

**BRAZORIA COUNTY COMMISSIONERS COURT**

**APRIL 24, 2007**

**ORDER NO. 34 RE: APPROVE FISCAL YEAR 2006 FINANCIAL AUDIT**

MOTION BY COMMISSIONER Payne

SECONDED BY COMMISSIONER Sebesta

That the 2006 Comprehensive Annual Financial Report for Brazoria County be approved and filed with the County Clerk.

County Judge King  
Commissioner Payne  
Commissioner Sebesta  
Commissioner Harris  
Commissioner Rhodenbaugh

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**BRAZORIA COUNTY, TEXAS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Fiscal Year Ended  
September 30, 2006**

**BRAZORIA COUNTY, TEXAS  
AUDITOR'S OFFICE  
BRAZORIA COUNTY COURTHOUSE  
111 E. Locust, Room 303  
Angleton, Texas 77515**



**BRAZORIA COUNTY, TEXAS**  
*Comprehensive Annual Financial Report*  
 For the Year Ended September 30, 2006

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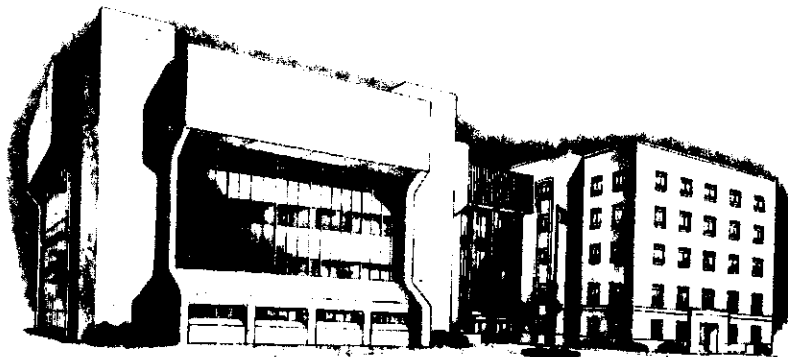
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## **INTRODUCTORY SECTION**



**CONNIE GARNER**  
BRAZORIA COUNTY AUDITOR  
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ANGLETON, TEXAS 77515



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## **BRAZORIA COUNTY**

**ANGLETON, TEXAS 77515**

March 23, 2007

The Honorable Board of District Judges  
The Honorable Commissioners' Court  
Brazoria County, Texas

Gentlemen:

The Comprehensive Annual Financial Report of Brazoria County, Texas for the year ended September 30, 2006, is submitted herewith. 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 aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of Brazoria County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial activity have been included. The report was prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board and is in compliance with Paragraph 114.025 Vernon's Texas Codes Annotated (V.T.C.A.) Local Government Code.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and federal and state awards. The introductory section includes this transmittal letter, GFOA certificate of achievement, Brazoria County's organizational chart and a list of principal officials. The financial section contains the independent auditors' report on the audited financial statements, management's discussion and analysis (MD&A), the basic financial statements, required supplementary information, and combining and individual fund presentations along with other supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The federal and state awards section contains information and auditors' opinion in federal and state compliance.

This report includes all of the funds of the primary government. The County provides a full range of services. Included are police protection, legal and judicial services, construction and maintenance of roads. Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A).



This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Brazoria County's MD&A can be found immediately following the report of the independent auditors.

## **ECONOMIC CONDITION**

**LOCAL ECONOMIC INFORMATION** - Brazoria County is one of Texas' most fertile agricultural areas, one of the regions' more prolific fuel and mineral areas, and in recent decades, the location of one of the world's largest basic chemical manufacturing complexes. The primary economic bases of the county include chemical manufacturing, petroleum processing, offshore production maintenance services, diversified manufacturing including pacemakers and computer chips, biochemical and electronic industries, commercial fishing and agriculture. In addition, the area's deepwater waterway and port facilities, sports fishing services and tourism are major components of the county's economic base.

## **MAJOR INITIATIVES**

**FOR THE YEAR** – Brazoria County completed construction of a multi-office building in the north end of the County. A building was purchased and renovation started for offices to be relocated from the courthouse. Electronic voting machines were purchased. Grant funds were used to purchase new updated radios for the Sheriff's department.

**FOR THE FUTURE** – Discussion and plans for additional office space and parking at the courthouse complex. Continued planning for issuance of road bonds for a variety of transportation construction projects. Completion of renovations to several county office buildings. Construction of new precinct offices and relocation of road and bridge facilities.

## **FINANCIAL INFORMATION**

**INTERNAL CONTROL STRUCTURE** - The County's accounting records for general governmental operations are maintained and the financial statements presented on a modified accrual basis. The financial operating controls are shared by the Commissioners' Court, which is the governing body, and the County Auditor who is appointed by the District Judges. The County Auditor has the basic responsibilities for maintaining the records of all financial transactions of the County and "examining, auditing and approving" all disbursements from County funds prior to their submission to the Commissioners' Court for approval. The Commissioners' Court sets the tax rates, establishes policies for County operations, approves contracts for the County, and develops and adopts the County budget within the resources as estimated by the County Auditor.

In developing the County's accounting systems, consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived therefrom and the evaluation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and county financial assistance, the government also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the government.

**BUDGETING CONTROLS** - Brazoria County maintains strict budgetary controls to ensure compliance with legal provisions in the annual appropriated budget approved by the county's governing body. Activities of the General Fund, certain Special Revenue Funds, and Debt Service Funds are included in the annual appropriated budget. According to the budget laws of the State of Texas, expenditures may not exceed the amount appropriated for each fund.

**GENERAL GOVERNMENT FUNCTIONS** – The following schedule presents a summary of revenue recorded in the General Fund, Special Revenue Funds, and Debt Service Funds for the fiscal year ended September 30, 2006, as well as the amount and percentage of increases and decreases in relation to prior year revenues:

<u>Revenue Source</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2005</u>	<u>Percent Increase (Decrease) from 2005</u>
Taxes	\$ 80,618,481	70.02%	\$ 5,747,227	7.68%
Intergovernmental	14,658,241	12.73	1,503,761	11.43
Charge for services	8,505,724	7.39	1,559,630	22.45
Licenses & permits	4,192,040	3.64	681,548	19.41
Fines & forfeitures	2,937,726	2.55	256,513	9.57
Special assessments	20,355	0.02	( 787)	( 3.72)
Investment income	2,558,836	2.22	1,369,354	115.12
Miscellaneous	<u>1,650,000</u>	<u>1.43</u>	<u>( 518,765)</u>	<u>( 23.92)</u>
Total	<u>\$ 115,141,403</u>	<u>100.00%</u>	<u>\$ 10,598,481</u>	

The increase in tax revenue is due to increased values. Charges for Services continues to increase due to increased volume in activity. Investment income increased mainly due to issuance of additional certificates of obligation.

The following schedule presents a summary of General Fund, Special Revenue Funds, and Debt Service Funds expenditures for the fiscal year ended September 30, 2006, and the percentage of increases and decreases in relation to prior year amounts:

Function	Amount	Percent of Total	Increase (Decrease) from 2005	Percent Increase (Decrease) from 2005
General administration	\$ 5,193,392	4.74 %	\$ 157,168	3.12%
Judicial and legal	13,101,418	11.97	968,456	7.98
Financial administration	7,477,425	6.83	169,562	2.32
Elections	2,276,634	2.08	2,166,990	1976.39
Public facilities	2,667,167	2.44	( 90,464 )	( 3.28)
Public safety	13,229,168	12.08	1,005,021	8.22
Corrections	17,823,526	16.28	827,786	4.87
Public transportation	20,482,267	18.71	( 441,501 )	( 2.11)
Health and welfare	9,779,785	8.93	1,765,472	22.03
Public assistance	296,000	0.27	-0-	0.00
Culture/recreation	6,335,099	5.79	220,209	3.60
Conservation	373,006	0.34	38,170	11.40
Environmental protection	142,056	0.13	6,916	5.12
Community development	2,930,819	2.68	( 1,024,113 )	( 25.89)
Capital outlay	2,841,843	2.60	1,120,947	65.14
Debt service	<u>4,531,925</u>	<u>4.14</u>	<u>( 28,476 )</u>	<u>( 0.62)</u>
Total	<u>\$ 109,481,530</u>	<u>100.00%</u>	<u>\$ 6,862,143</u>	

The County purchased new electronic voting equipment which accounts for the increase in Elections. Public Safety continues to increase due to the growth in the north end of the County. Health and Welfare increase due to County taking over Section 8 voucher program late in 2005.

**DEBT ADMINISTRATION** - At September 30, 2006, Brazoria County had general long term bonded debt and certificates of obligation outstanding in the amount of \$ 40,375,000. The County has maintained its "Aaa" and "AAA" ratings by Moody's Investors Service, Inc. and Standard and Poor's Corporation, respectively, on the outstanding issues. Currently, net bonded debt per capita for the County is \$ 132, an increase of \$ 34 since 2005.

**CASH MANAGEMENT** - The County's investment policies are in accordance with the laws of the State of Texas. The policies identify the authorized investments, collateral requirements and safekeeping requirements for collateral. Demand deposits are covered by pledged collateral maintained in a joint safekeeping account at a third party bank.

**ENTERPRISE OPERATIONS** - The County currently maintains one enterprise fund. Brazoria County Airport is owned and operated by Brazoria County.

**RETIREMENT PLAN FUNDING** - The County provides pension, disability and death benefits for all of its employees (half time or more) through a nontraditional, joint contributory, defined contribution plan in the State-wide Texas County and District Retirement System, (TCDRS), one of over 450 administered by TCDRS. The contribution rate of the County was 9.47% for 2005 and 9.23% for 2006 and employee member is seven percent.

**RISK MANAGEMENT** - Responding to increasing rates in workers' compensation premiums, the County adopted a formal safety program, established the Loss Control Committee, and published a safety manual for use by employees. Inspections of facilities and training sessions for employees are part of the established criteria for the program. The County has been able to realize a reduction in its insurance rates, and expects the program to remain beneficial.

### **OTHER INFORMATION**

**INDEPENDENT AUDIT** - State statutes require an annual audit by independent certified public accountants. The accounting firm of Kennemer, Masters & Lunsford, LLC was selected by the government's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984 and related OMB Circular A-128. The auditors' report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report.

**AWARDS** - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Brazoria County for its comprehensive annual financial report for the fiscal year ended September 30, 2005. This was the thirteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

**ACKNOWLEDGMENTS** - The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the County Auditor's Office. I want to express my appreciation to all staff members who have assisted in the maintenance of the accounting records of the County, and to the members of the Commissioners' Court for their interest and support in planning and conducting the financial operations of the county in a responsible and progressive manner.

I would especially like to thank the District Judges for their support and guidance in matters relating to the discharge of my duties as County Auditor.

Respectfully submitted,

A handwritten signature in black ink that reads "Connie Garner". The signature is written in a cursive, flowing style.

Connie Garner  
County Auditor

**FINANCIAL SECTION**



# Kennemer, Masters & Lunsford

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Limited Liability Company

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## Independent Auditor's Report

March 7, 2007

The Honorable County Judge,  
and Members of Commissioners'  
Court of Brazoria 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 Brazoria County, Texas (the "County") as of and for the year ended September 30, 2006, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted 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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Brazoria County, Texas as of September 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2007 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

www.kmkwllc.com – Email: kmkw@kmkwllc.com

Members: American Institute of Certified Public Accountants, Texas Society of Certified Public Accountants,  
Partnering for CPA Practice Success



The Honorable County Judge,  
and Members of Commissioners' Court  
of Brazoria County, Texas  
March 7, 2007  
Page 2

*Required Supplementary Information*

The Management's Discussion and Analysis and Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund and Major Special Revenue Fund, and the Texas County and District Retirement System Schedule of Funding – Last Three Years on pages 3 through 11 and 78 through 80, respectively, are not a required part of the basic financial statements but is supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Combining and Individual Fund Statements and Schedules, and Federal and State Awards Section*

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying information identified in the table of contents as combining and individual fund statements and schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Similarly, the accompanying schedules of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the State of Texas *Single Audit Circular*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Introductory and Statistical Sections*

The information identified in the table of contents as Introductory and Statistical Sections is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the County. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

*Kerremers, Masters & Hunsford, LLC*

## **BRAZORIA COUNTY, TEXAS**

### *Management's Discussion and Analysis For the Year Ended September 30, 2006*

As management of Brazoria County, Texas ("County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - v of this report.

#### **Financial Highlights**

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year for governmental and business-type activities by \$ 136,586,670 and \$ 11,554,185 (net assets), respectively. Of this amount, \$ 23,072,866 and \$ 606,769 (unrestricted net assets), respectively, may be used to meet the government's ongoing obligations to citizens and creditors with the County's fund designation.
- The County's total net assets increased for governmental activities by \$ 24,297,525 and increased for business-type activities by \$ 169,659.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$ 51,326,076 and its enterprise fund reported ending net assets of \$ 11,565,881. 90.33% and 5.35% of these total amounts, \$ 46,363,916 (unreserved fund balance) and \$ 618,465 (unrestricted net assets), respectively, were available for use within the County's fund designations. Of the governmental funds amount, \$ 18,613,968 has been designated for specific uses.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$ 17,368,350 or 26.30% of the total general fund expenditure. Of this amount, \$ 2,071,834 has been designated for specific uses.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

**BRAZORIA COUNTY, TEXAS**  
*Management's Discussion and Analysis*  
*For the Year Ended September 30, 2006*

The *statement of activities* presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The *governmental activities* of the County include general administration, judicial and legal, financial administration, elections, public facilities, public safety, corrections, public transportation, health and welfare, public assistance, culture and recreation, conservation, environmental protection, and community development. The *business-type activities* of the County include airport operations.

The government-wide financial statements can be found on pages 15-17 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances, provides reconciliations to facilitate this comparison between governmental funds and governmental activities.

The County maintains eighty-six (86) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General and Road and Bridge (special revenue fund); both of which are considered to be major funds. Data from the other eighty-four (84) funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 18 through 25 of this report.

## **BRAZORIA COUNTY, TEXAS**

### *Management's Discussion and Analysis For the Year Ended September 30, 2006*

- **Proprietary Funds.** The County maintains two categories of *proprietary funds*. The *enterprise fund* is used to report the same functions presented as *business-type activities* in government-wide financial statements. The County uses an *enterprise fund* to account for its airport operations. The second type of proprietary fund is the *internal service fund*. Internal service funds are an accounting device used to accumulate and allocate costs of its self-funded health and liability insurance internally among various funds and functions. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary funds financial statements can be found on pages 26 through 31 of this report.
- **Fiduciary Funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's operations. The County is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets that can be found on pages 32 and 33.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34 through 75 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 78 through 80 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information on pensions. Combining and individual statements and schedules can be found on pages 83 through 155 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the County, assets exceeded liabilities by \$ 148,140,855 as of September 30, 2006.

The largest portion of the County's net assets, \$ 90,962,075 (61.40%) reflects its investments in capital assets (e.g., land; land improvements; buildings and improvements; furniture, equipment and vehicles; runways, taxiways and aprons; infrastructure; and construction in progress), less any debt used to acquire those assets that is still outstanding. The County uses capital assets to provide service 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.

**BRAZORIA COUNTY, TEXAS**  
*Management's Discussion and Analysis*  
*For the Year Ended September 30, 2006*

**BRAZORIA COUNTY'S NET ASSETS**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	September 30,		September 30		September 30,	
		(Restated)				(Restated)
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 72,667,323	\$ 50,521,665	\$ 689,359	\$ 438,736	\$ 73,356,682	\$ 50,960,401
Capital assets	<u>120,580,250</u>	<u>105,369,204</u>	<u>11,211,404</u>	<u>11,362,957</u>	<u>131,791,654</u>	<u>116,732,161</u>
<b>Total assets</b>	<b><u>193,247,573</u></b>	<b><u>155,890,869</u></b>	<b><u>11,900,763</u></b>	<b><u>11,801,693</u></b>	<b><u>205,148,336</u></b>	<b><u>167,692,562</u></b>
Current and other liabilities	13,810,544	11,869,696	74,727	66,232	13,885,271	11,935,928
Long-term liabilities	<u>42,850,359</u>	<u>31,732,028</u>	<u>271,851</u>	<u>350,935</u>	<u>43,122,210</u>	<u>32,082,963</u>
<b>Total liabilities</b>	<b><u>56,660,903</u></b>	<b><u>43,601,724</u></b>	<b><u>346,578</u></b>	<b><u>417,167</u></b>	<b><u>57,007,481</u></b>	<b><u>44,018,891</u></b>
<b>Net Assets:</b>						
Invest in capital assets, net of related debt	80,090,157	75,898,996	10,871,918	9,617,689	90,962,075	85,516,685
Restricted	33,423,647	18,865,911	75,498	100,776	33,499,145	18,966,687
Unrestricted	<u>23,072,866</u>	<u>17,524,238</u>	<u>606,769</u>	<u>1,666,061</u>	<u>23,679,635</u>	<u>19,190,299</u>
<b>Total net assets</b>	<b><u>\$ 136,586,670</u></b>	<b><u>\$ 112,289,145</u></b>	<b><u>\$ 11,554,185</u></b>	<b><u>\$ 11,384,526</u></b>	<b><u>\$ 148,140,855</u></b>	<b><u>\$ 123,673,671</u></b>

An additional portion of the County's net assets of \$ 33,499,145 (22.61%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$ 23,679,635 (15.99%) may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2006, the County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate categories—governmental and business-type activities.

**Analysis of the County's Operations.** Overall the County had an increase in net assets of \$ 24,467,184. Governmental activities reported an increase in net assets in the amount of \$ 24,297,525, while the business-type activities increased the County's net assets in the amount of \$ 169,659.

The following table provides a summary of the County's operations for the years ended September 30, 2006 and 2005.

**BRAZORIA COUNTY, TEXAS**  
**COMPARATIVE STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
September 30, 2006

	Business-Type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds
	2006	2005	
<b>Assets:</b>			
<b>Current Assets:</b>			
Cash and temporary investments	\$ 403,813	\$ 215,946	\$ 2,419,057
Accounts receivable	154,186	77,599	57,803
Accrued interest			
Due from other governments	8,383	2,267	
Due from other funds			
Prepaid expense	4,135	1,805	35,780
Inventory	53,767	48,993	
<b>Total current assets</b>	<b>624,284</b>	<b>346,610</b>	<b>2,512,640</b>
<b>Noncurrent Assets:</b>			
Restricted cash and temporary investments	76,771	102,445	
<b>Total restricted assets</b>	<b>76,771</b>	<b>102,445</b>	<b>-0-</b>
<b>Capital Assets:</b>			
Land, buildings and runways	22,417,212	20,587,652	
Equipment	793,051	745,762	
Construction in progress	39,625	1,387,526	
Accumulated depreciation	( 12,038,484 )	( 11,357,983 )	
<b>Total capital assets (net of accumulated depreciation)</b>	<b>11,211,404</b>	<b>11,362,957</b>	<b>-0-</b>
<b>Total Noncurrent assets</b>	<b>11,288,175</b>	<b>11,465,402</b>	<b>-0-</b>
<b>Total assets</b>	<b>11,912,459</b>	<b>11,812,012</b>	<b>2,512,640</b>

(continued)

**BRAZORIA COUNTY, TEXAS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO GOVERNMENTAL  
ACTIVITIES STATEMENT OF ACTIVITIES - Continued**

Exhibit 4R  
Page 2

For the Year Ended September 30, 2006

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the governmental activities statement of net assets. The funds statements reported \$ 2,705,000 in bond principal payments and \$ 270,208 in capital lease principal payments.	\$	2,975,208
Premium on the issuance of bonds provide current financial resources to governmental funds but the proceeds decrease long-term assets in the statement of net assets. This amount is amortized over the life of the bonds. Net premium on the issuance of bonds was \$ 115,093 (premium on sale of bonds of \$ 117,050 less amortization of \$ 1,957).	(	115,093)
Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount of accrued interest on long-term debt. Change in accrued interest on bonds of \$( 196,388) and capital lease accrued interest of \$ 10,758.	(	185,630)
Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount of change in compensated absences.		87,184
Noncurrent loan advances to other entities utilize current financial resources to governmental funds but these advances increase long-term assets in the statement of net assets. The current amount of noncurrent loan proceeds was \$ 21,855 less present value discount of the loan receivable at September 30, 2006 in the amount of \$ 7,497.		14,358
Internal service funds are used by management to charge the cost of insurance, health and liability to individual funds. The net revenue (expense) of the internal service funds is reported in the governmental activities statement of activities (net of amounts allocated to business-type activities and fiduciary funds) not included in other reconciling items:		

	<u>Self Insurance</u>		
	<u>Liability</u>	<u>Health</u>	
Investment income	\$ 64,380	\$ 12	
Operating expenses	( 152,070)	( 8,715,596)	
Contributions for self-insurance	125,780	8,525,528	
Transfers from other funds		1,050,000	
Net amount allocated to business-type activities		<u>1,377</u>	
Net	<u>\$ 38,090</u>	<u>\$ 861,321</u>	<u>899,411</u>
Change in net assets of governmental activities (see Exhibit 2)			<u>\$ 24,297,525</u>

The notes to the financial statements are an integral part of this statement.

**BRAZORIA COUNTY, TEXAS****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO GOVERNMENTAL  
ACTIVITIES STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2006

Exhibit 4R  
Page 1

Net change in fund balances - total governmental funds (Exhibit 4)	\$	18,481,674
<b>Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:</b>		
Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays \$ 9,445,499 exceeded depreciation \$ 9,296,894 in the current period.		148,605
Contributions of capital assets are not reported in the funds, however, contributions of capital assets are reported as capital contributions in the governmental activities statement of activities. During the current year, \$ 15,111,041 of roads were contributed to and accepted by the County.		15,111,041
Property tax revenues in the governmental activities statement of activities do not provide current available resources and are not reported as revenues in the funds. Deferred property tax revenues for the general fund, Road and Bridge special revenue fund, and the Certificate of Obligation Sheriff & Detention Complex Series 1993 debt service fund amounted to \$ 27,240, \$ 14,003, \$( 6,714) and \$( 200), respectively.		34,329
Special assessment revenues in the governmental activities statement of activities do not provide current available resources and are not reported as revenues in the funds. Deferred special assessment revenues for Brazos Oaks/Forest Assessment, Brazos Bend Assessment, Bonnie Lane Assessment, Laura Lane Assessment and Sherwood Land Assessment reported in the Road and Bridge special revenue fund amounted to \$ -0-, \$( 1,040), \$( 1,517) \$( 500), and \$ -0-, respectively. Deferred special assessment revenues for Norris Road Assessment reported separately amounted to \$ 53,800.		50,743
Governmental funds report proceeds from the sale of assets as revenue. However, in the governmental activities statement of activities, the cost of the assets disposed is offset against the proceeds to report gain or loss on the disposition of assets. The cost of assets disposed were \$ 48,600. (Cost of \$ 296,273 less accumulated depreciation of \$ 247,673).	(	48,600)
Judicial revenues (resulting from accounts receivables net of related allowance for uncollectible) in the governmental activities statement of activities do not provide current available resources and are not reported as revenues in the funds. The change in these net receivables resulted in a decrease in revenues reported in the governmental activities statement of activities.		461,269
Bond issuance cost is an expenditure in the governmental fund, but the cost increases long-term assets in the statement of net assets. This amount is amortized over the life of the bond. Bond issuance costs of \$ 282,050 less current amortization of \$ 19,024.		263,026
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the governmental activities statement of net assets. The funds statements reported \$ 13,880,000 in bond proceeds.	(	13,880,000)

(continued)



**BRAZORIA COUNTY, TEXAS****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

Exhibit 4

**GOVERNMENTAL FUNDS - Continued**

For the Year Ended September 30, 2006

	Major Funds		Non-Major Funds	Total Governmental Funds
	General Fund	Road & Bridge Fund	Other Governmental Funds	
Other Financing Sources (Uses):				
Proceeds from sale of bonds	\$	\$	\$ 13,880,000	\$ 13,880,000
Premium on the sale of bonds			117,050	117,050
Proceeds from sale of capital assets		134,081		134,081
Loans to other entities	( 21,855)			( 21,855)
Transfers in	200,000	47,994	1,248,998	1,496,992
Transfers out	( 1,921,547)	( 7,308)	( 855,612)	( 2,784,467)
Total other financing sources and (uses)	( 1,743,402)	174,767	14,390,436	12,821,801
Net change in fund balances	4,003,269	1,647,517	12,830,888	18,481,674
Fund balances - beginning (restated)	14,546,627	5,094,475	13,203,300	32,844,402
Fund balances - ending	\$ 18,549,896	\$ 6,741,992	\$ 26,034,188	\$ 51,326,076

The notes to the financial statements are an integral part of this statement.

**BRAZORIA COUNTY, TEXAS****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2006

	Major Funds		Non-Major	Total Governmental Funds
	General Fund	Road & Bridge Fund	Other Governmental Funds	
<b>Revenues:</b>				
Taxes	\$ 57,183,808	\$ 17,138,239	\$ 6,296,434	\$ 80,618,481
Intergovernmental	1,162,921	104,956	13,390,364	14,658,241
Charges for services	6,900,562	2,416	1,602,746	8,505,724
Licenses and permits	1,050,109	727,049	2,414,882	4,192,040
Fines and forfeitures	2,937,726			2,937,726
Special assessments		7,627	12,728	20,355
Investment income	1,456,044	359,007	743,785	2,558,836
Miscellaneous	1,099,401	1,033	549,566	1,650,000
<b>Total revenues</b>	<b>71,790,571</b>	<b>18,340,327</b>	<b>25,010,505</b>	<b>115,141,403</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General administration	4,357,779		835,613	5,193,392
Judicial and legal	12,592,692		508,726	13,101,418
Financial administration	7,474,264		3,161	7,477,425
Elections	173,393		2,103,241	2,276,634
Public facilities	2,609,387		57,780	2,667,167
Public safety	12,099,387		1,129,781	13,229,168
Corrections	14,848,190		2,975,336	17,823,526
Public transportation		16,585,921	3,896,346	20,482,267
Health and welfare	4,850,430		4,929,355	9,779,785
Public assistance	296,000			296,000
Culture and recreation	6,227,316		107,783	6,335,099
Conservation	373,006			373,006
Environmental protection	142,056			142,056
Community development			2,930,819	2,930,819
Capital outlay			2,841,843	2,841,843
<b>Debt Service:</b>				
Principal		270,208	2,705,000	2,975,208
Interest and fiscal charges		11,448	1,545,269	1,556,717
<b>Total expenditures</b>	<b>66,043,900</b>	<b>16,867,577</b>	<b>26,570,053</b>	<b>109,481,530</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>5,746,671</b>	<b>1,472,750</b>	<b>( 1,559,548 )</b>	<b>5,659,873</b>

(continued)



**BRAZORIA COUNTY, TEXAS**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET ASSETS - Continued**  
September 30, 2006

Internal service funds are used by management to charge the cost of certain activities, such as health insurance and liability insurance, to individual funds. The assets and liabilities of the service funds are not reported separately from the funds statements. The internal service funds balances (net of amount allocated to business-type activities and fiduciary funds) not included in other reconciling items:

	<u>Self Insurance</u>		
	<u>Liability</u>	<u>Health</u>	
Current assets	\$ 1,505,638	\$ 1,007,002	
Accounts and accrued liabilities payable	( 1,820)	( 786,074)	
Estimated claims payable	( 400,000)	( 535,080)	
Net amount allocated to business-type activities		11,696	
Net	<u>\$ 1,103,818</u>	<u>\$ ( 302,456)</u>	<u>801,362</u>
Net assets of governmental activities – statement of net assets (Exhibit 1).			<u>\$ 136,586,670</u>

The notes to the financial statements are an integral part of this statement.

