

ANNUAL FINANCIAL REPORT

of

CHAMBERS COUNTY, TEXAS

For the Year Ended
December 31, 2010

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CHAMBERS COUNTY, TEXAS

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CHAMBERS COUNTY, TEXAS

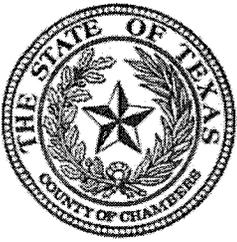
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INTRODUCTORY SECTION

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CHAMBERS COUNTY AUDITOR

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

September 2, 2011

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, 2010.

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 Pechacek, LLLP, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management and evaluating the overall financial presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the financial statements for the year ended December 31, 2010, are fairly presented in conformity with Generally Accepted Accounting Principles (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 on the fair presentation of the financial statements, but also on the County's internal controls and compliance with legal requirements, with special emphasis on internal controls and compliance with legal requirements involving the administration of federal awards.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). 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 approximately 35,000.

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 establishes policies for County operations, approves contracts for the County, adopts the County budget and sets the tax rate.

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. The 2010 census for Chambers County has been rendered at 35,096. That reflects an increase of over 9,000 or almost 35%. The 2010 fiscal year total property values were certified at \$5.79 billion or a 9.5 percent decrease from 2009. The 2011 fiscal year total certified property values for Chambers County were set at \$5.62 billion for the year, a 3.1 percent decrease from the previous year. This marked only the second decrease in certified property values since the 2003 fiscal year. However, the decreases were in consecutive years. On a very positive note, the 2012 fiscal year property values have now been certified at \$5.89 billion, an increase of 4.9% over the current operating year of 2011.

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 a modest debt level and a much improved reserve level that have benefited from sound fiscal management practices along with the sale of the incinerator function in 2008. Over \$10 million in debt was defeased in 2009, while an additional \$2.6 million was retired. Normal debt retirement of \$1.27 million occurred in 2010. The County practices conservative budgeting and has set a general fund reserve target at 20 percent of annual expenditures. In the past fiscal year, the County maintained a significant general fund unreserved fund balance as a result of a moderate control of general fund expenditures.

Chambers County has identified several long-term issues that continually need to be studied and funded by Commissioners' Court. These issues include the improved fortification and climate control measures in the major annexes 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 remains a concern. General facility improvements throughout the County have been discussed and are receiving major consideration in current and future budget cycles. New community buildings on the West and central areas of the county are planned to be constructed in 2011 or 2012.

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 principals. Cash during the year was invested according to policy guidelines.

The County's depository contract was moved in 2009 to Prosperity Bank, with local offices in Winnie, Texas and Mont Belvieu, Texas. This has proven to be a major improvement in the investment of funds area.

Risk Management – Chambers County provides for property loss exposures through commercial insurance coverage, which includes: property damage on most facilities to include fire and extended coverage damage and windstorm, general liability, automobile liability, select equipment and automobile physical damage, aviation damage and liability, law enforcement 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 periodically to address safety issues and provide recommendations for the court to consider. The committee consists of at least one employee from all major 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 Pechacek, 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, 2010

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
Tony Sims	County Treasurer
Jerry Sparks	County Auditor*

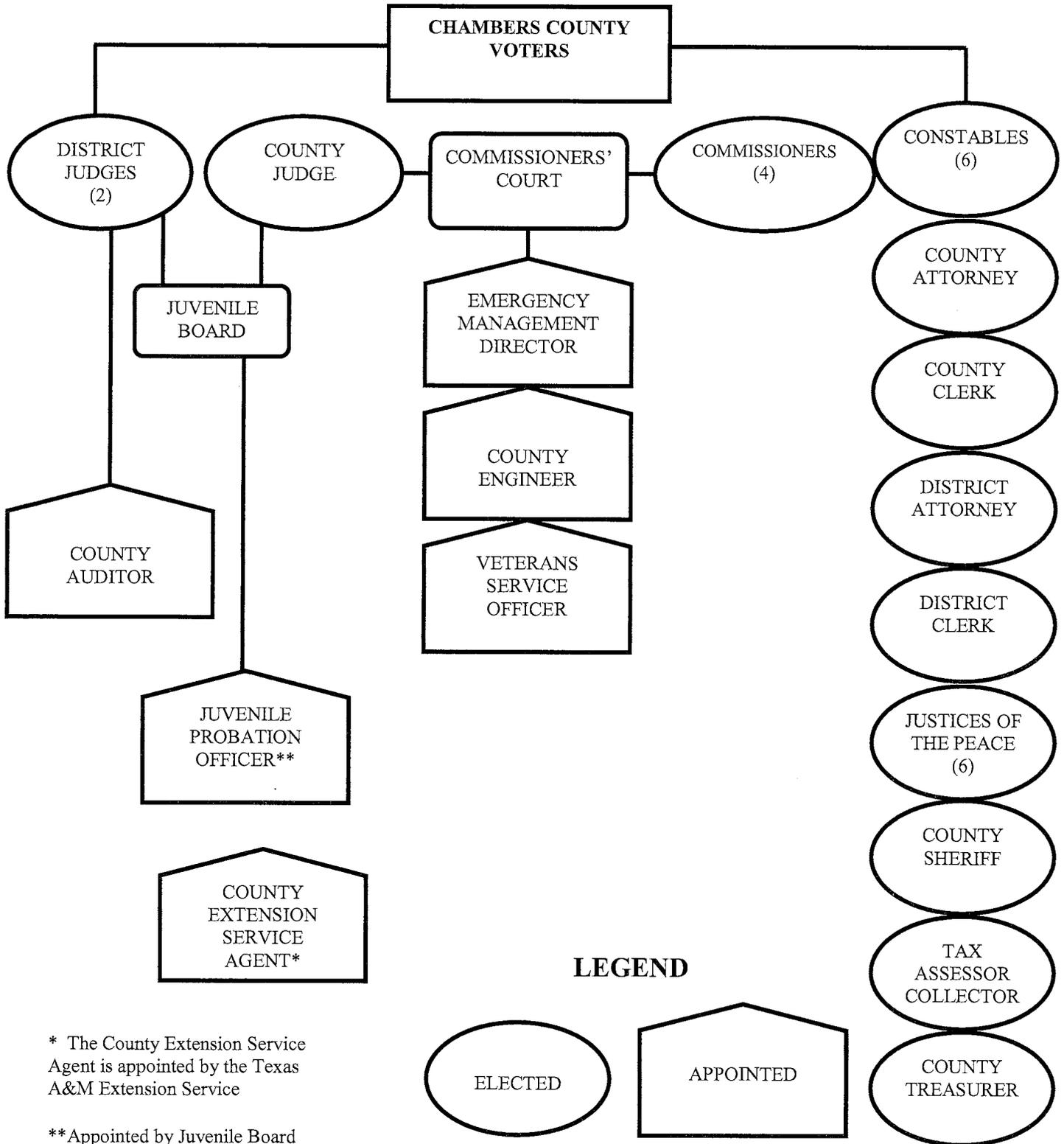
*Designated appointed official. All others are elected.

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CHAMBERS COUNTY, TEXAS

ORGANIZATIONAL CHART

December 31, 2010



* 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, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2011 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information, and schedules of funding progress, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The introductory section, combining statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
September 2, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

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CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2010

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, 2010. 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 to 10 and the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

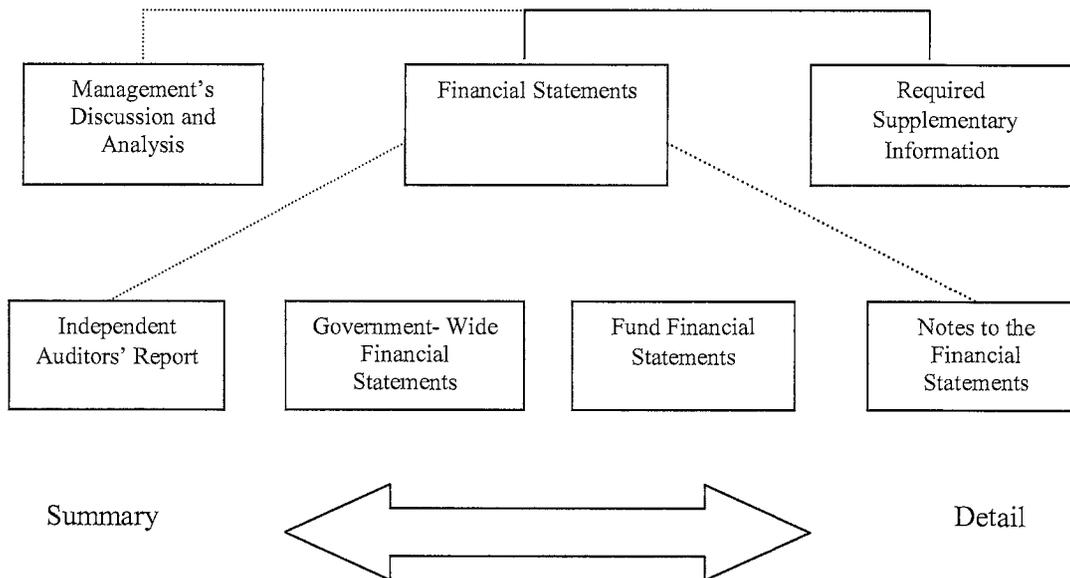
The general fund, on a budget basis (fund level), reported revenues over expenditures and other financing sources and uses of \$4,991,174, as compared to a planned budget decrease of \$3,154,655. Total budget variances resulted in a positive variance of \$8,145,829 after transfers.

On a government-wide basis for governmental activities, the County had expenses net of program revenue of \$25,596,476. General revenues of \$33,304,552 were \$7,708,076 greater than expenses net of program revenue.

The County's total net assets, on the government-wide basis, totaled \$57,538,776 at December 31, 2010.

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, 2010

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. The County uses enterprise funds to account for its solid waste collection, airport, and golf course operations.

CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended December 31, 2010

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 statements because the resources of those funds are not available to support the County's own programs.

Notes to Financial Statements – The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes 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 schedules of funding progress for the Texas County and District Retirement System (TCDRS) and Post-Employment Health Care 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, 2010

Statement of Net Assets:

The following table reflects the condensed Statement of Net Assets:

	2010			2009		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 67,240,609	\$ (648,184)	\$ 66,592,425	\$ 62,254,343	\$ 2,832,271	\$ 65,086,614
Capital assets, net	26,992,618	5,317,418	32,310,036	23,269,331	4,158,030	27,427,361
Total Assets	94,233,227	4,669,234	98,902,461	85,523,674	6,990,301	92,513,975
Other liabilities	27,135,597	141,553	27,277,150	28,147,005	224,444	28,371,449
Long-term liabilities	9,157,152	4,929,383	14,086,535	7,144,267	4,627,041	11,771,308
Total Liabilities	36,292,749	5,070,936	41,363,685	35,291,272	4,851,485	40,142,757
Net Assets:						
Invested in capital assets, net of related debt	19,686,141	5,317,418	25,003,559	16,559,448	4,374,188	20,933,636
Restricted	12,335,576	-	12,335,576	7,845,880	-	7,845,880
Unrestricted	25,918,761	(5,719,120)	20,199,641	25,827,074	(2,235,372)	23,591,702
Total Net Assets	\$ 57,940,478	\$ (401,702)	\$ 57,538,776	\$ 50,232,402	\$ 2,138,816	\$ 52,371,218

A portion of the primary government's net assets, \$25,003,559 or 43 percent, is invested in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities; and \$12,335,576 or 21 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets, \$20,199,641 or 35 percent, may be used to meet the County's ongoing obligation to citizens and creditors.

The County's total net assets increased to \$57,538,776 from \$52,371,218 when compared to the prior year. Total assets increased by \$6,388,486 due to an increase in cash related to moderated controls on the general fund expenditures. Liabilities increased by \$1,220,928 primarily due to an increase in long term liabilities.

CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended December 31, 2010

Statement of Activities

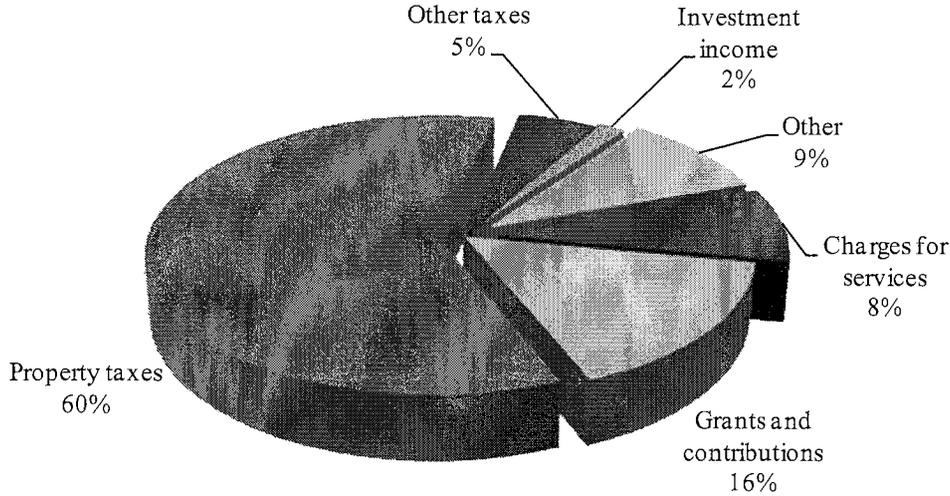
The following table provides a summary of the County's changes in net assets:

	For the Year Ended December 31, 2010			For the Year Ended December 31, 2009		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 3,710,122	\$ 752,813	\$ 4,462,935	\$ 3,030,829	\$ 3,962,969	\$ 6,993,798
Grants and contributions	6,952,745	-	6,952,745	41,031,266	-	41,031,266
General revenues:						
Property taxes	26,218,721	-	26,218,721	28,747,445	-	28,747,445
Other taxes	2,153,214	-	2,153,214	2,379,367	-	2,379,367
Investment income	734,974	15,594	750,568	716,788	33,202	749,990
Other	4,197,643	-	4,197,643	1,512,758	-	1,512,758
Total Revenues	43,967,419	768,407	44,735,826	77,418,453	3,996,171	81,414,624
Expenses						
General government	6,963,070	-	6,963,070	45,780,669	-	45,780,669
Financial administration	1,730,065	-	1,730,065	1,723,522	-	1,723,522
Justice system	3,878,547	-	3,878,547	3,684,905	-	3,684,905
Health and welfare	5,118,872	-	5,118,872	3,908,902	-	3,908,902
Culture and recreational	2,450,393	-	2,450,393	3,581,539	-	3,581,539
Law enforcement and public safety	7,533,751	-	7,533,751	7,526,732	-	7,526,732
Transportation	8,280,240	-	8,280,240	8,255,562	-	8,255,562
Interest and other	304,405	-	304,405	2,189,791	-	2,189,791
Solid waste	-	2,461,387	2,461,387	-	3,473,765	3,473,765
Airport	-	295,217	295,217	-	252,556	252,556
Golf course	-	552,321	552,321	-	580,033	580,033
Total Expenses	36,259,343	3,308,925	39,568,268	76,651,622	4,306,354	80,957,976
Change in Net Assets						
Before Transfers	7,708,076	(2,540,518)	5,167,558	766,831	(310,183)	456,648
Transfers	-	-	-	(245,442)	245,442	-
Total	-	-	-	(245,442)	245,442	-
Change in Net Assets	7,708,076	(2,540,518)	5,167,558	521,389	(64,741)	456,648
Beginning Net Assets	50,232,402	2,138,816	52,371,218	49,711,013	2,203,557	51,914,570
Ending Net Assets	\$ 57,940,478	\$ (401,702)	\$ 57,538,776	\$ 50,232,402	\$ 2,138,816	\$ 52,371,218

CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended December 31, 2010

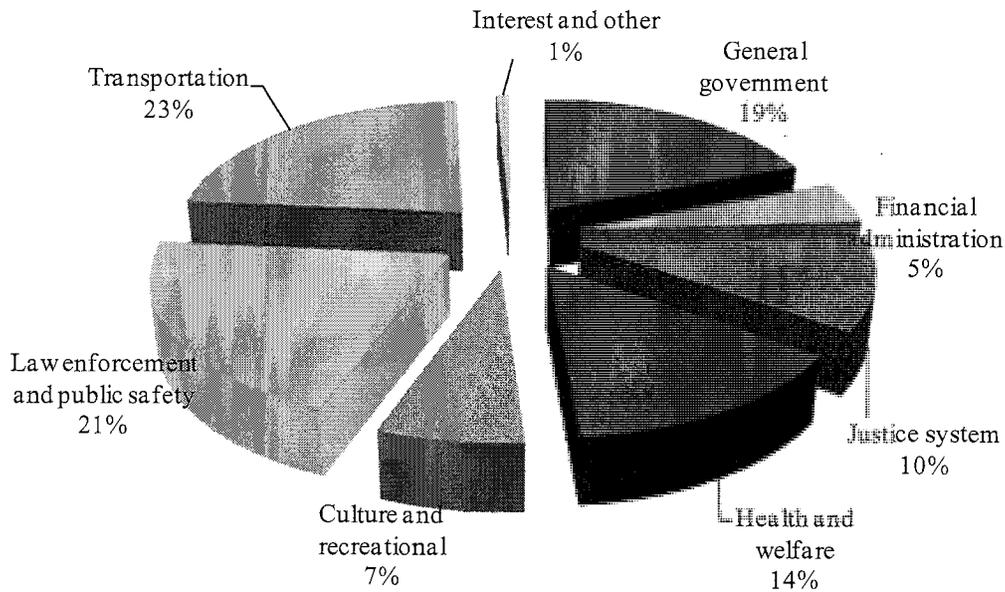
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the County's activities.

Governmental Activities - Revenues



Total governmental activity revenues decreased \$33,451,034 from the prior year. This decrease is primarily the result of federal grant reimbursements related to Hurricane Ike debris clean up in the prior year.

Governmental Activities - Expenses

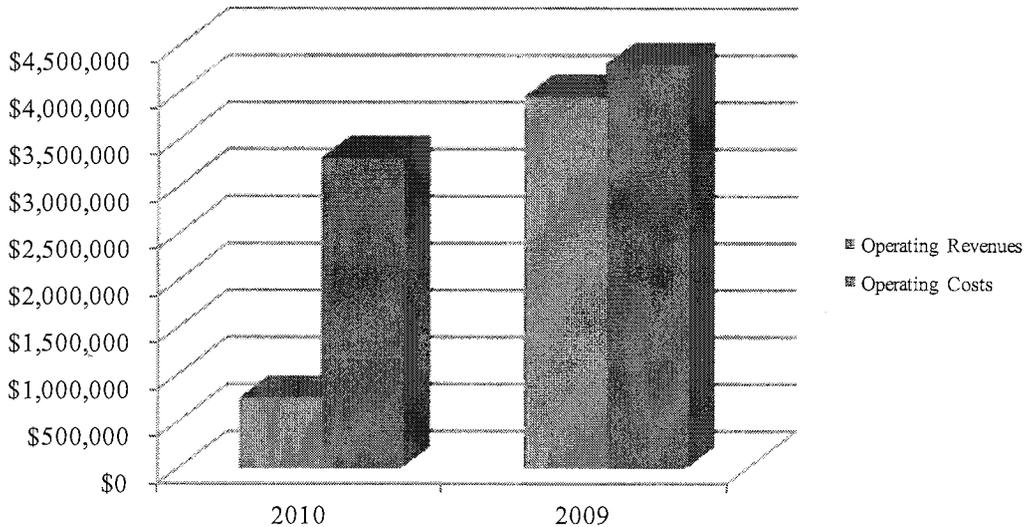


Governmental expenses have decreased by \$40,392,279 from the prior year primarily due to debris clean up related to Hurricane Ike in the prior year.

CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended December 31, 2010

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

Business-type Activities
Revenues vs. Costs



Total business-type revenues decreased by \$3,227,764 from the prior year. This is due to the decrease of revenue at the landfill as a result of selling the incinerator facility in 2008. Prior year revenues also included grant money received for debris removal related to Hurricane Ike. Expenses decreased by \$997,429 over the prior year, primarily due to less expenses incurred from debris removal.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds – The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of 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 \$35,952,744. Of this, \$28,076,680 is unreserved and available for day-to-day operations of the County, \$138,105 is reserved for inventories, \$638 is reserved for debt service, and \$7,737,321 is reserved for endowments/trusts.

There was an increase in the combined fund balance of \$5,280,086 over the prior year. Included in this amount are an increase of \$5,719,533 in the general fund, a decrease of \$334,306 in the road and bridge fund, a decrease of \$59,636 in the debt service fund, and an increase of \$234,719 in the permanent school fund. The decrease in the road and bridge fund can be attributed to less property tax revenue collected for the year. The increase in permanent school fund is due to an increase in both interest and royalty revenue.

The general fund is the chief operating fund of the County. At the end of the current year, unreserved, undesignated fund balance of the general fund was \$23,509,804, while total fund balance reached \$23,617,168. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 94% of total general fund expenditures, while total fund balance represents 94% of that same amount.

CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended December 31, 2010

Debt service payments totaled \$1,500,737 for the year.

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 more than final budgeted revenues by \$8,149,281 during the year. This increase is primarily attributable to more intergovernmental and investment income received than the anticipated amount in the final budget. Actual expenditures were \$1,382,435 less than budgeted. Overall, the general fund had a total positive budget variance of \$9,531,716 before operating transfers.

CAPITAL ASSETS

At the end of the year, the County's governmental activities funds had invested \$26,992,618 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 building for Office of Emergency Management;
- New equipment for solid waste \$473,360;
- Purchase of seven vehicles for the sheriff's department in the amount of \$173,045;
- Completion of new building for Trinity Bay EMS in the amount of \$302,618.

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

LONG-TERM DEBT

At the end of the year, the County reported total certificates of obligation, notes, and capital leases outstanding of \$7,306,477 net of issuance premiums, discounts and deferred charges.

More detailed information about the County's long-term liabilities is presented in Note III. 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 "A1" and "AAA" by Moody's and Standard & Poors, respectively.

ECONOMIC FACTORS

The County continues to grow as seen in the increase in population over prior years.

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, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 33,985,714	\$ -	\$ 33,985,714
Receivables, net	23,008,462	100,913	23,109,375
Internal balances	798,987	(798,987)	-
Due from other governments	1,352,779	-	1,352,779
Inventory	138,105	48,619	186,724
Prepays	173,759	1,271	175,030
Deferred charges	45,482	-	45,482
Restricted cash and cash equivalents	7,737,321	-	7,737,321
Total Current Assets	67,240,609	(648,184)	66,592,425
Capital assets:			
Non-depreciable	5,411,225	3,255,024	8,666,249
Net depreciable capital assets	21,581,393	2,062,394	23,643,787
	26,992,618	5,317,418	32,310,036
Total Assets	94,233,227	4,669,234	98,902,461
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	1,852,846	141,553	1,994,399
Deferred property tax revenue	25,199,769	-	25,199,769
Accrued interest payable	82,982	-	82,982
Total Current Liabilities	27,135,597	141,553	27,277,150
Noncurrent liabilities:			
Due within one year	1,994,103	-	1,994,103
Due in more than one year	7,163,049	4,929,383	12,092,432
Total Noncurrent Liabilities	9,157,152	4,929,383	14,086,535
Total Liabilities	36,292,749	5,070,936	41,363,685
Net Assets			
Invested in capital assets, net of related debt	19,686,141	5,317,418	25,003,559
Restricted for:			
Debt service	638	-	638
Endowments/trusts	7,737,321	-	7,737,321
Road and bridge	747,162	-	747,162
Other purposes	3,850,455	-	3,850,455
Unrestricted	25,918,761	(5,719,120)	20,199,641
Total Net Assets	\$ 57,940,478	\$ (401,702)	\$ 57,538,776

See Notes to Financial Statements.

CHAMBERS COUNTY, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
General government	\$ 6,963,070	\$ 2,127,495	\$ 6,153,558
Financial administration	1,730,065	-	-
Justice system	3,878,547	376,091	208,288
Health and welfare	5,118,872	-	293,039
Culture and recreational	2,450,393	-	39,606
Law enforcement and public safety	7,533,751	94,765	184,159
Transportation	8,280,240	1,111,771	74,095
Interest and other	304,405	-	-
Total Governmental Activities	36,259,343	3,710,122	6,952,745
Business-Type Activities			
Solid waste	2,461,387	223,988	-
Airport	295,217	114,893	-
Golf course	552,321	413,932	-
Total Business-Type Activities	3,308,925	752,813	-
Total Primary Government	\$ 39,568,268	\$ 4,462,935	\$ 6,952,745

General Revenues:

- Property taxes
- Other taxes
- Investment income
- Other

Total General Revenues and Transfers

Change in Net Assets

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
\$ 1,317,983	\$ -	\$ 1,317,983
(1,730,065)	-	(1,730,065)
(3,294,168)	-	(3,294,168)
(4,825,833)	-	(4,825,833)
(2,410,787)	-	(2,410,787)
(7,254,827)	-	(7,254,827)
(7,094,374)	-	(7,094,374)
(304,405)	-	(304,405)
<u>(25,596,476)</u>	<u>-</u>	<u>(25,596,476)</u>
-	(2,237,399)	(2,237,399)
-	(180,324)	(180,324)
-	(138,389)	(138,389)
<u>-</u>	<u>(2,556,112)</u>	<u>(2,556,112)</u>
<u>(25,596,476)</u>	<u>(2,556,112)</u>	<u>(28,152,588)</u>
26,218,721	-	26,218,721
2,153,214	-	2,153,214
734,974	15,594	750,568
4,197,643	-	4,197,643
<u>33,304,552</u>	<u>15,594</u>	<u>33,320,146</u>
7,708,076	(2,540,518)	5,167,558
50,232,402	2,138,816	52,371,218
<u>\$ 57,940,478</u>	<u>\$ (401,702)</u>	<u>\$ 57,538,776</u>

CHAMBERS COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2010

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Permanent</u>
Assets				
Cash and cash equivalents	\$ 25,497,779	\$ 1,606,654	\$ -	\$ -
Receivables, net	15,852,574	4,067,127	1,003,327	-
Due from other funds	1,552,951	-	-	-
Due from other governments	802,960	252,075	232,132	-
Inventory	107,364	30,741	-	-
Restricted cash and cash equivalents	-	-	-	7,737,321
Total Assets	<u>\$ 43,813,628</u>	<u>\$ 5,956,597</u>	<u>\$ 1,235,459</u>	<u>\$ 7,737,321</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 916,612	\$ 276,221	\$ -	\$ -
Due to other funds	-	-	14,577	-
Deferred revenue	19,279,848	4,933,214	1,220,244	-
Total Liabilities	<u>20,196,460</u>	<u>5,209,435</u>	<u>1,234,821</u>	<u>-</u>
Fund Balances:				
Reserved for:				
Debt service	-	-	638	-
Endowments/trusts	-	-	-	7,737,321
Inventories	107,364	30,741	-	-
Unreserved, undesignated reported in:				
General fund	23,509,804	-	-	-
Special revenue funds	-	716,421	-	-
Total Fund Balances	<u>23,617,168</u>	<u>747,162</u>	<u>638</u>	<u>7,737,321</u>
Total Liabilities and Fund Balances	<u>\$ 43,813,628</u>	<u>\$ 5,956,597</u>	<u>\$ 1,235,459</u>	<u>\$ 7,737,321</u>

See Notes to Financial Statements.

