| <u>Cash Flows from Capital and Related Financing Activities</u> | | | |
| Capital purchases | - | (38,164) | (38,164) |
| Proceeds from sales of capital assets | 5,563 | - | 5,563 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>5,563</u> | <u>(38,164)</u> | <u>(32,601)</u> |
| Net Change in Cash and Cash Equivalents | 75,361 | - | 75,361 |
| Beginning Cash and Cash Equivalents | - | - | - |
| Ending Cash and Cash Equivalents | <u>\$ 75,361</u> | <u>\$ -</u> | <u>\$ 75,361</u> |

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended December 31, 2008

| | Airport | Golf Course | Total |
|--|------------------|------------------|------------------|
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | |
| Operating Income (Loss) | \$ 9,248 | \$ (224,421) | \$ (215,173) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| Depreciation | 53,877 | 31,679 | 85,556 |
| Changes in Operating Assets and Liabilities: | | | |
| (Increase) Decrease in: | | | |
| Inventory | (4,909) | - | (4,909) |
| Increase (Decrease) in: | | | |
| Accounts payable and accrued liabilities | 11,582 | 24,493 | 36,075 |
| Notes payable | - | (6,900) | (6,900) |
| Due to other funds | - | 200,927 | 200,927 |
| | | | |
| Net Cash Provided by Operating Activities | \$ 69,798 | \$ 25,778 | \$ 95,576 |

See Notes to Financial Statements.

CHAMBERS COUNTY, TEXAS

COMBINING STATEMENT OF NET ASSETS

AGENCY FUNDS (page 1 of 2)

December 31, 2008

| | <u>Undistributed Collections</u> | <u>Sheriff's Bond Escrow</u> | <u>Officials Escrow Fund</u> | <u>Holding Fund</u> |
|---------------------------|--------------------------------------|----------------------------------|----------------------------------|---------------------|
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 164,295 | \$ 14,238 | \$ 69,791 | \$ 84,353 |
| Investments | - | - | - | - |
| Due from other units | - | - | - | - |
| Total Assets | \$ 164,295 | \$ 14,238 | \$ 69,791 | \$ 84,353 |
| <u>Liabilities</u> | | | | |
| Due to other units | \$ 164,295 | \$ 14,238 | \$ 69,791 | \$ 84,353 |
| Total Liabilities | \$ 164,295 | \$ 14,238 | \$ 69,791 | \$ 84,353 |

| <u>V.I.T. Escrow Fund</u> | <u>Historical Commission</u> | <u>County Clerk Trust</u> | <u>District Clerk Trust</u> | <u>Sheriff's Seizure / Forfeiture</u> | <u>Equalization School Tax Fund</u> |
|-------------------------------|----------------------------------|-------------------------------|---------------------------------|---|---|
| \$ 1,215,834 | \$ 16,733 | \$ 184,073 | \$ 1,033,858 | \$ 23,331 | \$ 96,017 |
| - | - | - | - | - | 64,000 |
| - | - | - | - | - | 2,485,855 |
| <u>\$ 1,215,834</u> | <u>\$ 16,733</u> | <u>\$ 184,073</u> | <u>\$ 1,033,858</u> | <u>\$ 23,331</u> | <u>\$ 2,645,872</u> |
| <u>\$ 1,215,834</u> | <u>\$ 16,733</u> | <u>\$ 184,073</u> | <u>\$ 1,033,858</u> | <u>\$ 23,331</u> | <u>\$ 2,645,872</u> |
| <u>\$ 1,215,834</u> | <u>\$ 16,733</u> | <u>\$ 184,073</u> | <u>\$ 1,033,858</u> | <u>\$ 23,331</u> | <u>\$ 2,645,872</u> |

CHAMBERS COUNTY, TEXAS

COMBINING STATEMENT OF NET ASSETS

AGENCY FUNDS (page 2 of 2)