**BRAZORIA COUNTY, TEXAS****RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET ASSETS  
September 30, 2006**Exhibit 3R  
Page 1

Total fund balances - governmental funds balance sheet (Exhibit 3)	\$ 51,326,076
<b>Amounts reported for <i>governmental activities</i> in the statement of net assets (Exhibit 1) are different because:</b>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Capital assets include \$ 232,340,070 in assets less \$ 111,759,820 in accumulated depreciation.	120,580,250
Long-term loans receivable from other entities unavailable to pay for current period expenditures are not recorded in the funds. Loans receivable of \$ 77,655 discounted for present value of \$ 7,497.	70,158
Judicial accounts receivables net of related allowance for uncollectible are unavailable to pay for current period expenditures and availability of funds are uncertain as to availability are not recorded in the funds. Judicial receivables (\$ 7,630,291) net of allowance for uncollectible accounts (\$ 2,535,890) of the general fund amounted to \$ 5,094,401.	5,094,401
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds. Deferred property tax revenues for the general fund, Road and Bridge special revenue fund, Certificate of Obligation Sheriff & Detention Complex Series 1993 debt service fund amounted to \$ 616,748, \$ 230,084, \$ 40,285, and \$ 14,222, respectively.	901,339
Special assessments receivable unavailable to pay for current period expenditures are deferred in the funds. Deferred special assessment tax revenues for Brazos Oaks/Forest Assessment, Brazos Bend Assessment, Bonnie Lane Assessment, Laura Lane Assessment and Sherwood Land Assessment reported in the Road and Bridge special revenue fund amounted to \$ 57,820, \$ 9,545, \$ 50,197, \$ 12,135 and \$ 32,481, respectively. Deferred special assessment tax revenues for Norris Road Assessment reported separately, in the amount of \$ 53,800.	215,978
Bond issuance costs are reported as current financial uses for governmental funds but the expenditures increases long-term assets in the statement of net assets. This amount is amortized over the life of the bonds. Bond issuance costs of \$ 500,812 less accumulated amortization of \$ 53,347.	447,465
Payables for bond principal are not reported in the funds.	( 40,375,000)
Premium on the issuance of bonds provide current financial resources to governmental funds but the proceeds decrease long-term assets in the statement of net assets. This amount is amortized over the life of the bonds. Net premium on the issuance of bonds were \$ 115,093 (premium on the sale of bonds of \$ 117,050 less amortization of \$ 1,957).	( 115,093)
Payables for bond interest is not reported in the funds except for amounts received from the sale of bonds or issuance of capital leases after the issuance date. Total accrued interest payable of \$ 300,567.	( 300,567)
Payables for compensated absences are not reported in the funds.	( 2,059,699)

(continued)

**BRAZORIA COUNTY, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
September 30, 2006

Exhibit 3

	Major Funds		Non-Major Funds	Total Governmental Funds
	General Fund	Road & Bridge Fund	Other Governmental Funds	
<b>ASSETS</b>				
Cash and temporary investments	\$ 22,742,162	\$ 6,468,085	\$ 15,410,587	\$ 44,620,834
Investments			12,575,137	12,575,137
Receivables (Net of Allowance for Uncollectibles):				
Taxes	783,223	294,603	68,240	1,146,066
Accounts	177,819	1,902	6,757	186,478
Special assessments		162,178	53,800	215,978
Due from other governments	2,552,762	35,235	1,429,581	4,017,578
Accrued interest	20,735		82,861	103,596
Due from other funds	1,587,357		350,000	1,937,357
Prepaid expenditures	658,269	530	4,541	663,340
Inventories	430,062	571,894		1,001,956
<b>Total assets</b>	<b>\$ 28,952,389</b>	<b>\$ 7,534,427</b>	<b>\$ 29,981,504</b>	<b>\$ 66,468,320</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts and accrued liabilities payable	\$ 8,681,028	\$ 400,173	\$ 927,618	\$ 10,008,819
Due to others	337,953			337,953
Due to other funds	21		1,937,357	1,937,378
Deferred revenue	1,383,491	392,262	1,082,341	2,858,094
<b>Total liabilities</b>	<b>10,402,493</b>	<b>792,435</b>	<b>3,947,316</b>	<b>15,142,244</b>
<b>Fund Balances:</b>				
<b>Reserved:</b>				
Prepaid expenditures	658,269	530	4,541	663,340
Inventories	430,062	571,894		1,001,956
Encumbrances	93,215	57,289	37,607	188,111
Debt service			3,108,753	3,108,753
<b>Unreserved:</b>				
<b>Designated:</b>				
Capital projects			16,542,134	16,542,134
Subsequent years expenditures	2,071,834			2,071,834
<b>Undesignated, Reported In:</b>				
General fund	15,296,516			15,296,516
Special revenue funds		6,112,279	6,341,153	12,453,432
<b>Total fund balances</b>	<b>18,549,896</b>	<b>6,741,992</b>	<b>26,034,188</b>	<b>51,326,076</b>
<b>Total liabilities and fund balance</b>	<b>\$ 28,952,389</b>	<b>\$ 7,534,427</b>	<b>\$ 29,981,504</b>	<b>\$ 66,468,320</b>

The notes to the financial statements are an integral part of this statement.

<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
\$( 1,123,044 )	\$	\$( 1,123,044 )
( 7,086,133 )		( 7,086,133 )
( 6,586,444 )		( 6,586,444 )
( 561,452 )		( 561,452 )
( 2,726,466 )		( 2,726,466 )
( 10,846,374 )		( 10,846,374 )
( 15,793,840 )		( 15,793,840 )
( 3,649,830 )		( 3,649,830 )
( 4,147,587 )		( 4,147,587 )
( 296,000 )		( 296,000 )
( 5,607,590 )		( 5,607,590 )
( 380,771 )		( 380,771 )
( 30,670 )		( 30,670 )
( 7,107 )		( 7,107 )
<u>( 1,477,364 )</u>		<u>( 1,477,364 )</u>
( 60,320,672 )	-0-	( 60,320,672 )
	<u>( 70,462 )</u>	<u>( 70,462 )</u>
<u>( 60,320,672 )</u>	<u>( 70,462 )</u>	<u>( 60,391,134 )</u>
67,484,298		67,484,298
12,625,575		12,625,575
63,471		63,471
314,168		314,168
2,615,731	2,646	2,618,377
85,872		85,872
1,666,557		1,666,557
<u>( 237,475 )</u>	<u>237,475</u>	<u>-0-</u>
<u>84,618,197</u>	<u>240,121</u>	<u>84,858,318</u>
24,297,525	169,659	24,467,184
<u>112,289,145</u>	<u>11,384,526</u>	<u>123,673,671</u>
<u>\$ 136,586,670</u>	<u>\$ 11,554,185</u>	<u>\$ 148,140,855</u>

**BRAZORIA COUNTY, TEXAS**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2006

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General administration	\$ 4,974,768	\$ 3,831,544	\$ 20,180	\$
Judicial and legal	13,979,943	6,314,663	579,147	
Financial administration	7,726,563	1,140,119		
Elections	2,169,341	74,959	1,429,872	103,058
Public facilities	2,809,843	29,897	53,480	
Public safety	13,317,747	1,355,560	930,705	185,108
Corrections	18,966,237	496,467	2,675,930	
Public transportation	22,351,045	3,369,217	220,957	15,111,041
Health and welfare	9,745,180	402,469	4,948,695	246,429
Public assistance	296,000			
Culture and recreation	6,652,453	436,156	152,226	456,481
Conservation	393,433	12,662		
Environmental protection	150,987	76,386	43,931	
Community development	2,937,926			2,930,819
Interest on long-term debt	<u>1,477,364</u>			
<b>Total governmental activities</b>	<b>107,948,830</b>	<b>17,540,099</b>	<b>11,055,123</b>	<b>19,032,936</b>
<b>Business-type Activities:</b>				
Airport	<u>2,124,407</u>	<u>1,616,331</u>	<u>29,461</u>	<u>408,153</u>
<b>Total business-type activities</b>	<b>\$ <u>110,073,237</u></b>	<b>\$ <u>19,156,430</u></b>	<b>\$ <u>11,084,584</u></b>	<b>\$ <u>19,441,089</u></b>
<b>General Revenue:</b>				
Property taxes				
Sales and other taxes				
Special assessments				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Gain on disposition of capital assets				
Miscellaneous				
Transfers				
<b>Total general revenues, special items and transfers</b>				
<b>Change in net assets</b>				
<b>Net assets – beginning (restated)</b>				
<b>Net assets – ending</b>				

The notes to the financial statements are an integral part of this statement.



**BRAZORIA COUNTY, TEXAS**  
**STATEMENT OF NET ASSETS**  
September 30, 2006

Exhibit 1

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and temporary investments	\$ 47,039,891	\$ 403,813	\$ 47,443,704
Receivables (Net of Allowance for Uncollectibles):			
Taxes	1,146,066		1,146,066
Accounts	5,338,682	154,186	5,492,868
Special assessments	215,978		215,978
Due from other governments	4,017,578	8,383	4,025,961
Accrued interest	103,596		103,596
Loans receivable	15,531		15,531
Interfund balances	11,696	( 11,696)	-0-
Prepaid items	699,120	4,135	703,255
Inventories	1,001,956	53,767	1,055,723
Investments	12,575,137		12,575,137
Bond issuance cost (net of accumulated amortization)	447,465		447,465
Discounted loans receivable (net of current)	54,627		54,627
Restricted Assets:			
Cash and temporary investments		76,771	76,771
Capital Assets:			
Land	6,944,064	1,558,686	8,502,750
Land improvements	1,050,489		1,050,489
Buildings and improvements (net)	26,400,794	2,871,302	29,272,096
Furniture, equipment and vehicles (net)	8,463,086	540,723	9,003,809
Runways, taxiways and aprons (net)		6,201,068	6,201,068
Infrastructure (net)	75,807,453		75,807,453
Construction in progress	1,914,364	39,625	1,953,989
Total assets	<u>193,247,573</u>	<u>11,900,763</u>	<u>205,148,336</u>
<b>Liabilities</b>			
Accounts and accrued liabilities payable	10,796,734	58,314	10,855,048
Estimated health claims payable	935,080		935,080
Due to others	337,953		337,953
Deferred revenue	1,740,777	15,140	1,755,917
Payable from restricted assets		1,273	1,273
Noncurrent Liabilities:			
Due within one year	5,006,393	95,503	5,101,896
Due in more than one year	37,843,966	176,348	38,020,314
Total liabilities	<u>56,660,903</u>	<u>346,578</u>	<u>57,007,481</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	80,090,157	10,871,918	90,962,075
Restricted For:			
Roads and bridges	9,671,499		9,671,499
Debt service	3,310,158	56,663	3,366,821
Capital projects	16,578,804		16,578,804
Other purposes	3,863,186	18,835	3,882,021
Unrestricted	23,072,866	606,769	23,679,635
Total net assets	<u>\$ 136,586,670</u>	<u>\$ 11,554,185</u>	<u>\$ 148,140,855</u>

The notes to the financial statements are an integral part of this statement.



## **BASIC FINANCIAL STATEMENTS**



**BRAZORIA COUNTY, TEXAS**

*Management's Discussion and Analysis  
For the Year Ended September 30, 2006*

**Request for Information**

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Brazoria County Auditor, 111 E. Locust, Room 303, Angleton, Texas, 77515, or call (979) 388-1275.

**BRAZORIA COUNTY, TEXAS**  
*Management's Discussion and Analysis*  
*For the Year Ended September 30, 2006*

**DEBT ADMINISTRATION**

At the end of the current fiscal year, the County had a total bonded debt of \$ 40,630,000, which, compromises bonded debt backed by the full faith and credit of the County. These bonds will be retired with revenues from property and sales taxes, and fees for services.

**BRAZORIA COUNTY'S LONG-TERM DEBT**  
**Bonds, Capital Leases, Components of Debt, and Compensated Absences**

	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2006	2005	2006	2005	2006	2005
Certificates of obligation bonds	\$ 23,155,000	\$ 9,905,000	\$ 255,000	\$ 335,000	\$ 23,410,000	\$ 10,240,000
General obligation bonds	17,220,000	19,295,000			17,220,000	19,295,000
Capital leases		270,208			-0-	270,208
Components of Debt:						
Premium on bonds	115,093				115,093	
Accrued interest payable	300,567	114,937	1,273	1,669	301,840	116,606
Compensates absences	<u>2,059,699</u>	<u>2,146,883</u>	<u>16,851</u>	<u>15,935</u>	<u>2,076,550</u>	<u>2,162,818</u>
<b>Total</b>	<b>\$ <u>42,850,359</u></b>	<b>\$ <u>31,732,028</u></b>	<b>\$ <u>273,124</u></b>	<b>\$ <u>352,604</u></b>	<b>\$ <u>43,123,483</u></b>	<b>\$ <u>32,084,632</u></b>

During the fiscal year, the County's total debt increased \$ 11,038,851 or 34.05%. The increase was due primarily to the issuance of Certificates of Obligation, Series 2006.

All of the outstanding Bonds of the County payable from its limited taxes are insured and are, therefore, rated "Aaa" by Moody's Investors Service Inc. ("Moody's"), and "AAA" by Standard & Poor's ("S&P"). The underlying rating on all of such Bonds and other obligations payable from such source are "Aa3" by Moody's and "AA" by S&P.

Additional information on the County's long-term debt can be found in note 7 on pages 58 through 61 of this report.

**Economic Factors and Next Year's Budgets and Rates**

The annual budget is the means by which Commissioners' Court sets the direction of the County, and allocates its resources.

In considering the budget for FY 2006, Commissioners' Court considered the following factors:

- Property tax rates decreased; however, tax revenues increased due to the rise in certified values.
- Employees were given a 3.57% cost of living increase on October 1, 2005.

**BRAZORIA COUNTY, TEXAS**

*Management's Discussion and Analysis  
For the Year Ended September 30, 2006*

**General Fund Budgetary Highlights.** Over the course of the year, the County recommended and the Commissioners approved several revisions to budgeted revenue and appropriations. These recommendations fall into the following categories:

- Increase in funds needed for indigent defense costs.
- Additional funds for the unanticipated sharp rise in fuel costs.

**Capital Assets**

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2006, amounts to \$ 131,791,654 (net of accumulated depreciation). This investment in capital assets includes land; land improvements; buildings and improvements; furniture, equipment and vehicles; runways, taxiways and aprons; infrastructure; and construction in progress.

Major capital asset events during the current fiscal year included the following:

- Completed construction of multi-office complex in Manvel.
- Purchase of old Wal-Mart building to be converted to County offices to alleviate crowding at the courthouse.
- Received federal funds to assist in the purchase of electronic voting equipment.
- Purchased radios for the Sheriff's Department using federal Homeland Security grants, at a cost of over \$ 1,000,000.

**BRAZORIA COUNTY'S CAPITAL ASSETS  
Net of Accumulated Depreciation**

	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2006	2005	2006	2005	2006	2005
Land	\$ 6,944,064	\$ 6,378,718	\$ 1,558,686	\$ 1,558,686	\$ 8,502,750	\$ 7,937,404
Land improvements	1,050,489	488,493			1,050,489	488,493
Buildings & improvements	26,400,794	25,649,925	2,871,302	1,165,270	29,272,096	26,815,195
Furniture, equipment & vehicles	8,463,086	8,844,591	540,723	571,076	9,003,809	9,415,667
Runway, taxiway & aprons			6,201,068	6,680,399	6,201,068	6,680,399
Infrastructure	75,807,453	61,748,682			75,807,453	61,748,682
Construction in progress	<u>1,914,364</u>	<u>2,258,795</u>	<u>39,625</u>	<u>1,387,526</u>	<u>1,953,989</u>	<u>3,646,321</u>
Total	<u>\$ 120,580,250</u>	<u>\$ 105,369,204</u>	<u>\$ 11,211,404</u>	<u>\$ 11,362,957</u>	<u>\$ 131,791,654</u>	<u>\$ 116,732,161</u>

Additional information on the County's capital assets can be found in note 5 on pages 54 through 57 of this report.

**BRAZORIA COUNTY, TEXAS**  
*Management's Discussion and Analysis*  
*For the Year Ended September 30, 2006*

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	September 30,		September 30,		September 30,	
	2006	(Restated) 2005	2006	2005	2006	(Restated) 2005
Increase (decrease) in net assets before contributions and transfers	\$ 24,535,000	\$ 4,415,809	\$( 67,816)	\$ 675,458	\$ 24,467,184	\$ 5,091,267
Contribution to agency fund for health insurance deficit		( 96,324)				( 96,324)
Transfers	( 237,475)	( 150,000)	237,475	150,000	-0-	-0-
Increase (decrease) in net assets	24,297,525	4,169,485	169,659	825,458	24,467,184	4,994,943
Net assets - October 1, Restated	<u>112,289,145</u>	<u>108,119,660</u>	<u>11,384,526</u>	<u>10,559,068</u>	<u>123,673,671</u>	<u>118,678,728</u>
Net assets - September 30,	<u>\$ 136,586,670</u>	<u>\$ 112,289,145</u>	<u>\$ 11,554,185</u>	<u>\$ 11,384,526</u>	<u>\$ 148,140,855</u>	<u>\$ 123,673,671</u>

**Financial Analysis of the County's Funds**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$ 51,326,076. 90.33% of this total amount (\$ 46,363,916) constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) for prepaid expenditures (\$ 663,340), 2) for the expenditure of inventories (\$ 1,001,956), 3) for the expenditure of encumbrances (\$ 188,111), and 4) to pay for debt service (\$ 3,108,753).

Fund balance of the General Fund increased by \$ 4,003,269; and the Road and Bridge (special revenue fund) increased by \$ 1,647,517; and, other (non-major) governmental funds increased by \$ 12,830,888. Most of the increase in General Fund was due to increased volume and fees in the County Clerk's activities which resulted in more revenue than expected. Road and Bridge expenditures were less than anticipated thus the increased fund balance. The increase in other (non-major) governmental funds was a result of certificate of obligation proceeds.

**Proprietary funds.** The County's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The enterprise fund is used to account for airport operations. Net assets at September 30, 2006 amounted to \$ 11,565,881. Total net assets increased \$ 171,036 (approximately 1.50%), and were due to increased rentals, fees and operating grant revenue.



**BRAZORIA COUNTY, TEXAS**  
*Management's Discussion and Analysis*  
*For the Year Ended September 30, 2006*

**BRAZORIA COUNTY'S CHANGES IN NET ASSETS**

	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2006	(Restated) 2005	2006	2005	2006	(Restated) 2005
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 17,540,099	\$ 15,993,525	\$ 1,616,331	\$ 1,269,237	\$ 19,156,430	\$ 17,262,762
Operating grants and contributions	11,055,123	8,765,064	29,461		11,084,584	8,765,064
Capital grants and contributions	19,032,936	4,562,373	408,153	1,224,318	19,441,089	5,786,691
<b>General Revenues:</b>						
Property taxes	67,484,298	60,611,489			67,484,298	60,611,489
Sales & other taxes	12,689,046	13,496,949			12,689,046	13,496,949
Grants and contributions not restricted to specific programs	314,168	199,006			314,168	199,006
Unrestricted investment earnings	2,615,731	1,227,165	2,646	1,293	2,618,377	1,228,458
Gain (loss) on disposition of capital assets	85,872	( 171,537 )			85,872	( 171,537 )
Miscellaneous	<u>1,666,557</u>	<u>1,954,155</u>			<u>1,666,557</u>	<u>1,954,155</u>
<b>Total revenues</b>	<b><u>132,483,830</u></b>	<b><u>106,638,189</u></b>	<b><u>2,056,591</u></b>	<b><u>2,494,848</u></b>	<b><u>134,540,421</u></b>	<b><u>109,133,037</u></b>
<b>Expenses:</b>						
General administration	4,974,768	5,258,955			4,974,768	5,258,955
Judicial and legal	13,979,943	13,078,631			13,979,943	13,078,631
Financial administration	7,726,563	7,441,233			7,726,563	7,441,233
Elections	2,169,341	109,644			2,169,341	109,644
Public facilities	2,809,843	2,826,693			2,809,843	2,826,693
Public safety	13,317,747	12,177,212			13,317,747	12,177,212
Corrections	18,966,237	18,334,618			18,966,237	18,334,618
Public transportation	22,351,045	22,519,813			22,351,045	22,519,813
Health and welfare	9,745,180	8,081,835			9,745,180	8,081,835
Public assistance	296,000	296,000			296,000	296,000
Culture and recreation	6,652,453	6,262,357			6,652,453	6,262,357
Conservation	393,433	350,218			393,433	350,218
Environmental protection	150,987	142,928			150,987	142,928
Community development	2,937,926	3,956,237			2,937,926	3,956,237
Airport			2,124,407	1,819,390	2,124,407	1,819,390
Interest on long-term debt	<u>1,477,364</u>	<u>1,386,006</u>			<u>1,477,364</u>	<u>1,386,006</u>
<b>Total expenses</b>	<b><u>107,948,830</u></b>	<b><u>102,222,380</u></b>	<b><u>2,124,407</u></b>	<b><u>1,819,390</u></b>	<b><u>110,073,237</u></b>	<b><u>104,041,770</u></b>

(continued)

**BRAZORIA COUNTY, TEXAS**  
**COMPARATIVE STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS - Continued**  
September 30, 2006

Exhibit 5

	Business-Type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds
	2006	2005	
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued expenses	\$ 58,314	\$ 52,333	\$ 1,722,974
General obligation bonds payable - current	80,000	80,000	
Compensated absences	16,851	15,935	
Due to other funds			
Deferred revenue	15,140	12,230	
	<u>170,305</u>	<u>160,498</u>	<u>1,722,974</u>
<b>Current Liabilities Payable from Restricted Assets:</b>			
Accounts and accrued liabilities payable			
Accrued interest payable	1,273	1,669	
	<u>1,273</u>	<u>1,669</u>	<u>-0-</u>
<b>Total current liabilities</b>	<b>171,578</b>	<b>162,167</b>	<b>1,722,974</b>
<b>Noncurrent Liabilities:</b>			
General obligation bonds payable - net of current	175,000	255,000	
	<u>175,000</u>	<u>255,000</u>	
<b>Total liabilities</b>	<b>346,578</b>	<b>417,167</b>	<b>1,722,974</b>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	10,871,918	9,617,689	
Restricted for debt service	56,663	52,674	
Restricted for land acquisition	18,835	48,102	
Unrestricted	618,465	1,676,380	789,666
	<u>11,565,881</u>	<u>11,394,845</u>	<u>\$ 789,666</u>
<b>Total net assets</b>	<b>11,565,881</b>	<b>11,394,845</b>	<b>\$ 789,666</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	( 11,696 )	( 10,319 )	
<b>Net assets of business-type activities</b>	<b>\$ 11,554,185</b>	<b>\$ 11,384,526</b>	

The notes to the financial statements are an integral part of this statement.

**BRAZORIA COUNTY, TEXAS****COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET ASSETS - PROPRIETARY FUNDS  
For the Year Ended September 30, 2006**

Exhibit 6

	Business-Type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds
	2006	2005	
Operating Revenues:			
Sales of fuel and supplies	\$ 1,047,541	\$ 819,816	\$
Cost of sales	<u>686,533</u>	<u>473,629</u>	
Gross profit	361,008	346,187	-0-
Other Operating Revenue:			
Contributions for self insurance			8,651,308
Rentals	312,735	236,017	
Fees	236,221	188,607	
Miscellaneous	<u>8,579</u>	<u>13,384</u>	
Net operating revenue	<u>918,543</u>	<u>784,195</u>	<u>8,651,308</u>
Operating Expenses:			
Salaries and wages	328,750	307,029	
Employee benefits	118,675	112,477	
Supplies	93,358	34,426	
Other charges	208,970	198,432	8,867,666
Depreciation	<u>655,041</u>	<u>659,261</u>	
Total operating expenses	<u>1,404,794</u>	<u>1,311,625</u>	<u>8,867,666</u>
Operating income (loss)	<u>( 486,251)</u>	<u>( 527,430)</u>	<u>( 216,358)</u>
Non-Operating Revenues (Expenses):			
Investment income	2,646	1,293	64,392
Operating grant revenue	29,461		
Interest and fiscal charges	<u>( 20,448)</u>	<u>( 24,435)</u>	
Total non-operating revenues (expenses)	<u>11,659</u>	<u>( 23,142)</u>	<u>64,392</u>
Net income (loss) before contributions and transfers	<u>( 474,592)</u>	<u>( 550,572)</u>	<u>( 151,966)</u>
Capital contributions	408,153	1,224,318	
Transfers in	<u>237,475</u>	<u>150,000</u>	<u>1,050,000</u>
Change in net assets	171,036	823,746	898,034
Net Assets:			
Total net assets - beginning	<u>11,394,845</u>	<u>10,571,099</u>	<u>( 108,368)</u>
Total net assets - ending	<u>\$ 11,565,881</u>	<u>\$ 11,394,845</u>	<u>\$ 789,666</u>

**BRAZORIA COUNTY, TEXAS****COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES****IN NET ASSETS - PROPRIETARY FUNDS - Continued**

For the Year Ended September 30, 2006

Exhibit 6

	<u>Business-Type Activities - Enterprise Fund</u>		<u>Governmental Activities - Internal Service Funds</u>
	<u>2006</u>	<u>2005</u>	
Business-type Activities:			
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>\$( 1,377)</u>	<u>\$ 1,712</u>	
Change in net assets of business-type activities	169,659	825,458	
Net Assets (Business-type Activities):			
Total net assets - beginning of year	<u>11,384,526</u>	<u>10,559,068</u>	
Total net assets - end of year	<u>\$ 11,554,185</u>	<u>\$ 11,384,526</u>	

The notes to the financial statements are an integral part of this statement.

**BRAZORIA COUNTY, TEXAS**  
**COMPARATIVE STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended September 30, 2006

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	2006	2005	
<b>Cash Flows from Operating Activities:</b>			
Cash flows received from customers	\$ 1,525,283	\$ 1,234,083	\$ 8,912,635
Cash receipts from interfund services provided		8,879	
Cash received from other funds			
Cash paid to and on behalf of employees	( 446,503)	( 421,178)	( 7,101,108)
Cash paid to suppliers and others	( 989,990)	( 702,167)	( 1,100,925)
Cash paid to other funds		( 146,844)	
<b>Net cash provided (used) by operating activities</b>	<u>88,790</u>	<u>( 27,227)</u>	<u>710,602</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers from other funds	237,475	150,000	
Cash received from operating grants	29,461		
<b>Net cash provided (used) by noncapital financing activities</b>	<u>266,936</u>	<u>150,000</u>	<u>-0-</u>
<b>Cash Flows from Capital and Financing Activities:</b>			
Cash received from capital grants	408,153	1,224,318	
Acquisition of capital assets	( 503,488)	( 1,318,944)	
Principal payments on bonds	( 80,000)	( 75,000)	
Interest and fees on bonds	( 20,844)	( 24,805)	
<b>Net cash provided (used) by capital financing activities</b>	<u>( 196,179)</u>	<u>( 194,431)</u>	<u>-0-</u>
<b>Cash Flows from Investing Activities:</b>			
Investment income	2,646	1,293	65,578
<b>Net cash provided (used) by investment activities</b>	<u>2,646</u>	<u>1,293</u>	<u>65,578</u>
<b>Net increase (decrease) in cash</b>	162,193	( 70,365)	776,180
Cash and temporary investments - beginning of year (including \$ 102,445 reported as restricted assets)	318,391	388,756	1,642,877
<b>Cash and temporary investments - end of year (including \$ 76,771 reported as restricted assets)</b>	<u>\$ 480,584</u>	<u>\$ 318,391</u>	<u>\$ 2,419,057</u>

(continued)

**BRAZORIA COUNTY, TEXAS**  
**COMPARATIVE STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS - Continued**  
For the Year Ended September 30, 2006

Exhibit 7

	Business-Type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds
	2006	2005	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Activities:			
Operating income (loss)	\$( 486,251 )	\$( 527,430 )	\$( 216,358 )
Depreciation	655,041	659,261	
Changes in Assets and Liabilities:			
(Increase) Decrease In:			
Accounts receivable	( 76,587 )	( 23,119 )	263,138
Due from other governments	( 6,116 )	( 2,267 )	
Due from other funds		8,879	
Prepaid expenses	( 2,330 )	3,813	34,360
Inventory	( 4,774 )	( 19,073 )	
Increase (Decrease) In:			
Accounts and accrued liabilities payable	5,981	19,580	629,462
Compensated absences	916	( 1,672 )	
Due to other funds		( 146,844 )	
Deferred revenue	2,910	1,645	
Net cash provided (used) for operating activities	<u>\$ 88,790</u>	<u>\$( 27,227 )</u>	<u>\$ 710,602</u>
Noncash Transactions Affecting Financial Position:			
Net noncash transactions affecting financial position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

The notes to the financial statements are an integral part of this statement.

**BRAZORIA COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
September 30, 2006

Exhibit 8

	Private-Purpose Trust Fund <hr/> Historical Commission Fund	Agency Funds <hr/>
<u>Assets</u>		
Cash and temporary investments	\$ 25,478	\$ 14,322,781
Receivables:		
Accounts receivable	23	133
Accrued interest		1,043
Due from other funds		<u>21</u>
Total assets	<u>25,501</u>	<u>\$ 14,323,978</u>
 <u>Liabilities</u>		
Accounts and accrued liabilities payable		\$ 918,014
Amounts held for others		<u>13,405,964</u>
Total liabilities	<u>-0-</u>	<u>\$ 14,323,978</u>
 <u>Net Assets</u>		
Held in trust for historical commission	<u>25,501</u>	
Total net assets	<u>\$ 25,501</u>	

The notes to the financial statements are an integral part of this statement.

**BRAZORIA COUNTY, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
For the Year Ended September 30, 2006

Exhibit 9

	Private-Purpose Trust Fund <hr/> Historical Commission Funds <hr/>
<u>Additions</u>	
Contributions:	
Private donations and sales	\$ 5,554
Investment Earnings:	
Interest	<u>1,237</u>
Total additions	<u>6,791</u>
<u>Deductions</u>	
Culture and recreation (historical commission)	<u>13,408</u>
Total deductions	<u>13,408</u>
Change in net assets	( 6,617)
<u>Net Assets</u>	
Net assets - beginning	<u>32,118</u>
Net assets - ending	<u>\$ 25,501</u>

The notes to the financial statements are an integral part of this statement.



**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
 For The Year Ended September 30, 2006

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of Brazoria County, Texas (County) related to the funds in the accompanying basic financial statements conform to accounting principals generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principals for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the County has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the County are described below.

Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the County's reporting entity. Financial statements for component units can be obtained from the office of the County Auditor.

Included in the reporting entity:

**Brazoria County, Texas (Primary Government) -**

The County is a political subdivision of the State of Texas. The County is governed by the Commissioners' Court, composed of four elected County Commissioners and an elected County Judge. Each of these officials serves a term of four years. The primary activities of the County include: the construction and maintenance of county roads, provision of public safety through a sheriff's department, support of area fire protection and ambulance service, administration of justice, correctional facilities, health and welfare services, culture and recreation through libraries, parks and a museum, operation and maintenance of an airport, and other social and administrative services.

For the year ended September 30, 2006, no other organizations have been combined for either blended or discrete presentation in the County's financial statements. The following organizations are not considered "related organizations."

Excluded from the reporting entity:

**Adult Probation -**

This entity is considered a separate agency of the State of Texas. While the County provides office space, utilities, telephone and certain supplies, the operations of this unit are primarily provided for by the State. A separate board develops the operating budget, which is also approved and controlled by the State of Texas. Required County expenditures are disclosed as a department within the General Fund function of Corrections. Due to custodial responsibility, the accounts of this entity are reported as an Agency Fund of the County.

**Brazoria County Fair Association -**

The County owns the premises where the annual County Fair is held; however, all financial matters related to the Fair and the Fair Association operating polices are the responsibility of a separate board.