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<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,456,155	\$ 31,560,588
316,164	21,239,192
-	1,552,951
65,612	1,352,779
-	138,105
-	7,737,321
<u>\$ 4,837,931</u>	<u>\$ 63,580,936</u>

\$ 253,603	\$ 1,446,436
733,873	748,450
-	25,433,306
<u>987,476</u>	<u>27,628,192</u>

-	638
-	7,737,321
-	138,105
-	23,509,804
<u>3,850,455</u>	<u>4,566,876</u>
<u>3,850,455</u>	<u>35,952,744</u>
<u>\$ 4,837,931</u>	<u>\$ 63,580,936</u>

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CHAMBERS COUNTY, TEXAS

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

December 31, 2010

Fund balances - total government funds \$ 35,952,744

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. 1,769,270

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

Depreciable capital assets 45,446,039
Accumulated depreciation (23,864,646)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.
Deferred revenue 233,537

Certain prepaid items are not current financial resources and, therefore, are not reported in the governmental funds. 173,759

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. 2,013,202

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 (82,982)
Net OPEB obligation (1,429,739)
Certificates and notes (4,765,000)
Capital leases (2,541,477)
Debt issue expense 45,482
Compensated absences (420,936)

Net Assets of Governmental Activities \$ 57,940,478

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, 2010

	General	Road and Bridge	Debt Service	Permanent
<u>Revenues</u>				
Taxes	\$ 19,890,289	\$ 4,944,863	\$ 1,417,684	\$ -
Intergovernmental	4,544,387	9,627	-	-
Fees	1,115,438	797,296	-	-
Fines and forfeitures	722,541	314,475	-	-
Investment income	424,994	33,657	23,417	131,730
Other	3,438,591	474,510	-	222,963
Total Revenues	30,136,240	6,574,428	1,441,101	354,693
<u>Expenditures</u>				
Current:				
General government	6,867,888	-	-	-
Financial administration	1,730,065	-	-	-
Justice system	3,445,325	-	-	-
Health and welfare	1,694,292	-	-	-
Culture and recreational	1,619,014	-	-	-
Law enforcement and public safety	6,313,885	-	-	-
Transportation	-	7,175,484	-	-
Capital:				
Capital outlay	3,201,925	1,466,565	-	-
Debt Service:				
Principal	183,032	15,134	1,265,000	-
Interest and other	22,005	803	235,737	-
Total Expenditures	25,077,431	8,657,986	1,500,737	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,058,809	(2,083,558)	(59,636)	354,693
<u>Other Financing Sources (Uses)</u>				
Capital leases	2,337,961	-	-	-
Transfers in	108,611	1,749,252	-	29,680
Transfers (out)	(1,785,848)	-	-	(149,654)
Total Other Financing Sources (Uses)	660,724	1,749,252	-	(119,974)
Net Change in Fund Balances	5,719,533	(334,306)	(59,636)	234,719
Beginning Fund Balances	17,897,635	1,081,468	60,274	7,502,602
Ending Fund Balances	\$ 23,617,168	\$ 747,162	\$ 638	\$ 7,737,321

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,153,214	\$ 28,406,050
2,398,731	6,952,745
244,827	2,157,561
226,029	1,263,045
83,295	697,093
61,579	4,197,643
<u>5,167,675</u>	<u>43,674,137</u>
35,300	6,903,188
-	1,730,065
433,218	3,878,543
3,373,454	5,067,746
458,363	2,077,377
397,595	6,711,480
63,934	7,239,418
720,489	5,388,979
18,148	1,481,314
3,458	262,003
<u>5,503,959</u>	<u>40,740,113</u>
(336,284)	2,934,024
8,101	2,346,062
277,586	2,165,129
(229,627)	(2,165,129)
<u>56,060</u>	<u>2,346,062</u>
(280,224)	5,280,086
<u>4,130,679</u>	<u>30,672,658</u>
<u>\$ 3,850,455</u>	<u>\$ 35,952,744</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, 2010

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

Net changes in fund balances - total government funds	\$	5,280,086
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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		6,660,902
Depreciation expense		(2,395,852)
Net effect of capital disposals		(270,881)

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

Deferred revenue		(34,115)
Fines and fees receivable		289,516

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		(2,346,062)
Principal payment		1,460,496
Amortization of bond premiums, issuance costs, and deferred charges		(21,584)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This adjustment reflects the net change in interest payable on the accrual basis of accounting and the net change in compensated absences.

Net OPEB obligation		(710,669)
Compensated absences		13,808
Prepaid expenditures		(73,208)

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.

		126,521
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		\$ 7,708,076
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See Notes to Financial Statements.

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CHAMBERS COUNTY, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2010

	Business-Type Activities			Governmental Activities
	Solid Waste	Nonmajor Funds	Total	Internal Service
<u>Assets</u>				
<u>Current Assets</u>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 2,425,126
Receivables, net	100,913	-	100,913	-
Inventory	18,529	30,090	48,619	-
Prepaid items	1,189	82	1,271	-
Total Current Assets	120,631	30,172	150,803	2,425,126
<u>Noncurrent Assets</u>				
Capital assets:				
Non-depreciable	1,644,455	1,610,569	3,255,024	-
Net depreciable	1,463,589	598,805	2,062,394	-
Total Noncurrent Assets	3,108,044	2,209,374	5,317,418	-
Total Assets	3,228,675	2,239,546	5,468,221	2,425,126
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accounts payable and accrued liabilities	118,709	22,844	141,553	-
Medical claims liability	-	-	-	406,410
Due to other funds	239,234	559,753	798,987	5,514
Total Current Liabilities	357,943	582,597	940,540	411,924
<u>Noncurrent Liabilities</u>				
Landfill closure and postclosure care	4,929,383	-	4,929,383	-
Total Noncurrent Liabilities	4,929,383	-	4,929,383	-
Total Liabilities	5,287,326	582,597	5,869,923	411,924
<u>Net Assets</u>				
Invested in capital assets	3,108,044	2,209,374	5,317,418	-
Unrestricted (deficit)	(5,166,695)	(552,425)	(5,719,120)	2,013,202
Total Net Assets	\$ (2,058,651)	\$ 1,656,949	\$ (401,702)	\$ 2,013,202

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, 2010

	Business-Type Activities			Governmental Activities
	Solid Waste	Nonmajor Funds	Total	Internal Service
<u>Operating Revenues</u>				
Charges for services	\$ 145,280	\$ 517,414	\$ 662,694	\$ 3,908,622
Other services	78,708	11,411	90,119	-
Total Operating Revenues	223,988	528,825	752,813	3,908,622
<u>Operating Expenses</u>				
Personnel	1,278,789	427,768	1,706,557	-
Supplies	146,472	174,011	320,483	-
Contractual services	411,415	119,518	530,933	-
Other	223,917	-	223,917	-
Depreciation	400,794	126,241	527,035	-
Administration	-	-	-	703,963
Claims	-	-	-	2,252,836
HAS accounts	-	-	-	752,809
Premiums	-	-	-	110,374
Total Operating Expenses	2,461,387	847,538	3,308,925	3,819,982
Operating Income (Loss)	(2,237,399)	(318,713)	(2,556,112)	88,640
<u>Nonoperating Revenues</u>				
Investment income	15,594	-	15,594	37,881
Total Nonoperating Revenues (Expenses)	15,594	-	15,594	37,881
Change in Net Assets	(2,221,805)	(318,713)	(2,540,518)	126,521
Beginning Net Assets	163,154	1,975,662	2,138,816	1,886,681
Ending Net Assets	\$ (2,058,651)	\$ 1,656,949	\$ (401,702)	\$ 2,013,202

See Notes to Financial Statements.

CHAMBERS COUNTY, TEXAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 1 of 2) For the Year Ended December 31, 2010

	Business-Type Activities			Governmental Activities
	Solid Waste	Nonmajor Funds	Total	Internal Service
<u>Cash Flows from Operating Activities</u>				
Receipts from customers	\$ 590,793	\$ 531,668	\$ 1,122,461	\$ -
Receipts from premium revenues	-	-	-	3,908,622
Payments to suppliers	(614,840)	(199,551)	(814,391)	-
Payments to employees	(976,447)	(316,387)	(1,292,834)	-
Payments for other expenses	-	-	-	(863,183)
Payments for claims	-	-	-	(2,364,525)
Payments for administration fees	-	-	-	(703,963)
Net Cash Provided (Used) by Operating Activities	(1,000,494)	15,730	(984,764)	(23,049)
<u>Cash Flows from Capital and Related Financing Activities</u>				
Capital purchases	(1,670,694)	(15,730)	(1,686,424)	-
Net Cash (Used) by Capital and Related Financing Activities	(1,670,694)	(15,730)	(1,686,424)	-
<u>Cash Flows from Investing Activities</u>				
Interest on investments	15,594	-	15,594	37,881
Net Cash Provided by Investing Activities	15,594	-	15,594	37,881
Net Increase (Decrease) in Cash and Cash Equivalents	(2,655,594)	-	(2,655,594)	14,832
Beginning Cash and Cash Equivalents	2,655,594	-	2,655,594	2,410,294
Ending Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 2,425,126

CHAMBERS COUNTY, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended December 31, 2010

	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)	\$ (2,237,399)	\$ (318,713)	\$ (2,556,112)	\$ 88,640
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	400,794	126,241	527,035	-
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in:				
Receivables, net	366,805	2,843	369,648	-
Inventory	(18,529)	15,588	(2,941)	-
Prepaid items	(134)	(10)	(144)	-
Increase (Decrease) in:				
Accounts payable and accrued liabilities	(53,557)	(29,334)	(82,891)	(5,514)
Landfill closure and postclosure care	302,342	-	302,342	-
Medical claims liability	-	-	-	(111,689)
Due to other funds	239,184	219,115	458,299	5,514
Net Cash Provided (Used) by Operating Activities	\$ (1,000,494)	\$ 15,730	\$ (984,764)	\$ (23,049)

See Notes to Financial Statements.

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CHAMBERS COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

December 31, 2010

	<u>Total Agency Funds</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 4,219,892
Due from other units	<u>2,082,900</u>
Total Assets	<u>\$ 6,302,792</u>
<u>Liabilities</u>	
Due to other units	\$ 6,302,792
Total Liabilities	<u>\$ 6,302,792</u>

See Notes to Financial Statements.

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CHAMBERS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Chambers County, Texas (the “County”) 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 are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the County is a part of any other governmental or other type of reporting entity. The overriding elements associated with 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 2010.

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, 2010

- 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, 2010

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 recreational, 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 and 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 not technically a major fund but, due to its significance, management has chosen to present as a major fund 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.

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.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2010

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, 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:

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.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, *Continued*
For the Year Ended December 31, 2010

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.

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.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2010

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;
 - (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.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2010

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.

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

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2010

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 to 50 years
Machinery and equipment	3 to 20 years

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. 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.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2010

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 grant revenues. Budgets are adopted for all funds except the Youth Activity Fund, Tax Assessor Vehicle Inv Tax Fund, Ecotourism Entergy Fund, Texas History Preservation Fund, Community Outdoor Outreach Fund, Library Lone Star Fund, HGAC ACSEC Addressing Pool Fund, Juvenile Probation Fund, Community Corrections Assistance Fund, Indigent Defense Formula Fund, Vine Project Fund, WIC Peer Counseling Fund, Airport Maintenance (Anahuac) Fund, Airport Maintenance (Winnie) Fund, SCAAP Fund, State Boating Access Fund, Grant: Dpt of Jst: Vest Grant Fund, TPWD-Robbins Park Fund, SHSP DPA Fund, SEAPAC Fund, USDHHS BVCAA Fund, Grant: VAWA Fund, USDHHS TDH WIC Fund, Help America Vote Act Fund, Texas Traffic Safety Program Fund, FEMA United Way Fund, Title IV Funds, TXDPS BSEO Fund, Victim of Crime Act Fund, TDHC Home Program Fund, DSHS IDS Fund, SETH:HTF Fund, Homeland Security Fund, Disaster Recovery Fund, CIAP Fund, Pretrial Intervention Programs, CC/DC Record Preservation Fund, DC/CC Technology Fund, CDBG-Disaster Rec-Housing Fund, CDBG-Dis Rec Non-Housing Fund, WIC Extra-

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2010

Funding Winnie Clinic Fund, Grant: HGAC SW Fund, internal service and all fiduciary funds. Several supplemental budget appropriations were made for the year ended December 31, 2010.

A. Deficit Fund Equity

The special revenue funds below had deficit fund balances at December 31, 2010, as indicated.

Courthouse security	\$32,332
Narcotics Task Force	\$31,944
Tax Assessor VIT	\$668
Available School	\$33,241
Texas History Preservation	\$3,109
Library Lone Star	\$370
WIC Peer Counseling	\$2,790
Airport Maintenance (Winnie)	\$5,398
State Boating Access	\$59,930
SEAPAC	\$14,405
Grant: VAWA	\$3,790
USDHHS TDH WIC	\$16,054
Help America Vote Act	\$7,705
Victim of Crime Act	\$19,791
TDHC Home Program	\$532
DSHS IDS	\$532
SETH:HTF	\$45,152
Chapter Nineteen	\$2,328
DC/CC Technology	\$128
CDBG- Disaster Rec- Housing	\$4,007
CDBG- DIS Rec Non-Housing	\$236
WIC Extra-Funding Winnie Clinic	\$9,677

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2010, expenditures exceeded appropriations at the legal level of control as follows:

General Fund	
Elections	\$292
Emergency management	\$49,344
Transfers (out)	\$1,494,498
Road and Bridge	
Transportation	\$204
Capital Outlay	\$4,065

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2010

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of December 31, 2010, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
State Pools (TexPool)	\$ 3,118	0.00
	<u>\$ 3,118</u>	
Portfolio weighted average maturity		0.00

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, 2010, 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, 2010, market values of pledged securities and FDIC insurance exceeded bank balances.

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.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2010

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	\$ 16,880,277	\$ 4,308,319	\$ 1,068,371	\$ -	\$ -	\$ 22,256,967
Other taxes	-	-	-	316,164	-	316,164
Accounts	-	-	-	-	100,913	100,913
(Allowance)	(1,027,703)	(241,192)	(65,044)	-	-	(1,333,939)
Total	<u>\$ 15,852,574</u>	<u>\$ 4,067,127</u>	<u>\$ 1,003,327</u>	<u>\$ 316,164</u>	<u>\$ 100,913</u>	<u>\$ 21,340,105</u>

C. Capital Assets

A summary of changes in capital assets for the year ended December 31, 2010 follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases) / Reclassifications</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 2,127,138	\$ -	\$ -	\$ 2,127,138
Construction in progress	779,164	2,504,923	-	3,284,087
Total capital assets not being depreciated	<u>2,906,302</u>	<u>2,504,923</u>	<u>-</u>	<u>5,411,225</u>
Other capital assets:				
Buildings and improvements	17,885,031	752,266	(48,528)	18,588,769
Machinery and equipment	13,825,415	3,132,831	(396,531)	16,561,715
Infrastructure	10,403,360	-	(107,805)	10,295,555
Total other capital assets	<u>42,113,806</u>	<u>3,885,097</u>	<u>(552,864)</u>	<u>45,446,039</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,162,052)	(564,661)	15,058	(10,711,655)
Machinery and equipment	(7,680,050)	(1,479,966)	266,925	(8,893,091)
Infrastructure	(3,908,675)	(351,225)	-	(4,259,900)
Total accumulated depreciation	<u>(21,750,777)</u>	<u>(2,395,852)</u>	<u>281,983</u>	<u>(23,864,646)</u>
Other capital assets, net	<u>20,363,029</u>	<u>1,489,245</u>	<u>(270,881)</u>	<u>21,581,393</u>
Totals	<u>\$ 23,269,331</u>	<u>\$ 3,994,168</u>	<u>\$ (270,881)</u>	<u>26,992,618</u>
			Less associated debt	<u>(7,306,477)</u>
			Invested in Capital Assets, Net of Related Debt	<u>\$ 19,686,141</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 300,338
Health and welfare	51,367
Culture and recreational	228,882
Law enforcement/public safety	795,556
Transportation	1,019,709
Total Governmental Activities Depreciation Expense	<u>\$ 2,395,852</u>

