

Webb County, Texas
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For Year Ended September 30, 2010

| | Budgeted Amounts | | Actual Amounts, Budgetary Basis | Variance with Final Budget Positive (Negative) |
|--|-----------------------|--------------------|------------------------------------|---|
| | Original | Final | | (Negative) |
| REVENUES | | | | |
| Property Taxes | \$ 47,862,555 | 47,862,555 | 47,844,277 | (18,278) |
| Sales and Miscellaneous Taxes | 12,105,000 | 12,105,000 | 11,962,256 | (142,744) |
| Fines and Forfeits | 435,650 | 435,650 | 282,319 | (153,331) |
| Intergovernmental | 2,865,200 | 2,865,200 | 1,780,914 | (1,084,286) |
| Charges for Services | 4,244,175 | 4,244,175 | 4,115,644 | (128,531) |
| Investments Earnings | 315,000 | 315,000 | 148,864 | (166,136) |
| Miscellaneous | 350,100 | 350,100 | 321,030 | (29,070) |
| Total Revenues | <u>\$ 68,177,680</u> | <u>68,177,680</u> | <u>66,455,304</u> | <u>(1,722,376)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | \$ 17,135,109 | 17,012,572 | 16,015,323 | 997,249 |
| Public Safety | 10,067,668 | 10,114,151 | 10,031,363 | 82,788 |
| Justice System | 22,808,957 | 22,746,371 | 21,746,520 | 999,851 |
| Health And Human Services | 4,526,898 | 4,521,511 | 3,803,275 | 718,236 |
| Infrastructure And Environmental Services | 176,917 | 176,917 | 159,968 | 16,949 |
| Corrections and Rehabilitation | 13,577,483 | 13,580,462 | 13,546,357 | 34,105 |
| Community and Economic Development | 2,239,635 | 2,293,556 | 2,109,056 | 184,500 |
| Capital Outlay | | 87,127 | 86,247 | 880 |
| Total Expenditures | <u>\$ 70,532,667</u> | <u>70,532,667</u> | <u>67,498,109</u> | <u>3,034,558</u> |
| Excess (Deficiency) Of Revenues Over (Under) Expenditures | (2,354,987) | (2,354,987) | (1,042,805) | 1,312,182 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | \$ 1,835,248 | 1,835,248 | 1,470,248 | (365,000) |
| Transfers Out | (601,000) | (601,000) | (601,000) | |
| Total Other Financing Sources (Uses) | <u>\$ 1,234,248</u> | <u>1,234,248</u> | <u>869,248</u> | <u>(365,000)</u> |
| Net Change in Fund Balances | <u>\$ (1,120,739)</u> | <u>(1,120,739)</u> | <u>(173,557)</u> | <u>947,182</u> |
| Fund Balances - Beginning, Restated | | | <u>13,011,630</u> | |
| Fund Balances - Ending | | | <u>\$ 12,838,073</u> | |

Webb County, Texas
Notes to Required Supplementary Information
September 30, 2010

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. The governmental budgets are prepared under the same modified accrual basis used to reflect revenues and expenditures. The operating budgets are also adopted for the proprietary funds under the same accrual basis used to reflect revenues and expenses.

The County's adopted budget encompasses all County funds existing at the time the annual budget is adopted. However, grant awards representing federal and/or state 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 the end of the fiscal year.

| Function/Program | Budgeted Amounts | | Budget Amendments during the fiscal year |
|---|----------------------|-------------------|--|
| | Original | Final | |
| General Fund | | | |
| General government | \$ 17,135,109 | 17,012,572 | (122,537) |
| Public safety | 10,067,668 | 10,114,151 | 46,483 |
| Justice system | 22,808,957 | 22,746,371 | (62,586) |
| Health and human services | 4,526,898 | 4,521,511 | (5,387) |
| Infrastructure and environmental services | 176,917 | 176,917 | - |
| Corrections and rehabilitation | 13,577,483 | 13,580,462 | 2,979 |
| Community and economic development | 2,239,635 | 2,293,556 | 53,921 |
| Capital Outlay | | 87,127 | 87,127 |
| Transfer Out | 601,000 | 601,000 | - |
| Total Expenditures | <u>\$ 71,133,667</u> | <u>71,133,667</u> | <u>-</u> |

The General Fund's original expenditure budget is for \$71,133,667 that includes \$601,000 for transfers out (other financing uses). The transfers out consists of \$475,000 for debt service and operations for the Webb County Water Utility Fund; \$50,000 for personnel cost and operations for the Webb County Records Management & Preservation Fund; \$76,000 for the General Fund debt service requirements for the general fund capital leases.

The Commissioners Court adopted the budget for fiscal year with a \$ 2,249,847 decrease compared to the last year. The Court retain the April 2009 actions, to retain the ten percent operation reduction with few exceptions to compensate for the decrease in estimated revenues. Fuel and Lubricants, repairs and maintenance, contractual agreements and postage were allowed. The operational general order requires the

elected official and department heads to submit to the Court all new personnel hires for approval and prohibit title changes and salary increase during the fiscal year.