## **BRAZORIA COUNTY, TEXAS**

*Notes to the Financial Statements*

For The Year Ended September 30, 2006

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

#### Reporting Entity - continued

##### **Brazoria County Appraisal District -**

This is a separate entity providing property appraisal services to all taxing units within the county. This entity has its own governing board, elected by the various taxing units, which it serves; however, the taxing units do not designate management or significantly influence operations. The Appraisal District's cost of operations is divided on a prorated basis among the various taxing units within the county. Brazoria County's share of this cost is disclosed within the General Fund under the Financial Administration function.

##### **City Libraries -**

The only library owned and operated by Brazoria County is the central library located in the city of Angleton. There are other libraries located in municipalities throughout the county. The County provides for employee salaries in these libraries and the purchase of books and some supplies. The various municipal library premises are owned and maintained by the various municipalities.

##### **Brazoria County Children's Protective Services -**

Brazoria County Children's Protective Services (CPS) was created by a mandate from the Texas Legislature, Title II, Section 34. CPS investigates reports of neglected and abused children and provides foster care, institutional care and adoptive placements for children who cannot live with their parents. The Commissioners' Court appoints the CPS Board. The CPS Board appoints an Executive Director to administer the day-to-day operation. CPS is excluded from the reporting entity because the County does not have the ability to exercise influence over its daily operations. The State of Texas directly pays all salaries and related personnel costs of this organization. The County pays some related expenditures, which are disclosed under the department of Child Welfare within the General Fund function of Health and Welfare.

Other entities within the county which provide similar services but are not included in the reporting entity because they do not meet the criteria are: municipalities, school districts, drainage districts, hospital districts, water districts and various non-profit organizations.

#### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities report financial information on all of the nonfiduciary activities of the primary government). For the most part, interfund activity has been removed from these statements; however, interfund services provided and used are not eliminated in the process of consolidation. 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 demonstrates the degree to which the direct expenses of a given program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
For The Year Ended September 30, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Government-Wide and Fund Financial Statements - continued

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The County has only one enterprise fund.

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues from property and sales taxes, grants and contracts, charges for services, licenses and permits, fines and forfeitures, and interest associated with the current fiscal period are all considered to be susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Revenue from investments, including governmental external investment pools, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

Grant funds are considered earned to the extent of the expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until the related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the County to refund all or part of the unused amount.

## **BRAZORIA COUNTY, TEXAS**

*Notes to the Financial Statements*

For The Year Ended September 30, 2006

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

#### Measurement Focus, Basis Of Accounting, and Financial Statement Presentation - continued

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and 2) operating and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise fund are charges to customers for sales and services and rentals.

Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

The County has presented the following major governmental funds:

The *General fund* is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the general fund.

The *Road and Bridge special revenue fund* accounts for the property taxes and fees from auto registration, certificates of title, and gross weight and axle fees, and approved expenditures for public transportation projects.

The County reports the following major proprietary fund:

The *enterprise fund* is used to account for airport operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing services be financed primarily through user charges, or where periodic determination of net income is appropriate. Activities of the fund include administration, operations and maintenance of the airport and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest. All costs are financed through charges to airport customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

Additionally, the County reports the following fiduciary funds:

The *Historical Commission fiduciary fund* is a private purpose trust fund, which accounts for grant revenues, publication sales, and private donations used by the Historical Commission Board of Directors to preserve Brazoria County's heritage.

The *agency funds* account for assets that the government holds on behalf of others as their agent. The County's agency funds include payroll clearing, child support, District and County Clerk trusts, Gulf Coast Spaceport Development, Brazoria County Groundwater Conservation District, and Community Corrections and Supervision (Adult Probation) funds.

**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
For The Year Ended September 30, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

New Pronouncements

In March of 2003, the GASB issued Statement No. 40, "Deposits and Investment Risk Disclosures - an amendment of GASB No. 3". This statement addresses common deposit and investment risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to interest rate changes. The provisions of this Statement are effective for periods beginning after June 15, 2004. This statement was implemented for the fiscal year ended September 30, 2005 and did not have a material impact on the disclosures in the notes to the financial statements.

In May of 2003, the GASB issued Statement No. 41, "Budgetary Comparison Schedules-Perspective Differences - an amendment to GASB 34". This statement clarifies the budgetary presentation requirements for governments with significant budgetary perspective differences that result in their not being able to present budgetary comparison information for their general fund and major special revenue funds. This Statement was implemented in conjunction with Statement No. 34 in fiscal year beginning October 1, 2002.

In November of 2003, the GASB issued Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries". This Statement establishes standards for impairment of capital assets when its service utility has declined significantly and unexpectedly. This Statement also clarifies and establishes accounting requirements for insurance recoveries. The provisions of this Statement are effective for periods beginning after December 15, 2004. This statement was implemented and did not have a material impact on the County's financial statement.

In April of 2004, the GASB issued Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)". This Statement provides uniform financial reporting for OPEB plans and supersedes the interim guidance included in Statement No. 26. Management believes the implementation of this Statement will have minimal impact on the disclosures in the notes to the financial statements.

In May of 2004, the GASB issued Statement No. 44, "Economic Condition Reporting: The Statistical Section - an amendment of NCGA Statement 1". This statement improves the understandability and usefulness of statistical section information and adds information from the new financial reporting model for state and local governments required by GASB 34. The provisions of this Statement are effective for periods beginning after June 15, 2005. This statement was implemented during the year ended September 30, 2006.

GASB No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," was issued June 2004. This statement establishes standards for the measurement, recognition, and display of other postemployment benefits (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. This statement is effective for periods beginning after December 15, 2007. Management of the County has not determined the impact, if any, upon its financial position, results of operations or its cash flows upon adoption.

**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
For The Year Ended September 30, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

New Pronouncements - continued

GASB No. 46, "Net Assets Restricted by Enabling Legislation: an amendment of GASB Statement No. 34", was issued December 2004. This statement clarifies the meaning of legally enforceable as applied to restrictions on net asset use imposed by enabling legislation. This statement is effective for periods beginning after June 15, 2006. The statement was implemented and did not have a material impact on the County's financial statements.

GASB No. 47, "Accounting for Termination Benefits", was issued April 2005. This statement provides guidance for measuring, recognizing, and reporting liabilities and expense/expenditures related to all termination benefits, both voluntary and involuntary. This statement is effective for periods beginning after June 15, 2005. This statement was implemented during the year ended August 31, 2006. This statement has been implemented and did not have a material effect on the financial statements of the County.

Budgetary Data

The budget law of the State of Texas provides that amounts budgeted for current expenditures from the various funds of the County shall not exceed the balances in the funds, plus the anticipated revenues for the current year as estimated by the County Auditor. The legal level of budgetary control is at the category level (salaries and wages, and employee benefits; operating expenditures/expenses, and capital outlay) within departments of each fund. Any expenditures, which alter the total budgeted amounts of a fund must be approved by Commissioners' Court, and the budget amended. Budgets are adopted on a basis consistent with generally accepted accounting principles.

Annual appropriated budgets are adopted for the general fund, certain special revenue funds (Road and Bridge Fund, Lateral Roads Fund, Road and Bridge Tax Code Chapter 152 Fund, Special Road and Bridge Projects Fund, and Law Library Fund), and debt service funds.

Prior to May 1 of each year, or as soon thereafter as practical, the County Judge, assisted by the County Auditor, prepares a proposed operating budget for the subsequent fiscal year beginning the following October 1st. The proposed operating budget establishes estimated revenues and other resources available for appropriation. Proposed expenditures may not exceed estimated revenues, other resources, and available fund balances.

Subsequent to May 15 and after proper publication of notice, a public hearing is conducted by the Commissioners' Court to obtain taxpayer comments. If an increase to the effective tax rate of more than 3% is proposed as a result of the proposed budget, additional notices and public hearings are required.

After the public hearing(s) the Commissioners' Court makes appropriate budget changes and adopts the budget through the passage of an order at a regularly scheduled meeting. A separate order is adopted to levy the taxes necessary to finance the budgeted expenditures.

Although the level of budgetary control is total revenues plus available fund balance, the County adopts its budget at a line-item level for managerial control purposes. Line item level is defined for revenue purposes as the type of revenue to be derived and for expenditure purposes by department and type of expenditures (salaries and wages, and employee benefits; operating expenses/expenditures; and capital outlay).

**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
 For The Year Ended September 30, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Budgetary Data - continued

Budget amendments to transfer budgeted amounts from one line item to another may be made at the discretion of Commissioners' Court. Amendments to provide for items not included in the original budget may be made by the Commissioners' Court upon finding and declaration of the existence of an emergency sufficient to require action. County management has no prerogative to amend the budget without the approval of Commissioners' Court. Appropriations not exercised in the current year lapse at the end of the year. Twenty-one supplemental budget amendments in the general and special revenue funds were deemed necessary due to the timing of planned expenditures and construction projects.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized. Encumbrances outstanding at year-end are reported as a reservation of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

The following outstanding encumbrances were provided for in the subsequent year's budget:

Major Funds:	
General Fund	
Road and Bridge (Special Revenue Fund)	\$ 93,215
Nonmajor funds	57,289
	<u>37,607</u>
Total	<u>\$ 188,111</u>

Cash and Investments

Cash and temporary investments include amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the County. For purposes of the cash flow statement, cash and temporary investments are considered cash equivalents. In accordance with GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are stated at fair value.

The County maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and temporary investments under each fund's caption. Funds are allowed to exceed the amount of their equity in the pooled cash account. Funds with overdrawn accounts are disclosed as an interfund payable in the liability section of the balance sheet.

Restricted Assets

Restricted assets consist of capital and debt service restrictions. Restricted capital assets consist of the residual balances of funds received under the 1994 Airport Improvement Program (AIP) grant. Restricted assets for debt service consist of amounts placed in interest and sinking funds from operations and residual balances from proceeds of certificates of obligations.



**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
 For The Year Ended September 30, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Property Taxes

Property taxes are levied as of October 1st of each year with statements prepared and mailed at that date or soon thereafter. The tax levy is based upon appraised property values as of each previous January 1st for all taxable property within the County. Payments are due and payable when taxes are levied and may be timely paid through January 31st. On February 1st, taxes become delinquent and subject to penalty and interest charges. After June 30th, any uncollected taxes are subject to tax suit and additional charges to offset related legal costs. The lien date for property taxes is July 1st.

The appraisal of property within the county is the responsibility of the Brazoria County Appraisal District. The Texas Legislature established the Appraisal District and the related Appraisal Review Board in 1979 through the adoption of a comprehensive Property Tax Code. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Real property is reappraised at least every four years. Under certain circumstances, taxpayers and taxing units including the County, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

Under the Code, the Commissioners' Court will continue to set annual tax rates on the property. The Code also provides that, if approved by the qualified voters in the Appraisal District, collection functions may be placed with the Appraisal District. The County bills and collects its property taxes and those of certain other taxing entities. Collections of those taxes pending distribution are accounted for in an agency fund.

The County is permitted by Article VIII, Section 9 of the State of Texas Constitution to levy taxes up to \$ .80 per \$ 100 assessed valuation for general governmental services including payment of principal and interest on general long-term debt and maintenance of roads and bridges. Article 6790 of Vernon's Civil Statutes permits the County to collect an additional \$ .15 per \$ 100 valuation for road and bridge purposes. Article 7048a of Vernon's Civil Statutes permits the County to collect \$ .30 per \$ 100 valuation for road, bridge and flood control purposes.

The County's 2005 tax levy, supporting the 2006 fiscal period budget, totaled \$ 0.407987 per \$ 100 valuation and was comprised as follows:

Constitutional Levy:		
General Fund	\$	0.279356
Road and Bridge		0.047500
Special Road and Bridge:		
Article 6790		0.060000
Article 7048a		-0-
Debt Service:		
General Obligation Refunding		
Bonds Series 1998		0.015000
Combination Tax and Revenue		
Certificates of Obligation Series 2003		<u>0.006131</u>
Combined tax rate	\$	<u>0.407987</u>

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All outstanding balances between funds are reported as "due to/from other funds". The County had no advances between funds. All activity between funds was for short-term cash flow requirements. See Note 4 for additional discussion of interfund receivables and payables.

Inventories

The County utilizes the consumption method to account for inventory. Under this method, inventory is considered an expenditure when used rather than when purchased. Significant inventories are reported on the balance sheet at cost, using the first-in, first-out method, with an offsetting reservation of fund balance in the governmental fund financial statements since they do not constitute "available spendable resources" even though they are a component of current assets. Inventories in the governmental funds are comprised of road materials, bulk fuel and chemicals. Inventory of the proprietary fund type, Enterprise Fund (Airport), is comprised of bulk fuel held for sale. Changes in inventory balances for a proprietary fund type have a direct effect on respective cost of sales.

Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, furniture, equipment and vehicles, runways, taxiways and aprons, infrastructure, and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest cost to be capitalized on assets with tax-exempt borrowing is equal to the cost of the borrowing less interest earned on the related tax-exempt borrowing. During the year ended September 30, 2006, no capitalized interest was included in the cost of capital assets under construction.

Assets capitalized have an original cost of \$ 5,000 or more and over two years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Leased assets are depreciated over the lesser of the term of the related lease or the estimated useful lives of the assets. Estimated useful lives are as follows:

Land improvements	12-40 Years
Buildings and improvements	9-40 Years
Furniture, equipment and vehicles	2-20 Years
Runways, taxiways and aprons	15-20 Years
Infrastructure	20-50 Years

**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
 For The Year Ended September 30, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Compensated Absences

Employees are allowed paid absences due to sickness, vacation and compensatory time. As of January 1, 2000, sick leave benefits are earned by all full time employees at a rate of 96 hours annually. The leave policy allows employees to accumulate up to sixty days of sick leave benefit. Sick leave benefits are recognized in the period in which time off is actually taken. Vacation benefits accrue monthly at rates depending upon an employee's length of service. Vacation benefits must be taken annually and are limited to a carryover period depending upon the employee's length of service.

Effective January 1, 2000, the County implemented a sick leave pool. The sick leave pool provides additional sick leave days to employees in the event of a catastrophic illness or injury, surgery, or disability that prevents an employee from active employment. Days are applied from the pool only after the employee exhausts all accrued sick, vacation and compensatory time. The Sick Leave Pool Committee, an elected body of pool members who serve as the pool administrator, authorizes benefits from the pool.

Compensatory time represents time worked by employees in excess of 40 hours per week, and is earned at one and one-half times such hours worked. This applies to all non-exempt employees. Exempt employees are all department heads, supervisory personnel, and certain other professional or administrative positions. The maximum compensatory time an employee may accumulate is 240 hours. All such paid absences are paid at the employee's regular pay rate. The liability for compensated absences disclosed in the financial statements represents accumulated vacation and compensatory time at September 30, 2006, computed at pay rates in effect at that time.

The following is a summary of benefits payable as of September 30, 2006:

Governmental activities	\$ 2,059,699
Business-type activities	<u>16,851</u>
	<u>\$ 2,076,550</u>

Compensated absence liabilities for governmental activities have been paid from the general fund and various special revenue funds, and liabilities for business-type activities have been paid by the enterprise fund.

Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt is reported as other financing resources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
 For The Year Ended September 30, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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.

Net Assets

Net assets represents the differences between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciations, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Restricted net assets, as presented in the government-wide Statement of Net Assets, are reported when constraints placed on the use of net assets are either 1) externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments), or 2) imposed by law through constitutional provisions or enabling legislation.

**NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES**

The County classifies deposits and investments for financial statement purposes as cash and temporary investments, and investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose, a temporary investment is one that when purchased had a maturity date of three months or less. See Note 1 for additional Governmental Accounting Standards Board Statement No. 31 disclosures. Cash and temporary investments as reported on the financial statements at September 30, 2006 is as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and Temporary Investments:			
Cash (petty cash accounts)	\$ 20,259	\$	\$ 20,259
Financial Institution Deposits:			
Demand deposits	34,486,891	72,439	34,559,330
Local Government Investment Pools:			
Texpool	25,120,956	4,332	25,125,288
MBIA Texas Class Pool	<u>2,163,857</u>	<u>          </u>	<u>2,163,857</u>
	61,791,963	76,771	61,868,734
Investments:			
Government agency securities	<u>12,575,137</u>	<u>          </u>	<u>12,575,137</u>
	<u>\$ 74,367,100</u>	<u>\$ 76,771</u>	<u>\$ 74,443,871</u>

Deposits

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to them. The County requires that all deposits with financial institutions be collateralized in an amount equal to 100 percent of uninsured balances.

## **BRAZORIA COUNTY, TEXAS**

*Notes to the Financial Statements*

For The Year Ended September 30, 2006

### **NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued**

#### Deposits - continued

At year-end, in addition to petty cash of \$ 20,259, the carrying amount, of the County's deposits, were \$ 34,559,330, while the financial institution balances totaled \$ 49,033,657. Of these balances, \$ 12,386,662 represents amounts controlled by County courts and held by various financial institutions jointly under the name of the County and the court's beneficiaries and carrying the identification number of the beneficiaries. These accounts are entirely covered by federal deposit insurance. Of the financial institution balances, \$ 12,485,726 was covered by federal depository insurance coverage, and \$ 36,547,931 was covered by collateral held by the County's agent in the County's name.

#### Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the County to invest its funds under written investment policy (the "investment policy") that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. This investment policy defines what constitutes the legal list of investments allowed under the policies, which excludes certain instruments allowed under chapter 2256 of the Texas Government Code.

The County's deposits and investments are invested pursuant to the investment policy, which is approved by Commissioners' Court. The investment policy includes lists of authorized investment instruments and allowable stated maturity of individual investments. In addition it includes an "Investment Strategy Statement" that specifically addresses each investment option and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the County will deposit funds is addressed. The County's investment policy and types of investments are governed by the Public Funds Investment Act (PFIA). The County's management believes it complied with the requirements of the PFIA and the County's investment policy.

The County's Investment Officer submits an investment report each quarter to the Commissioners' Court. The report details the investment positions of the County and the compliance of the investment portfolio's as they relate to both the adopted investment strategy statements and Texas State law.

The County is authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy:

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. No-load money market mutual funds: regulated by SEC, with a dollar-weighted average stated maturity of 90 days or less, includes in its investment objectives the maintenance of a stable \$ 1.00 net asset value per each share, and limited in quantity to the requirements, set forth in Chapter 2256, Government Code Section 2256.014;
4. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, 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 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;

**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
For The Year Ended September 30, 2006

**NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued**

Investments - continued

6. Certificates of deposit if issued by a state or national bank domiciled in the State of Texas and is: guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, secured in any manner and amount provided by law for deposits of the County;
7. Fully collateralized repurchase agreements, if it: has a defined termination date, is secured by obligations described by Section 2256.009(a)(1) of the Public Funds Investment Act, requires the securities being purchased by the County to be pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party selected and approved by the County, is placed through a primary government securities dealer, approved by the County, or a financial institution doing business in the State of Texas;
8. Commercial paper is an authorized investment, if the commercial paper: has a stated maturity of 270 days or fewer from the date of its issuance, and is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit agencies or one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state;
9. Eligible investment pools if the Commissioners' Court by resolution authorizes investment in the particular pool. An investment pool shall invest funds it receives from entities in authorized investments permitted by the Public Funds Investment Act. The County by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds; and,

The County participates in two Local Government Investment Pools (LGIPs): Texpool and MBIA Texas Class. The State Comptroller oversees Texpool with Lehman Brothers and Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Advisory boards consisting of participants or their designees, maintains oversight responsibility for MBIA Texas Class.

The County invests in Texpool and MBIA Texas Class to provide its liquidity needs. Texpool and MBIA Texas Class are local government investment pools that were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. Texpool and MBIA Texas Class are 2(a)7 like funds, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$ 1.00, although this cannot be fully guaranteed. Texpool and MBIA Texas Class are rated AAA and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit.

At September 30, 2006 Texpool and MBIA Texas Class had a weighted average maturity of 24 days and 28 days, respectively. Although Texpool and MBIA Texas Class portfolios had a weighted average maturity of 24 days and 28 days, respectively, the County considers holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

During the year ended September 30, 2006, the County invested in the direct purchase of government agency securities (FNBA and FHLMC Discount Notes) within the 2006 Certificate of Obligation C&M Fund (capital projects fund). These securities have maturity dates every six months beginning on February 5, 2007 through August 4, 2008 to correspond with estimated timing of project construction and had a market value of \$ 12,575,137 at September 30, 2006.

**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
 For The Year Ended September 30, 2006

**NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued**

Investments - continued

As of September 30, 2006, the County had the following investments:

<u>Investment Type</u>	<u>Interest Rate</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
<b>Local Government Investment Pools:</b>			
Texpool	Varies	\$ 25,125,288	0.63
MBIA Texas Class Pool	Varies	<u>2,163,857</u>	<u>0.05</u>
		<u>27,289,145</u>	<u>0.68</u>
<b>Government Agency Securities:</b>			
FNMA Discount Note	5.22%	1,135,562	3.62
FNMA Discount Note	5.22%	7,438,252	57.10
FHLMC Discount Note	5.08%	2,000,678	25.19
FNMA Discount Note	4.99%	<u>2,000,645</u>	<u>33.73</u>
		<u>12,575,137</u>	<u>119.64</u>
		<u>\$ 39,864,282</u>	<u>120.32</u>

**Credit Risk** – As of September 30, 2006, the LGIPs (which represent approximately 68.46% of the investment portfolio) are rated AAAM by Standard and Poor's or AAA by Finch. The government agency securities (which represent approximately 31.54% of the investment portfolio) are registered and the County's agent holds the securities in the County's name; therefore, the County is not exposed to credit risk.

**Interest rate Risk** – As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities will not exceed the lesser of a dollar weighted average maturity of 365 days or the anticipated cash flow requirements of the funds. Quality short-to-medium term securities should be purchased, which complement each other in a structured manner that minimizes risk and meets the County's cash flow requirements.

Derivatives

Interest in derivative products has increased in recent years. Derivatives are investment products, which may be a security or contract, which derives its value from another security, currency, commodity, or index, regardless of the source of funds used. The County made no direct investments in derivatives during the year ended September 30, 2006, and holds no direct investments in derivatives at September 30, 2006.

**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
For The Year Ended September 30, 2006

**NOTE 3 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUES**

Receivables and Allowances

Receivables as of September 30, 2006, for the government's individual governmental major and nonmajor funds, proprietary major fund, internal service funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>Road &amp; Bridge Fund</u>	<u>Other Governmental Funds</u>	
Receivables:				
Taxes (property)	\$ 1,857,826	\$ 826,115	\$ 171,055	\$ 2,854,996
Accounts receivable	177,819	1,902	6,757	186,478
Special assessments		252,803	54,404	307,207
Due from other governments	2,552,762	35,235	1,429,581	4,017,578
Accrued interest	<u>20,735</u>		<u>82,861</u>	<u>103,596</u>
Gross receivables	4,609,142	1,116,055	1,744,658	7,469,855
Less Allowance For Uncollectibles:				
Taxes (property)	1,074,603	531,512	102,815	1,708,930
Special assessments		<u>90,625</u>	<u>604</u>	<u>91,229</u>
Net receivables	<u>\$ 3,534,539</u>	<u>\$ 493,918</u>	<u>\$ 1,641,239</u>	<u>\$ 5,669,696</u>
	<u>Proprietary Funds</u>			
	<u>Enterprise Fund</u>	<u>Internal Service Funds</u>	<u>Total</u>	<u>Fiduciary Funds</u>
Receivables:				
Accounts:				
Airport customers	\$ 154,186	\$	\$ 154,186	\$
Other receivables		57,803	57,803	156
Accrued interest			<u>-0-</u>	<u>1,043</u>
Gross receivables	154,186	57,803	211,989	1,199
Less Allowance For Uncollectibles:				
Airport customers			<u>-0-</u>	
Net receivables	<u>\$ 154,186</u>	<u>\$ 57,803</u>	<u>\$ 211,989</u>	<u>\$ 1,199</u>

Receivables From Other Governments

The County participates in a variety of federal and state programs from which it receives grants to, partially or fully, finance certain activities. In addition, the County receives entitlements from the State through the legislative actions and taxes collected by the State on behalf of the County (sales and other taxes). All federal grants shown below are either direct or passed through state or local agencies and are reported on the financial statements as due from other governments.



**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
 For The Year Ended September 30, 2006

**NOTE 3 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUES - Continued**

Receivables From Other Governments - continued

Amounts due from federal, state, and local governments as of September 30, 2006 are summarized below:

	State Entitlements And Taxes	Federal Grants	State Grants	Total
Major Governmental Funds:				
General Fund	\$ 2,488,663	\$ 27,942	\$ 36,157	\$ 2,552,762
Road & Bridge Fund	35,235			35,235
Nonmajor governmental Funds	<u>                    </u>	<u>1,055,671</u>	<u>373,910</u>	<u>1,429,581</u>
<b>Total</b>	<b><u>\$ 2,523,898</u></b>	<b><u>\$ 1,083,613</u></b>	<b><u>\$ 410,067</u></b>	<b><u>\$ 4,017,578</u></b>

Loans Receivable (Discounted)

Beginning on September 29, 2005, the County advanced funds in the amount of \$ 55,800 to Brazoria County Groundwater Conservation District ("BCGCD") to provide initial cash flow to organize the entity. During the year ended September 30, 2006, the County advanced an additional \$ 21,855 bringing the total to \$ 77,655 at September 30, 2006. The BCGCD has agreed to pay back the County over a five year period beginning October 1, 2006 and ending September 30, 2011, without interest. Since this is a long term receivable without interest, the County has discounted the loan receivable as follows:

	<u>2006</u>
Receivable in less than one year	\$ 15,531
Receivable in one to five years	<u>62,124</u>
Total loan receivable	77,655
Less discounts to net present value	( 7,497 )
Net loan receivable at September 30, 2006	<u>\$ 70,158</u>

The discount rate used on long-term loans was 5.35% for the year ended September 30, 2006.

The loan receivable (discounted) is reported as an asset in the governmental activities statement of net assets and is not reported in the governmental fund balance sheet because it is a long-term asset. Similarly, the discount is reported as a reduction of investment earnings in the governmental activities statement of activities while the current year loan advance is reported in the governmental fund statement of revenues, expenditures and changes in fund balance as an other use.

Judicial Receivables

Judicial receivables are reported in the governmental activities statement of net assets. Since these receivables do not represent current available resources, they are not reported in the governmental funds balance sheet. The allowance for uncollectible receivables related to the County's various court assessments is determined based on historical experience and evaluation of collectibility in relation to the aging of customer accounts. The following is a summary of the receivable and allowance for uncollectible as of September 30, 2006:

**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
 For The Year Ended September 30, 2006

**NOTE 3 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUES - Continued**

Judicial Receivables - continued

	<u>Judicial Receivable</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Receivable</u>
Judicial Receivables:			
Justice of the Peace	\$ 4,800,978	\$ 1,440,293	\$ 3,360,685
County courts	816,181	204,045	612,136
District courts	1,629,749	814,875	814,874
Juvenile probation	<u>383,383</u>	<u>76,677</u>	<u>306,706</u>
	<u>\$ 7,630,291</u>	<u>\$ 2,535,890</u>	<u>\$ 5,094,401</u>

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of September 30, 2006, the various components of deferred revenue and unearned revenue reported in the governmental and proprietary funds were as follows:

	<u>Governmental Funds</u>			<u>Proprietary Funds</u>	
	<u>General Fund</u>	<u>Road &amp; Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>	<u>Enterprise Fund</u>
Unavailable:					
Delinquent property taxes receivable	\$ 616,748	\$ 230,084	\$ 54,507	\$ 901,339	\$
Special assessment receivable		162,178	53,800	215,978	
Unearned:					
Federal grants			873,967	873,967	
State grants			100,067	100,067	
Bail bonds	676,408			676,408	
Public safety seizures	73,398			73,398	
Rental deposits	16,360			16,360	
Other deposits	577			577	
Airport hangar deposits				-0-	15,140
Total	<u>\$ 1,383,491</u>	<u>\$ 392,262</u>	<u>\$ 1,082,341</u>	<u>\$ 2,858,094</u>	<u>\$ 15,140</u>

**BRAZORIA COUNTY, TEXAS**

*Notes to the Financial Statements*

For The Year Ended September 30, 2006

**NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables and payables at September 30, 2006 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>09-30-06</u>
General	Special Revenue	\$ 1,018,196
General	Capital Projects	569,161
Capital Projects	Special Revenue	350,000
Agency	General	<u>21</u>
		<u>\$ 1,937,378</u>

Detail interfund receivables and payables at September 30, 2006 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>09-30-06</u>
General	Special Road and Bridge Projects	\$ 45,745
General	Norris Road Assessment	41,280
General	TJPC Level 5 Funding	7,020
General	JJAEP Boot Camp	275,606
General	CJD Juvenile Incentive Block Grant	681
General	HGAC Juvenile Incentive Block Grant	3,555
General	TDSHS Immunization	5,719
General	TDSHS Supplemental Food Program WIC	145,405
General	TDSHS Community and Rural Health	11,498
General	TDSHS Peer Counseling	6,127
General	TDSHS WIC Registered Dietician	1,019
General	TDSHS WIC Lactation Reimbursement	1,868
General	TDSHS WIC-OA Vendor Activities	208
General	TDSHS WIC Obesity	8,807
General	TDSHS WIC Special Allocation	87,832
General	CPS Title IV-B (Concrete)	1,197
General	CPS Title IV-E	29,981
General	CPS Title IV-E Legal Services	4,390
General	Crime Victim Assistance	5,272
General	Victim Assistance Grant 02G00551	3,189
General	DEA Narcotics OT Expense Program	1,550
General	2004 State Homeland Security	83,474
General	Bioterrorism Grant	152,532
General	HGAC Solid Waste Grant	27,781
General	2002 CDBG County (HUD)	20
General	2005 CDBG County (HUD)	64,906
General	Brazoria County Toll Road Authority	1,534
General	Parks CIAP Grant	8,142
General	Mobility Plan	561,019
2005 Certificate of Obligation C&M	Records Management County Clerk	350,000
Payroll Clearing	General	<u>21</u>
Total		<u>\$ 1,937,378</u>

Interfund receivables and payables represent short-term borrowings primarily for cash flow purposes. These include short-term borrowings for reimbursement grants and some revenue or expenditures/expense adjustments between funds at or near year-end.