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2010

	Beginning Balance	Increases	(Decreases)	Ending Balance
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 1,782,943	\$ -	\$ -	\$ 1,782,943
Construction in progress	-	1,472,081	-	1,472,081
Total capital assets not being depreciated:	1,782,943	1,472,081	-	3,255,024
Other capital assets:				
Buildings and improvements	2,709,956	15,730	-	2,725,686
Machinery and equipment	2,904,687	517,581	(426,645)	2,995,623
Total other capital assets	5,614,643	533,311	(426,645)	5,721,309
Less accumulated depreciation for:				
Buildings and improvements	(1,879,713)	(337,605)	-	(2,217,318)
Machinery and equipment	(1,359,843)	(189,430)	107,676	(1,441,597)
Total accumulated depreciation	(3,239,556)	(527,035)	107,676	(3,658,915)
Other capital assets, net	2,375,087	6,276	(318,969)	2,062,394
Totals	\$ 4,158,030	\$ 1,478,357	\$ (318,969)	\$ 5,317,418
			Invested in Capital Assets, Net of Related Debt	\$ 5,317,418

Depreciation was charged to business-type functions as follows:

Solid waste	\$ 416,524
Airport	47,316
Golf course	63,195
Total Business-Type Activities Depreciation Expense	\$ 527,035

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2010

D. Long-Term Debt

The following is a summary of changes in the County's total governmental long-term liabilities for the year ended December 31, 2010. 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	\$ 1,475,000	\$ -	\$ (85,000)	\$ 1,390,000	\$ 90,000
Tax notes	4,555,000	-	(1,180,000)	3,375,000	1,225,000
Obligations under capital leases	390,911	2,346,062	(195,496)	2,541,477	300,261
	<u>6,420,911</u>	<u>2,346,062</u>	<u>(1,460,496)</u>	<u>7,306,477</u>	<u>1,615,261</u>
Other:					
Net OPEB Obligation	719,070	710,669	-	1,429,739	-
Compensated absences	434,744	-	(13,808)	420,936	378,842
Total Governmental Activities	<u>\$ 7,574,725</u>	<u>\$ 3,056,731</u>	<u>\$ (1,474,304)</u>	<u>\$ 9,157,152</u>	<u>\$ 1,994,103</u>
* Debt associated with capital assets				<u>\$ 7,163,049</u>	
					Long-term liabilities due in greater than one year
Business-Type Activities:					
Landfill closure and post closure care costs	4,627,041	302,342	-	4,929,383	-
Total Business-Type Activities	<u>\$ 4,627,041</u>	<u>\$ 302,342</u>	<u>\$ -</u>	<u>\$ 4,929,383</u>	<u>\$ -</u>

See footnote IV. 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.

Advance Refunding

On January 29, 2009, the County used \$12,387,242 of proceeds from the sale of an incinerator and \$1,739,507 of debt service funds to purchase U.S. Government State and Local Government Series securities, less a cost of defeasance of \$46,941. The securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the Series 1999 certificates of obligation and the Series 2003 and 2005 general obligation refunding bonds. As a result, these bonds are considered to be defeased and the liability has been removed from the governmental activities column of the Statement of Net Assets. The balances of defeased bonds as of December 31, 2010 was \$4,170,000 for the Series 2005 general obligation refunding bonds.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2010

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

	<u>Percentage Interest Rate</u>	<u>Original Amount</u>	<u>Balance</u>
Certificates of Obligation			
Series 2002	3.80-5.00	\$ 2,000,000	\$ 1,390,000
			<u>1,390,000</u>
Tax Notes			
Series 2006 Tax Notes	4.50-4.50	\$ 1,600,000	350,000
Series 2007 Tax Notes	4.35-4.35	\$ 2,000,000	1,100,000
Series 2008 Tax Notes	2.68-4.23	\$ 3,000,000	1,925,000
			<u>3,375,000</u>
Capital Leases	Various	\$ 2,740,407	<u>2,541,477</u>
		Total	\$ <u>7,306,477</u>

Annual debt service requirements to maturity for governmental activities of the County as of December 31, 2010 are as follows:

<u>Fiscal Year</u>	<u>Certificates of Obligation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 90,000	\$ 57,936	\$ 147,936
2012	90,000	53,450	143,450
2013	95,000	49,300	144,300
2014	100,000	45,500	145,500
2015	105,000	41,500	146,500
2016	110,000	37,145	147,145
2017	115,000	32,504	147,504
2018	125,000	27,461	152,461
2019	130,000	22,010	152,010
2020	135,000	16,245	151,245
2021	145,000	10,012	155,012
2022	150,000	3,375	153,375
Total	\$ 1,390,000	\$ 396,438	\$ 1,786,438

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2010

Fiscal Year	Tax Notes		
	Principal	Interest	Total
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	\$ 3,375,000	\$ 251,394	\$ 3,626,394

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

Fiscal Year	Capital Leases		
	Principal	Interest	Total
2011	\$ 443,932	\$ 128,316	\$ 572,248
2012	420,147	100,560	520,707
2013	369,479	75,140	444,619
2014	326,265	55,733	381,998
2015	315,797	40,979	356,776
Thereafter	665,857	42,034	707,891
Total	\$ 2,541,477	\$ 442,762	\$ 2,984,239

Machinery and equipment acquired under current capital lease obligations totaled \$2,351,903 and accumulated depreciation totaled \$450,710.

E. Interfund Transactions

The composition of interfund balances as of December 31, 2010 is as follows:

Funds	Due from	Due to
General:		
Debt Service	\$ 14,577	\$ -
Enterprise	798,987	-
Internal service	5,514	-
Nonmajor governmental	733,873	-
Debt Service		
General		14,577
Nonmajor governmental:		
General	-	733,873
Enterprise		
General	-	798,987
Internal service		
General	-	5,514
	<u>\$ 1,552,951</u>	<u>\$ 1,552,951</u>

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2010

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

Operating transfers between the primary government funds during the 2010 year were as follows:

	Transfers in	Transfers out
Governmental funds:		
Individual major governmental funds:		
General	\$ 108,611	\$ 1,785,848
Road and bridge	1,749,252	-
Permanent	29,680	149,654
Other non-major governmental funds	277,586	229,627
Total governmental funds	2,165,129	2,165,129
Total transfers	\$ 2,165,129	\$ 2,165,129

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 specified future use or to indicate that a portion of the fund balance is not available for expenditures.

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, 2010.

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

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2010

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 \$6,401,796. The \$4,929,383 reported as landfill closure and post closure care liability at December 31, 2010 is based on the use of 77 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post closure care of \$1,472,413 as the remaining estimated capacity is filled.

The usage during the prior year was higher than normal due to debris disposal related to Hurricane Ike. Based on usage during 2010, it is estimated that the remaining capacity will be filled during 2020. As the rate of usage returns to normal, the years until capacity is reached will likely increase. Also, the County anticipates additional future cell construction to increase overall capacity.

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, 2010. 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.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2010

E. Other Post Employment Benefits

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, known as the Chambers County Post Retirement Health Plan (the "Plan"). The Plan offers 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 be, or 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 eight years of full-time service with the County for a maximum of five 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 five 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 eight 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 dependents, eligible retirees must pay 100 percent of the cost.

Funding Policy

The County has elected to finance the OPEB plan on a pay-as-you-go basis. The County paid \$269,880 related to the plan for retirees during the year.

Annual OPEB Cost

The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and the County's net OPEB obligation.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2010

Annual Required Contribution	\$	982,946
Interest on OPEB Obligation		21,572
Adjustment to ARC		<u>(23,969)</u>
End of Year Annual OPEB Cost (Expense)		980,549
Net Estimated Employer Contributions		<u>(269,880)</u>
Increase in Net OPEB Obligation		710,669
Net OPEB Obligation-beginning of year		<u>719,070</u>
Net OPEB Obligation-end of year	\$	<u><u>1,429,739</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years are as follows:

Three-Year Contribution Information

Fiscal year	Annual OPEB Percentage of ARC		Net Pension Obligation	
	Cost (ARC)	Contributions	Beginning	Ending
2008	\$ 482,023	23.23%	\$ -	\$ 370,034
2009	\$ 493,124	29.22%	\$ 370,034	\$ 719,070
2010	\$ 980,549	27.50%	\$ 719,070	\$ 1,429,739

A separate audited GAAP basis post-employment benefit plan report is not available.

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 estimates 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.

Funded Status and Funding Progress

As of the actuarial valuation date of January 1, 2010, the actuarial value of plan assets is zero dollars, the actuarial accrued liability is \$5,530,610, the total unfunded actuarial liability is \$5,530,610, and the actuarial value of assets as a percentage of the actuarial accrued liability is zero percent. The annual covered payroll at December 31, 2008 was \$13,744,942 and the UAAL as a percentage of the annual covered payroll was forty percent.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2010

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)	14%/5%

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 \$60,110 for the year ended December 31, 2010. 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 601 nontraditional defined benefit pension plans. TCDRS, in the aggregate, issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at: P. O. Box 2034, Austin, Texas 78768-2034.

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

Benefit amounts are determined by the sum of the employee's 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

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2010

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 11.08 percent for the calendar year of 2010.

The Commissioners' Court adopted the rate of seven percent as the contribution rate payable by the employee members for calendar year 2010. 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, 2008, the most recent valuation date, is as follows:

	2010
Actuarial Valuation Date	12/31/2008
Actuarial Value of Assets	\$ 33,581,883
Actuarial Accrued Liability	\$ 39,369,020
Percentage Funded	85.3%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 5,787,137
Annual Covered Payroll	\$ 13,744,942
UAAL as a Percentage of Covered Payroll	42.1%

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, 2008, the basis for determining the contribution rates for plan year 2010.

Actuarial cost method	Entry age
Amortization method	Level percent of payroll, closed
Remaining amortization period	20
Asset valuation method	10-yr smoothed value
	Fund value
Investment rate of return	8%
Projected salary increases	5.3%
Includes inflation at	3.5%
Cost of living adjustments	None

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2010

	2010	2009	2008
Annual Req. Contrib. (ARC)	\$ 1,427,755	\$ 1,371,899	\$ 1,352,440
Contributions made	1,427,755	1,371,899	1,352,440
NPO at the End of Period	\$ -	\$ -	\$ -

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 \$406,410 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:

	2010	2009
Beginning balance	\$ 518,099	\$ 467,474
Claims incurred	2,136,557	2,566,463
Claim paid	(2,248,246)	(2,515,838)
Ending balance	\$ 406,410	\$ 518,099

I. Hurricane Ike

Prior to making landfall on September 12, 2008, the National Hurricane Center forecasted that Hurricane Ike, a category four 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 two 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.

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, therefore, the actual reimbursement could differ from the amount estimated based on the County’s current understanding and interpretation of FEMA’s policies. FEMA representatives have informally questioned a timekeeping method used by one of the debris removal contractors. At this time, it is unknown how much, if any, of the remaining reimbursement may be disallowed.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended December 31, 2010

J. Restatement

The County has restated beginning net assets/fund balance due to a change in the reporting of revenues and to reduce the balances on unamortized debt related items related to long-term obligations that are no longer outstanding. The conversion of prior year net assets/fund balance to beginning net assets/fund balance is as follows:

	<u>Governmental Activities</u>	<u>General Fund</u>	<u>Debt Service</u>	
Prior year ending net assets/fund balance as reported	\$ 51,310,099	\$ 17,639,103	\$ 426,260	
Change in reporting of revenue	(145,824)	258,532	(365,986)	
Debt related items	(931,873)	-	-	
Beginning net assets/fund balance	<u>\$ 50,232,402</u>	<u>\$ 17,897,635</u>	<u>\$ 60,274</u>	
	<u>Road and Bridge Fund</u>	<u>Golf Course Enterprise Fund</u>	<u>Airport Fund</u>	<u>Solid Waste Fund</u>
Prior year ending net assets/fund balance as reported	\$ 1,119,838	\$ 46,350	\$ 1,926,469	\$ (50,161)
Change in reporting of revenue	(38,370)	2,658	185	213,315
Debt related items	-	-	-	-
Beginning net assets/fund balance	<u>\$ 1,081,468</u>	<u>\$ 49,008</u>	<u>\$ 1,926,654</u>	<u>\$ 163,154</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 (BUDGET BASIS)
For the Year Ended December 31, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual (Budget Basis)	
	Original	Final		
Revenues				
Taxes	\$ 18,651,600	\$ 18,651,600	\$ 19,161,930	\$ 510,330
Intergovernmental	115,800	115,800	4,544,387	4,428,587
Fees	866,700	866,700	1,115,438	248,738
Fines and forfeitures	738,000	738,000	722,541	(15,459)
Investment income	204,000	204,000	424,994	220,994
Other	682,500	682,500	3,438,591	2,756,091
Total Revenues	21,258,600	21,258,600	29,407,881	8,149,281
Expenditures				
General Government:				
Commissioners' Court	1,116,400	4,616,400	4,156,798	459,602
Non-departmental	6,160,780	2,346,780	2,058,205	288,575
Data processing	247,380	273,380	269,952	3,428
Communications	114,120	161,120	124,391	36,729
Maintenance	347,000	347,000	258,542	88,458
Total General Government	7,985,680	7,744,680	6,867,888	876,792
Financial Administration				
County Auditor	253,220	301,220	296,105	5,115
County Treasurer	177,180	271,180	267,933	3,247
Tax Assessor	622,400	787,400	780,061	7,339
Budget and planning	211,140	278,140	275,859	2,281
Purchasing	80,085	112,085	110,107	1,978
Total Financial Administration	1,344,025	1,750,025	1,730,065	19,960
Justice System				
County Court	65,900	65,900	38,190	27,710
District Court	481,620	621,620	617,976	3,644
District Clerk	227,320	315,320	311,391	3,929
County Clerk	423,585	593,585	587,447	6,138
Justice of the Peace, Pct #1	136,260	190,260	188,104	2,156
Justice of the Peace, Pct #2	156,870	231,870	227,809	4,061
Justice of the Peace, Pct #3	79,220	117,220	115,788	1,432
Justice of the Peace, Pct #4	120,905	174,905	171,705	3,200
Justice of the Peace, Pct #5	119,970	161,970	160,100	1,870
Justice of the Peace, Pct #6	168,635	234,635	232,257	2,378
Juvenile Probation	51,150	51,150	34,223	16,927
County Attorney	207,000	279,000	275,343	3,657
District Attorney	227,490	331,990	328,050	3,940
Elections	93,650	156,650	156,942	(292)
Total Justice System	2,559,575	3,526,075	3,445,325	80,750

CHAMBERS COUNTY, TEXAS

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

GENERAL FUND (BUDGET BASIS)