December 31, 2008

| | <u>Co Attorney Seizures / Forfeitures</u> | <u>State Fees Fund</u> | <u>Chambers County Connection</u> | <u>District Attorney Seizure & Forfeiture</u> |
|---------------------------|---|------------------------|---|---|
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 1,796 | \$ 343,740 | \$ 8,336 | \$ 83,196 |
| Investments | - | - | - | - |
| Due from other units | - | - | - | - |
| Total Assets | <u>\$ 1,796</u> | <u>\$ 343,740</u> | <u>\$ 8,336</u> | <u>\$ 83,196</u> |
| <u>Liabilities</u> | | | | |
| Due to other units | \$ 1,796 | \$ 343,740 | \$ 8,336 | \$ 83,196 |
| Total Liabilities | <u>\$ 1,796</u> | <u>\$ 343,740</u> | <u>\$ 8,336</u> | <u>\$ 83,196</u> |

**Total Agency
Funds**

| | |
|----|-------------------------|
| \$ | 3,339,591 |
| | 64,000 |
| | <u>2,485,855</u> |
| \$ | <u><u>5,889,446</u></u> |

| | |
|----|-------------------------|
| \$ | <u>5,889,446</u> |
| \$ | <u><u>5,889,446</u></u> |

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CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (page 1 of 3)
December 31, 2008

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending Balance</u> |
|----------------------------------|------------------------------|------------------|-------------------|---------------------------|
| Undistributed Collections | | | | |
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 245,168 | \$ - | \$ (80,873) | \$ 164,295 |
| <u>Liabilities</u> | | | | |
| Due to other units | \$ 245,168 | \$ - | \$ (80,873) | \$ 164,295 |
| Sheriff's Bond Escrow | | | | |
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 24,728 | \$ - | \$ (10,490) | \$ 14,238 |
| <u>Liabilities</u> | | | | |
| Due to other units | \$ 24,728 | \$ - | \$ (10,490) | \$ 14,238 |
| Officials Escrow Fund | | | | |
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 4,878 | \$ 64,913 | \$ - | \$ 69,791 |
| <u>Liabilities</u> | | | | |
| Due to other units | \$ 4,878 | \$ 64,913 | \$ - | \$ 69,791 |
| Holding Fund | | | | |
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 83,774 | \$ 579 | \$ - | \$ 84,353 |
| <u>Liabilities</u> | | | | |
| Due to other units | \$ 83,774 | \$ 579 | \$ - | \$ 84,353 |
| V.I.T. Escrow Fund | | | | |
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 952,731 | \$ 263,103 | \$ - | \$ 1,215,834 |
| <u>Liabilities</u> | | | | |
| Due to other units | \$ 952,731 | \$ 263,103 | \$ - | \$ 1,215,834 |
| Historical Commission | | | | |
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 16,834 | \$ - | \$ (101) | \$ 16,733 |
| <u>Liabilities</u> | | | | |
| Due to other units | \$ 16,834 | \$ - | \$ (101) | \$ 16,733 |

CHAMBERS COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS (page 2 of 3)

For the Year Ended December 31, 2008

County Clerk Trust

Assets

| | | | | |
|---------------------------|------------|------|-------------|------------|
| Cash and cash equivalents | \$ 202,787 | \$ - | \$ (18,714) | \$ 184,073 |
| | \$ 202,787 | \$ - | \$ (18,714) | \$ 184,073 |

Liabilities

| | | | | |
|--------------------|------------|------|-------------|------------|
| Due to other units | \$ 202,787 | \$ - | \$ (18,714) | \$ 184,073 |
| | \$ 202,787 | \$ - | \$ (18,714) | \$ 184,073 |

District Clerk Trust

Assets

| | | | | |
|---------------------------|------------|------------|------|--------------|
| Cash and cash equivalents | \$ 790,695 | \$ 243,163 | \$ - | \$ 1,033,858 |
| | \$ 790,695 | \$ 243,163 | \$ - | \$ 1,033,858 |

Liabilities

| | | | | |
|--------------------|------------|------------|------|--------------|
| Due to other units | \$ 790,695 | \$ 243,163 | \$ - | \$ 1,033,858 |
| | \$ 790,695 | \$ 243,163 | \$ - | \$ 1,033,858 |