**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
 For The Year Ended September 30, 2006

**NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued**

Interfund transfers for the year ended September 30, 2006 consisted of the following individual fund transfers in and transfers out:

<u>Transferring Fund</u>	<u>Receiving Fund</u>	<u>09-30-06</u>
General	Special Revenue	\$ 701,047
General	Capital Projects	70,500
General	Enterprise	100,000
General	Internal Service	1,050,000
Special Revenue	General	200,000
Special Revenue	Special Revenue	9,272
Capital Projects	Special Revenue	516,173
Capital Projects	Enterprise	<u>137,475</u>
Total		<u>\$ 2,784,467</u>

Detail interfund transfers for the year ended September 30, 2006 consisted of the following individual fund transfers in and transfers out:

<u>Transferring Fund</u>	<u>Receiving Fund</u>	<u>09-30-06</u>
General	Road and Bridge	\$ 46,030
General	TJPC State Aid	62,690
General	TJPC Community Corrections	120,708
General	TJPC Progressive Sanctions JPO	78
General	TJPC Progressive Sanctions 1-2-3	18,055
General	TJPC Progressive Sanctions ISP	13,139
General	JJAEP Boot Camp	234,712
General	CJD Juvenile Incentive Block Grant	50,214
General	HGAC Juvenile Incentive Block Grant	795
General	TDSHS Immunization	5,815
General	TDSHS Community and Rural Health	12,726
General	CPS Title IV-E	76,966
General	CPS Title IV-E Legal Services	28,396
General	Crime Victim Assistance	12,984
General	Victim Assistance Grant 02G000551	3,816
General	LLEBG Grant	1,423
General	Law Library	12,500
General	Multi-Purpose Facility	70,500
General	Airport	100,000
General	Self Insurance Health	1,050,000
Road & Bridge	TXDOT CR 403 Project	7,308
Brazos Bend Assessment	Road & Bridge	1,964
Financial Security	General	200,000
2006 Certificate of Obligation C & M	Elections HAVA Grant	516,173
2006 Certificate of Obligation C & M	Airport	<u>137,475</u>
Total		<u>\$ 2,784,467</u>

The Commissioners' Court approved these transfers, as transfers of operational funds to cover planned expenditures/expenses.

**BRAZORIA COUNTY, TEXAS**

Notes to the Financial Statements

For The Year Ended September 30, 2006

**NOTE 5 - CAPITAL ASSETS**

Capital Transactions

	Balance 10-01-05	Additions	Retirements	Transfers	Balance 09-30-06
<b>Governmental Activities:</b>					
Capital Assets, Not Depreciated:					
Land	\$ 6,378,718	\$ 565,346	\$	\$	\$ 6,944,064
Construction in progress	<u>2,258,795</u>	<u>1,897,639</u>	<u>2,242,070</u>	<u>                    </u>	<u>1,914,364</u>
Total capital assets not being depreciated	<u>8,637,513</u>	<u>2,462,985</u>	<u>2,242,070</u>	<u>-0-</u>	<u>8,858,428</u>
Capital Assets, Being Depreciated:					
Land improvements	555,509	609,469			1,164,978
Buildings and improvements	36,989,453	1,707,433			38,696,886
Furniture, equipment and vehicles	31,518,887	3,327,260	296,273	( 25,460)	34,524,414
Infrastructure	<u>130,403,901</u>	<u>18,691,463</u>	<u>                    </u>	<u>                    </u>	<u>149,095,364</u>
Total capital assets being depreciated	<u>199,467,750</u>	<u>24,335,625</u>	<u>296,273</u>	<u>( 25,460)</u>	<u>223,481,642</u>
Less Accumulated Depreciation For:					
Land improvements	67,016	47,473			114,489
Buildings and improvements	11,339,528	956,564			12,296,092
Furniture, equipment and vehicles	22,674,296	3,660,165	247,673	( 25,460)	26,061,328
Infrastructure	<u>68,655,219</u>	<u>4,632,692</u>	<u>                    </u>	<u>                    </u>	<u>73,287,911</u>
Total accumulated depreciation	<u>102,736,059</u>	<u>9,296,894</u>	<u>247,673</u>	<u>( 25,460)</u>	<u>111,759,820</u>
Total capital assets being depreciated, net	<u>96,731,691</u>	<u>15,038,731</u>	<u>48,600</u>	<u>-0-</u>	<u>111,721,822</u>
Governmental activities capital assets, net	<u>\$ 105,369,204</u>	<u>\$ 17,501,716</u>	<u>\$ 2,290,670</u>	<u>\$ -0-</u>	<u>\$ 120,580,250</u>
<b>Business-type Activities:</b>					
Capital Assets, Not Depreciated:					
Land	\$ 1,558,686	\$	\$	\$	\$ 1,558,686
Construction in progress	<u>1,387,526</u>	<u>463,757</u>	<u>1,811,658</u>	<u>                    </u>	<u>39,625</u>
Total capital assets not being depreciated	<u>2,946,212</u>	<u>463,757</u>	<u>1,811,658</u>	<u>-0-</u>	<u>1,598,311</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	4,104,386	1,829,560			5,933,946
Furniture, equipment and vehicles	745,762	21,829		25,460	793,051
Runways, taxiways and aprons	<u>14,924,580</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>14,924,580</u>
Total capital assets being depreciated	<u>19,774,728</u>	<u>1,851,389</u>	<u>-0-</u>	<u>25,460</u>	<u>21,651,577</u>

(continued)

**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
 For The Year Ended September 30, 2006

**NOTE 5 - CAPITAL ASSETS - Continued**

Capital Transactions - continued

	<u>Balance</u> 10-01-05	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Balance</u> 09-30-06
Less Accumulated Depreciation For:					
Buildings and improvements	\$ 2,939,116	\$ 123,528	\$	\$	\$ 3,062,644
Furniture, equipment and vehicles	174,686	52,182		25,460	252,328
Runways, taxiways and aprons	<u>8,244,181</u>	<u>479,331</u>			<u>8,723,512</u>
 Total accumulated depreciation	 <u>11,357,983</u>	 <u>655,041</u>	 <u>-0-</u>	 <u>25,460</u>	 <u>12,038,484</u>
 Total capital assets being depreciated, net	 <u>8,416,745</u>	 <u>1,196,348</u>	 <u>-0-</u>	 <u>-0-</u>	 <u>9,613,093</u>
 Business-type activities capital assets, net	 <u>\$ 11,362,957</u>	 <u>\$ 1,660,105</u>	 <u>\$ 1,811,658</u>	 <u>\$ -0-</u>	 <u>\$ 11,211,404</u>

Depreciation

Depreciation expense was charged as direct expense to functional categories of the County as follows:

	<u>09-30-06</u>
Governmental Activities:	
General government	\$ 44,149
Judicial and legal	633,996
Financial administration	86,028
Elections	11,922
Public facilities	146,826
Public safety	443,919
Corrections	1,113,317
Public transportation	6,476,571
Health and welfare	148,588
Culture and recreation	181,426
Conservation	6,080
Environmental protection	<u>4,072</u>
 Business-type Activities:	 <u>\$ 9,296,894</u>
Airport	 <u>\$ 655,041</u>

**BRAZORIA COUNTY, TEXAS**

Notes to the Financial Statements

For The Year Ended September 30, 2006

**NOTE 5 - CAPITAL ASSETS - Continued**

Function and Activity

	<u>Balance</u> 10-01-05	<u>Additions</u>	<u>Retirements</u>	<u>Transfers and</u> <u>Adjustments</u>	<u>Balance</u> 09-30-06
<b>Governmental Activities:</b>					
Function and Activity:					
General government	\$ 2,495,815	\$ 243,882	\$	\$( 246,800)	\$ 2,492,897
Judicial and legal	3,417,203	1,133,222		( 1,127,433)	3,422,992
Financial administration	1,347,009	22,743		( 1,021)	1,368,731
Elections	37,618	119,215			156,833
Public facilities	4,720,487	322,688		1,303,161	6,346,336
Public safety	4,645,652	1,183,340	40,505	19,945	5,808,432
Corrections	32,976,854	114,553		( 16,297)	33,075,110
Public transportation	149,653,900	19,974,282	255,768	( 36,242)	169,336,172
Health and welfare	2,915,779	281,968		( 10,408)	3,187,339
Culture and recreation	3,429,055	1,505,078		72,724	5,006,857
Conservation	186,734			16,911	203,645
Environmental protection	20,362				20,362
	<u>205,846,468</u>	<u>24,900,971</u>	<u>296,273</u>	<u>( 25,460)</u>	<u>230,425,706</u>
<b>Non-Functional:</b>					
Construction in progress	<u>2,258,795</u>	<u>1,897,639</u>	<u>2,242,070</u>		<u>1,914,364</u>
<b>Total governmental activities</b>	<u>\$ 208,105,263</u>	<u>\$ 26,798,610</u>	<u>\$ 2,538,343</u>	<u>\$( 25,460)</u>	<u>\$ 232,340,070</u>
<b>Business-type Activities:</b>					
Function and Activity:					
Airport	<u>\$ 22,720,940</u>	<u>\$ 503,488</u>	<u>\$</u>	<u>\$ 25,460</u>	<u>\$ 23,249,888</u>
	<u>Land</u>	<u>Land</u> <u>Improvements</u>	<u>Buildings</u> <u>and</u> <u>Improvements</u>	<u>Furniture,</u> <u>Equipment</u> <u>and</u> <u>Vehicles</u>	<u>Infrastructure/</u> <u>Runways,</u> <u>Taxiways</u> <u>and Aprons</u>
<b>Governmental Activities:</b>					
Function and Activity:					
General government	\$ 1,534,845	\$ 248,513	\$ 519,909	\$ 368,002	\$
Judicial and legal	232,206	125,000	1,444,427	2,701,867	
Financial administration	26,875		57,497	1,284,359	
Elections				156,833	
Public facilities	1,377,281	6,164	3,062,448	631,712	
Public safety	10,963	9,092	175,843	4,097,460	1,515,074
Corrections	173,170	7,800	30,819,140	2,069,161	
Public transportation	724,902	67,400	621,264	20,713,554	147,224,747
Health and welfare	1,604,732		388,715	1,193,890	
Culture and recreation	1,250,155	701,009	1,429,844	1,270,303	355,543
Conservation	8,935		177,799	16,911	
Environmental protection				20,362	
<b>Total governmental activities</b>	<u>\$ 6,944,064</u>	<u>\$ 1,164,978</u>	<u>\$ 38,696,886</u>	<u>\$ 34,524,414</u>	<u>\$ 149,095,364</u>

**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
 For The Year Ended September 30, 2006

**NOTE 5 - CAPITAL ASSETS - Continued**

Function and Activity - continued

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings and Improvements</u>	<u>Furniture, Equipment and Vehicles</u>	<u>Infrastructure/ Runways, Taxiways and Aprons</u>
Business-type Activities: Function and Activity: Airport	\$ <u>1,558,686</u>	\$ _____	\$ <u>5,933,946</u>	\$ <u>793,051</u>	\$ <u>14,924,580</u>

Construction Commitments

September 30, 2006:	<u>Projects Authorized</u>	<u>Expended To Date</u>	<u>Commitment</u>	<u>Requiring Further Financing</u>
Governmental Activities:				
Integrated Judicial Software	\$ 3,759,840	\$ 3,724,224	\$ 35,616	\$ _____
Pearland JP Building	482,000	10,931	471,069	_____
Mobility Plan	75,000	56,958	18,042	_____
CR 101 - Bailey Oiler Road	428,100	_____	428,100	_____
SH 36 - Brazoria Bypass	41,000	3,150	37,850	_____
CR 220	719,289	519,423	199,866	_____
CR 48	344,540	84,000	260,540	_____
CR 403 - Hughes Ranch Road	792,844	_____	792,844	_____
CR 58	<u>162,810</u>	<u>47,250</u>	<u>115,560</u>	_____
Total governmental activities	\$ <u>6,805,423</u>	\$ <u>4,445,936</u>	\$ <u>2,359,487</u>	\$ <u>-0-</u>
Business-type Activities:				
TXDOT Hanger (0512ANGLE)	\$ <u>192,338</u>	\$ <u>7,727</u>	\$ <u>184,611</u>	\$ _____
Total business-type activities	\$ <u>192,338</u>	\$ <u>7,727</u>	\$ <u>184,611</u>	\$ <u>-0-</u>

**NOTE 6 - DISAGGREGATION OF ACCOUNTS AND ACCRUED LIABILITIES PAYABLE**

Accounts and accrued liabilities payable as of September 30, 2006, for the government's individual governmental major and nonmajor funds, proprietary major fund, internal service funds, and fiduciary funds in the aggregate are as follows:

	<u>Governmental Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>Road &amp; Bridge Fund</u>	<u>Other Governmental Funds</u>	
Accounts and Accrued Liabilities Payable:				
Vendors	\$ 6,327,417	\$ 136,238	\$ 784,519	\$ 7,248,174
Other governments	787,588	_____	10,598	798,186
Accrued compensation	1,274,774	223,085	112,187	1,610,046
Accrued benefits	231,773	40,850	20,314	292,937
Other accrued liabilities	<u>59,476</u>	_____	_____	<u>59,476</u>
Totals	\$ <u>8,681,028</u>	\$ <u>400,173</u>	\$ <u>927,618</u>	\$ <u>10,008,819</u>



**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
 For The Year Ended September 30, 2006

**NOTE 6 - DISAGGREGATION OF ACCOUNTS AND ACCRUED LIABILITIES PAYABLE - Continued**

	<u>Proprietary Funds</u>			<u>Fiduciary Funds</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Total</u>	
Accounts and Accrued Liabilities Payable:				
Vendors	\$ 43,122	\$ 787,894	\$ 831,016	\$ 72,422
Other governments	20		20	
Accrued compensation	12,893		12,893	97,946
Accrued benefits	2,279		2,279	747,646
Estimated claims payable		<u>935,080</u>	<u>935,080</u>	
<b>Totals</b>	<b><u>\$ 58,314</u></b>	<b><u>\$ 1,722,974</u></b>	<b><u>\$ 1,781,288</u></b>	<b><u>\$ 918,014</u></b>

**NOTE 7 - LONG-TERM DEBT**

General Obligation Debt

General obligation and certificates of obligations payable at September 30, 2006, are summarized as follows:

	<u>Interest Rate %</u>	<u>Series Dates</u>			<u>Bonds Outstanding 09-30-06</u>
		<u>Issued</u>	<u>Maturity</u>	<u>Callable</u>	
General Obligation:					
Refunding Bonds, Series 1998	3.80 - 5.50	1998	2013		\$ 17,220,000
Certificate of Obligations:					
Combination Tax and Revenue Certificates of Obligation Series 2003	3.80 - 5.50	2003	2018	2013	9,275,000
Combination Tax and Revenue Certificates of Obligation Series 2006	4.20 - 5.00	2006	2026	2017	<u>13,880,000</u>
<b>Total</b>					<b><u>\$ 40,375,000</u></b>

General obligation and certificates of obligation bond transactions for the year ended September 30, 2006 were as follows:

Bonds outstanding, October 1, 2005	\$ 29,200,000
Issued	13,880,000
Maturities	<u>( 2,705,000)</u>
<b>Bonds outstanding, September 30, 2006</b>	<b><u>\$ 40,375,000</u></b>

**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
 For The Year Ended September 30, 2006

**NOTE 7 - LONG-TERM DEBT - Continued**

General Obligation Debt - continued

The bond ordinances require that a tax be levied sufficient to pay current interest and create a sinking fund of not less than the amount to pay current principal and interest. For the year ended September 30, 2006, the amount of ad valorem taxes collected for interest and sinking were \$ 4,898,819, while the debt service requirements for principal and interest was \$ 4,250,269. The bond resolutions provide no express remedies in the event of default and make no provision for acceleration of maturity of the bonds.

The following is a summary of general obligation bond requirements by year as of September 30, 2006:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirement</u>
2007	\$ 2,805,000	\$ 1,926,357	\$ 4,731,357
2008	3,315,000	1,652,063	4,967,063
2009	3,540,000	1,501,212	5,041,212
2010	3,705,000	1,350,025	5,055,025
2011	3,820,000	1,186,779	5,006,779
2012-2016	12,580,000	3,537,944	16,117,944
2017-2021	5,735,000	1,671,562	7,406,562
2022-2026	<u>4,875,000</u>	<u>612,275</u>	<u>5,487,275</u>
	<u>\$ 40,375,000</u>	<u>\$ 13,438,217</u>	<u>\$ 53,813,217</u>

On May 6, 1998 the County sold \$ 24,185,000 of General Obligation Refunding Bonds, Series 1998. The net proceeds of \$ 23,568,899 along with \$ 850,199 from the general fund, a total of \$ 24,419,098, were placed in escrow for the defeasement of \$ 22,860,000 in Certificate of Obligation, Series 1993 bonds (Sheriff and Detention Center). These refunding bonds (Series 1998) were issued for the purpose of generating resources and decreasing the total debt service payments. This refunding issue defeased a portion of the outstanding certificates of obligation bonds from the original issue of 1993. All future debt service payments on the original bonds were provided for by placing the proceeds of the refunding bonds in an irrevocable trust. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's basic financial statements.

The difference between the cash flow required to service the old debt and that required to service the new debt and complete the refunding was a decrease of \$ 1,177,529. The economic gain resulting from the transaction was \$ 858,221. The balance of the escrow account and the liability for the defeased bonds as of September 30, 2006, was \$ 17,705,463 and \$ 17,060,000, respectively.

On November 2, 2004, the voters of Brazoria County approved the issuance of Brazoria County general obligation bonds for roads and bridges in the amount of \$ 50,000,000. This issue was approved for the purpose of construction and improvement of transportation projects within Brazoria County, including State highways, county roads, bridges and related drainage, and specifically the construction and improvement of roads, bridges and related drainage that constitute connecting links and integral parts of County roads and State highways located both within Brazoria County and also within the corporate limits of Brazoria County cities. As of the date of this report, no specific date(s) have been established for the sale of these bonds.

**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
 For The Year Ended September 30, 2006

**NOTE 7 - LONG-TERM DEBT - Continued**

Proprietary Debt

Certificates of obligations payable at September 30, 2006 are summarized as follows:

	Interest Rate %	Series Dates			Bonds Outstanding 09-30-06
		Issued	Maturity	Callable	
Certificates of Obligations:					
Airport Improvement Series 1999A	5.75	1999	2009		\$ 210,000
Airport Improvement Series 1999B	6.00 - 7.75	1999	2009		<u>45,000</u>
Total					<u>\$ 255,000</u>

Certificate of obligation transactions for the year ended September 30, 2006 were as follows:

Bonds outstanding, October 1, 2005	\$ 335,000
Maturities	<u>( 80,000)</u>
Bonds outstanding, September 30, 2006	<u>\$ 255,000</u>

On October 7, 1999 the County sold \$ 720,000 of Certificated of Obligation (\$ 595,000 Series 1999A and \$ 125,000 Series 1999B). These funds are to be utilized for airport construction and improvement. The intent of the County is that the Enterprise Fund (Airport) pay the principal, interest and fees associated with these issuances.

The following is a summary of certificate of obligation bond requirements by year as of September 30, 2006:

Year Ending September 30,	Principal	Interest	Total Requirement
2007	\$ 80,000	\$ 15,488	\$ 95,488
2008	85,000	10,640	95,640
2009	<u>90,000</u>	<u>5,475</u>	<u>95,475</u>
	<u>\$ 255,000</u>	<u>\$ 31,603</u>	<u>\$ 286,603</u>

**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
For The Year Ended September 30, 2006

**NOTE 7 - LONG-TERM DEBT - Continued**

Changes in Outstanding Debt

Transactions for the year ended September 30, 2006 are summarized as follows:

	<u>Balance 10-01-05</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance 09-30-06</u>	<u>Due Within One Year</u>
<b>Governmental Type Activities:</b>					
Certificates of obligation bonds	\$ 9,905,000	\$ 13,880,000	\$ 630,000	\$ 23,155,000	\$ 645,000
General obligation bonds	19,295,000		2,075,000	17,220,000	2,160,000
Capital leases	270,208		270,208	-0-	
Component of Bonded Debt:					
Premium on bonds	-0-	117,050	1,957	115,093	5,903
Accrued interest	114,937	300,567	114,937	300,567	300,567
Compensated absences	<u>2,146,883</u>	<u>1,899,007</u>	<u>1,986,191</u>	<u>2,059,699</u>	<u>1,894,923</u>
<b>Total governmental activities</b>	<u>31,732,028</u>	<u>16,196,624</u>	<u>5,078,293</u>	<u>42,850,359</u>	<u>5,006,393</u>
<b>Business-Type Activities:</b>					
Certificate of obligation bonds	335,000		80,000	255,000	80,000
Component of Bonded Debt:					
Accrued interest	1,669	1,273	1,669	1,273	1,273
Compensated absences	<u>15,935</u>	<u>14,095</u>	<u>13,179</u>	<u>16,851</u>	<u>15,503</u>
<b>Total business-type activities</b>	352,604	15,368	94,848	273,124	96,776
<b>Less Portion Payable from Restricted Assets:</b>					
Accrued interest payable	<u>1,669</u>	<u>1,273</u>	<u>1,669</u>	<u>1,273</u>	<u>1,273</u>
<b>Net business-type activities</b>	<u>350,935</u>	<u>14,095</u>	<u>93,179</u>	<u>271,851</u>	<u>95,503</u>
<b>Total government (net)</b>	<u>\$ 32,082,963</u>	<u>\$ 16,210,719</u>	<u>\$ 5,171,472</u>	<u>\$ 43,122,210</u>	<u>\$ 5,101,896</u>

**NOTE 8 - LEASING OPERATIONS**

Operating Leases - Lessor

The County is involved in various operating leases as lessor. These leases are for properties such as airport facilities and other facilities. Some of the airport facilities are leased for periods through 2022. Other facilities and coffee shop are leased on either a month-to-month or year-to-year arrangement. The County has not determined the cost of these facilities as of September 30, 2006.

Governmental Funds (General Fund):

Minimum future rentals to be received on noncancelable leases, as of September 30, 2006, for each of the next five years and in the aggregate are as follows:

<u>Year Ended September 30,</u>	<u>2006</u>
2007	<u>\$ 2,200</u>

**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
 For The Year Ended September 30, 2006

**NOTE 8 - LEASING OPERATIONS - Continued**

Operating Leases - Lessor - continued

Gross rental income for operating leases, including month-to-month, for the year ended September 30, 2006 was \$ 5,740.

Proprietary Funds (Enterprise Fund - Airport):

Minimum future rentals to be received on noncancelable leases, as of September 30, 2006, for each of the next five years and in the aggregate are:

<u>Year Ended September 30,</u>	<u>2006</u>
2007	\$ 65,362
2008	64,361
2009	65,562
2010	66,761
2011	46,962
2012-2016	74,148
2017-2021	15,375
2022	<u>3,075</u>
	<u>\$ 401,606</u>

Gross rental income for operating leases, including month-to-month for the year ended September 30, 2006 was as follows:

	<u>2006</u>
Building rental	\$ 209,284
Hangar rental	69,789
Ground rental	32,462
Other rental	<u>1,200</u>
	<u>\$ 312,735</u>

Operating Leases - Lessee

The County is involved in various operating leases as lessee. These leases are for properties such as buildings, copiers, ground, equipment and other facilities. Most are on month-to-month or year-to-year, however one ground lease expires in 2016.

Governmental Funds (General Fund):

Minimum future rentals to be paid on noncancelable leases, as of September 30, 2006, for each of the next five years and in the aggregate are as follows:

**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
 For The Year Ended September 30, 2006

**NOTE 8 - LEASING OPERATIONS - Continued**

Operating Leases - Lessee - continued

<u>Year Ended September 30,</u>	<u>2006</u>
2007	\$ 53,249
2008	20,031
2009	10,672
2010	10,672
2011	10,672
2012-2016	<u>49,804</u>
	<u>\$ 155,100</u>

Gross rental expenditures for operating leases, including month-to-month for the year ended September 30, 2006 was as follows:

	<u>2006</u>
Building rental	\$ 90,491
Copier rental	181,932
Ground rental	22,636
Equipment rental	50,322
Other rental	<u>3,162</u>
	<u>\$ 348,543</u>

Proprietary Funds (Enterprise Fund - Airport):

All operating leases within the Enterprise Fund (Airport) are month-to-month. Gross rental expenses for copier operating lease for the year ended September 30, 2006 was \$ 2,347.

Capital Leases

The County is the lessee of heavy equipment under one capital lease which expired in 2006. The asset under capital lease is recorded as governmental activities capital assets at the lower of the present value of the minimum lease payments or the market value of the assets. At September 30, 2006, the cost of these leased assets was \$ 508,975 and accumulated depreciation was \$ 356,282. During the year ended September 30, 2006, \$ 11,448 of capital lease interest was reported.

Capital lease transactions for the year ended September 30, 2006 was as follows:

	<u>2006</u>
Balance, October 1,	\$ 270,208
Maturities	<u>( 270,208 )</u>
Balance, September 30,	<u>\$ -0-</u>

## **BRAZORIA COUNTY, TEXAS**

### *Notes to the Financial Statements*

For The Year Ended September 30, 2006

#### **NOTE 9 - PENSION PLAN**

##### Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 575 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 governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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 by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

##### Funding Policy

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of the employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 9.47% for the months of the accounting year in 2005, and 9.23% for the months of the accounting year in 2006.

The contribution rate payable by the employee members for calendar years 2006 and 2005 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

##### Annual Pension Cost

For the employer's accounting years ending September 30, 2006 and 2005, the annual pension cost for the TCDRS plan for its employees was \$ 7,196,882 and \$ 6,876,278, and the actual contributions were \$ 7,196,882 and \$ 6,876,278, respectively.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2004 and December 31, 2005, the basis for determining the contribution rates for calendar years 2005 and 2006. The December 31, 2005 actuarial valuation is the most recent valuation.

**BRAZORIA COUNTY, TEXAS**

Notes to the Financial Statements

For The Year Ended September 30, 2006

**NOTE 9 - PENSION PLAN - Continued**

Annual Pension Cost - continued

Actuarial Valuation Information

Actuarial valuation date	12/31/03	12/31/04	12/31/05
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, open	level percentage of payroll, open	level percentage of payroll, open
Amortization period in years	20	20	20
Asset valuation method	Long-term appreciation with adjustment	Long-term appreciation with adjustment	Long-term appreciation with adjustment
	<u>12/31/03</u>	<u>12/31/04</u>	<u>12/31/05</u>
Actuarial Assumptions:			
Investment return <sup>1</sup>	8.0%	8.0%	8.0%
Projected salary increases <sup>1</sup>	5.5%	5.5%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

<sup>1</sup>Includes inflation at the stated rate

Trend Information

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/03	\$ 6,594,211	100.00%	\$ -0-
9/30/04	6,876,278	100.00%	-0-
9/30/05	7,196,882	100.00%	-0-

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll<sup>1</sup> (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/03	\$ 90,258,811	\$ 104,390,169	\$ 14,131,356	86.46%	\$ 38,832,694	36.39%
12/31/04	97,672,129	112,364,283	14,692,154	86.92%	41,965,608	35.01%
12/31/05	105,996,023	120,300,963	14,304,940	88.11%	42,742,921	33.47%

<sup>1</sup>The annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.



**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
 For The Year Ended September 30, 2006

**NOTE 10 - DEFERRED COMPENSATION AND POST-RETIREMENT LIFE INSURANCE BENEFITS**

The County provides participating eligible employees the alternate plans of disability, survivorship and deferred compensation created in accordance with Internal Revenue Code Section 457. The Plans are administered by First Financial Benefits, Inc. (FFB). The plans are funded through tax-deferred employee contributions of 6.7% of eligible gross annual compensation. The County contributes an additional 6.7% of the total eligible gross annual compensation of all participating employees. The employee contribution is deposited into the employee's retirement annuity account. The County contribution is applied to disability and survivorship benefit premiums with the remaining amounts contributed to the employee's retirement annuity.

The County funds all amounts of compensation deferred under the plan through investment in a fixed rate group annuity contract underwritten by American United Life Insurance Company. Investments in these funds are reported at market value. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Transactions within the annuity for the year are summarized below:

Balance - October 1, 2005	\$ 32,687,737
Contributions and earnings	6,255,929
Withdrawals, premiums, and benefits	<u>( 3,229,955)</u>
Balance - September 30, 2006	<u>\$ 35,713,711</u>

Participants may make additional contributions to their Deferred Compensation Retirement Plan Account. These contributions will be in addition to the employees 6.7% contribution and the County's matching contribution.

The alternate plan also provides plan participants with long-term disability benefits through Pilot Life Insurance Company. The policy generally provides the totally disabled insured with benefits of 60 percent of base pay up to a maximum benefit of \$ 1,500 per month.

A Group Term Life Insurance Policy is in effect which covers all participating employees. Benefits are a multiple of annual salary with maximum benefit of \$ 150,000. The plan also provides for Post Retirement Death Benefits for active full time employees enrolled prior to age 56 who work 40 hours per week and retire at or after age 65 with reduced benefits for eligible participating employees who retire prior to age 65. Premiums are provided for the benefit through a portion of the County's contribution to the alternate plan. The funds are invested in an annuity with Standard Life Insurance Company referred to as the Retired Lives Reserve (RLR). Funds required for benefits payable under this plan are drawn from the annuity as needed.