For the Year Ended December 31, 2010

Expenditures (continued)	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual (Budget Basis)	
	Original	Final		
Health and Welfare				
Environmental health	\$ 168,840	\$ 237,540	\$ 232,498	\$ 5,042
Health department	182,150	236,150	233,341	2,809
Indigent health care	497,760	497,760	467,543	30,217
Nurse practitioner	62,080	86,080	85,229	851
Welfare	28,900	28,900	22,779	6,121
Rehabilitation	46,300	46,300	45,000	1,300
Mosquito control	453,760	663,760	607,902	55,858
Total Health and Welfare	1,439,790	1,796,490	1,694,292	102,198
Culture and Recreational				
Libraries	399,050	524,050	519,094	4,956
Agricultural extension	167,410	203,410	201,244	2,166
Parks and recreation	686,290	906,290	896,234	10,056
Historical commission	7,525	7,525	2,442	5,083
Total Culture and Recreational	1,260,275	1,641,275	1,619,014	22,261
Law Enforcement and Public Safety				
Emergency management	105,240	129,240	178,584	(49,344)
Safety department	23,500	23,500	20,699	2,801
Constable, Pct #1	47,490	71,490	70,813	677
Constable, Pct #2	104,790	143,790	142,381	1,409
Constable, Pct #3	46,530	64,530	63,666	864
Constable, Pct #4	53,770	72,770	72,035	735
Constable, Pct #5	49,130	72,130	71,151	979
Constable, Pct #6	56,650	76,650	75,723	927
Jail	620,060	850,060	844,786	5,274
Sheriff	3,384,700	4,881,865	4,774,047	107,818
Total Law Enforcement and Public Safety	4,491,860	6,386,025	6,313,885	72,140
Capital				
Capital outlay	1,299,500	1,035,335	863,964	171,371
Total Capital	1,299,500	1,035,335	863,964	171,371
Debt Service:				
Principal	187,995	219,995	183,032	36,963
Interest and other	22,005	22,005	22,005	-
Total Debt Service	210,000	242,000	205,037	36,963
Total Expenditures	20,590,705	24,121,905	22,739,470	1,382,435
Excess (Deficiency) of Revenues Over Expenditures	667,895	(2,863,305)	6,668,411	9,531,716

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

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual (Budget Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Other Financing Sources (Uses)</u>				
Operating transfers in	-	-	108,611	108,611
Operating transfers (out)	(291,350)	(291,350)	(1,785,848)	(1,494,498)
Total Other Financing Sources (Uses)	(291,350)	(291,350)	(1,677,237)	(1,385,887)
 Net Change in Fund Balance	\$ 376,545	\$ (3,154,655)	4,991,174	\$ 8,145,829
 Beginning Fund Balance			17,897,635	
 Ending Fund Balance			\$ 22,888,809	
 Net change in Fund Balance - Budgetary Basis			\$ 4,991,174	
 Reconciliation of Fund Balance (GAAP Basis)				
To adjust revenues for tax accruals			728,359	
Net Change in Fund Balance - GAAP Basis			\$ 5,719,533	

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CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND (BUDGET BASIS)
For the Year Ended December 31, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual (Budget Basis)	
	Original	Final		
Revenues				
Taxes	\$ 4,918,661	\$ 4,918,661	\$ 4,762,528	\$ (156,133)
Intergovernmental	9,600	9,600	9,627	27
Fees	785,000	785,000	797,296	12,296
Fines and forfeitures	335,000	335,000	314,475	(20,525)
Investment income	125,000	125,000	33,657	(91,343)
Other	92,500	92,500	474,510	382,010
Total Revenues	6,265,761	6,265,761	6,392,093	126,332
Expenditures				
Current				
Transportation	5,815,280	7,175,280	7,175,484	(204)
Capital				
Capital outlay	562,500	1,462,500	1,466,565	(4,065)
Debt Service				
Principal	21,197	21,197	15,134	6,063
Interest and other	803	803	803	-
Total Debt Service	22,000	22,000	15,937	6,063
Total Expenditures	6,399,780	8,659,780	8,657,986	1,794
Excess (Deficiency) of Revenues Over (Under) Expenditures	(134,019)	(2,394,019)	(2,265,893)	128,126
Other Financing Sources (Uses)				
Transfers in	134,019	134,019	1,749,252	1,615,233
Total Other Financing Sources (Uses)	134,019	134,019	1,749,252	1,615,233
Net Change in Fund Balance	\$ -	\$ (2,260,000)	(516,641)	\$ 1,743,359
Beginning Fund Balance			1,081,468	
Ending Fund Balance			\$ 564,827	
Net Change in Fund Balance - Budgetary Basis			\$ (516,641)	
Reconciliation of Fund Balance (GAAP Basis)				
To adjust revenues for tax accruals			182,335	
Net Change in Fund Balance - GAAP Basis			\$ (334,306)	

CHAMBERS COUNTY, TEXAS
SCHEDULE OF FUNDING PROGRESS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
For the Year Ended December 31, 2010

The County's annual covered payroll and pension costs are actuarially valued on a calendar year basis. Because the County makes all the annually required contributions, no net pension obligation (NPO) exists. The information presented below represents the County's Schedule of Funding Progress.

Fiscal Year	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarial Valuation Date	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Actuarial Value of Assets	\$ 33,581,883	\$ 34,570,171	\$ 32,396,075	\$ 29,106,124	\$ 27,174,690
Actuarial Accrued Liability	\$ 39,369,020	\$ 37,329,145	\$ 35,057,144	\$ 32,137,163	\$ 29,648,322
Percentage Funded	85.30%	92.61%	92.41%	90.57%	91.66%
Unfunded Actuarial					
Accrued Liability	\$ 5,787,137	\$ 2,758,974	\$ 2,661,069	\$ 3,031,039	\$ 2,473,632
Annual Covered Payroll	\$ 13,744,942	\$ 12,170,324	\$ 11,318,097	\$ 11,036,984	\$ 10,629,772
Unfunded Actuarial					
Accrued Liability					
(UAAL) % of Covered Payroll	42.10%	22.67%	23.51%	27.46%	23.27%
Net Pension Obligation (NPO)					
at the Beginning of Period	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Req. Contrib. (ARC)	1,427,755	1,371,899	1,352,440	1,157,598	951,365
Contributions Made	1,427,755	1,371,899	1,352,440	1,157,598	951,365
NPO at the End of Period	<u>\$ -</u>				

CHAMBERS COUNTY, TEXAS
SCHEDULE OF FUNDING PROGRESS
POST-EMPLOYMENT HEALTHCARE BENEFITS
For the Year Ended December 31, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
01/01/08	\$ -	\$ 2,780,045	\$ 2,780,045	0.0%	N/A	N/A
01/01/10	\$ -	\$ 5,530,610	\$ 5,530,610	0.0%	N/A	N/A

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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 (BUDGET BASIS)
For the Year Ended December 31, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual (Budget Basis)	
	Original	Final		
Revenues				
Taxes	\$ 1,217,141	\$ 1,217,141	\$ 1,371,585	\$ 154,444
Investment income	20,000	20,000	23,417	3,417
Total Revenues	<u>1,237,141</u>	<u>1,237,141</u>	<u>1,395,002</u>	<u>157,861</u>
Expenditures				
Principal	1,390,000	1,390,000	1,265,000	125,000
Interest and fiscal charges	239,975	239,975	235,737	4,238
Total Expenditures	<u>1,629,975</u>	<u>1,629,975</u>	<u>1,500,737</u>	<u>129,238</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(392,834)</u>	<u>(392,834)</u>	<u>(105,735)</u>	<u>287,099</u>
Other Financing Sources				
Transfers in	392,834	392,834	-	(392,834)
Total Other Financing Sources	<u>392,834</u>	<u>392,834</u>	<u>-</u>	<u>(392,834)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(105,735)	<u>\$ (105,735)</u>
Beginning Fund Balance			<u>60,274</u>	
Ending Fund Balance			<u>\$ (45,461)</u>	
Net Change in Fund Balance - Budgetary Basis			\$ (105,735)	
Reconciliation of Fund Balance (GAAP Basis)				
To adjust revenues for tax accruals			<u>46,099</u>	
Net Change in Fund Balance - GAAP Basis			<u>\$ (59,636)</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, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 22,000	\$ 22,000	\$ 23,406	\$ 1,406
Total Revenues	<u>22,000</u>	<u>22,000</u>	<u>23,406</u>	<u>1,406</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>	23,406	<u>\$ 23,406</u>
Beginning Fund Balance			<u>138,504</u>	
Ending Fund Balance			<u>\$ 161,910</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, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<u>Revenues</u>				
Fees	\$ 2,500	\$ 2,500	\$ 3,553	\$ 1,053
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>3,553</u>	<u>1,053</u>
<u>Expenditures</u>				
Current:				
Supplies	2,500	2,500	-	2,500
Total Expenditures	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	3,553	<u>\$ 3,553</u>
Beginning Fund Balance			<u>18,837</u>	
Ending Fund Balance			<u>\$ 22,390</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, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<u>Revenues</u>				
Fees	\$ 7,600	\$ 7,600	\$ 4,727	\$ (2,873)
Total Revenues	<u>7,600</u>	<u>7,600</u>	<u>4,727</u>	<u>(2,873)</u>
<u>Expenditures</u>				
Current:				
Supplies	7,500	7,500	721	6,779
Contractual services	100	100	-	100
Total Expenditures	<u>7,600</u>	<u>7,600</u>	<u>721</u>	<u>6,879</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	4,006	<u>\$ 4,006</u>
Beginning Fund Balance			<u>20,713</u>	
Ending Fund Balance			<u>\$ 24,719</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, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<u>Revenues</u>				
Fees	\$ 2,000	\$ 2,000	\$ 5,074	\$ 3,074
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>5,074</u>	<u>3,074</u>
<u>Expenditures</u>				
Current:				
Supplies	2,000	2,000	417	1,583
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>417</u>	<u>1,583</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	4,657	<u>\$ 4,657</u>
Beginning Fund Balance			<u>24,900</u>	
Ending Fund Balance			<u>\$ 29,557</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, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<u>Revenues</u>				
Fees	\$ 6,000	\$ 6,000	\$ 15,007	\$ 9,007
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>15,007</u>	<u>9,007</u>
<u>Expenditures</u>				
Current:				
Supplies	6,000	6,000	2,752	3,248
Total Expenditures	<u>6,000</u>	<u>6,000</u>	<u>2,752</u>	<u>3,248</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	12,255	<u>\$ 12,255</u>
Beginning Fund Balance			<u>46,315</u>	
Ending Fund Balance			<u>\$ 58,570</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, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Fines and forfeitures	\$ 15,000	\$ 15,000	\$ 41,258	\$ 26,258
Investment income	1,000	1,000	1,867	867
Total Revenues	<u>16,000</u>	<u>16,000</u>	<u>43,125</u>	<u>27,125</u>
Expenditures				
Current:				
Contractual Services	16,000	16,000	4,653	11,347
Capital:				
Capital Outlay	-	21,056	23,835	(2,779)
Total Expenditures	<u>16,000</u>	<u>37,056</u>	<u>28,488</u>	<u>8,568</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (21,056)</u>	14,637	<u>\$ 35,693</u>
Beginning Fund Balance			<u>11,843</u>	
Ending Fund Balance			<u>\$ 26,480</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, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Taxes	\$ 325,000	\$ 325,000	\$ 306,735	\$ (18,265)
Investment income	15,000	15,000	10,648	(4,352)
Total Revenues	<u>340,000</u>	<u>340,000</u>	<u>317,383</u>	<u>(22,617)</u>
Expenditures				
Current:				
Personnel	32,700	32,700	37,841	(5,141)
Contractual services	260,000	290,000	248,028	41,972
Capital:				
Capital Outlay	1,000	1,000	33,774	(32,774)
Total Expenditures	<u>293,700</u>	<u>323,700</u>	<u>319,643</u>	<u>4,057</u>
Net Change in Fund Balance	<u>\$ 46,300</u>	<u>\$ 16,300</u>	(2,260)	<u>\$ (18,560)</u>
Beginning Fund Balance			<u>416,836</u>	
Ending Fund Balance			<u>\$ 414,576</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, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Fines and forfeitures	\$ 75,000	\$ 75,000	\$ 135,065	\$ 60,065
Investment income	7,000	7,000	9,144	2,144
Other	-	-	10,720	10,720
Total Revenues	<u>82,000</u>	<u>82,000</u>	<u>154,929</u>	<u>72,929</u>
Expenditures				
Current:				
Personnel	11,750	11,750	12,216	(466)
Supplies	27,500	25,000	17,705	7,295
Contractual services	39,750	39,750	7,265	32,485
Debt Service:				
Principal	3,000	3,000	2,525	475
Total Expenditures	<u>82,000</u>	<u>79,500</u>	<u>39,711</u>	<u>39,789</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 2,500</u>	115,218	<u>\$ 112,718</u>
Beginning Fund Balance			<u>339,710</u>	
Ending Fund Balance			<u>\$ 454,928</u>	

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

For the Year Ended December 31, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Other	\$ 20,000	\$ 20,000	\$ 17,146	\$ (2,854)
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>17,146</u>	<u>(2,854)</u>
Expenditures				
Current:				
Personnel	10,000	10,000	-	10,000
Supplies	10,000	10,000	11,160	(1,160)
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>11,160</u>	<u>8,840</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	5,986	<u>\$ 5,986</u>
Beginning Fund Balance			<u>14,437</u>	
Ending Fund Balance			<u>\$ 20,423</u>	