The adopted budget also allowed for one new employee. The Court approved the employee to be restated for the Sheriff Jail Bargaining Unit. The fund balance was utilized by Court for \$ 1,120,739 to balance the budget \$71,133,667 appropriations exceeding the \$ 70,012,928 estimated revenues.

Budgetary line item transfers were approved by the Court from other governmental functions (General Government, Justice System and Health and Human Services) to address the requests by elected officials or department heads during the fiscal year.

Public Safety – The Fire and Emergency Management Services department was created in August 2010 due to the termination of an intergovernmental contractual agreement with the City of Laredo. The new department required \$ 49,738 in new funding for the County's fire and EMS coordinator and for operations. The Sheriff bargaining unit required \$ 42,454 for additional funding for fuel and lubricants. In addition, the Constables for PCT. 2, PCT. 3 and PCT. 4 required \$ 1,629; 875 and 2,850 respectively also fuel and lubricants. The Mental Health department managed by Constable PCT. 1 required \$ 40,995 additional funding for operations. The Sheriff various departments, Medical examiner, Quad City Fire and EMS, and the Constable PCT 1 provided the \$ 92,058 budgetary saving within this function.

Corrections and Rehabilitation – The net increase \$ 2,979 for this function was due to the jail purchasing for medical services. The jail purchasing required \$ 213,315 additional funding. The Jail bargaining and jail non-bargaining department provided \$210,336 budgetary saving within this function.

Community and Economic Development – The net increase \$ 53,921 from other functions were due to the Bruni, Larga Vista, Rio Bravo, and La Presa Community Centers that required \$ 17, 612 additional funding for utilities cost. Buenos Aires and the Rio Bravo Community Centers required additional \$ 5,032 funding for one employee salary increase and the other department's payroll fringe benefits. The Fred and Anita Bruni community Center also required additional \$ 54,058 funding for salary with fringe benefits originally set at \$ 100 at the beginning of the fiscal year. The economic development, park and grounds, and other community centers provided \$ 22,781 budgetary saving within this function.

Capital Outlay – The Public Information Officer within the general government function funded \$ 7,695 for a video camcorder for public announcements. The Sheriff Bargaining Unit within the Public Safety function funded \$ 14,965 for painting and decals for nine new patrol vehicles used through intergovernmental grants. The 49th Judicial District Judge within the Justice System function funded \$ 49,687 for audio and video digital recording systems for the courts. The Jail Bargaining Unit within the Corrections and Rehabilitation function \$ 14,780 funded the Sheriff Administration building's generator switch gear for electrical and lighting for FEMA compliance.

Although the following functions (general government, justice system and health and human services) had surplus to transfer to the above mentioned functions, they had requests increases within their respective functions:

General Government – The County Judge pays for all the Commissioners Court authorized dues and memberships. The account budgetary line item required \$ 3,500. General Operations Department required \$ 43,510 for the County Appraisal District and for professional services. This function provided \$ 122,537 budgetary saving within this function to be transfer to other functions.

Justice System – The 111th Judicial District Judge, District Attorney and the County Attorney required \$ 44,034 funding for sick leave buy back for pay incentives eliminated in the adopted budget and reauthorized during 2010. The County Court of law # 1 and #2 required \$ 15,504 and \$1,861 additional funding for juvenile felony expenditures and for a new employee position for warrant peace officer. Justice of Peace PCT 2 PL 2 required \$ 11,646 for the Laredo Independent School District truant officer an intergovernmental agreement with Laredo Independent School District. Judicial General operation also required \$ 43,350 funding for court reporters and transcripts. This function provided \$62,586 budgetary saving within this function to other functions.

Health and Human Services – The indigent Health services department provided \$5,387 budgetary saving within this function for other functions.

The Internal Service Funds also required Court approval for transfers as follows: \$1,692,964 was transferred out from the Worker’s Compensation Reserve Fund to the Webb County Employees’ Health Benefit Fund to cover the fund’s deficit. This is the sixth consecutive year the Worker’s Compensation Reserve Fund has funded the Webb County Employee’s Health Benefit Fund shortfall.

The Court also approved \$1,000,000 transfer out from the Webb County Worker's Compensation to the General Fund with the adoption of the budget.

The Webb County Worker's Compensation Reserve Fund Employees' had a \$350,559 transfer out to the Webb County Employees' Retiree OPEB Fund for the other postemployment benefits liability.

The Court also approved the \$ 88,534 transfer from the Worker’s Compensation Reserve Fund for the Webb County Employees’ Retiree OPEB Fund for other post employment benefits expenses.

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 | \$ 70,012,928 | 70,012,928 | 71,133,667 | 71,133,667 |
| Nonmajor Governmental Funds | 60,405,189 | 84,316,190 | 71,680,218 | 102,410,834 |
| Total | \$ <u>130,418,117</u> | <u>154,329,118</u> | <u>142,813,885</u> | <u>173,544,501</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.