A Group Annuity Contract to reimburse TCDRS eligible employees for amounts paid for health insurance benefits became effective on October 1, 1990. The plan provides \$ 250 per month until age 65 and then \$125 per month towards the cost of health insurance premiums.

**BRAZORIA COUNTY, TEXAS***Notes to the Financial Statements*

For The Year Ended September 30, 2006

**NOTE 10 - DEFERRED COMPENSATION AND POST-RETIREMENT LIFE INSURANCE BENEFITS - Continued**

Transactions within the annuities for the year are summarized below:

	<u>Retired Lives Reserve</u>	<u>Retiree Medical Plan</u>
Balance - October 1, 2005	\$ 6,923,801	\$ 6,718,488
Contributions and earnings	763,570	934,745
Withdrawals, premiums, benefits	( 613,463)	( 403,071)
Balance - September 30, 2006	<u>\$ 7,073,908</u>	<u>\$ 7,250,162</u>

Two additional deferred compensation plans are available to employees. The two plans are Public Employees Benefits Service Corporation (PEBSCO) and Lincoln National. The County does not participate and match benefits in these two plans. Transactions for these two plans are summarized below:

	<u>PEBSCO</u>	<u>Lincoln</u>
Balance - October 1, 2005	\$ 1,781,211	\$ 478,539
Contribution and earnings	211,401	64,673
Withdrawals, premiums, benefits, and losses	( 114,945)	( 28,207)
Balance - September 30, 2006	<u>\$ 1,877,667</u>	<u>\$ 515,005</u>

The County has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

**NOTE 11 - SELF INSURANCE**Health Insurance

The County implemented a limited self-insured health care benefit and life AD&D coverage plan that became effective August 1, 1989. The plan was established to provide for the payment or reimbursement of all or a portion of eligible medical, dental and prescription drug expenses incurred by eligible participants and eligible dependents of such participants. The County is the named fiduciary and plan administrator and has the authority to control and manage the operation and administration of the plan. The County has the authority to amend the plan, to determine its policies, to appoint and remove plan supervisors and exercise general administrative authority over them.

The County, under the direction of the plan supervisor, Third Party Administrators, shall evaluate the cost of the plan and determine the amount to be contributed to the plan. The current contribution to the plan by the County was \$ 526 per eligible employee per month for the period October 1, 2005 through September 30, 2006. The contributions, or interfund premiums paid into the Group Health Insurance Fund (Internal Service Fund) are available to pay claims and administrative costs of the plan with a portion of the premiums set aside as reserves for anticipated claims. The total contribution to the plan for the fiscal year ended September 30, 2006 was \$ 8,525,528. The plan provides limited medical care benefits to the eligible participants up to \$ 1,000,000 lifetime maximum benefit. The plan has in place an excess loss

**BRAZORIA COUNTY, TEXAS**

Notes to the Financial Statements

For The Year Ended September 30, 2006

**NOTE 11 - SELF INSURANCE - Continued**

Health Insurance - continued

insurance policy through the Standard Security Life Insurance Company of New York which covers claims in excess of \$ 125,000 per participant in any calendar year, with an annual aggregate attachment point of \$ 11,358,036 and a maximum aggregate benefit of \$ 1,000,000 per coverage period. Estimated claims payable at September 30, 2006 was \$ 535,080.

The following is a reconciliation of changes in the aggregate liabilities for claims for the years ended September 30, 2006 and 2005.

	<u>2006</u>	<u>2005</u>
Claims payable - October 1,		
Incurred claims	\$ 691,692	\$ 892,174
Payment of claims	7,764,930	6,630,251
	<u>( 7,135,468 )</u>	<u>( 6,830,733 )</u>
Claims payable - September 30,	<u>\$ 1,321,154</u>	<u>\$ 691,692</u>
Claims payable:		
Actual	\$ 786,074	\$ 227,447
Estimated	<u>535,080</u>	<u>464,245</u>
Total claims payable	<u>\$ 1,321,154</u>	<u>\$ 691,692</u>

Insurance Reserve

Brazoria County established a self-insurance reserve within the General Fund in 1979. This reserve was established to provide coverage for general liability and automobile risks including settlements, claims and costs in defense of torts, civil rights, contractual suits, environmental protection and defense of County employees not covered by or in excess of commercial insurance limits. In the fiscal year ended September 30, 1989, the Commissioners' Court transferred the balance of \$ 789,486 into a self-insurance internal service fund. This was done to facilitate control where all costs and claims can be charged to the fund from which the related liability arose. The repayment of these claims and expenses is reported as expenditures/expenses in the respective funds. The self-insurance fund reports the receipt of the interfund repayment as an operating revenue with all legal costs and claims reported as an operating expense. Estimated claims payable at September 30, 2006 was \$ 400,000.

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains commercial coverage for these risks and self-insures amounts in excess of insurance coverage. There have been no significant changes in insurance coverage and settlements (related to self insurance). For the years ended September 30, 2006, 2005, and 2004 claims and settlements in excess of insurance coverage amounted to \$ 152,070, \$ 246,998, and \$ 87,442, respectively.

**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
 For The Year Ended September 30, 2006

**NOTE 11 - SELF INSURANCE - Continued**

Insurance Reserve - continued

The following is a reconciliation of changes in the aggregate liabilities for claims for the years ended September 30, 2006 and 2005 for both actual and estimated liabilities:

	<u>2006</u>	<u>2005</u>
Claims payable - October 1,		
Incurred claims	\$ 400,009	\$ 351,000
Payment of claims	152,070	246,998
	<u>( 150,259)</u>	<u>( 197,989)</u>
Claims payable - September 30,	<u>\$ 401,820</u>	<u>\$ 400,009</u>
Claims payable:		
Actual	\$ 1,820	\$ 9
Estimated	<u>400,000</u>	<u>400,000</u>
Total claims payable	<u>\$ 401,820</u>	<u>\$ 400,009</u>

**NOTE 12 - CONTINGENCIES**

The County is contingently liable in respect to lawsuits and other claims in the ordinary course of its operations. The potential settlement (if any) of such contingencies under the budgetary process would require appropriation of revenues yet to be realized and in the opinion of the County management would not materially affect the financial position of the County at September 30, 2006.

**NOTE 13 - DEFICIT FUND BALANCES AND NET ASSETS**

As of September 30, 2006, various funds of the County had deficit fund balances or net assets as itemized below:

	<u>2006</u>
Fund Balances:	
Special Revenue Funds:	
Norris Road Assessment	\$ 41,280
Brazoria County Toll Road Authority	1,534
Capital Projects Funds:	
Parks CIAP Grant	7,159
Mobility Plan	710,781
Net Assets:	
Internal Service Fund:	
Self Insurance Health	314,152

Deficit balances will either be offset by future revenues or reimbursed by the General Fund.

## **BRAZORIA COUNTY, TEXAS**

### *Notes to the Financial Statements*

For The Year Ended September 30, 2006

#### **NOTE 14 - GRANTS, ENTITLEMENTS AND SHARED REVENUES**

During the year ended September 30, 2006, the County applied for and received federal and state grants related to various activities. The operations of these grants are reported in the general fund, various special revenue funds, capital projects fund, and the enterprise fund. For the most part, these grants are reimbursement type grants, therefore, revenues equal expenditures. Grant revenues are classified as intergovernmental revenues. The federal grants are covered by the requirements of the Single Audit Act and OMB Circular A-133. The state grants are covered by the State of Texas Single Audit Circular.

#### **NOTE 15 - RESTRICTED ASSETS**

Restricted assets, in the amount of \$18,835, as of September 30, 2006, reported in the enterprise fund represent residual balances of funds received during the year ended September 30, 1994 under the 1994 Airport Improvement Program (AIP) grant. These funds may be used for the following purposes listed in order of priority:

1. Eligible items of airport development set forth in the current Airport Grant program and reflected in the County's Airport Capital Improvement program (CIP).
2. Any aeronautical items of airport development not eligible under an AIP grant.
3. Development of common use facilities, utilities, and other improvements on dedicated revenue production property that clearly enhances the revenue production capabilities of the property.

All of the above improvements must be accomplished in accordance with FAA design criteria or such State standards that have been approved by FAA. Basically, the funds may not be used for an improvement or investment, which does not benefit the airport or civil aviation.

Restricted assets, in the amount of \$ 57,936 as of September 30, 2006, reported in the enterprise fund represents cash held in the Certificate of Obligation - Series 1999A and 1999B interest and sinking account and related capital construction account.

Liabilities as of September 30, 2006, in the amounts of \$ 1,273 are payable from restricted assets resulting in restricted net assets within the enterprise fund in the amount of \$ 75,498 at September 30, 2006.

#### **NOTE 16 - BAIL BOND COLLATERAL**

The County holds, as collateral, time deposits and other cash equivalents and real property pledged toward bail bonds. The County does not have access to the assets unless the bond is violated; therefore, these assets are not reported in the financial statements of the County as of September 30, 2006. As of September 30, 2006, bail bonds outstanding totaled \$ 47,717,314 and collateral pledged against these bonds amounted to \$ 4,771,731 (10 percent of bonds outstanding), respectively.

#### **NOTE 17 - LITIGATION**

The County is involved in the following legal actions, and is represented by legal counsel. The stated probable outcome and the possible effect are the opinion of legal counsel based upon conditions existing as of February 15, 2007.

## **BRAZORIA COUNTY, TEXAS**

*Notes to the Financial Statements*

For The Year Ended September 30, 2006

### **NOTE 17 - LITIGATION - Continued**

Cause No. 23148\*BH03 styled *Shannon Dunnigan Individually, A/N/F, et al v. Brazoria County*. Plaintiff claims personal injuries (allergic or physical reactions to mosquito spray) allegedly caused by County's mosquito spray truck on May 24, 2002. Plaintiff alleges truck driver was negligent in his spraying or failed to keep proper lookout for children on bikes. County contests liability. Some liability is possible. Maximum allowable recovery under TCA is \$ 200,000.

Cause No. 36907 styled *Colquitt v. Brazoria County*. Plaintiff's vehicle was struck in rear by Sheriff Office vehicle. Plaintiff claims personal injuries (back, neck) and \$ 10,000 in property damage. County contests amount of damages. Liability is probable. Estimated potential loss of \$ 20,000 with maximum allowable recovery under TCA of \$ 100,000.

Claim No. C50385 styled *Garcia Claim*. Claimant claims slip and fall on County premises and back and neck injuries. County contests liability. Liability is unlikely. Maximum allowable recovery under TCA is \$ 100,000.

Claim No. C50515 styled *Jaramillo Claim*. Precinct No. 3 dump truck turned onto road and was hit by another vehicle that had the right of way. Claim letter received, claimant claims personal injuries. Liability is likely. Maximum allowable recovery under TCA is \$ 100,000.

Claim No. C50514 styled *Malone Claim*. Swing at County Park broke, hitting claimant on head. Claimant claims personal injury and notice letter received. Liability is unlikely due to immunity/limitations of the Recreational Use Statute.

Claim No. C60035 styled *Burris Claim*. Sheriff's Office vehicle hit rear-end on vehicle at a stoplight causing total loss of vehicle. Sheriff Office driver was looking down at monitor. Vehicle owner at stoplight has asserted claim on vehicle loss – claims \$ 15,000 in damages for customized vehicle. Liability is highly likely.

Claim No. C60233 styled *Lewis Claim*. County vehicle hit claimant's vehicle in rear-end. Claimant has asserted personal injury claim and property damage. Liability is highly likely, maximum possible TCA liability is \$ 100,000.

Claim No. C60275 styled *Cox Claim*. Sheriff's Office vehicle hit side, right rear of claimant's vehicle. Claimant claims back, neck, shoulder soft tissue injuries and \$ 10,000 in property damages. County contests amount of damages. Liability is probable, estimated potential of \$ 20,000 in damages, maximum possible TCA liability is \$ 100,000.

Claim No. C60324 styled *Liposchak Claim*. EEOC Claim. Former employee terminated from Section 8 Housing Department claims race and national origin discrimination. County contests liability. Liability is unlikely. Potential loss, if any, cannot be fully assessed at this time.

Claim No. C60403 styled *Struther Claim*. Terminated former employee (Pct. 3) who was claiming worker's compensation benefits has stated plans to claim wrongful termination (alleged retaliation for claiming worker's compensation). County contests liability. Liability is unlikely. Potential loss, if any, cannot be fully assessed at this time.

Actual payables at September 30, 2006 were \$ -0-. In addition, the County has recorded a contingent estimated liability of \$ 400,000 in the Self Insurance Liability Fund (Internal Service Fund) at September 30, 2006.

## **BRAZORIA COUNTY, TEXAS**

### *Notes to the Financial Statements*

For The Year Ended September 30, 2006

#### **NOTE 18 - PEARLAND-MANVEL LANDFILL**

The Pearland-Manvel Landfill site is a five-acre tract deeded from Brazoria County to the City of Pearland for use as a landfill during the 1950's and 60's. Upon completion of its use as a landfill the tract reverted to Brazoria County pursuant to the original instrument of conveyance. In the mid 1980's the Texas Department of Health reviewed the site, which was also the subject of some litigation because of the presence of some radioactive materials. These materials apparently were placed on the property by third parties illegally. No action was taken at that time against Brazoria County. In 2001, the then Texas Natural Resources Conservation Commission (TCEQ) reopened its review of the site and mandated further investigation and remediation if appropriate. Brazoria County and the City of Pearland agreed to split evenly the costs of such investigation and remediation because of the fact that both entities at one time had dominion over the property. A phase one study has been presented to the Texas Commission on Environmental Quality. The scope of work in compliance with the findings of the phase one study has also been submitted to the Commission. They responded with another comment letter on November 17, 2004 to which the County responded with a letter to the Commission dated December 30, 2004, agreeing to the installation of a fourth additional groundwater monitoring well. The County's legal and technical representatives met with the Commission on April 20, 2005 and agreed to relocate the three wells. Another comment letter dated October 11, 2005 was received from the Commission after that meeting, and the County's environmental consultants responded by letter on December 14, 2005 and proceeded to install the new monitoring wells in December 2005. Additional sampling was conducted in March 2006, and the new wells were found to not have contamination above applicable TCEQ standards. Results of the latest sampling were reported to TCEQ on October 31, 2006, but no response has been received. At this time the County proposes to leave all existing solid waste and radioactive material deposited at the landfill (as opposed to excavating and removing the same) coupled with a restriction of access and prohibition against future residential use of the site. Periodic future testing and financial assurance may also be necessary. Currently, the Commission has not yet responded to the last submission by the County and investigative activities are continuing.

Environmental consultants have been paid \$ 273,186 for their work to date. Half of that expense has been shared by the City of Pearland. The consultant's estimate that the costs for additional work suggested by the Commission would total an additional \$ 20,383. Further, Brazoria County has retained outside assistance in the environmental legal aspects of this matter. To date the County has spent \$ 55,457 in such legal expenses. An additional \$ 14,093 has been authorized for further legal services.

At September 30, 2006, the County has recorded an accrued liability in the amount of \$ 59,476, which includes its portion of estimated costs as well as \$ 25,000 for estimated ongoing costs of monitoring.

#### **NOTE 19 - PRIOR PERIOD ADJUSTMENTS**

During the year ended September 30, 2006 the County determined that sales tax receivable in the General Fund, for the years ended September 30, 2005 and 2004, was understated in the amount of \$ 1,113,018 and \$ 1,157,248, respectively. The County has been accruing sales tax receivable based on amounts collected in October deemed by the state to be the September payment. In actuality, sales tax receivable received from the state for September are for August collections, therefore accruals were understated by one month. This adjustment resulted in an increase of General (Fund) fund balance and Governmental Activities net assets, as noted above. This also resulted in a decrease in General Fund sales tax revenue and net change in fund balance, and Governmental Activities general revenue and change in net assets for the year ended September 30, 2005, in the amount of \$ 44,230.

**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
 For The Year Ended September 30, 2006

**NOTE 19 - PRIOR PERIOD ADJUSTMENTS - Continued**

During the year ended September 30, 2006 the County determined that net judicial receivables (Justice of the Peace, County Clerk, District Clerk and Juvenile Probation) in the General Fund, for the years ended September 30, 2005 and 2004, was understated in the amount of \$ 2,499,890 and \$ 1,916,077, respectively. The County's TSG system has been tracking these receivables, however, the Justice of the Peace amounts were understated because information was based on file dates rather than plea dates. This difference resulted in the understatement of receivables on TSG summary reports. This adjustment resulted in an increase of Governmental Activities net assets, as noted above. This also resulted in an increase in Governmental Activities program revenues (charges for services) and change in net assets for the year ended September 30, 2005, in the amount of \$ 583,813.

During the year ended September 30, 2006 the County determined (based on new information about the purpose of the fund) that the previously reported Special Revenue Fund – Brazoria County Groundwater Conservation District ("BCGCD") should have been reported as an agency fund. This change in reporting resulted in the increase (decrease) of fund balance in Special Revenue Funds, for the years ended September 30, 2005 and 2004, and Governmental Activities net assets in the amount of \$ (97) and \$ 21,679, respectively. This adjustment resulted in a decrease of Special Revenue Fund change in fund balance in the amount of \$ 21,776 (decrease in general administration expenditures of \$ 34,024 and a decrease in other financing sources (transfers in) of \$ 55,800), for the year ended September 30, 2005. This also resulted in a decrease in Governmental Activities expenditures (general administration) and an increase change in net assets for the year ended September 30, 2005, in the amount of \$ 34,024. In addition to the above, the Governmental Activities net assets were increased by \$ 55,800 for loan advances (non-current) made during the year ended September 30, 2005.

These amounts have been restated for the appropriate years as follows:

<u>General Fund</u>	<u>2005</u>	<u>2004</u>
Fund balance, September 30, previously reported	\$ 13,433,609	\$ 11,268,872
Increase in sales tax receivables	<u>1,113,018</u>	<u>1,157,248</u>
Fund balance, September 30, restated	\$ <u>14,546,627</u>	12,426,120
Change in fund balance for the year ended September 30, 2005, previously reported	\$ 2,164,737	
Revenues:		
Taxes:		
Decrease in sales tax revenue	( <u>44,230</u> )	
Change in fund balance for the year ended September 30, 2005, restated	\$ <u>2,120,507</u>	<u>2,120,507</u>
Fund balance, September 30, 2005, restated		\$ <u>14,546,627</u>



**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
 For The Year Ended September 30, 2006

**NOTE 19 - PRIOR PERIOD ADJUSTMENT - Continued**

Special Revenue Fund - Brazoria County  
Groundwater Conservation District

	<u>2005</u>	<u>2004</u>
Fund balance, September 30, previously reported	\$ 97	\$( 21,679)
Transfer of BDGCD from special revenue to agency fund	<u>( 97)</u>	<u>21,679</u>
Fund balance, September 30, restated	<u>\$ -0-</u>	-0-
Change in fund balance for the year ended September 30, 2005, previously reported	\$ 21,776	
Expenditures:		
General Administration:		
Decrease in BCGCD expenditures	34,024	
Other Financial Sources:		
Operating Transfers In:		
Decrease in transfers in	<u>( 55,800)</u>	
Change in fund balance for the year ended September 30, 2005, restated	<u>\$ -0-</u>	
Fund balance, September 30, 2005, restated		<u>\$ -0-</u>

Governmental Activities

	<u>2005</u>	<u>2004</u>
Net assets, September 30, previously reported	\$ 108,620,534	\$ 105,024,656
Increase in sales tax receivables	1,113,018	1,157,248
Increase in net judicial receivables	2,499,890	1,916,077
Loan advances (non-current) to BCGCD	55,800	
Transfer of BCGCD from special revenue to agency fund	<u>( 97)</u>	<u>21,679</u>
Net assets, September 30, restated	<u>\$ 112,289,145</u>	108,119,660
Change in net assets for the year ended September 30, previously reported	\$ 3,595,878	
Program Revenue:		
Charges for Services:		
Increase in Judicial Revenues:		
General administration	\$ 13,873	
Judicial and legal	680,548	
Corrections	<u>( 110,608)</u>	583,813

(continued)

**BRAZORIA COUNTY, TEXAS**  
*Notes to the Financial Statements*  
 For The Year Ended September 30, 2006

**NOTE 19 - PRIOR PERIOD ADJUSTMENT - Continued**

<u>Governmental Activities</u>	<u>2005</u>	<u>2004</u>
General Revenue:		
Sales and Other Taxes:		
Decrease in sales tax revenue	\$( 44,230)	\$
Expenses:		
General Administration:		
Decrease in BCGCD expenditures	<u>34,024</u>	
Change in net assets for the year ended September 30, restated	<u>\$ 4,169,485</u>	<u>4,169,485</u>
Net assets, September 30, 2005, restated		<u>\$ 112,289,145</u>



**REQUIRED SUPPLEMENTARY  
INFORMATION**

**BRAZORIA COUNTY, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND AND MAJOR SPECIAL REVENUE FUND  
(ROAD AND BRIDGE FUND)**

For the Year Ended September 30, 2006

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 56,234,054	\$ 56,234,054	\$ 57,183,808	\$ 949,754
Intergovernmental	627,000	654,823	1,162,921	508,098
Charges for services	4,496,850	4,555,400	6,900,562	2,345,162
Licenses and permits	900,100	900,100	1,050,109	150,009
Fines and forfeitures	2,501,000	2,501,000	2,937,726	436,726
Investment income	450,000	930,000	1,456,044	526,044
Miscellaneous	1,050,000	1,050,000	1,099,401	49,401
<b>Total revenues</b>	<b>66,259,004</b>	<b>66,825,377</b>	<b>71,790,571</b>	<b>4,965,194</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General administration	4,201,839	4,479,722	4,357,779	121,943
Judicial and legal	12,527,756	13,027,902	12,592,692	435,210
Financial administration	7,630,869	7,731,679	7,474,264	257,415
Elections	138,150	204,929	173,393	31,536
Public facilities	2,844,310	2,736,657	2,609,387	127,270
Public safety	11,863,267	12,413,125	12,099,387	313,738
Corrections	13,667,188	14,854,092	14,848,190	5,902
Public transportation				-0-
Health and welfare	5,678,804	5,790,167	4,850,430	939,737
Public assistance	296,000	296,000	296,000	-0-
Culture and recreation	6,213,618	6,526,486	6,227,316	299,170
Conservation	391,906	395,172	373,006	22,166
Environmental protection	142,683	142,829	142,056	773
<b>Debt Service:</b>				
Principal				-0-
Interest and fiscal charges				-0-
<b>Total expenditures</b>	<b>65,596,390</b>	<b>68,598,760</b>	<b>66,043,900</b>	<b>2,554,860</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>662,614</b>	<b>( 1,773,383)</b>	<b>5,746,671</b>	<b>2,410,334</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from sale of capital assets				-0-
Loans to other entities	( 2,706)	( 2,706)	( 21,855)	( 19,149)
Transfers in	275,000	275,000	200,000	( 75,000)
Transfers out	( 934,908)	( 2,108,631)	( 1,921,550)	187,081
<b>Total other financing sources (uses)</b>	<b>( 662,614)</b>	<b>( 1,836,337)</b>	<b>( 1,743,405)</b>	<b>92,932</b>
<b>Net change in fund balances</b>	<b>-0-</b>	<b>( 3,609,720)</b>	<b>4,003,266</b>	<b>2,503,266</b>
<b>Fund balances – beginning (restated)</b>	<b>13,433,609</b>	<b>13,433,609</b>	<b>14,546,627</b>	<b>1,113,018</b>
<b>Fund balances – ending</b>	<b>\$ 13,433,609</b>	<b>\$ 9,823,889</b>	<b>\$ 18,549,893</b>	<b>\$ 3,616,284</b>

Note: Budgets are adopted on a basis consistent with generally accepted accounting principles.

Road and Bridge Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 17,147,852	\$ 17,147,852	\$ 17,138,239	\$( 9,613)
	78,733	104,956	26,223
1,000	1,000	2,416	1,416
560,000	560,000	727,049	167,049
		7,627	7,627
100,000	182,200	359,007	176,807
		1,033	1,033
<u>17,808,852</u>	<u>17,969,785</u>	<u>18,340,327</u>	<u>370,542</u>
			-0-
			-0-
			-0-
			-0-
			-0-
			-0-
			-0-
			-0-
			-0-
18,065,662	19,411,261	16,585,921	2,825,340
			-0-
			-0-
			-0-
			-0-
			-0-
			-0-
			-0-
			-0-
			-0-
		270,208	( 270,208)
		11,448	( 11,448)
<u>18,065,662</u>	<u>19,411,261</u>	<u>16,867,577</u>	<u>2,543,684</u>
( <u>256,810</u> )	( <u>1,441,476</u> )	<u>1,472,750</u>	<u>2,914,226</u>
50,000	177,972	134,081	( 43,891)
			-0-
	51,965	47,994	( 3,971)
( <u>50,000</u> )	( <u>57,310</u> )	( <u>7,308</u> )	<u>50,002</u>
<u>-0-</u>	<u>172,627</u>	<u>174,767</u>	<u>2,140</u>
( <u>256,810</u> )	( <u>1,268,849</u> )	1,647,517	2,916,366
<u>5,094,475</u>	<u>5,094,475</u>	<u>5,094,475</u>	<u>-0-</u>
<u>\$ 4,837,665</u>	<u>\$ 3,825,626</u>	<u>\$ 6,741,992</u>	<u>\$ 2,916,366</u>

**BRAZORIA COUNTY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
**SCHEDULE OF FUNDING PROGRESS**  
**LAST THREE YEARS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets*</u>	<u>Actuarial Accrued Liability* (AAL)-</u>	<u>Unfunded AAL (UAAL)</u>	<u>Percentage Funded</u>	<u>Annual Covered Payroll**</u>	<u>UAAL as a Percentage of Covered Payroll</u>
	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/(c)
12-31-03	\$ 90,258,811	\$ 104,390,169	\$ 14,131,356	86.46%	\$ 38,832,694	36.39%
12-31-04	97,672,129	112,364,283	14,692,154	86.92%	41,965,608	35.01%
12-31-05	105,996,023	120,300,963	14,304,940	88.11%	42,742,921	33.47%

\* As of December 31 of the preceding year, the date of the actuarial valuation.

\*\* Annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**





## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Lateral Road** - This fund accounts for intergovernmental revenue received from the State of Texas for use restricted to lateral roads as defined by the State Department of Highways and Public Transportation. Reports concerned with the use of these resources are filed annually each fiscal year ended August 31 with the State Treasurer's office.

**Road & Bridge Tax Code, Chapter 152** - This fund accounts for funds retained in an amount equal to five percent (5%) of the motor vehicle sales tax and penalties collected in the preceding year, and the use of these funds for county road and bridge purposes. Senate Bill 3 also stipulated that on or before January 30<sup>th</sup> of each year, the County shall file a report promulgated by the Texas Department of Transportation, with the State Engineer-Director that accurately sets forth the amounts and purposes of all expenditures of the tax and penalties collected and retained by the County.

**Special Road and Bridge Projects** - This fund accounts for an annual fee assessed against each motor vehicle registered in the County. The Commissioners restricted the use of this revenue to approved road and bridge special projects.

**Brazos Bend Assessment** - This fund accounts for the expenditures required to upgrade roads in the unincorporated area to County specifications. The one-time assessment covers material cost used in upgrading the roads to a condition to where they can be brought into the County road system.

**Norris Road Assessment** - This fund accounts for the expenditures required to upgrade roads in the unincorporated area to County specifications. The one-time assessment covers material cost used in upgrading the roads to a condition to where they can be brought into the County road system.

**Texas Juvenile Probation Commission (TJPC)-State Aid** - This fund accounts for revenues received from the Texas Juvenile Probation Commission to supplement expenditures of the County in administering a Juvenile Probation Department. The County operates under an approved budget with the TJPC and submits reports quarterly with an annual contract report submitted as of each fiscal year ended August 31.

**TJPC - Community Corrections** - This fund accounts for revenues received from the Texas Juvenile Probation Commission to supplement expenditures of the County in administering a Juvenile Probation Department. The County operates under an approved budget with the TJPC and submits reports quarterly with an annual contract report submitted as of each fiscal year ended August 31.

**TJPC - Salary Adjustment Funding** - This fund accounts for revenues received from the Texas Juvenile Probation Commission to adjust the salaries of eligible full time certified juvenile probation officers and juvenile detention officers. The County operates under an approved budget and submits reports as of each fiscal year end.

**TJPC Title IV-E Federal Foster Care** - This fund accounts for an interagency agreement between TJPC and Texas Department of Protective and Regulatory Services (TDPRS) that set up a system to allow juvenile boards to recoup federal monies for eligible juvenile probation children and for administrative costs related to administering the Title IV-E program.

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds - Continued

**TJPC - Progressive Sanctions JPO** - This fund pays only for salaries and/or fringe benefits, supplies or other miscellaneous expenses of Juvenile Probation Officers (JPO) hired under this grant. The JPO duties include supervising juveniles on Levels I, II, or III of the Progressive Sanctions Model.

**TJPC - Progressive Sanctions Level 1-2-3** - This fund is solely for the provision of probation services within the three budget categories of staff services, non-residential services and residential services. This program provides funds for the creation of new programs or to enhance existing programs for juveniles who are assigned to Levels I, II, or III of the Progressive Sanctions Model.

**TJPC - Progressive Sanctions ISP** - This program provides services as an intermediate sanctions alternative for juveniles who require a higher level of control than youth receiving standard probation services. The program requires frequent reporting to a probation officer who carries a limited caseload. If the program was unavailable, the youth would be otherwise placed out of the home in a residential placement facility or committed to the Texas Youth Commission.

**TJPC Level 5 Funding** - This fund accounts for reimbursement from the Texas Juvenile Probation Commission for Level 5 Placement Funds for a juvenile who has been court ordered into a secure post-adjudication correctional facility.

**Juvenile Justice Alternative Education Program (JJAEP) Boot Camp** - This fund accounts for intergovernmental revenues from the Texas Juvenile Probation Commission to fund mandatory juvenile justice alternative education programs as required under Chapter 37, Texas Education Code.

