

Webb County, Texas
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 49,463,533	49,463,533	47,787,623	(1,675,910)
Sales and Miscellaneous Taxes	13,724,000	13,724,000	12,114,876	(1,609,124)
Fines and Forfeits	655,700	655,700	427,586	(228,114)
Intergovernmental	2,842,316	2,842,316	2,157,719	(684,597)
Charges for Services	4,758,320	4,758,320	4,932,184	173,864
Investments Earnings	827,000	827,000	253,580	(573,420)
Miscellaneous	363,025	363,025	591,907	228,882
Total Revenues	<u>\$ 72,633,894</u>	<u>72,633,894</u>	<u>68,265,475</u>	<u>(4,368,419)</u>
EXPENDITURES				
Current:				
General Government	\$ 18,221,403	18,773,995	16,661,459	2,112,536
Public Safety	10,521,306	10,098,127	9,891,932	206,195
Justice System	22,963,568	22,757,700	21,050,886	1,706,814
Health And Human Services	4,855,301	4,699,545	4,595,331	104,214
Infrastructure And Environmental Services	179,684	176,434	165,680	10,754
Corrections and Rehabilitation	13,592,661	13,624,521	13,140,025	484,496
Community and Economic Development	2,339,561	2,287,526	2,147,369	140,157
Capital Outlay		8,350	8,350	
Total Expenditures	<u>\$ 72,673,484</u>	<u>72,426,198</u>	<u>67,661,032</u>	<u>4,765,166</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(39,590)	207,696	604,443	396,747
Other Financing Sources (Uses):				
Transfers In	\$ 745,000	745,000	745,000	
Transfers Out	(710,030)	(957,316)	(957,316)	
Sale of Capital Assets	6,000	6,000	220	(5,780)
Total Other Financing Sources (Uses)	<u>\$ 40,970</u>	<u>(206,316)</u>	<u>(212,096)</u>	<u>(5,780)</u>
Net Change in Fund Balances	<u>\$ 1,380</u>	<u>1,380</u>	392,347	<u>390,967</u>
Fund Balances - Beginning, Restated			<u>12,638,715</u>	
Fund Balances - Ending			<u>\$ 13,031,062</u>	

Webb County, Texas
Notes to Required Supplementary Information
September 30, 2009

BUDGETARY INFORMATION - Operating budgets for the General Fund, Special Revenues Funds, and the Debt Service Fund are adopted each year for these governmental funds as well as the County's proprietary funds. These budgets are prepared under the same modified accrual basis used to reflect actual revenues and expenditures.

The County's adopted budget encompasses all current County funds existing at the time the annual budget is adopted. However, grant awards representing state and/or federal funding sources included in the special revenues and capital projects funds are based on their grant period or financial project-length. Grant awards are initially approved by the Commissioners' Court for the grants' special terms and conditions for contractual performance. All subsequent budget amendments are approved by the various granting agencies' governing bodies during the fiscal year and by the Court. In addition to the agencies' governing bodies and the Court, the Board of District Judges also approves amendments for the Community Justice Assistance Division grants for the Adult Probation and Texas Juvenile Probation Commission grants for the Juvenile Probation special revenue funds.

To establish the budgetary data reflected in the financial statements the County follows the procedures set forth by Chapter 111 "County Budget" of the Texas Local Government Code (Code). The County Judge (Judge) serves as the Budget Officer for the Commissioners' Court (Court), the governmental body of the County. The Judge requests that each elected official and department head submit a revenue and expense budget. After reviewing the submitted budgets with the appropriate elected official or department head the Judge estimates the property taxes necessary to be levied and collected; thereafter, with the assistance of the County Auditor (Auditor), the Judge prepares proposed budgets for Governmental, Proprietary and Fiduciary Funds. These proposed budgets encompass all the proposed revenues and expenditures for the subsequent fiscal year; seldom is the proposed budget balanced from the undesignated fund balance.

Once the proposed budgets are completed and balanced, it is filed by July 31st with the County Clerk for public and taxpayer inspection. The Court also holds public hearings regarding the proposed budgets wherein the Court may increase or decrease the budgeted revenues and expenditures for the various departments and/or funds according to a majority vote. After final approval of the budgets, the Court may levy taxes only in accordance with the budget and appropriate estimated expenditures only in strict compliance with the budget.

During the fiscal year, the Court is authorized to adopt revisions to the budget only after public notice has been given. These revisions are usually between expenditures line items or departments. The Code also stipulates that the Court may authorize an emergency expenditure as an amendment to the budget only in case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and

attention; this situation has seldom occurred. Insofar as federal and state assistance funds, the Court considers budget amendments only after the funding agency's prior approval.

The Auditor is responsible for monitoring expenditures of the various funds and departments to prevent expenditures from exceeding line item appropriations. Budgetary controls exist at the departmental level based on their expenditure line items and are monitored through the County's financial system. On a monthly basis, the Auditor reports budgeted and actual revenues and expenses for all funds and informs the Court on any other notes of special financial interest.

Also adopted by the Court through the budget proceedings are the "Personnel General Orders" which delineate personnel positions granted by department and fund and the "Operational General Order", which details financial processing procedures for the fiscal year regarding immediate and non-immediate payments. We note that the County payroll clearing fund does not require a budget nor does election contract services as per the State's Election Code; however, a budget is reported for the purposes of expected contractual service revenues and available fund balance.

In total, the operating budgeted amounts reflected in the financial statements represent the final budget as amended by the Court at fiscal year end.