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LEOSE ALLOCATION FUND
For the Year Ended December 31, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ 9,750	\$ 9,750	\$ 9,579	\$ (171)
Total Revenues	<u>9,750</u>	<u>9,750</u>	<u>9,579</u>	<u>(171)</u>
Expenditures				
Current:				
Contractual services	9,750	9,750	8,405	1,345
Total Expenditures	<u>9,750</u>	<u>9,750</u>	<u>8,405</u>	<u>1,345</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	1,174	<u>\$ 1,174</u>
Beginning Fund Balance			<u>20,804</u>	
Ending Fund Balance			<u>\$ 21,978</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, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Fees	\$ 2,500	\$ 2,500	\$ 1,800	\$ (700)
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>1,800</u>	<u>(700)</u>
Expenditures				
Current:				
Supplies	500	500	-	500
Debt Service:				
Principal	1,742	1,742	1,209	533
Interest	258	258	258	-
Total Expenditures	<u>2,500</u>	<u>2,500</u>	<u>1,467</u>	<u>1,033</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	333	<u>\$ 333</u>
Beginning Fund Balance			<u>17,880</u>	
Ending Fund Balance			<u>\$ 18,213</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, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<u>Revenues</u>				
Fees	\$ 50,000	\$ 50,000	\$ 58,605	\$ 8,605
Investment income	4,000	4,000	2,644	(1,356)
Total Revenues	<u>54,000</u>	<u>54,000</u>	<u>61,249</u>	<u>7,249</u>
<u>Expenditures</u>				
Current:				
Contractual services	54,000	54,000	34,101	19,899
Total Expenditures	<u>54,000</u>	<u>54,000</u>	<u>34,101</u>	<u>19,899</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	27,148	<u>\$ 27,148</u>
Beginning Fund Balance			<u>315,951</u>	
Ending Fund Balance			<u>\$ 343,099</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, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Other	\$ 36,100	\$ 36,100	\$ 33,713	\$ (2,387)
Total Revenues	<u>36,100</u>	<u>36,100</u>	<u>33,713</u>	<u>(2,387)</u>
Expenditures				
Current:				
Supplies	20,600	20,600	14,028	6,572
Capital:				
Capital outlay	1,000	1,000	2,233	(1,233)
Debt Service:				
Principal	11,713	11,713	7,019	4,694
Interest	2,787	2,787	2,787	-
Total Expenditures	<u>36,100</u>	<u>36,100</u>	<u>26,067</u>	<u>10,033</u>
Other Financing Sources (Uses)				
Capital leases	-	-	1,803	1,803
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,803</u>	<u>1,803</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	9,449	<u>\$ 9,449</u>
Beginning Fund Balance			<u>60,298</u>	
Ending Fund Balance			<u>\$ 69,747</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, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Fees	\$ 53,600	\$ 53,600	\$ 40,212	\$ (13,388)
Investment income	100	100	-	(100)
Other	26,630	26,630	-	(26,630)
Total Revenues	<u>80,330</u>	<u>80,330</u>	<u>40,212</u>	<u>(40,118)</u>
Expenditures				
Current:				
Personnel	71,230	71,230	69,165	2,065
Misc. expense	-	-	264	(264)
Debt Service:				
Principal	500	500	576	(76)
Total Expenditures	<u>71,730</u>	<u>71,730</u>	<u>70,005</u>	<u>1,725</u>
Net Change in Fund Balance	<u>\$ 8,600</u>	<u>\$ 8,600</u>	(29,793)	<u>\$ (38,393)</u>
Beginning Fund Balance			(2,539)	
Ending Fund Balance			<u>\$ (32,332)</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, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<u>Revenues</u>				
Fees	\$ 60,500	\$ 60,500	\$ 82,465	\$ 21,965
Investment income	2,000	2,000	1,218	(782)
Total Revenues	<u>62,500</u>	<u>62,500</u>	<u>83,683</u>	<u>21,183</u>
<u>Expenditures</u>				
Current:				
Personnel	18,300	36,300	30,615	5,685
Supplies	15,100	15,100	11,946	3,154
Contractual services	20,100	2,100	679	1,421
Capital:				
Capital outlay	-	-	6,298	(6,298)
Debt Service:				
Principal	9,000	9,000	4,284	4,716
Total Expenditures	<u>62,500</u>	<u>62,500</u>	<u>53,822</u>	<u>8,678</u>
<u>Other Financing Sources (Uses)</u>				
Capital lease proceeds	-	-	6,298	6,298
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>6,298</u>	<u>6,298</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	36,159	<u>\$ 36,159</u>
Beginning Fund Balance			<u>141,292</u>	
Ending Fund Balance			<u>\$ 177,451</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, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Fees	\$ 15,000	\$ 15,000	\$ 19,392	\$ 4,392
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>19,392</u>	<u>4,392</u>
Expenditures				
Current:				
Personnel	10,000	12,000	11,662	338
Supplies	3,000	3,000	3,000	-
Total Expenditures	<u>13,000</u>	<u>15,000</u>	<u>14,662</u>	<u>338</u>
Net Change in Fund Balance	<u>\$ 2,000</u>	<u>\$ -</u>	4,730	<u>\$ 4,730</u>
Beginning Fund Balance			<u>22,210</u>	
Ending Fund Balance			<u>\$ 26,940</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, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<u>Revenues</u>				
Fines and forfeitures	\$ 100,000	\$ 100,000	\$ 49,706	\$ (50,294)
Investment income	7,000.00	7,000	4,177	(2,823)
Total Revenues	<u>107,000</u>	<u>107,000</u>	<u>53,883</u>	<u>(53,117)</u>
<u>Expenditures</u>				
Current:				
Personnel	210,600	210,600	232,755	(22,155)
Supplies	32,980	92,280	111,599	(19,319)
Contractual services	2,500	2,500	-	2,500
Total Expenditures	<u>246,080</u>	<u>305,380</u>	<u>344,354</u>	<u>(38,974)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	278,160	278,160	100,000	(178,160)
Transfers out	(139,080)	(139,080)	(100,000)	39,080
Total Other Financing Sources (Uses)	<u>139,080</u>	<u>139,080</u>	<u>-</u>	<u>(139,080)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (59,300)</u>	<u>(290,471)</u>	<u>\$ (231,171)</u>
Beginning Fund Balance			<u>258,527</u>	
Ending Fund Balance			<u>\$ (31,944)</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, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Taxes	\$ 2,000,000	\$ 2,000,000	\$ 1,823,073	\$ (176,927)
Investment income	30,000	30,000	23,903	(6,097)
Total Revenues	<u>2,030,000</u>	<u>2,030,000</u>	<u>1,846,976</u>	<u>(183,024)</u>
Expenditures				
Current:				
Personnel	230,280	238,980	237,874	1,106
Supplies	102,500	102,500	66,444	36,056
Contractual services	1,487,500	1,487,500	1,366,245	121,255
Capital:				
Capital outlay	-	392,000	540,593	(148,593)
Debt Service:				
Principal	4,000	4,000	1,815	2,185
Total Expenditures	<u>1,824,280</u>	<u>2,224,980</u>	<u>2,212,971</u>	<u>12,009</u>
Net Change in Fund Balance	<u>\$ 205,720</u>	<u>\$ (194,980)</u>	<u>(365,995)</u>	<u>\$ (171,015)</u>
Beginning Fund Balance			<u>2,288,000</u>	
Ending Fund Balance			<u>\$ 1,922,005</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, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Investment income	\$ 100,000	\$ 100,000	\$ 29,694	\$ (70,306)
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>29,694</u>	<u>(70,306)</u>
Expenditures				
Current:				
Misc. expense	-	150,000	149,653	347
Total Expenditures	<u>-</u>	<u>150,000</u>	<u>149,653</u>	<u>347</u>
Other Financing Sources (Uses)				
Transfers in	-	-	149,654	149,654
Transfers (out)	-	(30,000)	(29,680)	320
Total Other Financing Sources (Uses)	<u>-</u>	<u>(30,000)</u>	<u>119,974</u>	<u>149,974</u>
Net Change in Fund Balance	<u>\$ 100,000</u>	<u>\$ (80,000)</u>	15	<u>\$ 80,015</u>
Beginning Fund Balance			<u>(33,256)</u>	
Ending Fund Balance			<u>\$ (33,241)</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, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 313	\$ 313
Total Revenues	<u>-</u>	<u>-</u>	<u>313</u>	<u>313</u>
Expenditures				
Current:				
Supplies	-	50	47	3
Total Expenditures	<u>-</u>	<u>50</u>	<u>47</u>	<u>3</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (50)</u>	266	<u>\$ 316</u>
Beginning Fund Balance			<u>28,981</u>	
Ending Fund Balance			<u>\$ 29,247</u>	

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CHAPTER 19 FUND

For the Year Ended December 31, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 6,879	\$ 1,879
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>6,879</u>	<u>1,879</u>
Expenditures				
Current:				
Personnel	-	3,600	8,590	(4,990)
Supplies/Other	5,000	5,000	-	5,000
Total Expenditures	<u>5,000</u>	<u>8,600</u>	<u>8,590</u>	<u>10</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (3,600)</u>	(1,711)	<u>\$ 1,889</u>
Beginning Fund Balance			(617)	
Ending Fund Balance			<u>\$ (2,328)</u>	

CHAMBERS COUNTY, TEXAS
*SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL*
JUSTICE COURT BUILDING SECURITY FUND
 For the Year Ended December 31, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ 6,300	\$ 6,300	\$ 6,870	\$ 570
Total Revenues	<u>6,300</u>	<u>6,300</u>	<u>6,870</u>	<u>570</u>
Expenditures				
Current:				
Supplies	6,300	6,300	-	6,300
Total Expenditures	<u>6,300</u>	<u>6,300</u>	<u>-</u>	<u>6,300</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	6,870	<u>\$ 6,870</u>
Beginning Fund Balance			<u>5,203</u>	
Ending Fund Balance			<u>\$ 12,073</u>	

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

For the Year Ended December 31, 2010

	2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Fees	\$ -	\$ -	\$ 3,650	\$ 3,650
Total Revenues	-	-	3,650	3,650
Expenditures				
Current:				
Supplies	-	310	309	1
Total Expenditures	-	310	309	1
Net Change in Fund Balance	\$ -	\$ (310)	3,341	\$ 3,651
Beginning Fund Balance			-	
Ending Fund Balance			\$ 3,341	

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CHAMBERS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 1 of 7)
December 31, 2010

	<u>Special Revenue Funds</u>			
	<u>Lateral Road</u>	<u>County Court Fee</u>	<u>Youth Activity</u>	<u>Worthless Check</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 161,910	\$ 22,390	\$ 18,900	\$ 24,839
Receivables, net	-	-	-	-
Due from other governments	-	-	-	-
Total Assets	<u>\$ 161,910</u>	<u>\$ 22,390</u>	<u>\$ 18,900</u>	<u>\$ 24,839</u>
<u>Liabilities and Fund Balances</u>				
<u>Liabilities:</u>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 120
Due to other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>120</u>
<u>Fund Balances:</u>				
Unreserved and undesignated	161,910	22,390	18,900	24,719
Total Fund Balances	<u>161,910</u>	<u>22,390</u>	<u>18,900</u>	<u>24,719</u>
Total Liabilities and Fund Balances	<u>\$ 161,910</u>	<u>\$ 22,390</u>	<u>\$ 18,900</u>	<u>\$ 24,839</u>

Special Revenue Funds

County Attorney DWI	District Attorney Drug Prevention	Sheriff Forfeiture	Hotel Tax	District Attorney Seizure & Forfeiture	Election
\$ 29,733	\$ 58,570	\$ 32,090	\$ 417,133	\$ 455,898	\$ 22,557
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 29,733</u>	<u>\$ 58,570</u>	<u>\$ 32,090</u>	<u>\$ 417,133</u>	<u>\$ 455,898</u>	<u>\$ 22,557</u>
\$ 176	\$ -	\$ 5,610	\$ 2,557	\$ 970	\$ 134
-	-	-	-	-	2,000
<u>176</u>	<u>-</u>	<u>5,610</u>	<u>2,557</u>	<u>970</u>	<u>2,134</u>
29,557	58,570	26,480	414,576	454,928	20,423
<u>29,557</u>	<u>58,570</u>	<u>26,480</u>	<u>414,576</u>	<u>454,928</u>	<u>20,423</u>
<u>\$ 29,733</u>	<u>\$ 58,570</u>	<u>\$ 32,090</u>	<u>\$ 417,133</u>	<u>\$ 455,898</u>	<u>\$ 22,557</u>

CHAMBERS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 2 of 7)
December 31, 2010

	<u>Special Revenue Funds</u>			
	<u>LEOSE Allocation</u>	<u>HUD Sec. 8 Housing Program</u>	<u>County Clerk Records Archives</u>	<u>Justice Court Technology</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 22,478	\$ 18,213	\$ 343,099	\$ 71,386
Receivables, net	-	-	-	-
Due from other governments	-	-	-	-
Total Assets	\$ 22,478	\$ 18,213	\$ 343,099	\$ 71,386
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 500	\$ -	\$ -	\$ 1,639
Due to other funds	-	-	-	-
Total Liabilities	500	-	-	1,639
Fund Balances:				
Unreserved and undesignated	21,978	18,213	343,099	69,747
Total Fund Balances	21,978	18,213	343,099	69,747
Total Liabilities and Fund Balances	\$ 22,478	\$ 18,213	\$ 343,099	\$ 71,386

Special Revenue Funds

Courthouse Security	Records Mgmt County Clerk	Records Mgmt District Clerk	Jail Commissary	Narcotics Task Force	Tax Assessor Vehicle Inv Tax
\$ -	\$ 180,417	\$ 27,451	\$ 27,953	\$ 156,019	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 180,417</u>	<u>\$ 27,451</u>	<u>\$ 27,953</u>	<u>\$ 156,019</u>	<u>\$ -</u>
\$ 239	\$ 2,966	\$ 511	\$ 14,166	\$ 94,353	\$ -
32,093	-	-	-	93,610	668
<u>32,332</u>	<u>2,966</u>	<u>511</u>	<u>14,166</u>	<u>187,963</u>	<u>668</u>
(32,332)	177,451	26,940	13,787	(31,944)	(668)
<u>(32,332)</u>	<u>177,451</u>	<u>26,940</u>	<u>13,787</u>	<u>(31,944)</u>	<u>(668)</u>
<u>\$ -</u>	<u>\$ 180,417</u>	<u>\$ 27,451</u>	<u>\$ 27,953</u>	<u>\$ 156,019</u>	<u>\$ -</u>

CHAMBERS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 3 of 7)
December 31, 2010

	Special Revenue Funds			
	Health Services Sales Tax	Available School	Ecotourism Entergy	Texas History Preservation
Assets				
Cash and cash equivalents	\$ 1,729,139	\$ 51	\$ 18	\$ -
Receivables, net	316,164	-	-	-
Due from other governments	-	-	-	-
Total Assets	\$ 2,045,303	\$ 51	\$ 18	\$ -
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 123,298	\$ -	\$ -	\$ -
Due to other funds	-	33,292	-	3,109
Total Liabilities	123,298	33,292	-	3,109
Fund Balances:				
Unreserved and undesignated	1,922,005	(33,241)	18	(3,109)
Total Fund Balances	1,922,005	(33,241)	18	(3,109)
Total Liabilities and Fund Balances	\$ 2,045,303	\$ 51	\$ 18	\$ -

Special Revenue Funds

Community Outdoor Outreach	Library Lone Star	HGAC ACSEC Addressing Pool	Juvenile Probation	Community Corrections Assistance	Indigent Defense Formula
\$ 1,883	\$ -	\$ -	\$ 11,686	\$ 3,762	\$ 79,107
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,883</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,686</u>	<u>\$ 3,762</u>	<u>\$ 79,107</u>
\$ -	\$ -	\$ -	\$ 1,710	\$ -	\$ -
-	370	-	-	-	14,941
<u>-</u>	<u>370</u>	<u>-</u>	<u>1,710</u>	<u>-</u>	<u>14,941</u>
1,883	(370)	-	9,976	3,762	64,166
<u>1,883</u>	<u>(370)</u>	<u>-</u>	<u>9,976</u>	<u>3,762</u>	<u>64,166</u>
<u>\$ 1,883</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,686</u>	<u>\$ 3,762</u>	<u>\$ 79,107</u>