**Criminal Justice Division (CJD) Juvenile Incentive Block Grant** - This fund accounts for grant proceeds awarded through the Criminal Justice Division Juvenile Accountability Incentive Block Grant Program for the improvement of local juvenile law enforcement.

**Houston Galveston Area Council (HGAC) Juvenile Incentive Block Grant** - This fund accounts for grant proceeds awarded through the Criminal Justice Division Juvenile Accountability Incentive Block Grant Program for the improvement of local juvenile law enforcement.

**Juvenile Case Manager** - This fund accounts for the \$5 fee collected on convicted fine-only misdemeanor offenses by the Justice of Peace provides for the salary and benefits of a Juvenile Case Manager. The Commissioners' Court approved the fee collection on February 28, 2006 in accordance with Code of Criminal Procedure Art. 102.074.

**Family Protection** - The family protection fee of \$30 collected by the District Clerk in accordance with Texas Government Code, § 51.961 and approved in Commissioners' Court on December 13, 2005 is collected at the time a suit for dissolution of a marriage under Chapter 6, Family Code, is filed. After sending one half of the fee to the State Comptroller, the County uses the fund for a service provider located in the County or an adjacent county. The service provider may provide family violence and child abuse prevention, intervention, family strengthening, mental health, counseling, legal, and marriage preservation services to families that are at risk of experiencing or that have experienced family violence or the abuse or neglect of a child. Commissioner's court may provide funding to a nonprofit organization that provides services described above.

**Texas Department of State Health Services (TDSHS) - Immunization** - This fund accounts for grant proceeds awarded for the implementation of an immunization program. The emphasis of this program is on children two years old or younger. The immunization program goal is to prevent, control, and eliminate indigenous vaccine-preventable diseases. This is done by providing and administering biologicals, promoting immunizations, and applying epidemiological principles and outbreak control within budgetary constraints.

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds - Continued

**Texas Department of State Health Services (TDSHS) - Supplemental Food Program Women, Infants and Children (WIC)** - This fund accounts for grant proceeds awarded to provide supplemental food vouchers, nutrition education and immunizations as an adjunct to good health care at no cost to low income pregnant and postpartum women, infants, and children identified to be at nutritional risk.

**Texas Department of State Health Services (TDSHS) - Community and Rural Health** - This fund accounts for grant proceeds awarded to supplement the delivery of comprehensive public health services. Brazoria County utilizes these proceeds to offset County Health Department expenditures related to a salaried inspector.

**Texas Department of State Health Services (TDSHS) - WIC (Women, Infants and Children) Peer Counseling Program** - This fund accounts for supplemental funding for training and salaries of peer counselors who assist pregnant and breastfeeding WIC participants.

**Texas Department of State Health Services (TDSHS) - WIC (Women, Infants and Children) Registered Dietitian Program** - This fund accounts for supplemental funding for the services of a registered dietitian to WIC participants.

**Texas Department of State Health Services (TDSHS) - WIC (Women, Infants and Children) Lactation Reimbursement** - This fund accounts for supplemental funding for lactation supplies for WIC participants.

**Texas Department of State Health Services (TDSHS) - WIC-OA Vendor Activities** - This fund accounts for grant proceeds awarded for supporting vendor activities associated with the WIC program.

**Texas Department of State Health Services (TDSHS) - WIC (Women, Infants and Children) Obesity** - This fund accounts for grant proceeds awarded for obesity prevention education for WIC participants.

**Texas Department of State Health Services (TDSHS) - WIC (Women, Infants and Children) Special Allocation** - This fund accounts for grant proceeds awarded for Outreach client services, one-time personnel merit adjustments, reallocation of payroll expenditures from the regular WIC program, nutrition education supplies, facility improvements/funding, automation/communications equipment and services, a vehicle, medical/office supplies and furniture/furnishings for all locations.

**CPS Title IV-B (Concrete)** - This fund accounts for grant proceeds awarded for State Child Protective Services.

**CPS Title IV E** - This fund accounts for grant proceeds awarded for federal Child Protective Services.

**CPS Title IV-E Legal Services** - This fund accounts for administration and training for services rendered to foster care children under provisions of Title IV-E of the Social Security Act and is also authorized by Chapter 40 of the health care code.

**Crime Victim Assistance Fund** - This fund accounts for intergovernmental revenues from the State of Texas for the purpose of providing legal assistance to victims of crime.

**Victim Assistance Grant 02G00551** - This fund accounts for intergovernmental revenues from the State of Texas for the purpose of providing victim assistance coordinators or crime victim liaisons to victims of crime.

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds - Continued

**JP Building Security** - The State Legislature amended the Court of Criminal Procedures Art. 102.017 by adding \$1 to the existing Courthouse Security Fund. The Justice of Peace collect the funds and deposit them in a Justice Court building security fund for providing security services for a Justice Court located in a building that is not in the County Courthouse.

**Justice Assistance Grant (JAG)** - This fund accounts for grant proceeds awarded through the United States Department of Justice to support a broad range of activities to prevent and control crime and to improve the criminal justice system. JAG replaces the LLEBG grant.

**Justice Court Technology Fund** - This fund accounts for the mandate that each Brazoria County justice court assess a technology fee of \$ 4.00 as cost of court on each conviction, as defined by Art. 102.0173 Code of Criminal Procedure, for a fine-only misdemeanor committed on or after January 1, 2002. The use of this fee is restricted to the purchase of technological enhancements for a justice court.

**Drug Enforcement Agency (DEA) Narcotics Overtime Expense Program** - This fund accounts for an agreement between Brazoria County and the United States Department of Justice (DEA) to provide funding for payment of overtime costs for law enforcement officers assigned to specified narcotics investigations.

**TXDOT CR 403 Project**- This fund accounts for grant proceeds from the State of Texas Department of Transportation to conduct a preliminary engineering project for improvements to county road 403.

**Shoreline Restoration Task Force** – This fund accounts for administration of funds as a result of a letter of understanding (LOU) between Brazoria County, Port of Freeport, Town of Quintana, Village of Surfside Beach and Treasure Island Municipal Utility District to create a task force to evaluate shoreline erosion problems in Brazoria County, identify and investigate feasible alternatives to restore the shoreline, and maximize state assistance to the region for shoreline restoration projects under the CEPRA, CIAP and other applicable and appropriate state programs.

**State Homeland Security – Urban Areas Security Initiative (UASI)** – This fund accounts for grant proceeds awarded through the United States Department of Homeland Security to purchase equipment and other activities involving preparedness planning, training, and exercises to prevent terrorist attacks, reduce vulnerability to terrorism and minimize the damage from potential attacks and natural disaster.

**2004 State Homeland Security (State Homeland Security Program)** - This fund accounts for grant proceeds awarded through the United States Department of Homeland Security and Emergency Operations Planning, the purchase of specialized equipment to enhance the capability of state and local agencies to prevent, respond to, and mitigate incidents of terrorism involving the use of chemical, biological, radiological, nuclear, and explosive (CBRNE) weapons and cyber attacks.

**TDSHS Bioterrorism Grant** - This fund accounts for grant proceeds that allows Brazoria County to assist the Office of Public Health in the implementation of activities associated with the FY 04 Centers for Disease Control and Prevention (CDC) Public Health preparedness and Response for Bioterrorism Cooperative Agreement. This project is designed to upgrade state and local public health jurisdictions' preparedness for a response to bioterrorism, other outbreaks of infectious disease, and other public health threats and emergencies.

**Law Enforcement Officers Standards & Education Fund** - This fund accounts for fees utilized for law enforcement officers' educational expenditures.

**LLEBG Grant** - This fund accounts for grant proceeds awarded through the United States Department of Justice to reduce crime and improve public safety.

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds - Continued

**Texas VINE (Victim's Information Notification Everyday) Contract** - This fund accounts for grant proceeds awarded for reimbursement for certain costs incurred in the participation in a statewide crime victim notification service.

**HGAC Solid Waste Grant** - This fund accounts for grant proceeds awarded through the Texas Commission on Environmental Quality (TCEQ) for recycling, local enforcement, composting, household hazardous waste, education, and local plans for reducing solid waste disposal.

**2002 CDBG County (HUD)** - This fund accounts for direct grant proceeds awarded for projects conducted throughout the county. The County is the fiscal agent for these projects, which are performed for municipalities and other non-profit organizations within Brazoria County, Texas.

**2003 CDBG County (HUD)** - This fund accounts for direct grant proceeds awarded for projects conducted throughout the county. The County is the fiscal agent for these projects, which are performed for municipalities and other non-profit organizations within Brazoria County, Texas.

**2004 CDBG County (HUD)** - This fund accounts for direct grant proceeds awarded for projects conducted throughout the county. The County is the fiscal agent for these projects, which are performed for municipalities and other non-profit organizations within Brazoria County, Texas.

**2005 CDBG County (HUD)** - This fund accounts for direct grant proceeds awarded for projects conducted throughout the county. The County is the fiscal agent for these projects, which are performed for municipalities and other non-profit organizations within Brazoria County, Texas.

**2005 Section 8 Housing Choice Voucher Program** - This fund accounts for the activities of the Brazoria County Housing Agency (BCHA) that was established in 2004 and empowered with the responsibility and authority to maintain the Public Housing Program for the County. In 2004, BCHA established the Section 8 Housing program. The BCHA mission is to serve the needs of low-income, very low-income and extremely low-income families in the County by increasing the availability of decent, safe and affordable housing in its communities, by ensuring equal opportunity in housing, by promoting self-sufficiency and asset development of families and individuals and by improving community quality of life and economic viability. Through federal funding from the U.S. Department of Housing and Urban Development (HUD) and landlord participation, BDHA provides low-income families with rental assistance; job training; education opportunities; and support services to obtain housing in a courteous, patient and efficient manner, while promoting self-sufficiency for County growth.

**2006 Section 8 Housing Choice Voucher Program** - This fund accounts for the activities of the Brazoria County Housing Agency (BCHA) that was established in 2004 and empowered with the responsibility and authority to maintain the Public Housing Program for the County. In 2004, BCHA established the Section 8 Housing program. The BCHA mission is to serve the needs of low-income, very low-income and extremely low-income families in the County by increasing the availability of decent, safe and affordable housing in its communities, by ensuring equal opportunity in housing, by promoting self-sufficiency and asset development of families and individuals and by improving community quality of life and economic viability. Through federal funding from the U.S. Department of Housing and Urban Development (HUD) and landlord participation, BDHA provides low-income families with rental assistance; job training; education opportunities; and support services to obtain housing in a courteous, patient and efficient manner, while promoting self-sufficiency for County growth.

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds - Continued

**Mutual Fire Protection & Disbursement Assistance** – This fund accounts for grant proceeds received from the United States Fish and Wildlife department to cover expenditures relating to any natural disasters and/or wildfires that occur.

**Reliant Energy CARE Program** - This fund accounts for local contributions from Reliant Energy for use in providing needy Brazoria County residents with utility assistance.

**Vital Statistics Fee** - This fund accounts for an optional one dollar local fee collected for death and/or birth certificates by justice of the Peace officers and/or County Clerk.

**Civil, Criminal and Probate Records Management** – The fee collected by the County and District Clerks pursuant to Local Government Code 118.011 and Government Code 51.317 (c)(2) respectively. This fee is for the civil, criminal and probate records management and preservation services performed after the filing and recording of a document in the records of the office of the clerk. The fee is used to provide funds for specific records preservation and automation projects.

**Records Management and Preservation County Clerk** - The "Records Management and Preservation" fee collected by the County and District Clerks pursuant to Local Government Code 118.011 is for the records management and preservation services performed after the filing and recording of a document in the records of the office of the clerk. The fee is used to provide funds for specific records preservation and automation projects.

**Financial Security** - The Financial Security fee collected by the county and district clerks is pursuant to Article 102.017 of the Code of Criminal Procedure and Local Government Code 291.007. Article 102.017 of the Code of Criminal Procedure mandates a \$ 5 fee to court costs of a defendant convicted in trial for a felony offense in a district court and adds a \$ 3 fee to court costs of a defendant convicted in trial for a misdemeanor offense in a county court. Local Government Code 291.007 allows Commissioners' Court to set a \$ 5 fee to be collected at the time of filing in each county or district court civil case. The use of this fee is restricted to specific items used for providing security services for buildings housing a district or county court.

**Records Archive County Clerk** – The "Records Archive" fee collected by the County Clerk, pursuant to Local Government Code 118.011 (f) is for the preservation and restoration services performed by the County Clerk in connection with maintaining a County Clerk's records archive.

**Records Management and Preservation District Clerk** – The "Records Management and Preservation" fee collected by the District Clerk pursuant to Local Government Code 51.317 (c)(2) is for records management and preservation services performed by the District Clerk. The fee is used to provide funds for specific records preservation and automation projects.

**County Graffiti Eradication** - This fund accounts for local revenues designated for the purpose of graffiti eradication in the County.

**Elections HAVA (Help America Vote Act) Grant** - This fund accounts for grant proceeds awarded through the State of Texas, Elections Division to replace punch card voting systems or lever voting systems in qualified precincts.

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds - Continued

**Elections Services Contract** - This fund accounts for surplus funds from Election Service Contracts under the Texas Election Code 31.003. Funds are used only to defray expenses of the county election officer's office in connection with election-related duties or functions.

**Elections HAVA (Help America Vote Act) Equipment Rental** - This fund accounts for surplus funds from Election Service Contracts under the Texas Election Code 31.003. Funds are used only for the purchase of voting equipment changes or upgrades, and technology upgrades for the election office.

**Lone Star Library Grant** - This fund accounts for funding from the Texas State Library and Archives Commission (TSLAC) to maintain, improve, and enhance local library services.

**Law Library** - This fund accounts for the cost of operating and maintaining a law library for public use. Revenues are derived from law library fees assessed against each civil case filed in District and County courts.

**Gates Foundation Grant** - This fund accounts for grant proceeds from the Bill & Melinda Gates Foundation to help eligible libraries upgrade or replace existing computer systems so that the systems will be easier to support and upgrade in the future.

**Brazoria County Toll Road Authority** - The authority is organized and is to be operated to assist Brazoria County in conjunction with the appropriate local governmental entities where necessary to provide county roads, highways and other transportation related projects.

**Emergency Utility Assistance** - This fund accounts for remaining funds from the discontinued Reliant HL&P SHARE, Transition and Heat/Flood relief programs. As a result of the deregulation in the Texas utility industry and Reliant Energy's change in business practices, the programs discontinued as of December 31, 2001. Reliant Energy requested that remaining funds are used to assist individuals with their electric bill until the funds are depleted. County Welfare plans to use the SHARE program guidelines to determine client eligibility and provide needy Brazoria County residents with utility assistance.

**FEMA (Federal Emergency Management Agency) - Welfare** - This fund accounts for grant proceeds awarded through FEMA for emergency food and shelter assistance for qualified residents. Brazoria County Welfare department administers the funds.

**HGAC - 911 Address Project** - This fund accounts for the costs incurred in establishing uniform guidelines for 911 addressing needs within Brazoria County. The objective of E911 addressing is to enable all public safety agencies to quickly respond and locate all residences and businesses throughout Brazoria County. All structures are assigned a physical address or road address.

**Excess Sales Tax** - This fund accounts for amounts received in excess of projections for the first three years in which a county imposes a sales tax as required by state statute.

**Economic Development Tax Abatement** - This fund accounts for local revenues (contributions) for the furtherance of economic development as related to tax abatement programs.



## NONMAJOR GOVERNMENTAL FUNDS

### Debt Service Funds

Debt service funds account for the accumulation of resources from governmental resources and the payments of general obligation debt principal, interest and related costs.

**Certificates of Obligation Sheriff and Detention Center Complex - Series 1993 General Obligation Refunding Bonds - Series 1998** - This fund accounts for the accumulation of resources and the payment of those resources related to the retiring of the Series 1993 - Certificates of Obligation issued to build a Sheriff and Detention Center Complex, and the retiring of the General Obligation Refunding Bonds, Series 1998 which were utilized to defease a portion of the Series 1993 Bonds.

**Certificates of Obligation Construction and Maintenance - Series 2003** - This fund accounts for the accumulation of resources and the payment of those resources related to the retiring of the Series 2003 - Certificates of Obligation issued for construction and acquisition projects accounted for in the 2003 Certificate of Obligation Construction and Maintenance capital project fund.

**Certificates of Obligation Construction and Maintenance - Series 2006** - This fund accounts for the accumulation of resources and the payment of those resources related to the retiring of the Series 2006 - Certificates of Obligation issued for construction and acquisition projects accounted for in the 2006 Certificate of Obligation Construction and Maintenance capital project fund.

### Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**Sheriff and Detention Center Complex Construction** - The Sheriff and Detention Center Complex Construction fund accounts for the construction of a new county jail facility, the construction of associated administrative offices, improving the existing County jail facility, purchasing communications equipment and other costs associated with the construction.

**County Wide Road Construction** - This fund accounts for the proceeds of a 1968 road bond issue totaling \$ 6,900,000 and resulting interest earned on related deposit balances. This issue was approved by the voters for the purpose of construction, maintenance and operation of roads within Brazoria County.

**Hwy 6 Right-of-Way Acquisition (Series 1991A)** - This fund accounts for the acquisition of rights-of-way for authorized county purposes and for the payment of contractual obligations for professional services. Certificates of Obligation in the amount of \$ 1,800,000 were authorized and issued on January 14, 1991. Brazoria County has agreed to contribute funds to the State Department of Highways and Public Transportation pursuant to CSJ No. 0192-01-040 in an amount equal to ten percent (10%) of the cost of the right of way to be acquired.

**Multi-Purpose Facility** - This fund accounts for the activity related to the potential multi-purpose facility currently considered through the use of a feasibility study and economic impact assessment. If constructed, the facility is anticipated to accommodate year round use for events and activities such as community celebrations, high school graduations, trade shows, conventions, concerts and other uses recommended by the study while also serving as the site for the annual Brazoria County Fair.

## NONMAJOR GOVERNMENTAL FUNDS

### Capital Projects Funds - Continued

**Parks CIAP Grant** - This fund accounts for funding from the General Land Office to develop the Coastal Impact Assistance Plan for projects and activities for conservation, protection and/or restoration of costal areas.

**2003 Certificate of Obligation C & M (Construction and Maintenance)** - This fund accounts for the resources accumulated for Commissioner authorized acquisition and construction, including the Front Street Building and an integrated judicial software system. The major revenue source includes investment earnings and other resources from proceeds from the sale of certificate of obligation bonded debt.

**2006 Certificate of Obligation C & M (Construction and Maintenance)** - This fund accounts for the resources accumulated for Commissioner authorized acquisition and construction, including the purchase and renovation of a building located in Angleton for the purpose of housing various County departments; relocation of the North Service Center; construction of the West Service Center and Annex; expansion of the Juvenile Detention Center; renovation of a Parks Administration location; renovation of Courthouse for additional courtrooms; expansion of parking lots; and expansion of the Adult Detention Center. The major revenue source includes investment earnings and other resources from proceeds from the sale of certificate of obligation bonded debt.

**Quintana Boat Ramp** - This fund accounts for funds received from Freeport LNG as a donation to purchase a 6.89 acre tract from the General Land Office for construction of the replacement of the Quintana public boat ramp.

**Mobility Plan** - This fund accounts for the issuance of Brazoria County general obligation bonds for roads and bridges in the amount of \$ 50,000,000. This issue was approved by the voters on November 2, 2004 for the purpose of the construction and improvement of transportation projects within Brazoria County including State highways, county roads, bridges and related drainage, and specifically the construction and improvement of roads, bridges and related drainage that constitute connecting links and integral parts of County roads and State highways located both within Brazoria County and also within the corporate limits of Brazoria County cities.

**BRAZORIA COUNTY, TEXAS**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
September 30, 2006

	<u>Special</u>		
	<u>Lateral Road Fund</u>	<u>Road and Bridge Tax Code Chapter 152 Fund</u>	<u>Special Road and Bridge Projects Fund</u>
<b><u>Assets</u></b>			
Cash and temporary investments	\$ 226,348	\$ 523,492	\$ 1,819,042
investments			
Receivables (Net of Allowance for Uncollectibles):			
Taxes		1,588	
Accounts			
Special assessments			
Due from other governments			
Accrued interest			
Due from other funds			
Prepaid expenditures			
	<u>226,348</u>	<u>525,080</u>	<u>1,819,042</u>
Total assets	<u>\$ 226,348</u>	<u>\$ 525,080</u>	<u>\$ 1,819,042</u>
 <b><u>Liabilities and Fund Balance</u></b>			
<b>Liabilities:</b>			
Accounts and accrued liabilities payable	\$	\$	\$ 45,745
Due to other funds			
Deferred revenue			
	<u>-0-</u>	<u>-0-</u>	<u>45,745</u>
Total liabilities	<u>-0-</u>	<u>-0-</u>	<u>45,745</u>
 <b>Fund Balance (Deficit):</b>			
<b>Reserved:</b>			
Prepaid expenditures			
Encumbrances			
Debt service			
<b>Unreserved:</b>			
Designated for capital projects			
Undesignated	<u>226,348</u>	<u>525,080</u>	<u>1,773,297</u>
	<u>226,348</u>	<u>525,080</u>	<u>1,773,297</u>
Total fund balance	<u>226,348</u>	<u>525,080</u>	<u>1,773,297</u>
	<u>\$ 226,348</u>	<u>\$ 525,080</u>	<u>\$ 1,819,042</u>
Total liabilities and fund balance	<u>\$ 226,348</u>	<u>\$ 525,080</u>	<u>\$ 1,819,042</u>

Revenue Funds

Brazos Bend Assessment Fund	Norris Road Assessment Fund	TJPC State Aid Fund	TJPC Community Corrections Fund	TJPC Salary Adjustment Funding Fund	TJPC Title IV-E Foster Care Fund
\$	\$	\$ 19,239	\$ 37,930	\$ 27,756	\$ 288,484
	53,800				
					478
<u>\$ -0-</u>	<u>\$ 53,800</u>	<u>\$ 19,239</u>	<u>\$ 37,930</u>	<u>\$ 27,756</u>	<u>\$ 288,962</u>
\$	\$	\$	\$	\$	\$
	41,280	6,894	16,400	12,664	12,176
	53,800	12,345	21,530	15,092	276,786
<u>-0-</u>	<u>95,080</u>	<u>19,239</u>	<u>37,930</u>	<u>27,756</u>	<u>288,962</u>
					478
	( 41,280)				( 478)
<u>-0-</u>	<u>( 41,280)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ -0-</u>	<u>\$ 53,800</u>	<u>\$ 19,239</u>	<u>\$ 37,930</u>	<u>\$ 27,756</u>	<u>\$ 288,962</u>

(continued)

**BRAZORIA COUNTY, TEXAS**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS - Continued**  
September 30, 2006

	<u>Special</u>		
	<u>TJPC Progressive Sanctions JPO Fund</u>	<u>TJPC Progressive Sanctions Level 1-2-3 Fund</u>	<u>TJPC Progressive Sanctions ISP Fund</u>
<b><u>Assets</u></b>			
Cash and temporary investments	\$ 17,810	\$ 5,524	\$ 2,767
Investments			
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments			
Accrued interest			
Due from other funds			
Prepaid expenditures			
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 17,810</u>	<u>\$ 5,524</u>	<u>\$ 2,767</u>
 <b><u>Liabilities and Fund Balance</u></b>			
<b>Liabilities:</b>			
Accounts and accrued liabilities payable	\$ 5,141	\$ 2,899	\$ 1,500
Due to other funds			
Deferred revenue	<u>12,669</u>	<u>2,625</u>	<u>1,267</u>
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>17,810</u>	<u>5,524</u>	<u>2,767</u>
 <b>Fund Balance (Deficit):</b>			
<b>Reserved:</b>			
Prepaid expenditures			
Encumbrances			
Debt service			
<b>Unreserved:</b>			
Designated for capital projects			
Undesignated			
	<hr/>	<hr/>	<hr/>
Total fund balance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 17,810</u>	<u>\$ 5,524</u>	<u>\$ 2,767</u>

Revenue Funds

TJPC Level 5 Funding Fund	JJAEP Boot Camp Fund	CJD Juvenile Incentive Block Grant Fund	HGAC Juvenile Incentive Block Grant Fund	Juvenile Case Manager Fund	Family Protection Fund
\$	\$	\$	\$	\$ 42,314	\$ 17,903
7,020	316,400	2,297	3,555		
<u>\$ 7,020</u>	<u>\$ 316,400</u>	<u>\$ 2,927</u>	<u>\$ 3,555</u>	<u>\$ 42,314</u>	<u>\$ 17,903</u>
\$ 7,020	\$ 40,794 275,606	\$ 2,246 681	\$ 3,555	\$	\$ 3,023
<u>7,020</u>	<u>316,400</u>	<u>2,927</u>	<u>3,555</u>	<u>-0-</u>	<u>3,023</u>
				42,314	14,880
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>42,314</u>	<u>14,880</u>
<u>\$ 7,020</u>	<u>\$ 316,400</u>	<u>\$ 2,927</u>	<u>\$ 3,555</u>	<u>\$ 42,314</u>	<u>\$ 17,903</u>

(continued)

**BRAZORIA COUNTY, TEXAS**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS - Continued**  
September 30, 2006

	<u>Special</u>		
	<u>TDSHS Immunization Fund</u>	<u>TDSHS Supplemental Food Program WIC Fund</u>	<u>TDSHS Community and Rural Health Fund</u>
<b><u>Assets</u></b>			
Cash and temporary investments	\$	\$	\$
Investments			
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments	8,036	146,471	13,295
Accrued interest			
Due from other funds		3,077	
Prepaid expenditures			
Total assets	<u>\$ 8,036</u>	<u>\$ 149,548</u>	<u>\$ 13,295</u>
<b><u>Liabilities and Fund Balance</u></b>			
<b>Liabilities:</b>			
Accounts and accrued liabilities payable	\$ 2,317	\$ 4,143	\$ 1,797
Due to other funds	5,719	145,405	11,498
Deferred revenue			
Total liabilities	<u>8,036</u>	<u>149,548</u>	<u>13,295</u>
<b>Fund Balance (Deficit):</b>			
<b>Reserved:</b>			
Prepaid expenditures		3,077	
Encumbrances			
Debt service			
<b>Unreserved:</b>			
Designated for capital projects			
Undesignated		( 3,077 )	
Total fund balance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities and fund balance	<u>\$ 8,036</u>	<u>\$ 149,548</u>	<u>\$ 13,295</u>

Revenue Funds

TDSHS WIC Peer Counseling Program Fund	TDSHS WIC Registered Dietician Fund	TDSHS WIC Lactation Reimbursement Fund	TDSHS WIC-OA Vendor Activities Fund	TDSHS WIC Obesity Fund	TDSHS WIC Special Allocation Fund
\$	\$	\$	\$	\$	\$
6,165	1,019	1,868	208	8,902	126,030
<u>\$ 6,165</u>	<u>\$ 1,019</u>	<u>\$ 1,868</u>	<u>\$ 208</u>	<u>\$ 8,902</u>	<u>\$ 126,030</u>
\$ 38	\$	\$	\$	\$ 95	\$
6,127	1,019	1,868	208	8,807	38,198
<u>6,165</u>	<u>1,019</u>	<u>1,868</u>	<u>208</u>	<u>8,902</u>	<u>126,030</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 6,165</u>	<u>\$ 1,019</u>	<u>\$ 1,868</u>	<u>\$ 208</u>	<u>\$ 8,902</u>	<u>\$ 126,030</u>

(continued)



**BRAZORIA COUNTY, TEXAS**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS - Continued**  
September 30, 2006

	<u>Special</u>		
	<u>CPS Title IV-B (Concrete) Fund</u>	<u>CPS Title IV-E Fund</u>	<u>CPS Title IV-E Legal Services Fund</u>
<b><u>Assets</u></b>			
Cash and temporary investments	\$	\$	\$
Investments			
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments	1,197	39,662	5,418
Accrued interest			
Due from other funds			
Prepaid expenditures			
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,197</u>	<u>\$ 39,662</u>	<u>\$ 5,418</u>
 <b><u>Liabilities and Fund Balance</u></b>			
<b>Liabilities:</b>			
Accounts and accrued liabilities payable	\$	\$ 9,681	\$ 1,028
Due to other funds	1,197	29,981	4,390
Deferred revenue			
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>1,197</u>	<u>39,662</u>	<u>5,418</u>
 <b>Fund Balance (Deficit):</b>			
<b>Reserved:</b>			
Prepaid expenditures			
Encumbrances			
Debt service			
<b>Unreserved:</b>			
Designated for capital projects			
Undesignated			
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balance	<u>\$ 1,197</u>	<u>\$ 39,662</u>	<u>\$ 5,418</u>

Revenue Funds

Crime Victim Assistance Fund	Victim Assistance Grant 02G00551 Fund	JP Building Security Fund	Justice Assistance Grant (JAG) Fund	Justice Court Technology Fund	DEA Narcotics OT Expense Program Fund			
\$	\$	\$	9,074	\$	2,595	\$	408,786	\$
8,067	4,515							1,550
<u>611</u>								
<u>\$ 8,678</u>	<u>\$ 4,515</u>	<u>\$ 9,074</u>	<u>\$ 2,595</u>	<u>\$ 408,786</u>	<u>\$ 1,550</u>			
\$	\$	\$	\$	\$	\$			
3,406	1,326	3,154	71	5,375				
5,272	3,189							1,550
				<u>2,524</u>				
<u>8,678</u>	<u>4,515</u>	<u>3,154</u>	<u>2,595</u>	<u>5,375</u>	<u>1,550</u>			
611								
( <u>611</u> )		<u>5,920</u>		<u>403,411</u>				
<u>-0-</u>	<u>-0-</u>	<u>5,920</u>	<u>-0-</u>	<u>403,411</u>	<u>-0-</u>			
<u>\$ 8,678</u>	<u>\$ 4,515</u>	<u>\$ 9,074</u>	<u>\$ 2,595</u>	<u>\$ 408,786</u>	<u>\$ 1,550</u>			