Sheriff's Seizure / Forfeiture

Assets

| | | | | |
|---------------------------|-----------|------|-------------|-----------|
| Cash and cash equivalents | \$ 37,603 | \$ - | \$ (14,272) | \$ 23,331 |
| | \$ 37,603 | \$ - | \$ (14,272) | \$ 23,331 |

Liabilities

| | | | | |
|--------------------|-----------|------|-------------|-----------|
| Due to other units | \$ 37,603 | \$ - | \$ (14,272) | \$ 23,331 |
| | \$ 37,603 | \$ - | \$ (14,272) | \$ 23,331 |

Equalization School Tax Fund

Assets

| | | | | |
|---------------------------|-----------|-----------|------|-----------|
| Cash and cash equivalents | \$ 33 | \$ 95,984 | \$ - | \$ 96,017 |
| Investments | - | 64,000 | - | 64,000 |
| Due from other units | 2,335,959 | 149,896 | - | 2,485,855 |
| | 2,335,992 | 309,880 | - | 2,645,872 |

Liabilities

| | | | | |
|--------------------|--------------|------------|------|--------------|
| Due to other units | \$ 2,335,992 | \$ 309,880 | \$ - | \$ 2,645,872 |
| | \$ 2,335,992 | \$ 309,880 | \$ - | \$ 2,645,872 |

Co Attorney Seizures / Forfeitures

Assets

| | | | | |
|---------------------------|----------|------|------|----------|
| Cash and cash equivalents | \$ 1,796 | \$ - | \$ - | \$ 1,796 |
| | \$ 1,796 | \$ - | \$ - | \$ 1,796 |

Liabilities

| | | | | |
|--------------------|----------|------|------|----------|
| Due to other units | \$ 1,796 | \$ - | \$ - | \$ 1,796 |
| | \$ 1,796 | \$ - | \$ - | \$ 1,796 |

State Fees Fund

Assets

| | | | | |
|---------------------------|------------|-----------|------|------------|
| Cash and cash equivalents | \$ 325,598 | \$ 18,142 | \$ - | \$ 343,740 |
| | \$ 325,598 | \$ 18,142 | \$ - | \$ 343,740 |

Liabilities

| | | | | |
|--------------------|------------|-----------|------|------------|
| Due to other units | \$ 325,598 | \$ 18,142 | \$ - | \$ 343,740 |
| | \$ 325,598 | \$ 18,142 | \$ - | \$ 343,740 |

CHAMBERS COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS (page 3 of 3)

For the Year Ended December 31, 2008

Chambers County Connection

Assets

| | | | | |
|---------------------------|----------|------|----------|----------|
| Cash and cash equivalents | \$ 8,528 | \$ - | \$ (192) | \$ 8,336 |
|---------------------------|----------|------|----------|----------|

Liabilities

| | | | | |
|--------------------|----------|------|----------|----------|
| Due to other units | \$ 8,528 | \$ - | \$ (192) | \$ 8,336 |
|--------------------|----------|------|----------|----------|

District Attorney Seizures / Forfeitures

Assets

| | | | | |
|---------------------------|------------|------|--------------|-----------|
| Cash and cash equivalents | \$ 217,281 | \$ - | \$ (134,085) | \$ 83,196 |
|---------------------------|------------|------|--------------|-----------|

Liabilities

| | | | | |
|--------------------|------------|------|--------------|-----------|
| Due to other units | \$ 217,281 | \$ - | \$ (134,085) | \$ 83,196 |
|--------------------|------------|------|--------------|-----------|

Total All Agency Funds

Assets

| | | | | |
|---------------------------|--------------|------------|--------------|--------------|
| Cash and cash equivalents | \$ 5,248,393 | \$ 899,780 | \$ (258,727) | \$ 5,889,446 |
|---------------------------|--------------|------------|--------------|--------------|

Liabilities

| | | | | |
|--------------------|--------------|------------|--------------|--------------|
| Due to other units | \$ 5,248,393 | \$ 899,780 | \$ (258,727) | \$ 5,889,446 |
|--------------------|--------------|------------|--------------|--------------|

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