CHAMBERS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 4 of 7)
December 31, 2010

	<u>Special Revenue Funds</u>			
	<u>Vine Project</u>	<u>WIC Peer Counseling</u>	<u>Airport Maintenance (Anahuac)</u>	<u>Airport Maintenance (Winnie)</u>
<u>Assets</u>				
Cash and cash equivalents	\$ -	\$ -	\$ 12,735	\$ -
Receivables, net	-	-	-	-
Due from other governments	-	-	-	-
Total Assets	\$ -	\$ -	\$ 12,735	\$ -
<u>Liabilities and Fund Balances</u>				
<u>Liabilities:</u>				
Accounts payable and accrued liabilities	\$ -	\$ 60	\$ 430	\$ 116
Due to other funds	-	2,730	1,558	5,282
Total Liabilities	-	2,790	1,988	5,398
<u>Fund Balances:</u>				
Unreserved and undesignated	-	(2,790)	10,747	(5,398)
Total Fund Balances	-	(2,790)	10,747	(5,398)
Total Liabilities and Fund Balances	\$ -	\$ -	\$ 12,735	\$ -

Special Revenue Funds

SCAAP	State Boating Access	Grant: Dpt of Jst: Vest Grant	TPWD-Robbins Park	SHSP DPA	SEAPAC
\$ 20,911	\$ -	\$ 5,581	\$ -	\$ 232,175	\$ 117,115
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 20,911</u>	<u>\$ -</u>	<u>\$ 5,581</u>	<u>\$ -</u>	<u>\$ 232,175</u>	<u>\$ 117,115</u>
\$ 697	\$ -	\$ -	\$ -	\$ 548	\$ -
-	59,930	-	-	146,498	131,520
<u>697</u>	<u>59,930</u>	<u>-</u>	<u>-</u>	<u>147,046</u>	<u>131,520</u>
20,214	(59,930)	5,581	-	85,129	(14,405)
<u>20,214</u>	<u>(59,930)</u>	<u>5,581</u>	<u>-</u>	<u>85,129</u>	<u>(14,405)</u>
<u>\$ 20,911</u>	<u>\$ -</u>	<u>\$ 5,581</u>	<u>\$ -</u>	<u>\$ 232,175</u>	<u>\$ 117,115</u>

CHAMBERS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 5 of 7)
December 31, 2010

	Special Revenue Funds			
	USDHHS BVCAA	Grant: VAWA	USDHHS TDH WIC	Help America Vote Act
Assets				
Cash and cash equivalents	\$ 866	\$ -	\$ 1,705	\$ 31,670
Receivables, net	-	-	-	-
Due from other governments	-	-	-	-
Total Assets	\$ 866	\$ -	\$ 1,705	\$ 31,670
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 1,600	\$ -
Due to other funds	-	3,790	16,159	39,375
Total Liabilities	-	3,790	17,759	39,375
Fund Balances:				
Unreserved and undesignated	866	(3,790)	(16,054)	(7,705)
Total Fund Balances	866	(3,790)	(16,054)	(7,705)
Total Liabilities and Fund Balances	\$ 866	\$ -	\$ 1,705	\$ 31,670

Special Revenue Funds

Texas Traffic Safety Program	FEMA United Way	Title IV Funds	TXDPS BSEO	Victim of Crime Act	TDHC Home Program
\$ 41,400	\$ 2,854	\$ 29,247	\$ 18,103	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 41,400</u>	<u>\$ 2,854</u>	<u>\$ 29,247</u>	<u>\$ 18,103</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 458	\$ -
-	-	-	-	19,333	532
-	-	-	-	19,791	532
41,400	2,854	29,247	18,103	(19,791)	(532)
<u>41,400</u>	<u>2,854</u>	<u>29,247</u>	<u>18,103</u>	<u>(19,791)</u>	<u>(532)</u>
<u>\$ 41,400</u>	<u>\$ 2,854</u>	<u>\$ 29,247</u>	<u>\$ 18,103</u>	<u>\$ -</u>	<u>\$ -</u>

CHAMBERS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 6 of 7)
December 31, 2010

Special Revenue Funds				
	DSHS IDS	SETH:HTF	Homeland Security	Disaster Recovery
<u>Assets</u>				
Cash and cash equivalents	\$ 156	\$ -	\$ -	\$ -
Receivables, net	-	-	-	-
Due from other governments	-	-	-	-
Total Assets	\$ 156	\$ -	\$ -	\$ -
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	688	45,152	-	-
Total Liabilities	688	45,152	-	-
Fund Balances:				
Unreserved and undesignated	(532)	(45,152)	-	-
Total Fund Balances	(532)	(45,152)	-	-
Total Liabilities and Fund Balances	\$ 156	\$ -	\$ -	\$ -

Special Revenue Funds

<u>CIAP</u>	<u>Chapter Nineteen</u>	<u>Justice Court Building Security</u>	<u>DC Records Technology</u>	<u>Grant: HGAC SW</u>	<u>Pretrial Intervention Programs</u>
\$ -	\$ -	\$ 12,073	\$ 3,341	\$ -	\$ 3,000
-	-	-	-	-	-
65,612	-	-	-	-	-
<u>\$ 65,612</u>	<u>\$ -</u>	<u>\$ 12,073</u>	<u>\$ 3,341</u>	<u>\$ -</u>	<u>\$ 3,000</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65,612	2,328	-	-	-	-
<u>65,612</u>	<u>2,328</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(2,328)	12,073	3,341	-	3,000
-	(2,328)	12,073	3,341	-	3,000
<u>\$ 65,612</u>	<u>\$ -</u>	<u>\$ 12,073</u>	<u>\$ 3,341</u>	<u>\$ -</u>	<u>\$ 3,000</u>

CHAMBERS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 7 of 7)
December 31, 2010

	Special Revenue Funds			
	CC/DC Record Preservation	DC/CC Technology Fund	CDBG Disaster Rec-Housing	CDBG Dis. Rec. Non-Housing
Assets				
Cash and cash equivalents	\$ 6,541	\$ -	\$ -	\$ -
Receivables, net	-	-	-	-
Due from other governments	-	-	-	-
Total Assets	\$ 6,541	\$ -	\$ -	\$ -
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 604	\$ 141
Due to other funds	-	128	3,403	95
Total Liabilities	-	128	4,007	236
Fund Balances:				
Unreserved and undesignated	6,541	(128)	(4,007)	(236)
Total Fund Balances	6,541	(128)	(4,007)	(236)
Total Liabilities and Fund Balances	\$ 6,541	\$ -	\$ -	\$ -

<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>WIC Extra Funding Winnie Clinic</u>	<u>Capital Project 02 Construction</u>	
\$ -	\$ -	\$ 4,456,155
-	-	316,164
-	-	65,612
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,837,931</u>
\$ -	\$ -	\$ 253,603
9,677	-	733,873
<u>9,677</u>	<u>-</u>	<u>987,476</u>
(9,677)	-	3,850,455
<u>(9,677)</u>	<u>-</u>	<u>3,850,455</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,837,931</u>

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 1 of 7)
For the Year Ended December 31, 2010

	<u>Special Revenue Funds</u>			
	<u>Lateral Road</u>	<u>County Court Fee</u>	<u>Youth Activity</u>	<u>Worthless Check</u>
Revenues				
Taxes	\$ 23,406	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Fees	-	3,553	-	4,727
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>23,406</u>	<u>3,553</u>	<u>-</u>	<u>4,727</u>
Expenditures				
Current:				
Personnel	-	-	-	-
Supplies	-	-	-	721
Misc. expense	-	-	-	-
Contractual services	-	-	-	-
Capital:				
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>721</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>23,406</u>	<u>3,553</u>	<u>-</u>	<u>4,006</u>
Other Financing Sources (Uses)				
Capital leases	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	23,406	3,553	-	4,006
Beginning Fund Balances	<u>138,504</u>	<u>18,837</u>	<u>18,900</u>	<u>20,713</u>
Ending Fund Balances	<u>\$ 161,910</u>	<u>\$ 22,390</u>	<u>\$ 18,900</u>	<u>\$ 24,719</u>

Special Revenue Funds

County Attorney DWI	District Attorney Drug Prevention	Sheriff Forfeiture	Hotel Tax	District Attorney Seizure & Forfeiture	Election
\$ -	\$ -	\$ -	\$ 306,735	\$ -	\$ -
-	-	-	-	-	-
5,074	15,007	-	-	-	-
-	-	41,258	-	135,065	-
-	-	1,867	10,648	9,144	-
-	-	-	-	10,720	17,146
<u>5,074</u>	<u>15,007</u>	<u>43,125</u>	<u>317,383</u>	<u>154,929</u>	<u>17,146</u>
-	-	-	37,841	12,216	-
417	2,752	-	-	17,705	11,160
-	-	-	-	-	-
-	-	4,653	248,028	7,265	-
-	-	23,835	33,774	-	-
-	-	-	-	2,525	-
-	-	-	-	-	-
<u>417</u>	<u>2,752</u>	<u>28,488</u>	<u>319,643</u>	<u>39,711</u>	<u>11,160</u>
<u>4,657</u>	<u>12,255</u>	<u>14,637</u>	<u>(2,260)</u>	<u>115,218</u>	<u>5,986</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,657	12,255	14,637	(2,260)	115,218	5,986
24,900	46,315	11,843	416,836	339,710	14,437
<u>\$ 29,557</u>	<u>\$ 58,570</u>	<u>\$ 26,480</u>	<u>\$ 414,576</u>	<u>\$ 454,928</u>	<u>\$ 20,423</u>

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 2 of 7)
For the Year Ended December 31, 2010

	Special Revenue Funds			
	LEOSE Allocation	HUD Sec. 8 Housing Program	County Clerk Records Archives	Justice Court Technology
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	9,579	-	-	-
Fees	-	1,800	58,605	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	2,644	-
Other	-	-	-	33,713
Total Revenues	<u>9,579</u>	<u>1,800</u>	<u>61,249</u>	<u>33,713</u>
Expenditures				
Current:				
Personnel	-	-	-	-
Supplies	-	-	-	14,028
Misc. expense	-	-	-	-
Contractual services	8,405	-	34,101	-
Capital:				
Capital outlay	-	-	-	2,233
Debt Service:				
Principal	-	1,209	-	7,019
Interest	-	258	-	2,787
Total Expenditures	<u>8,405</u>	<u>1,467</u>	<u>34,101</u>	<u>26,067</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,174</u>	<u>333</u>	<u>27,148</u>	<u>7,646</u>
Other Financing Sources (Uses)				
Capital leases	-	-	-	1,803
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,803</u>
Net Change in Fund Balances	1,174	333	27,148	9,449
Beginning Fund Balances	<u>20,804</u>	<u>17,880</u>	<u>315,951</u>	<u>60,298</u>
Ending Fund Balances	<u>\$ 21,978</u>	<u>\$ 18,213</u>	<u>\$ 343,099</u>	<u>\$ 69,747</u>

Special Revenue Funds

<u>Courthouse Security</u>	<u>Records Mgmt County Clerk</u>	<u>Records Mgmt District Clerk</u>	<u>Jail Commissary</u>	<u>Narcotics Task Force</u>	<u>Tax Assessor Vehicle Inv Tax</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
40,212	82,465	19,392	3,801	-	-
-	-	-	-	49,706	-
-	1,218	-	-	4,177	-
-	-	-	-	-	-
<u>40,212</u>	<u>83,683</u>	<u>19,392</u>	<u>3,801</u>	<u>53,883</u>	<u>-</u>
69,165	30,615	11,662	-	232,755	-
-	11,946	3,000	-	111,599	-
264	-	-	-	-	-
-	679	-	-	-	-
-	6,298	-	-	-	-
576	4,284	-	-	-	-
-	-	-	-	-	-
<u>70,005</u>	<u>53,822</u>	<u>14,662</u>	<u>-</u>	<u>344,354</u>	<u>-</u>
<u>(29,793)</u>	<u>29,861</u>	<u>4,730</u>	<u>3,801</u>	<u>(290,471)</u>	<u>-</u>
-	6,298	-	-	-	-
-	-	-	-	100,000	-
-	-	-	-	(100,000)	-
-	6,298	-	-	-	-
<u>(29,793)</u>	<u>36,159</u>	<u>4,730</u>	<u>3,801</u>	<u>(290,471)</u>	<u>-</u>
<u>(2,539)</u>	<u>141,292</u>	<u>22,210</u>	<u>9,986</u>	<u>258,527</u>	<u>(668)</u>
<u>\$ (32,332)</u>	<u>\$ 177,451</u>	<u>\$ 26,940</u>	<u>\$ 13,787</u>	<u>\$ (31,944)</u>	<u>\$ (668)</u>

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 3 of 7)
For the Year Ended December 31, 2010

	Special Revenue Funds			
	Health Services Sales Tax	Available School	Ecotourism Entergy	Texas History Preservation
Revenues				
Taxes	\$ 1,823,073	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	23,903	29,694	-	-
Other	-	-	-	-
Total Revenues	<u>1,846,976</u>	<u>29,694</u>	<u>-</u>	<u>-</u>
Expenditures				
Current:				
Personnel	237,874	-	-	-
Supplies	66,444	-	-	-
Misc. expense	-	149,653	-	-
Contractual services	1,366,245	-	-	-
Capital:				
Capital outlay	540,593	-	-	-
Debt Service:				
Principal	1,815	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>2,212,971</u>	<u>149,653</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(365,995)</u>	<u>(119,959)</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Capital leases	-	-	-	-
Transfers in	-	149,654	-	-
Transfers (out)	-	(29,680)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>119,974</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(365,995)	15	-	-
Beginning Fund Balances	<u>2,288,000</u>	<u>(33,256)</u>	<u>18</u>	<u>(3,109)</u>
Ending Fund Balances	<u>\$ 1,922,005</u>	<u>\$ (33,241)</u>	<u>\$ 18</u>	<u>\$ (3,109)</u>