(continued)

**BRAZORIA COUNTY, TEXAS**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS - Continued**  
September 30, 2006

	<u>Special</u>		
	<u>TXDOT CR 403 Project Fund</u>	<u>Shoreline Restoration Task Force Fund</u>	<u>State Homeland Security Fund</u>
<b><u>Assets</u></b>			
Cash and temporary investments	\$	\$ 25,292	\$
Investments			
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments			
Accrued interest			
Due from other funds		375	
Prepaid expenditures			
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ -0-</u>	<u>\$ 25,667</u>	<u>\$ -0-</u>
 <b><u>Liabilities and Fund Balance</u></b>			
<b>Liabilities:</b>			
Accounts and accrued liabilities payable	\$	\$ 700	\$
Due to other funds			
Deferred revenue			
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>-0-</u>	<u>700</u>	<u>-0-</u>
 <b>Fund Balance (Deficit):</b>			
<b>Reserved:</b>			
Prepaid expenditures		375	
Encumbrances			
Debt service			
<b>Unreserved:</b>			
Designated for capital projects			
Undesignated		24,592	
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balance	<u>-0-</u>	<u>24,967</u>	<u>-0-</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balance	<u>\$ -0-</u>	<u>\$ 25,667</u>	<u>\$ -0-</u>

Revenue Funds

2004 State Homeland Security Program Fund	TDSHS Bioterrorism Grant Fund	Law Enforcement Officers Standards & Education Fund	LLEBG Grant Fund	Texas VINE Contract Fund	HGAC Solid Waste Grant Fund
\$	\$	\$ 120,179	\$	\$	\$
83,474	178,577			2,509	27,781
<u>\$ 83,474</u>	<u>\$ 178,577</u>	<u>\$ 120,179</u>	<u>\$ -0-</u>	<u>\$ 2,509</u>	<u>\$ 27,781</u>
\$ 83,474	\$ 26,045 152,532	\$ 100	\$	\$ 2,509	\$ 27,781
<u>83,474</u>	<u>178,577</u>	<u>100</u>	<u>-0-</u>	<u>2,509</u>	<u>27,781</u>
		<u>120,079</u>			
<u>-0-</u>	<u>-0-</u>	<u>120,079</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 83,474</u>	<u>\$ 178,577</u>	<u>\$ 120,179</u>	<u>\$ -0-</u>	<u>\$ 2,509</u>	<u>\$ 27,781</u>

(continued)

**BRAZORIA COUNTY, TEXAS**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS - Continued**  
September 30, 2006

	<u>Special</u>		
	<u>2002 CDBG County (HUD) Fund</u>	<u>2003 CDBG County (HUD) Fund</u>	<u>2004 CDBG County (HUD) Fund</u>
<b><u>Assets</u></b>			
Cash and temporary investments	\$	\$ 200	\$ 3,612
Investments			
Receivable (Net of Allowance for Uncollectibles):			
Taxes	20		
Accounts			
Special assessments			159,489
Due from other governments			
Accrued interest			
Due from other funds			
Prepaid expenditures			
	<u>20</u>	<u>200</u>	<u>163,101</u>
Total assets	<u>\$ 20</u>	<u>\$ 200</u>	<u>\$ 163,101</u>
<b><u>Liabilities and Fund Balance</u></b>			
<b>Liabilities:</b>			
Accounts and accrued liabilities payable	\$	\$ 200	\$ 163,101
Due to other funds	20		
Deferred revenue			
	<u>20</u>	<u>200</u>	<u>163,101</u>
Total liabilities	<u>20</u>	<u>200</u>	<u>163,101</u>
<b>Fund Balance (Deficit):</b>			
<b>Reserved:</b>			
Prepaid expenditures			
Encumbrances			
Debt service			
<b>Unreserved:</b>			
Designated for capital projects			
Undesignated			
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total fund balance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities and fund balance	<u>\$ 20</u>	<u>\$ 200</u>	<u>\$ 163,101</u>

Revenue Funds

2005 CDBG County (HUD) Fund	2005 Section 8 Housing Choice Vouchers Fund	2006 Section 8 Housing Choice Vouchers Fund	Mutual Fire Protection & Disbursement Assistance Fund	Reliance Energy CARE Program Fund	Vital Statistics Fee Fund
\$	\$ 293,150	\$ 361,434	\$ 32,084	\$ 8,444	\$ 27,800
242,522		2,447			
<u>\$ 242,522</u>	<u>\$ 293,150</u>	<u>\$ 363,881</u>	<u>\$ 32,084</u>	<u>\$ 8,444</u>	<u>\$ 27,800</u>
\$ 177,616 64,906		\$ 6,291			
	<u>252,947</u>	<u>341,710</u>	<u>32,084</u>		
<u>242,522</u>	<u>252,947</u>	<u>348,001</u>	<u>32,084</u>	<u>-0-</u>	<u>-0-</u>
	<u>40,203</u>	<u>15,880</u>		<u>8,444</u>	<u>27,800</u>
<u>-0-</u>	<u>40,203</u>	<u>15,880</u>	<u>-0-</u>	<u>8,444</u>	<u>27,800</u>
<u>\$ 242,522</u>	<u>\$ 293,150</u>	<u>\$ 363,881</u>	<u>\$ 32,084</u>	<u>\$ 8,444</u>	<u>\$ 27,800</u>

(continued)

**BRAZORIA COUNTY, TEXAS**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS - Continued**  
September 30, 2006

	<u>Special</u>		
	<u>Civil, Criminal &amp; Probate Records Management Fund</u>	<u>Records Management County Clerk Fund</u>	<u>Financial Security Fund</u>
<b><u>Assets</u></b>			
Cash and temporary investments	\$ 681,598	\$ 1,202,392	\$ 84,981
Investments			
Receivable (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments			
Accrued interest			
Due from other funds			
Prepaid expenditures			
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 681,598</u>	<u>\$ 1,202,392</u>	<u>\$ 84,981</u>
 <b><u>Liabilities and Fund Balance</u></b>			
<b>Liabilities:</b>			
Accounts and accrued liabilities payable	\$ 1,643	\$ 11,654	\$
Due to other funds		350,000	
Deferred revenue			
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>1,643</u>	<u>361,654</u>	<u>-0-</u>
 <b>Fund Balance (Deficit):</b>			
<b>Reserved:</b>			
Prepaid expenditures			
Encumbrances			
Debt service			
<b>Unreserved:</b>			
Designated for capital projects			
Undesignated	<hr/>	<hr/>	<hr/>
	679,955	840,738	84,981
Total fund balance	<u>679,955</u>	<u>840,738</u>	<u>84,981</u>
Total liabilities and fund balance	<u>\$ 681,598</u>	<u>\$ 1,202,392</u>	<u>\$ 84,981</u>

Revenue Funds

Record Archive County Clerk Fund	Record Archive District Clerk Fund	County Graffiti Eradication Fund	Elections HAVA Grant Fund	Elections Services Contract Fund	Elections HAVA Equipment Rental Fund
\$ 1,115,253	\$ 78,776	\$ 334	\$ 45,400	\$ 867	\$ 19,568
				4,023	740
			11,000		
<u>\$ 1,115,253</u>	<u>\$ 78,776</u>	<u>\$ 334</u>	<u>\$ 56,400</u>	<u>\$ 4,890</u>	<u>\$ 20,308</u>
\$	\$	\$	\$ 56,400	\$	\$
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>56,400</u>	<u>-0-</u>	<u>-0-</u>
<u>1,115,253</u>	<u>78,776</u>	<u>334</u>		<u>4,890</u>	<u>20,308</u>
<u>1,115,253</u>	<u>78,776</u>	<u>334</u>	<u>-0-</u>	<u>4,890</u>	<u>20,308</u>
<u>\$ 1,115,253</u>	<u>\$ 78,776</u>	<u>\$ 334</u>	<u>\$ 56,400</u>	<u>\$ 4,890</u>	<u>\$ 20,308</u>

(continued)



**BRAZORIA COUNTY, TEXAS**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS - Continued**  
September 30, 2006

	<u>Special</u>		
	<u>Lone Star Library Grant Fund</u>	<u>Law Library Fund</u>	<u>Gates Foundation Grant Fund</u>
<b><u>Assets</u></b>			
Cash and temporary investments	\$	\$ 224,272	\$ 2,454
Investments			
Receivable (Net of Allowance for Uncollectibles):			
Taxes		386	
Accounts			
Special assessments			
Due from other governments			
Accrued interest			
Due from other funds			
Prepaid expenditures			
Total assets	<u>\$ -0-</u>	<u>\$ 224,658</u>	<u>\$ 2,454</u>
<b><u>Liabilities and Fund Balance</u></b>			
<b>Liabilities:</b>			
Accounts and accrued liabilities payable	\$	\$ 17,026	\$
Due to other funds			2,454
Deferred revenue			
Total liabilities	<u>-0-</u>	<u>17,026</u>	<u>2,454</u>
<b>Fund Balance (Deficit):</b>			
<b>Reserved:</b>			
Prepaid expenditures			
Encumbrances		937	
Debt service			
<b>Unreserved:</b>			
Designated for capital projects		206,695	
Undesignated			
Total fund balance	<u>-0-</u>	<u>207,632</u>	<u>-0-</u>
Total liabilities and fund balance	<u>\$ -0-</u>	<u>\$ 224,658</u>	<u>\$ 2,454</u>

Revenue Funds

Brazoria County Toll Road Authority Fund	Emergency Utility Assistance Fund	FEMA Welfare Fund	HGAC 911 Addressing Funds	Excess Sales Tax Fund	Economic Development Tax Abatement Fund
\$	\$	\$ 300	\$ 13	\$ 120,750	\$ 7,192
			18,494		
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 300</u>	<u>\$ 18,507</u>	<u>\$ 120,750</u>	<u>\$ 7,192</u>
\$ 1,534	\$	\$ 300	\$ 18,494	\$	\$
<u>1,534</u>	<u>-0-</u>	<u>300</u>	<u>18,494</u>	<u>-0-</u>	<u>-0-</u>
( <u>1,534</u> )			<u>13</u>	<u>120,750</u>	<u>7,192</u>
( <u>1,534</u> )	<u>-0-</u>	<u>-0-</u>	<u>13</u>	<u>120,750</u>	<u>7,192</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 300</u>	<u>\$ 18,507</u>	<u>\$ 120,750</u>	<u>\$ 7,192</u>

(continued)

**BRAZORIA COUNTY, TEXAS**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS - Continued**  
September 30, 2006

	<u>Debt Service</u>		
	<u>Total Special Revenue Funds</u>	<u>C of O Sheriff &amp; Detention Complex Series 1993</u>	<u>C of O Construction and Maintenance Series 2003</u>
<u>Assets</u>			
Cash and temporary investments	\$ 7,905,409	\$ 2,930,848	\$ 165,948
Investments			
Receivable (Net of Allowance for Uncollectibles):			
Taxes	-0-	50,580	17,660
Accounts	6,757		
Special assessments	53,800		
Due from other governments	1,428,598		
Accrued interest	-0-		
Due from other funds	-0-		
Prepaid expenditures	4,541		
	<u>9,399,105</u>	<u>2,981,428</u>	<u>183,608</u>
<b>Total assets</b>	<b>\$ 9,399,105</b>	<b>\$ 2,981,428</b>	<b>\$ 183,608</b>
 <u>Liabilities and Fund Balance</u>			
<u>Liabilities:</u>			
Accounts and accrued liabilities payable	\$ 656,445	\$ 1,000	\$ 1,500
Due to other funds	1,368,196		
Deferred revenue	1,027,833	40,285	14,223
	<u>3,052,474</u>	<u>41,285</u>	<u>15,723</u>
<b>Total liabilities</b>	<b>\$ 3,052,474</b>	<b>\$ 41,285</b>	<b>\$ 15,723</b>
 <u>Fund Balance (Deficit):</u>			
<u>Reserved:</u>			
Prepaid expenditures	4,541		
Encumbrances	937		
Debt service	-0-	2,940,143	167,885
<u>Unreserved:</u>			
Designated for capital projects	-0-		
Undesignated	6,341,153		
	<u>6,346,631</u>	<u>2,940,143</u>	<u>167,885</u>
<b>Total fund balance</b>	<b>\$ 6,346,631</b>	<b>\$ 2,940,143</b>	<b>\$ 167,885</b>
	<u>9,399,105</u>	<u>2,981,428</u>	<u>183,608</u>
<b>Total liabilities and fund balance</b>	<b>\$ 9,399,105</b>	<b>\$ 2,981,428</b>	<b>\$ 183,608</b>

Funds		Capital Projects Funds			
C of O Construction and Maintenance Series 2006	Total Debt Service Funds	Sheriff & Detention Complex Fund	County Wide Road Fund	Highway 6 Right-of-Way Acquisition Fund	Multi- Purpose Facility Fund
\$ 72,942	\$ 3,169,738	\$ 3,386	\$ 276,896	\$ 2,376,342	\$ -0-
	68,240				
	-0-				
	-0-				
	-0-				
	-0-				
	-0-				
	-0-				
<u>\$ 72,942</u>	<u>\$ 3,237,978</u>	<u>\$ 3,386</u>	<u>\$ 276,896</u>	<u>\$ 2,376,342</u>	<u>\$ -0-</u>
\$ 72,217	\$ 74,717	\$	\$	\$	\$
	-0-				
	54,508				
<u>72,217</u>	<u>129,225</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	-0-				
	-0-				
725	3,108,753			36,670	
	-0-	3,386	276,896	2,339,672	
	-0-				
<u>725</u>	<u>3,108,753</u>	<u>3,386</u>	<u>276,896</u>	<u>2,376,342</u>	<u>-0-</u>
<u>\$ 72,942</u>	<u>\$ 3,237,978</u>	<u>\$ 3,386</u>	<u>\$ 276,896</u>	<u>\$ 2,376,342</u>	<u>\$ -0-</u>

(continued)

**BRAZORIA COUNTY, TEXAS**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS - Continued**  
September 30, 2006

	<u>Capital</u>		
	<u>Parks CIAP Grant Fund</u>	<u>2003 Certificate of Obligation C &amp; M Fund</u>	<u>2006 Certificate of Obligation C &amp; M Fund</u>
<b><u>Assets</u></b>			
Cash and temporary investments	\$	\$ 1,422,731	\$ 247,396
Investments			12,575,137
Receivable (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments	983		
Accrued interest			82,861
Due from other funds			350,000
Prepaid expenditures			
<b>Total assets</b>	<b>\$ 983</b>	<b>\$ 1,422,731</b>	<b>\$ 13,255,394</b>
<b><u>Liabilities and Fund Balance</u></b>			
<b>Liabilities:</b>			
Accounts and accrued liabilities payable	\$	\$ 15,851	\$ 30,843
Due to other funds	8,142		
Deferred revenue			
<b>Total liabilities</b>	<b>8,142</b>	<b>15,851</b>	<b>30,843</b>
<b>Fund Balance (Deficit):</b>			
<b>Reserved:</b>			
Prepaid expenditures			
Encumbrances			
Debt service			
<b>Unreserved:</b>			
Designated for capital projects	( 7,159)	1,406,880	13,224,551
Undesignated			
<b>Total fund balance</b>	<b>( 7,159)</b>	<b>1,406,880</b>	<b>13,224,551</b>
<b>Total liabilities and fund balance</b>	<b>\$ 983</b>	<b>\$ 1,422,731</b>	<b>\$ 13,255,394</b>

Projects Funds

Quintana Boat Ramp Fund	Mobility Plan Fund	Total Capital Projects Funds	Total Non-Major Governmental Funds
\$ 8,689	\$	\$ 4,335,440	\$ 15,410,587
		12,575,137	12,575,137
		-0-	68,240
		-0-	6,757
		-0-	53,800
		983	1,429,581
		82,861	82,861
		350,000	350,000
		-0-	4,541
<u>\$ 8,689</u>	<u>\$ -0-</u>	<u>\$ 17,344,421</u>	<u>\$ 29,981,504</u>
\$	\$ 149,762	\$ 196,456	\$ 927,618
	561,019	569,161	1,937,357
		-0-	1,082,341
<u>-0-</u>	<u>710,781</u>	<u>765,617</u>	<u>3,947,316</u>
		-0-	4,541
		36,670	37,607
		-0-	3,108,753
8,689	( 710,781)	16,542,134	16,542,134
		-0-	6,341,153
<u>8,689</u>	<u>( 710,781)</u>	<u>16,578,804</u>	<u>26,034,188</u>
<u>\$ 8,689</u>	<u>\$ -0-</u>	<u>\$ 17,344,421</u>	<u>\$ 29,981,504</u>

**BRAZORIA COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2006

	Special		
	Lateral Road Fund	Road and Bridge Tax Code Chapter 152 Fund	Special Road and Bridge Projects Fund
Revenues:			
Taxes	\$	\$ 1,397,615	\$
Intergovernmental	86,768		
Charges for services			
Licenses and permits			2,395,085
Special assessment			
Investment income	7,944		28,759
Miscellaneous			
Total revenues	<u>94,712</u>	<u>1,397,615</u>	<u>2,423,844</u>
Expenditures:			
Current:			
General administration			
Judicial and legal			
Financial administration			
Elections			
Public facilities			
Public safety			
Corrections			
Public transportation		1,640,468	2,122,969
Health and welfare			
Culture and recreation			
Community development			
Capital outlay			
Debt Service:			
Principal			
Interest			
Total expenditures	<u>-0-</u>	<u>1,640,468</u>	<u>2,122,969</u>
Excess (deficiency) of revenue over expenditures	<u>94,712</u>	<u>( 242,853 )</u>	<u>300,875</u>
Other Financing Sources (Uses):			
Proceeds from the sale of bonds			
Premium on the sale of bonds			
Transfers in			
Transfers out			
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	94,712	( 242,853 )	300,875
Fund Balance (Deficits):			
Beginning of year (restated)	<u>131,636</u>	<u>767,933</u>	<u>1,472,422</u>
End of year	<u>\$ 226,348</u>	<u>\$ 525,080</u>	<u>\$ 1,773,297</u>

Revenue Funds

Brazos Bend Assessment Fund	Norris Road Assessment Fund	TJPC State Aid Fund	TJPC Community Corrections Fund	TJPC Salary Adjustment Funding Fund	TJPC Title IV-E Foster Care Fund
\$	\$	\$	\$	\$	\$
		173,117	370,171	150,773	522,687
	12,728			552	6,424
<u>-0-</u>	<u>12,728</u>	<u>173,117</u>	<u>370,171</u>	<u>151,325</u>	<u>529,111</u>
	54,008	235,807	490,879	151,325	529,111
<u>-0-</u>	<u>54,008</u>	<u>235,807</u>	<u>490,879</u>	<u>151,325</u>	<u>529,111</u>
<u>-0-</u>	<u>(41,280)</u>	<u>(62,690)</u>	<u>(120,708)</u>	<u>-0-</u>	<u>-0-</u>
<u>(1,964)</u>		<u>62,690</u>	<u>120,708</u>		
<u>(1,964)</u>	<u>-0-</u>	<u>62,690</u>	<u>120,708</u>	<u>-0-</u>	<u>-0-</u>
<u>(1,964)</u>	<u>(41,208)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>1,964</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ -0-</u>	<u>\$(41,280)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

(continued)



**BRAZORIA COUNTY, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**

**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - Continued**

For the Year Ended September 30, 2006

	Special		
	TJPC Progressive Sanctions JPO Fund	TJPC Progressive Sanctions Level 1-2-3 Fund	TJPC Progressive Sanctions ISP Fund
<b>Revenues:</b>			
Taxes	\$ 143,045	\$ 51,033	\$ 26,024
Intergovernmental			
Charges for services			
Licenses and permits			
Special assessments			
Investment income	111		
Miscellaneous			
<b>Total revenues</b>	<u>143,156</u>	<u>51,033</u>	<u>26,024</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General administration			
Judicial and legal			
Financial administration			
Elections			
Public facilities			
Public safety			
Corrections	143,234	69,088	39,163
Public transportation			
Health and welfare			
Culture and recreation			
Community development			
Capital outlay			
<b>Debt Service:</b>			
Principal			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>143,234</u>	<u>69,088</u>	<u>39,163</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>( 78 )</u>	<u>( 18,055 )</u>	<u>( 13,139 )</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds from the sale of bonds			
Premium on the sale of bonds			
Transfers in	78	18,055	13,139
Transfers out			
<b>Total other financing sources (uses)</b>	<u>78</u>	<u>18,055</u>	<u>13,139</u>
<b>Net change in fund balances</b>	-0-	-0-	-0-
<b>Fund Balance (Deficits):</b>			
Beginning of year (restated)			
<b>End of year</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Revenue Funds

TJPC Level 5 Funding Fund	JJAEP Boot Camp Fund	CJD Juvenile Incentive Block Grant Fund	HGAC Juvenile Incentive Block Grant Fund	Juvenile Case Manager Fund	Family Protection Fund
\$ 7,020	\$ 985,989	\$ 15,237	\$ 7,155	\$ 41,808	\$ 14,521
				506	359
<u>7,020</u>	<u>985,989</u>	<u>15,237</u>	<u>7,155</u>	<u>42,314</u>	<u>14,880</u>
		65,451			
7,020	1,220,701		7,950		
<u>7,020</u>	<u>1,220,701</u>	<u>65,451</u>	<u>7,950</u>	<u>-0-</u>	<u>-0-</u>
<u>-0-</u>	<u>( 234,712)</u>	<u>( 50,214)</u>	<u>( 795)</u>	<u>42,314</u>	<u>14,880</u>
	234,712	50,214	795		
<u>-0-</u>	<u>234,712</u>	<u>50,214</u>	<u>795</u>	<u>-0-</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>42,314</u>	<u>14,880</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 42,314</u>	<u>\$ 14,880</u>

(continued)

**BRAZORIA COUNTY, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**

**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - Continued**

For the Year Ended September 30, 2006

	Special		
	TDSHS Immunization Fund	TDSHS Supplemental Food Program WIC Fund	TDSHS Community and Rural Health Fund
<b>Revenues:</b>			
Taxes	\$	\$	\$
Intergovernmental	66,940	1,072,127	55,696
Charges for services			
Licenses and permits			19,797
Special assessment			
Investment income			
Miscellaneous			
<b>Total revenues</b>	<u>66,940</u>	<u>1,072,127</u>	<u>75,493</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General administration			
Judicial and legal			
Financial administration			
Elections			
Public facilities			
Public safety			
Corrections			
Public transportation			
Health and welfare	72,755	1,072,127	88,219
Culture and recreation			
Community development			
Capital outlay			
<b>Debt Service:</b>			
Principal			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>72,755</u>	<u>1,072,127</u>	<u>88,219</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>( 5,815 )</u>	<u>-0-</u>	<u>( 12,726 )</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds from the sale of bonds			
Premium on the sale of bonds			
Transfers in	5,815		12,726
Transfers out			
<b>Total other financing sources (uses)</b>	<u>5,815</u>	<u>-0-</u>	<u>12,726</u>
<b>Net change in fund balances</b>	-0-	-0-	-0-
<b>Fund Balance (Deficits):</b>			
Beginning of year (restated)			
<b>End of year</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

<u>Revenue Funds</u>					
<u>TDSHS WIC Peer Counseling Program Fund</u>	<u>TDSHS WIC Registered Dietician Fund</u>	<u>TDSHS WIC Lactation Reimbursement Fund</u>	<u>TDSHS WIC-OA Vendor Activities Fund</u>	<u>TDSHS WIC Obesity Fund</u>	<u>TDSHS WIC Special Allocation Fund</u>
\$ 55,000	\$ 6,328	\$ 6,000	\$ 2,609	\$ 10,560	\$ 126,030
<u>55,000</u>	<u>6,328</u>	<u>6,000</u>	<u>2,609</u>	<u>10,560</u>	<u>126,030</u>
55,000	6,328	6,000	2,609	10,560	126,030
<u>55,000</u>	<u>6,328</u>	<u>6,000</u>	<u>2,609</u>	<u>10,560</u>	<u>126,030</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

(continued)

**BRAZORIA COUNTY, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**

**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - Continued**

For the Year Ended September 30, 2006

	Special		
	CPS Title IV-B (Concrete) Fund	CPS Title IV-E Fund	CPS Title IV-E Legal Services Fund
<b>Revenues:</b>			
Taxes	\$ 7,692	\$ 84,825	\$ 14,214
Intergovernmental			
Charges for services			
Licenses and permits			
Special assessment			
Investment income		3,295	
Miscellaneous			
Total revenues	<u>7,692</u>	<u>88,120</u>	<u>14,214</u>
<b>Expenditures:</b>			
Current:			
General administration			42,610
Judicial and legal			
Financial administration			
Elections			
Public facilities			
Public safety			
Corrections			
Public transportation			
Health and welfare	7,692	165,086	
Culture and recreation			
Community development			
Capital outlay			
Debt Service:			
Principal			
Interest			
Total expenditures	<u>7,692</u>	<u>165,086</u>	<u>42,610</u>
Excess (deficiency) of revenue over expenditures	<u>-0-</u>	<u>( 76,966 )</u>	<u>( 28,396 )</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds from the sale of bonds			
Premium on the sale of bonds			
Transfers in		76,966	28,396
Transfers out			
Total other financing sources (uses)	<u>-0-</u>	<u>76,966</u>	<u>28,396</u>
Net change in fund balances	-0-	-0-	-0-
<b>Fund Balance (Deficits):</b>			
Beginning of year (restated)			
End of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Revenue Funds

Crime Victim Assistance Fund	Victim Assistance Grant 02G00551 Fund	JP Building Security Fund	Justice Assistance Grant (JAG) Fund	Justice Court Technology Fund	DEA Narcotics OT Expense Program Fund
\$ 73,837	\$ 37,506	\$	\$ 19,986	\$	\$
		13,590		96,856	5,588
<u>41,182</u>		<u>175</u>	<u>304</u>	<u>17,227</u>	
<u>115,019</u>	<u>37,506</u>	<u>13,765</u>	<u>20,290</u>	<u>114,083</u>	<u>5,588</u>
46,945	41,322	7,845		37,395	
			20,290		5,588
81,058					
<u>128,003</u>	<u>41,322</u>	<u>7,845</u>	<u>20,290</u>	<u>37,395</u>	<u>5,588</u>
( <u>12,984</u> )	( <u>3,816</u> )	<u>5,920</u>	<u>-0-</u>	<u>76,688</u>	<u>-0-</u>
12,984	3,816				
<u>12,984</u>	<u>3,816</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
-0-	-0-	5,920	-0-	76,688	-0-
				326,723	
\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>5,920</u>	\$ <u>-0-</u>	\$ <u>403,411</u>	\$ <u>-0-</u>

(continued)

**BRAZORIA COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - Continued**  
For the Year Ended September 30, 2006

	Special		
	TXDOT CR 403 Project Fund	Shoreline Restoration Task Force Fund	State Homeland Security Fund
<b>Revenues:</b>			
Taxes	\$	\$	\$
Intergovernmental	29,233		35,998
Charges for services			
Licenses and permits			
Special assessment			
Investment income			
Miscellaneous			
<b>Total revenues</b>	<u>29,233</u>	<u>-0-</u>	<u>35,998</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General administration			
Judicial and legal			
Financial administration			
Elections			
Public facilities			
Public safety			35,998
Corrections			
Public transportation	36,541		
Health and welfare			
Culture and recreation		15,375	
Community development			
Capital outlay			
Debt Service:			
Principal			
Interest			
<b>Total expenditures</b>	<u>36,541</u>	<u>15,375</u>	<u>35,998</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>( 7,308 )</u>	<u>( 15,375 )</u>	<u>-0-</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds from the sale of bonds			
Premium on the sale of bonds			
Transfers in	7,308		
Transfers out			
<b>Total other financing sources (uses)</b>	<u>7,308</u>	<u>-0-</u>	<u>-0-</u>
<b>Net change in fund balances</b>	<u>-0-</u>	<u>( 15,375 )</u>	<u>-0-</u>
<b>Fund Balance (Deficits):</b>			
Beginning of year (restated)		40,342	
<b>End of year</b>	<u>\$ -0-</u>	<u>\$ 24,967</u>	<u>\$ -0-</u>

Revenue Funds

2004 State Homeland Security Program Fund	TDSHS Bioterrorism Grant Fund	Law Enforcement Officers Standards & Education Fund	LLEBG Grant Fund	Texas VINE Contract Fund	HGAC Solid Waste Grant Fund
\$ 1,013,104	\$ 303,023	\$ 25,979	\$ 12,809	\$ 19,762	\$ 60,931
		5,769	431		
<u>1,013,104</u>	<u>303,023</u>	<u>31,748</u>	<u>13,240</u>	<u>19,762</u>	<u>60,931</u>
		847		19,762	
1,013,104		37,977	14,663		
	303,023				60,931
<u>1,013,104</u>	<u>303,023</u>	<u>38,824</u>	<u>14,663</u>	<u>19,762</u>	<u>60,931</u>
<u>-0-</u>	<u>-0-</u>	<u>( 7,076 )</u>	<u>( 1,423 )</u>	<u>-0-</u>	<u>-0-</u>
			1,423		
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,423</u>	<u>-0-</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>( 7,076 )</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
		127,155			
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 120,079</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

(continued)