Function/Program	Budgeted Amounts		Budget Amendments 2009 FY
	Original	Final	
General Fund			
General Government	\$ 18,221,403	18,773,995	552,592
Public Safety	10,521,306	10,098,127	(423,179)
Justice System	22,963,568	22,757,700	(205,868)
Health and Human Services	4,855,301	4,699,545	(155,756)
Infrastructure and Environmental Services	179,684	176,434	(3,250)
Corrections and Rehabilitation	13,592,661	13,624,521	31,860
Community and Economic Development	2,339,561	2,287,526	(52,035)
Capital Outlay		8,350	8,350
Total Expenditures	<u>\$ 72,673,484</u>	<u>72,426,198</u>	<u>(247,286)</u>

The General Fund's original expenditure budget of \$73,383,514 includes transfers out (other financing uses) of \$710,030. This consists of \$475,000 for debt service and operations for the Water Utility Fund, \$25,000 for personnel cost and operations for the Webb County Records Management & Preservation Fund and \$210,030 for the General Fund debt service requirements for capital leases and the LoanSTAR Program.

Transfers out were increased by \$247,286 from the Operational Reserves of which \$210,748 was for the Maintenance & Construction Fund for the County Commissioners projects and an additional \$36,538 for equipment rental, fuel and equipment repairs for the Water Utility Fund.

In April 2009, the General Fund departments were requested by the Court to reduce operations by 10% to compensate for the decrease in estimated revenues, only one department did not comply with the request. A total of \$1,227,285 was transferred to the General Operating Expenses – Operational Reserves account. As of September 30, 2009, a balance of \$848,611 remained in the operational reserve while personnel and fringe savings remained in the departments' budgets.

Due to the national and regional economic impact to estimated revenues the General Government, Corrections & Rehabilitation and Capital Outlay functions were increased by \$ 552,592; \$ 31,860; and \$8,350 respectively.

General Government utilized some of their fund increase in transferring out an employee from the Management Information System department to the Public Information Officer requiring an additional \$17,679 in funds, \$15,021 was used to increase operations for postage and material & supplies at the Tax Assessor/Collector's office. Corrections and Rehabilitation attributed \$8,788 in pay incentives and related fringe benefits increases for the jail bargaining unit and \$23,772 for inmates' groceries.

These line item transfers were approved by the Court from the other governmental functions (Public Safety, Justice System, Health and Human Services, Infrastructure and Environmental Services and Community and Economic Development) to address the deficits reported by the County Auditor during the second quarter of the fiscal year. The Court also implemented a personnel hiring and salary increase freeze for the rest of the fiscal year, only one department was allowed a salary increase in the first month of the fiscal year.

Although the following functions had surplus to offset the other General Operation deficits some departments required relief from other departmental savings within their respective functions:

Public Safety – The Sheriff's Mirando Sub-Station and Constable Pct #3 required increases for payroll incentives and related fringe benefits of \$3,811 and \$6,188 respectively.

Justice System – The 111th Judicial District Court required \$5,148 for payroll incentives and fringe benefits. County Court of Law# 1 required \$ 42,395 for two warrant peace officers transferred from public safety. Justice of Peace Precinct #4 was authorized an increase of \$8,000 for salaries in October 2008 but only required \$380 due to payroll saving from vacancies within the department during the fiscal year. The Law Library also required \$2,078 additional funding for book and subscriptions.

Health and Human Services – Indigent Health Care required \$6,830 for additional burial expenditures whereas an increase of \$600 was necessary for Animal Damage Control contract obligations.

Community and Economic Development – El Cenizo and Bruni Community Centers required \$4,486 and \$890 additional funding for utilities.

The Internal Service Fund also required Court approval for transfers as follows: \$616,192 was transferred from the Worker's Compensation Reserve Fund to the Webb County Employees' Health Benefit Fund to cover the fund's deficit. This is the fifth consecutive year the Worker's Compensation Reserve Fund has funded the Webb County Employee's Health Benefit Fund shortfall.

Also approved was a \$531,098 total transfer from the Worker's Compensation Reserve Fund to the Webb County Employees' Retiree Insurance Fund. As the County implemented Governmental Accounting Standard Board Statement 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension an additional \$53,098 from the original \$478,000 budget was required.

Overall, budget amounts presented in the accompanying supplementary information reflect the original budget and the final budgeted amounts (that have been adjusted for authorized revisions of the annual budgets during the year).

Governmental Funds	Estimated Revenues		Appropriations	
	Original Adopted Budget	Final Revised Budget	Original Adopted Budget	Final Revised Budget
Major Funds				
General Fund	\$ 73,384,894	73,384,894	73,383,514	73,383,514
Nonmajor Governmental Funds	62,075,029	79,543,650	73,093,218	98,982,027
Total	\$ <u>135,459,923</u>	<u>152,928,544</u>	<u>146,476,732</u>	<u>172,365,541</u>

Encumbrances outstanding at year-end do not represent Generally Accepted Accounting Principles (GAAP) expenditures or liabilities but represent budgetary accounting controls. All governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and contracts (encumbrance) issued for goods and services not received at year-end.

The actual results of operations are presented in accordance with GAAP, and the County's accounting policies do not recognize encumbrances as expenditures until the period in which the goods and services are actually received and a liability is incurred. All encumbrances lapse at the end of year. At year-end all outstanding encumbrances are presented as purchase order commitments.