Special Revenue Funds

Community Outdoor Outreach	Library Lone Star	HGAC ACSEC Addressing Pool	Juvenile Probation	Community Corrections Assistance	Indigent Defense Formula
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	10,900	37,774	109,161	75,447	24,715
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>10,900</u>	<u>37,774</u>	<u>109,161</u>	<u>75,447</u>	<u>24,715</u>
-	-	35,300	85,409	75,345	-
-	6,698	-	-	1,307	-
-	-	-	25,492	-	-
-	4,202	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>10,900</u>	<u>35,300</u>	<u>110,901</u>	<u>76,652</u>	<u>-</u>
-	-	2,474	(1,740)	(1,205)	24,715
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(58,008)	-	-	-
-	-	(58,008)	-	-	-
-	-	(55,534)	(1,740)	(1,205)	24,715
<u>1,883</u>	<u>(370)</u>	<u>55,534</u>	<u>11,716</u>	<u>4,967</u>	<u>39,451</u>
<u>\$ 1,883</u>	<u>\$ (370)</u>	<u>\$ -</u>	<u>\$ 9,976</u>	<u>\$ 3,762</u>	<u>\$ 64,166</u>

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 4 of 7)
For the Year Ended December 31, 2010

	<u>Special Revenue Funds</u>			
	<u>Vine Project</u>	<u>WIC Peer Counseling</u>	<u>Airport Maintenance (Anahuac)</u>	<u>Airport Maintenance (Winnie)</u>
<u>Revenues</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	6,874	14,424	17,522	3,232
Fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>6,874</u>	<u>14,424</u>	<u>17,522</u>	<u>3,232</u>
<u>Expenditures</u>				
Current:				
Personnel	-	13,227	-	-
Supplies	-	926	-	-
Misc. expense	-	-	-	-
Contractual services	6,874	3,061	8,149	11,056
Capital:				
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>6,874</u>	<u>17,214</u>	<u>8,149</u>	<u>11,056</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(2,790)</u>	<u>9,373</u>	<u>(7,824)</u>
<u>Other Financing Sources (Uses)</u>				
Capital leases	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>(2,790)</u>	<u>9,373</u>	<u>(7,824)</u>
Beginning Fund Balances	<u>-</u>	<u>-</u>	<u>1,374</u>	<u>2,426</u>
Ending Fund Balances	<u>\$ -</u>	<u>\$ (2,790)</u>	<u>\$ 10,747</u>	<u>\$ (5,398)</u>

Special Revenue Funds

SCAAP	State Boating Access	Grant: Dpt of Jst: Vest Grant	TPWD-Robbins Park	SHSP DPA	SEAPAC
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13,810	149	5,581	23,125	174,431	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>13,810</u>	<u>149</u>	<u>5,581</u>	<u>23,125</u>	<u>174,431</u>	<u>-</u>
9,070	-	-	-	(50,750)	-
-	-	-	-	62,619	-
-	-	-	-	-	-
-	11,941	-	-	-	-
-	-	-	20,256	48,500	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>9,070</u>	<u>11,941</u>	<u>-</u>	<u>20,256</u>	<u>60,369</u>	<u>-</u>
4,740	(11,792)	5,581	2,869	114,062	-
-	-	-	-	-	-
-	-	-	27,932	-	-
-	-	-	-	-	-
-	-	-	27,932	-	-
4,740	(11,792)	5,581	30,801	114,062	-
15,474	(48,138)	-	(30,801)	(28,933)	(14,405)
<u>\$ 20,214</u>	<u>\$ (59,930)</u>	<u>\$ 5,581</u>	<u>\$ -</u>	<u>\$ 85,129</u>	<u>\$ (14,405)</u>

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 5 of 7)
For the Year Ended December 31, 2010

	Special Revenue Funds			
	USDHHS BVCAA	Grant: VAWA	USDHHS TDH WIC	Help America Vote Act
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	50,000	12,991	147,833	31,670
Fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>50,000</u>	<u>12,991</u>	<u>147,833</u>	<u>31,670</u>
Expenditures				
Current:				
Personnel	-	15,216	104,151	-
Supplies	25,000	1,565	5,889	-
Misc. expense	25,000	-	-	-
Contractual services	-	-	23,582	-
Capital:				
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	720	-
Interest	-	-	413	-
Total Expenditures	<u>50,000</u>	<u>16,781</u>	<u>134,755</u>	<u>-</u>
Excess (Deficiency) of				
Revenues Over (Under) Expenditures	<u>-</u>	<u>(3,790)</u>	<u>13,078</u>	<u>31,670</u>
Other Financing Sources (Uses)				
Capital leases	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>(3,790)</u>	<u>13,078</u>	<u>31,670</u>
Beginning Fund Balances	866	-	(29,132)	(39,375)
Ending Fund Balances	<u>\$ 866</u>	<u>\$ (3,790)</u>	<u>\$ (16,054)</u>	<u>\$ (7,705)</u>

Special Revenue Funds

Texas Traffic Safety Program	FEMA United Way	Title IV Funds	TXDPS BSEO	Victim of Crime Act	TDHC Home Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
43,714	21,493	313	-	14,396	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>43,714</u>	<u>21,493</u>	<u>313</u>	<u>-</u>	<u>14,396</u>	<u>-</u>
42,970	-	-	-	21,285	-
1,252	21,493	47	-	155	-
-	-	-	-	-	-
507	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>44,729</u>	<u>21,493</u>	<u>47</u>	<u>-</u>	<u>21,440</u>	<u>-</u>
(1,015)	-	266	-	(7,044)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(1,015)	-	266	-	(7,044)	-
<u>42,415</u>	<u>2,854</u>	<u>28,981</u>	<u>18,103</u>	<u>(12,747)</u>	<u>(532)</u>
<u>\$ 41,400</u>	<u>\$ 2,854</u>	<u>\$ 29,247</u>	<u>\$ 18,103</u>	<u>\$ (19,791)</u>	<u>\$ (532)</u>

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 6 of 7)
For the Year Ended December 31, 2010

	Special Revenue Funds			
	DSHS IDS	SETH:HTF	Homeland Security	Disaster Recovery
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	1,503
Fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
Total Revenues	-	-	-	1,503
Expenditures				
Current:				
Personnel	-	-	-	-
Supplies	-	-	-	-
Misc. expense	-	-	-	-
Contractual services	-	-	-	-
Capital:				
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	1,503
Other Financing Sources (Uses)				
Capital leases	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	(5,280)
Total Other Financing Sources (Uses)	-	-	-	(5,280)
Net Change in Fund Balances	-	-	-	(3,777)
Beginning Fund Balances	(532)	(45,152)	-	3,777
Ending Fund Balances	\$ (532)	\$ (45,152)	\$ -	\$ -

Special Revenue Funds

CIAP	Chapter Nineteen	Justice Court Building Security	DC Records Technology	Grant: HGAC SW	Pretrial Intervention Programs
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	6,879	6,870	-	45,000	3,000
-	-	-	3,650	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	6,879	6,870	3,650	45,000	3,000
-	8,590	-	-	-	-
-	-	-	309	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	45,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	8,590	-	309	45,000	-
-	(1,711)	6,870	3,341	-	3,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(1,711)	6,870	3,341	-	3,000
-	(617)	5,203	-	-	-
\$ -	\$ (2,328)	\$ 12,073	\$ 3,341	\$ -	\$ 3,000

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 7 of 7)
For the Year Ended December 31, 2010

	<u>Special Revenue Funds</u>			
	<u>CC/DC Record Preservation</u>	<u>DC/CC Technology Fund</u>	<u>CDBG- Disaster Rec-Housing</u>	<u>CDBG- Dis Rec Non-Housing</u>
<u>Revenues</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	1,449,686
Fees	6,541	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>6,541</u>	<u>-</u>	<u>-</u>	<u>1,449,686</u>
<u>Expenditures</u>				
Current:				
Personnel	-	-	-	-
Supplies	-	-	-	-
Misc. expense	-	-	4,007	96
Contractual services	-	128	-	1,449,826
Capital:				
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>-</u>	<u>128</u>	<u>4,007</u>	<u>1,449,922</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,541</u>	<u>(128)</u>	<u>(4,007)</u>	<u>(236)</u>
<u>Other Financing Sources (Uses)</u>				
Capital leases	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	6,541	(128)	(4,007)	(236)
Beginning Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balances	<u>\$ 6,541</u>	<u>\$ (128)</u>	<u>\$ (4,007)</u>	<u>\$ (236)</u>

<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>WIC Extra-Funding Winnie Clinic</u>	<u>Capital Project 02 Construction</u>	
\$ -	\$ -	\$ 2,153,214
-	36,659	2,398,731
-	-	244,827
-	-	226,029
-	-	83,295
-	-	61,579
<u>-</u>	<u>36,659</u>	<u>5,167,675</u>
-	-	991,941
-	-	367,032
9,677	-	214,189
-	-	3,188,702
-	-	720,489
-	-	18,148
-	-	3,458
<u>9,677</u>	<u>-</u>	<u>5,503,959</u>
<u>(9,677)</u>	<u>36,659</u>	<u>(336,284)</u>
-	-	8,101
-	-	277,586
-	(36,659)	(229,627)
<u>-</u>	<u>(36,659)</u>	<u>56,060</u>
(9,677)	-	(280,224)
<u>-</u>	<u>-</u>	<u>4,130,679</u>
<u>\$ (9,677)</u>	<u>\$ -</u>	<u>\$ 3,850,455</u>

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CHAMBERS COUNTY, TEXAS

COMBINING STATEMENT OF NET ASSETS

NONMAJOR PROPRIETARY FUNDS

December 31, 2010

	<u>Airport</u>	<u>Golf Course</u>	<u>Total</u>
<u>Assets</u>			
<u>Current Assets</u>			
Inventory	\$ 24,263	\$ 5,827	\$ 30,090
Prepaid expenses	-	82	82
Total Current Assets	<u>24,263</u>	<u>5,909</u>	<u>30,172</u>
<u>Noncurrent Assets</u>			
Capital assets:			
Non-depreciable	1,469,569	141,000	1,610,569
Net depreciable	390,416	208,389	598,805
Total Noncurrent Assets	<u>1,859,985</u>	<u>349,389</u>	<u>2,209,374</u>
Total Assets	<u>1,884,248</u>	<u>355,298</u>	<u>2,239,546</u>
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable and accrued liabilities	1,326	21,518	22,844
Due to other funds	136,592	423,161	559,753
Total Liabilities	<u>137,918</u>	<u>444,679</u>	<u>582,597</u>
<u>Net Assets</u>			
Invested in capital assets	1,859,985	349,389	2,209,374
Unrestricted	(113,655)	(438,770)	(552,425)
Total Net Assets	<u>\$ 1,746,330</u>	<u>\$ (89,381)</u>	<u>\$ 1,656,949</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, 2010

	<u>Airport</u>	<u>Golf Course</u>	<u>Total</u>
<u>Operating Revenues</u>			
Charges for services	\$ 113,325	\$ 404,089	\$ 517,414
Other services	1,568	9,843	11,411
Total Operating Revenues	<u>114,893</u>	<u>413,932</u>	<u>528,825</u>
<u>Operating Expenses</u>			
Personnel	62,823	364,945	427,768
Supplies	110,643	63,368	174,011
Contractual services	74,435	45,083	119,518
Depreciation	47,316	78,925	126,241
Total Operating Expenses	<u>295,217</u>	<u>552,321</u>	<u>847,538</u>
Operating Income (Loss)	<u>(180,324)</u>	<u>(138,389)</u>	<u>(318,713)</u>
Change in Net Assets	(180,324)	(138,389)	(318,713)
Beginning Net Assets	<u>1,926,654</u>	<u>49,008</u>	<u>1,975,662</u>
Ending Net Assets	<u>\$ 1,746,330</u>	<u>\$ (89,381)</u>	<u>\$ 1,656,949</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, 2010

	Airport	Golf Course	Total
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 115,079	\$ 416,589	\$ 531,668
Payments to suppliers	(163,637)	(35,914)	(199,551)
Payments to employees	48,558	(364,945)	(316,387)
Net Cash Provided by Operating Activities	-	15,730	15,730
<u>Cash Flows from Capital and Related Financing Activities</u>			
Capital purchases	-	(15,730)	(15,730)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(15,730)	(15,730)
Net Change in Cash and Cash Equivalents	-	-	-
Beginning Cash and Cash Equivalents	-	-	-
Ending Cash and Cash Equivalents	\$ -	\$ -	\$ -

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended December 31, 2010

	Airport	Golf Course	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ (180,324)	\$ (138,389)	\$ (318,713)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	47,316	78,925	126,241
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Receivables	186	2,657	2,843
Inventory	21,415	(5,827)	15,588
Prepaid expenses	-	(10)	(10)
Increase (Decrease) in:			
Accounts payable and accrued liabilities	26	(29,360)	(29,334)
Due to other funds	111,381	107,734	219,115
Net Cash Provided by Operating Activities	\$ -	\$ 15,730	\$ 15,730

See Notes to Financial Statements.

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CHAMBERS COUNTY, TEXAS

COMBINING STATEMENT OF NET ASSETS

AGENCY FUNDS (page 1 of 2)

December 31, 2010

	<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	\$ 168,147	\$ 17,333	\$ 96,245	\$ 92,218
Due from other units	-	-	-	-
Total Assets	<u>\$ 168,147</u>	<u>\$ 17,333</u>	<u>\$ 96,245</u>	<u>\$ 92,218</u>
<u>Liabilities</u>				
Due to other units	\$ 168,147	\$ 17,333	\$ 96,245	\$ 92,218
Total Liabilities	<u>\$ 168,147</u>	<u>\$ 17,333</u>	<u>\$ 96,245</u>	<u>\$ 92,218</u>

<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>
\$ 1,565,145	\$ 15,587	\$ 164,422	\$ 914,366	\$ 157,474	\$ 411,340
-	-	-	-	-	2,082,900
<u>\$ 1,565,145</u>	<u>\$ 15,587</u>	<u>\$ 164,422</u>	<u>\$ 914,366</u>	<u>\$ 157,474</u>	<u>\$ 2,494,240</u>
\$ 1,565,145	\$ 15,587	\$ 164,422	\$ 914,366	\$ 157,474	\$ 2,494,240
<u>\$ 1,565,145</u>	<u>\$ 15,587</u>	<u>\$ 164,422</u>	<u>\$ 914,366</u>	<u>\$ 157,474</u>	<u>\$ 2,494,240</u>

CHAMBERS COUNTY, TEXAS

COMBINING STATEMENT OF NET ASSETS

AGENCY FUNDS (page 2 of 2)

December 31, 2010

	<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	\$ 334,170	\$ 18,833	\$ 262,816
Due from other units	-	-	-	-
Total Assets	\$ 1,796	\$ 334,170	\$ 18,833	\$ 262,816
<u>Liabilities</u>				
Due to other units	\$ 1,796	\$ 334,170	\$ 18,833	\$ 262,816
Total Liabilities	\$ 1,796	\$ 334,170	\$ 18,833	\$ 262,816

**Total Agency
Funds**

\$ 4,219,892
2,082,900

\$ 6,302,792

\$ 6,302,792

\$ 6,302,792