**BRAZORIA COUNTY, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - Continued**

For the Year Ended September 30, 2006

	Special		
	2002 CDBG County (HUD) Fund	2003 CDBG County (HUD) Fund	2004 CDBG County (HUD) Fund
<b>Revenues:</b>			
Taxes	\$	\$	\$
Intergovernmental	25,900	95,070	862,471
Charges for services			
Licenses and permits			
Special assessment			
Investment income			
Miscellaneous			5,296
<b>Total revenues</b>	<u>25,000</u>	<u>95,070</u>	<u>867,767</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General administration			
Judicial and legal			
Financial administration			
Elections			
Public facilities			
Public safety			
Corrections			
Public transportation			
Health and welfare			
Culture and recreation			
Community development	25,900	95,070	867,767
Capital outlay			
<b>Debt Service:</b>			
Principal			
Interest			
<b>Total expenditures</b>	<u>25,900</u>	<u>95,070</u>	<u>867,767</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds from the sale of bonds			
Premium on the sale of bonds			
Transfers in			
Transfers out			
<b>Total other financing sources (uses)</b>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Net change in fund balances</b>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Fund Balance (Deficits):</b>			
Beginning of year (restated)			
<b>End of year</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Revenue Funds

2005 CDBG County (HUD) Fund	2005 Section 8 Housing Choice Vouchers Fund	2006 Section 8 Housing Choice Vouchers Fund	Mutual Fire Protection & Disbursement Assistance Fund	Reliance Energy CARE Program Fund	Vital Statistics Fee Fund
\$ 1,942,082	\$ 699,757	\$ 2,172,731	\$ 4,651	\$	\$
	13,914	8,449	1,289	150	21,180
				50,000	885
<u>1,942,082</u>	<u>713,671</u>	<u>2,181,180</u>	<u>5,940</u>	<u>50,150</u>	<u>22,065</u>
			5,940		4,838
1,942,082	681,738	2,165,300		55,406	
<u>1,942,082</u>	<u>681,738</u>	<u>2,165,300</u>	<u>5,940</u>	<u>55,406</u>	<u>4,838</u>
<u>-0-</u>	<u>31,933</u>	<u>15,880</u>	<u>-0-</u>	<u>( 5,256)</u>	<u>17,227</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>-0-</u>	<u>31,933</u>	<u>15,880</u>	<u>-0-</u>	<u>( 5,256)</u>	<u>17,227</u>
	8,270			13,700	10,573
<u>\$ -0-</u>	<u>\$ 40,203</u>	<u>\$ 15,880</u>	<u>\$ -0-</u>	<u>\$ 8,444</u>	<u>\$ 27,800</u>

(continued)

**BRAZORIA COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - Continued**  
For the Year Ended September 30, 2006

	Special		
	Civil, Criminal & Probate Records Management Fund	Records Management County Clerk Fund	Financial Security Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			
Charges for services	129,095	387,140	199,362
Licenses and permits			
Special assessment			
Investment income	28,721	51,081	7,668
Miscellaneous			364
Total revenues	<u>157,816</u>	<u>438,221</u>	<u>207,394</u>
Expenditures:			
Current:			
General administration	33,961	629,637	
Judicial and legal	4,302		8,833
Financial administration			
Elections			
Public facilities			
Public safety			
Corrections			
Public transportation			
Health and welfare			
Culture and recreation			
Community development			
Capital outlay			
Debt Service:			
Principal			
Interest			
Total expenditures	<u>38,263</u>	<u>629,637</u>	<u>8,833</u>
Excess (deficiency) of revenue over expenditures	<u>119,553</u>	<u>( 191,416 )</u>	<u>198,561</u>
Other Financing Sources (Uses):			
Proceeds from the sale of bonds			
Premium on the sale of bonds			
Transfers in			
Transfers out			<u>( 200,000 )</u>
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>( 200,000 )</u>
Net change in fund balances	119,553	( 191,416 )	( 1,439 )
Fund Balance (Deficits):			
Beginning of year (restated)	<u>560,402</u>	<u>1,032,154</u>	<u>86,420</u>
End of year	<u>\$ 679,955</u>	<u>\$ 840,738</u>	<u>\$ 84,981</u>

Revenue Funds

Record Archive County Clerk Fund	Record Archive District Clerk Fund	County Graffiti Eradication Fund	Elections HAVA Grant Fund	Elections Services Contract Fund	Elections HAVA Equipment Rental Fund
\$	\$	\$	\$	\$	\$
384,979	27,344	30	1,532,930	31,119	43,265
43,193	3,074	15	4,035	157	760
<u>428,172</u>	<u>30,418</u>	<u>45</u>	<u>1,536,965</u>	<u>31,276</u>	<u>44,025</u>
	1,852				
			2,053,138	26,386	23,717
<u>-0-</u>	<u>1,852</u>	<u>-0-</u>	<u>2,053,138</u>	<u>26,386</u>	<u>23,717</u>
<u>428,172</u>	<u>28,566</u>	<u>45</u>	<u>( 516,173 )</u>	<u>4,890</u>	<u>20,308</u>
			516,173		
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>516,173</u>	<u>-0-</u>	<u>-0-</u>
428,172	28,566	45	-0-	4,890	20,308
687,081	50,210	289			
<u>\$ 1,115,253</u>	<u>\$ 78,776</u>	<u>\$ 334</u>	<u>\$ -0-</u>	<u>\$ 4,890</u>	<u>\$ 20,308</u>

(continued)

**BRAZORIA COUNTY, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**

**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - Continued**

For the Year Ended September 30, 2006

	Special		
	Lone Star Library Grant Fund	Law Library Fund	Gates Foundation Grant Fund
<b>Revenues:</b>			
Taxes	\$ 30,430	\$	\$ 43,796
Intergovernmental		209,957	
Charges for services			
Licenses and permits			
Special assessment		9,076	
Investment income	100	11,880	
Miscellaneous			
<b>Total revenues</b>	<u>30,530</u>	<u>230,913</u>	<u>43,796</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General administration			
Judicial and legal		204,717	
Financial administration			
Elections			
Public facilities			
Public safety			
Corrections			
Public transportation			
Health and welfare			
Culture and recreation	30,530		43,796
Community development			
Capital outlay			
<b>Debt Service:</b>			
Principal			
Interest			
<b>Total expenditures</b>	<u>30,530</u>	<u>204,717</u>	<u>43,796</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>-0-</u>	<u>26,196</u>	<u>-0-</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds from the sale of bonds			
Premium on the sale of bonds			
Transfers in		12,500	
Transfers out			
<b>Total other financing sources (uses)</b>	<u>-0-</u>	<u>12,500</u>	<u>-0-</u>
<b>Net change in fund balances</b>	<u>-0-</u>	<u>38,696</u>	<u>-0-</u>
<b>Fund Balance (Deficits):</b>			
Beginning of year (restated)		168,936	
<b>End of year</b>	<u>\$ -0-</u>	<u>\$ 207,632</u>	<u>\$ -0-</u>

Revenue Funds

Brazoria County Toll Road Authority Fund	Emergency Utility Assistance Fund	FEMA Welfare Fund	HGAC 911 Addressing Funds	Excess Sales Tax Fund	Economic Development Tax Abatement Fund
\$	\$	\$	\$	\$	\$
		42,356	53,480		2,500
		189	441	5,461	1,402
					157,429
<u>-0-</u>	<u>-0-</u>	<u>42,545</u>	<u>53,921</u>	<u>5,461</u>	<u>161,331</u>
1,534					158,985
			54,484		
	2,191	42,545			
<u>1,534</u>	<u>2,191</u>	<u>42,545</u>	<u>54,484</u>	<u>-0-</u>	<u>158,985</u>
<u>( 1,534 )</u>	<u>( 2,191 )</u>	<u>-0-</u>	<u>( 563 )</u>	<u>5,461</u>	<u>2,346</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>( 1,534 )</u>	<u>( 2,191 )</u>	<u>-0-</u>	<u>( 563 )</u>	<u>5,461</u>	<u>2,346</u>
	2,191		576	115,289	4,846
<u><u>( 1,534 )</u></u>	<u><u>-0-</u></u>	<u><u>-0-</u></u>	<u><u>13</u></u>	<u><u>120,750</u></u>	<u><u>7,192</u></u>

(continued)

**BRAZORIA COUNTY, TEXAS****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - Continued**

For the Year Ended September 30, 2006

	Debt Service		
	Total Special Revenue Funds	C of O Sheriff & Detention Complex Series 1993	C of O Construction and Maintenance Series 2003
<b>Revenues:</b>			
Taxes	\$ 1,397,615	\$ 3,920,894	\$ 977,925
Intergovernmental	13,190,450		
Charges for services	1,602,746		
Licenses and permits	2,414,882		
Special assessment	12,728		
Investment income	248,621	140,285	10,322
Miscellaneous	269,446		
<b>Total revenues</b>	<u>19,136,488</u>	<u>4,061,179</u>	<u>988,247</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General administration	834,895		
Judicial and legal	481,881		
Financial administration	-0-		
Elections	2,103,241		
Public facilities	54,484		
Public safety	1,127,620		
Corrections	2,975,336		
Public transportation	3,853,986		
Health and welfare	4,923,540		
Culture and recreation	89,701		
Community development	2,930,819		
Capital outlay	-0-		
<b>Debt Service:</b>			
Principal	-0-	2,075,000	630,000
Interest	-0-	933,264	329,955
<b>Total expenditures</b>	<u>19,375,503</u>	<u>3,008,264</u>	<u>959,955</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>(239,015)</u>	<u>1,052,915</u>	<u>28,292</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds from the sale of bonds	-0-		
Premium on the sale of bonds	-0-		
Transfers in	1,178,498		
Transfers out	(201,964)		
<b>Total other financing sources (uses)</b>	<u>976,534</u>	<u>-0-</u>	<u>-0-</u>
<b>Net change in fund balances</b>	737,519	1,052,915	28,292
<b>Fund Balance (Deficits):</b>			
Beginning of year (restated)	5,609,112	1,887,228	139,593
<b>End of year</b>	<u>\$ 6,346,631</u>	<u>\$ 2,940,143</u>	<u>\$ 167,885</u>

Funds		Capital Projects Funds			
C of O Construction and Maintenance Series 2006	Total Debt Service Funds	Sheriff & Detention Complex Fund	County Wide Road Fund	Highway 6 Right-of-Way Acquisition Fund	Multi- Purpose Facility Fund
\$	\$ 4,898,819	\$	\$	\$	\$
	-0-				
	-0-				
	-0-				
	-0-				
725	151,332	1,023	12,637	97,246	
725	5,050,151	1,023	12,637	97,246	-0-
	-0-				
	-0-				
	-0-				
	-0-				
	-0-				
	-0-				
	-0-				
	-0-				
	-0-				
	-0-				
	-0-				
	-0-				
	-0-				
	-0-				
	-0-			19,571	
282,050	2,705,000				
282,050	1,545,269				
282,050	4,250,269	-0-	-0-	19,571	-0-
(281,325)	799,882	1,023	12,637	77,675	-0-
282,050	282,050				
	-0-				
	-0-				
	-0-				70,500
282,050	282,050	-0-	-0-	-0-	70,500
725	1,081,932	1,023	12,637	77,675	70,500
	2,026,821	2,363	264,259	2,298,667	(70,500)
\$ 725	\$ 3,108,753	\$ 3,386	\$ 276,896	\$ 2,376,342	\$ -0-

(continued)



**BRAZORIA COUNTY, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**

**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - Continued**

For the Year Ended September 30, 2006

	Capital		
	Parks CIAP Grant Fund	2003 Certificate of Obligation C & M Fund	2006 Certificate of Obligation C & M Fund
<b>Revenues:</b>			
Taxes	\$ 199,914	\$	\$
Intergovernmental			
Charges for services			
Licenses and permits			
Special assessment			
Investment income		148,417	82,223
Miscellaneous			
<b>Total revenues</b>	<u>199,914</u>	<u>148,417</u>	<u>82,223</u>
<b>Expenditures:</b>			
Current:			
General administration		718	
Judicial and legal		26,845	
Financial administration		3,161	
Elections			
Public facilities		3,296	
Public safety		2,161	
Corrections			
Public transportation			
Health and welfare		5,815	
Culture and recreation	932		
Community development			
Capital outlay	206,141	1,133,069	572,672
Debt Service:			
Principal			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>207,073</u>	<u>1,175,065</u>	<u>572,672</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>( 7,159 )</u>	<u>( 1,026,648 )</u>	<u>( 490,449 )</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds from the sale of bonds			13,597,950
Premium on the sale of bonds			117,050
Transfers in			
Transfers out		( 653,648 )	
<b>Total other financing sources (uses)</b>	<u>-0-</u>	<u>( 653,648 )</u>	<u>13,715,000</u>
<b>Net change in fund balances</b>	<u>( 7,159 )</u>	<u>( 1,680,296 )</u>	<u>13,224,551</u>
<b>Fund Balance (Deficits):</b>			
Beginning of year (restated)		3,087,176	
<b>End of year</b>	<u>\$( 7,159 )</u>	<u>\$ 1,406,880</u>	<u>\$ 13,224,551</u>

Projects Funds

Quintana Boat Ramp Fund	Mobility Plan Fund	Total Capital Projects Funds	Total Non-Major Governmental Funds
\$	\$	\$	\$
		-0-	6,296,434
		199,914	13,390,364
		-0-	1,602,746
		-0-	2,414,882
		-0-	12,728
2,286		343,832	743,785
<u>280,120</u>		<u>280,120</u>	<u>549,566</u>
<u>282,406</u>	<u>-0-</u>	<u>823,866</u>	<u>25,010,505</u>
		718	835,613
		26,845	508,726
		3,161	3,161
		-0-	2,103,241
		3,296	57,780
		2,161	1,129,781
		-0-	2,975,336
	42,360	42,360	3,896,346
		5,815	4,929,355
17,150		18,082	107,783
		-0-	2,930,819
256,567	653,823	2,841,843	2,841,843
		-0-	2,705,000
		-0-	1,545,269
<u>273,717</u>	<u>696,183</u>	<u>2,944,281</u>	<u>26,570,053</u>
<u>8,689</u>	<u>( 696,183 )</u>	<u>( 2,120,415 )</u>	<u>( 1,559,548 )</u>
		13,597,950	13,880,000
		117,050	117,050
		70,500	1,248,998
		<u>( 653,648 )</u>	<u>( 855,612 )</u>
<u>-0-</u>	<u>-0-</u>	<u>13,131,852</u>	<u>14,390,436</u>
8,689	( 696,183 )	11,011,437	12,830,888
	<u>( 14,598 )</u>	<u>5,567,367</u>	<u>13,203,300</u>
<u>\$ 8,689</u>	<u>\$( 710,781 )</u>	<u>\$ 16,578,804</u>	<u>\$ 26,034,188</u>

**BRAZORIA COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT  
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND**

For the Year Ended September 30, 2006

Exhibit 14  
Page 1 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General Administration:				
County Judge:				
Salaries and wages, and employee benefits	\$ 309,740	\$ 309,740	\$ 303,428	\$ 6,312
Operating expenditures	14,825	14,894	7,507	7,387
Total County Judge	324,565	324,634	310,935	13,699
South Service Center:				
Salaries and wages, and employee benefits	231,165	231,165	230,025	1,140
Operating expenditures	13,125	13,125	10,323	2,802
Capital outlay	24,500	24,500	20,352	4,148
Total South Service Center	268,790	268,790	260,700	8,090
Central Service Center:				
Salaries and wages, and employee benefits	275,129	275,129	274,069	1,060
Operating expenditures	15,896	20,044	14,672	5,372
Capital outlay	24,500	20,352	20,352	-0-
Total Central Service Center	315,525	315,525	309,093	6,432
North Service Center:				
Salaries and wages, and employee benefits	284,956	284,956	281,072	3,884
Operating expenditures	23,150	23,150	11,851	11,299
Capital outlay	1,000	1,000		1,000
Total North Service Center	309,106	309,106	292,923	16,183
West Service Center:				
Salaries and wages, and employee benefits	201,145	201,145	200,163	982
Operating expenditures	8,084	8,084	6,476	1,608
Total West Service Center	209,229	209,229	206,639	2,590
Records Management:				
Salaries and wages, and employee benefits	55,346	55,446	55,441	5
Operating expenditures	2,825	2,825	1,941	884
Total records management	58,171	58,271	57,382	889
County Clerk:				
Salaries and wages, and employee benefits	1,594,647	1,594,647	1,548,394	46,253
Operating expenditures	69,720	70,699	64,342	6,357
Total County Clerk	1,664,367	1,665,346	1,612,736	52,610
Veteran's Service:				
Salaries and wages, and employee benefits	112,456	112,706	112,646	60
Operating expenditures	4,774	5,159	4,452	707
Total veteran's service	117,230	117,865	117,098	767

(continued)

**BRAZORIA COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**

For the Year Ended September 30, 2006

Exhibit 14  
Page 2 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General Administration - Continued:				
Emergency Management:				
Salaries and wages, and employee benefits	\$ 66,654	\$ 66,714	\$ 66,695	\$ 19
Operating expenditures	<u>32,950</u>	<u>32,950</u>	<u>17,637</u>	<u>15,313</u>
Total emergency management	<u>99,604</u>	<u>99,664</u>	<u>84,332</u>	<u>15,332</u>
Non-departmental:				
Salaries and wages, and employee benefits	250,000			-0-
Operating expenditures	563,252	1,096,337	1,090,986	5,351
Capital outlay	<u>22,000</u>	<u>14,955</u>	<u>14,955</u>	<u>-0-</u>
Total non-departmental	<u>835,252</u>	<u>1,111,292</u>	<u>1,105,941</u>	<u>5,351</u>
Total general administration	<u>4,201,839</u>	<u>4,479,722</u>	<u>4,357,779</u>	<u>121,943</u>
Judicial and Legal:				
County Court at Law 1:				
Salaries and wages, and employee benefits	216,915	216,915	216,398	517
Operating expenditures	<u>59,229</u>	<u>59,229</u>	<u>51,037</u>	<u>8,192</u>
Total County Court at Law 1	<u>276,144</u>	<u>276,144</u>	<u>267,435</u>	<u>8,709</u>
County Court at Law 2:				
Salaries and wages, and employee benefits	289,449	289,449	288,935	514
Operating expenditures	<u>33,900</u>	<u>33,900</u>	<u>32,717</u>	<u>1,183</u>
Total County Court at Law 2	<u>323,349</u>	<u>323,349</u>	<u>321,652</u>	<u>1,697</u>
County Court at Law 3:				
Salaries and wages, and employee benefits	290,148	290,148	285,123	5,025
Operating expenditures	<u>36,300</u>	<u>36,009</u>	<u>35,392</u>	<u>617</u>
Total County Court at Law 3	<u>326,148</u>	<u>326,157</u>	<u>320,515</u>	<u>5,642</u>
Probate Court Investigations:				
Salaries and wages, and employee benefits	104,166	108,366	108,243	123
Operating expenditures	<u>3,350</u>	<u>3,421</u>	<u>2,273</u>	<u>1,148</u>
Total probate court investigations	<u>107,516</u>	<u>111,787</u>	<u>110,516</u>	<u>1,271</u>
District Courts:				
Salaries and wages, and employee benefits	742,215	742,215	734,667	7,548
Operating expenditures	<u>286,805</u>	<u>288,893</u>	<u>245,903</u>	<u>42,990</u>
Total district courts	<u>1,029,020</u>	<u>1,031,108</u>	<u>980,570</u>	<u>50,538</u>

(continued)

**BRAZORIA COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**

For the Year Ended September 30, 2006

Exhibit 14  
Page 3 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Judicial and Legal - Continued:				
District Clerk:				
Salaries and wages, and employee benefits	\$ 1,382,956	\$ 1,382,956	\$ 1,280,699	\$ 102,257
Operating expenditures	<u>69,689</u>	<u>70,597</u>	<u>62,278</u>	<u>8,319</u>
Total District Clerk	<u>1,452,645</u>	<u>1,453,553</u>	<u>1,342,977</u>	<u>110,576</u>
Justice of the Peace Pct. 1, Pl. 1:				
Salaries and wages, and employee benefits	279,186	279,186	278,208	978
Operating expenditures	<u>9,375</u>	<u>9,375</u>	<u>7,656</u>	<u>1,719</u>
Total Justice of the Peace Pct. 1, Pl. 1	<u>288,561</u>	<u>288,561</u>	<u>285,864</u>	<u>2,697</u>
Justice of the Peace Pct. 1, Pl. 2:				
Salaries and wages, and employee benefits	295,619	295,619	290,827	4,792
Operating expenditures	<u>10,439</u>	<u>10,439</u>	<u>8,074</u>	<u>2,365</u>
Total Justice of the Peace Pct. 1, Pl. 2	<u>306,058</u>	<u>306,058</u>	<u>298,901</u>	<u>7,157</u>
Justice of the Peace Pct. 2, Pl. 1:				
Salaries and wages, and employee benefits	273,539	277,539	277,320	219
Operating expenditures	<u>19,321</u>	<u>19,357</u>	<u>18,733</u>	<u>624</u>
Total Justice of the Peace Pct. 2, Pl. 1	<u>292,860</u>	<u>296,896</u>	<u>296,053</u>	<u>843</u>
Justice of the Peace Pct. 2, Pl. 2:				
Salaries and wages, and employee benefits	333,187	333,187	330,196	2,991
Operating expenditures	<u>29,055</u>	<u>30,555</u>	<u>29,923</u>	<u>632</u>
Total Justice of the Peace Pct. 2, Pl. 2	<u>362,242</u>	<u>363,742</u>	<u>360,119</u>	<u>3,623</u>
Justice of the Peace Pct. 3, Pl. 1:				
Salaries and wages, and employee benefits	240,753	240,753	232,744	8,009
Operating expenditures	<u>8,469</u>	<u>8,474</u>	<u>6,515</u>	<u>1,959</u>
Total Justice of the Peace Pct. 3, Pl. 1	<u>249,222</u>	<u>249,227</u>	<u>239,259</u>	<u>9,968</u>
Justice of the Peace Pct. 3, Pl. 2:				
Salaries and wages, and employee benefits	227,914	227,914	205,868	22,046
Operating expenditures	<u>10,275</u>	<u>10,275</u>	<u>7,055</u>	<u>3,220</u>
Total Justice of the Peace Pct. 3, Pl. 2	<u>238,189</u>	<u>238,189</u>	<u>212,923</u>	<u>25,266</u>
Justice of the Peace Pct. 4, Pl. 1:				
Salaries and wages, and employee benefits	329,297	329,797	329,610	187
Operating expenditures	<u>22,600</u>	<u>22,944</u>	<u>22,267</u>	<u>677</u>
Total Justice of the Peace Pct. 4, Pl. 1	<u>351,897</u>	<u>352,741</u>	<u>351,877</u>	<u>864</u>

(continued)

**BRAZORIA COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**

For the Year Ended September 30, 2006

Exhibit 14  
Page 4 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Judicial and Legal - Continued:				
Justice of the Peace Pct. 4, Pl. 2:				
Salaries and wages, and employee benefits	\$ 246,386	\$ 246,386	\$ 235,445	\$ 10,941
Operating expenditures	8,642	8,847	7,393	1,454
Total Justice of the Peace Pct. 4, Pl. 2	255,028	255,233	242,838	12,395
District Attorney:				
Salaries and wages, and employee benefits	3,252,128	3,432,908	3,423,808	9,100
Operating expenditures	91,768	307,768	277,940	29,828
Total District Attorney	3,343,896	3,740,676	3,701,748	38,928
Juror Fees and Costs:				
Operating expenditures	347,000	347,000	277,520	69,480
Total juror fees and costs	347,000	347,000	277,520	69,480
Judicial Miscellaneous:				
Salaries and wages, and employee benefits	13,500	13,500	13,269	231
Operating expenditures	1,217,800	1,177,800	1,152,955	24,845
Total judicial miscellaneous	1,231,300	1,191,300	1,166,224	25,076
Indigent Defense:				
Operating expenditures	1,467,500	1,592,500	1,563,133	29,367
Total indigent defense	1,467,500	1,592,500	1,563,133	29,367
Child Support:				
Salaries and wages, and employee benefits	212,449	212,449	184,806	27,643
Operating expenditures	8,067	8,067	6,185	1,882
Total child support	220,516	220,516	190,991	29,525
Bail Bond Board:				
Salaries and wages, and employee benefits	56,499	60,999	60,336	663
Operating expenditures	2,166	2,166	1,241	925
Total bail bond board	58,665	63,165	61,577	1,588
Total judicial and legal	12,527,756	13,027,902	12,592,692	435,210
Financial Administration:				
County Auditor:				
Salaries and wages, and employee benefits	863,247	863,247	782,397	80,850
Operating expenditures	16,930	16,930	8,954	7,976
Total county auditor	880,177	880,177	791,351	88,826

(continued)

**BRAZORIA COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT  
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**  
For the Year Ended September 30, 2006

Exhibit 14  
Page 5 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Financial Administration - Continued:				
Purchasing:				
Salaries and wages, and employee benefits	\$ 366,349	\$ 369,549	\$ 369,485	\$ 64
Operating expenditures	<u>18,875</u>	<u>18,891</u>	<u>14,588</u>	<u>4,303</u>
Total purchasing	<u>385,224</u>	<u>388,440</u>	<u>384,073</u>	<u>4,367</u>
County Treasurer:				
Salaries and wages, and employee benefits	175,592	175,592	175,266	326
Operating expenditures	<u>148,264</u>	<u>148,669</u>	<u>136,942</u>	<u>11,727</u>
Total County Treasurer	<u>323,856</u>	<u>324,261</u>	<u>312,208</u>	<u>12,053</u>
Human Resources:				
Salaries and wages, and employee benefits	335,754	335,754	331,346	4,408
Operating expenditures	<u>27,325</u>	<u>35,840</u>	<u>29,492</u>	<u>6,348</u>
Total human resources	<u>363,079</u>	<u>371,594</u>	<u>360,838</u>	<u>10,756</u>
Tax Assessor-Collector:				
Salaries and wages, and employee benefits	2,010,188	2,042,810	1,951,380	91,430
Operating expenditures	<u>190,216</u>	<u>244,685</u>	<u>220,239</u>	<u>24,446</u>
Total Tax Assessor-Collector	<u>2,200,404</u>	<u>2,287,495</u>	<u>2,171,619</u>	<u>115,876</u>
Information Systems:				
Salaries and wages, and employee benefits	1,427,900	1,429,800	1,429,619	181
Operating expenditures	<u>1,620,229</u>	<u>1,627,694</u>	<u>1,602,338</u>	<u>25,356</u>
Total information systems	<u>3,048,129</u>	<u>3,057,494</u>	<u>3,031,957</u>	<u>25,537</u>
Appraisal District Assessment:				
Operating expenditures	<u>430,000</u>	<u>422,218</u>	<u>422,218</u>	<u>-0-</u>
Total appraisal district assessment	<u>430,000</u>	<u>422,218</u>	<u>422,218</u>	<u>-0-</u>
Total financial administration	<u>7,630,869</u>	<u>7,731,679</u>	<u>7,474,264</u>	<u>257,415</u>
Elections:				
Salaries and wages, and employee benefits	88,000	102,443	91,570	10,873
Operating expenditures	28,150	86,329	65,666	20,663
Capital outlay	<u>22,000</u>	<u>16,157</u>	<u>16,157</u>	<u>-0-</u>
Total elections	<u>138,150</u>	<u>204,929</u>	<u>173,393</u>	<u>31,536</u>

(continued)

**BRAZORIA COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**

For the Year Ended September 30, 2006

Exhibit 14  
Page 6 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Public Facilities:</b>				
<b>Courthouses and Associated Buildings:</b>				
Salaries and wages, and employee benefits	\$ 1,259,010	\$ 1,259,010	\$ 1,156,029	\$ 102,981
Operating expenditures	1,010,300	1,015,386	1,030,076	( 14,690 )
Capital outlay	50,000	67,261	37,258	30,003
Total courthouses and associated buildings	<u>2,319,310</u>	<u>2,341,657</u>	<u>2,223,363</u>	<u>118,294</u>
<b>Property Insurance:</b>				
Operating expenditures	525,000	395,000	386,024	8,976
Total property insurance	<u>525,000</u>	<u>395,000</u>	<u>386,024</u>	<u>8,976</u>
Total public facilities	<u>2,844,310</u>	<u>2,736,657</u>	<u>2,609,387</u>	<u>127,270</u>
<b>Public Safety:</b>				
<b>County Sheriff:</b>				
Salaries and wages, and employee benefits	8,853,691	8,835,566	8,842,200	( 6,634 )
Operating expenditures	1,089,405	1,499,261	1,389,652	109,609
Capital outlay	558,211	536,688	533,756	2,932
Total County Sheriff	<u>10,501,307</u>	<u>10,871,515</u>	<u>10,765,608</u>	<u>105,907</u>
<b>Texas Department of Public Safety:</b>				
Salaries and wages, and employee benefits	42,127	44,027	43,921	106
Total Texas Department of Public Safety:	<u>42,127</u>	<u>44,027</u>	<u>43,921</u>	<u>106</u>
<b>Constable – Precinct 1:</b>				
Salaries and wages, and employee benefits	167,790	167,790	166,542	1,248
Operating expenditures	11,545	11,545	6,533	5,012
Total Constable – Precinct 1	<u>179,335</u>	<u>179,335</u>	<u>173,075</u>	<u>6,260</u>
<b>Constable – Precinct 2:</b>				
Salaries and wages, and employee benefits	119,088	134,088	133,826	262
Operating expenditures	16,850	20,694	19,341	1,353
Capital outlay	48,000	45,056	45,055	1
Total Constable – Precinct 2	<u>183,938</u>	<u>199,838</u>	<u>198,222</u>	<u>1,616</u>
<b>Constable – Precinct 3:</b>				
Salaries and wages, and employee benefits	118,976	133,076	132,998	78
Operating expenditures	18,425	19,425	17,414	2,011
Total Constable – Precinct 3	<u>137,401</u>	<u>152,501</u>	<u>150,412</u>	<u>2,089</u>
<b>Constable – Precinct 4:</b>				
Salaries and wages, and employee benefits	119,565	127,065	126,879	186
Operating expenditures	3,775	3,775	1,990	1,785
Total Constable – Precinct 4	<u>123,340</u>	<u>130,840</u>	<u>128,869</u>	<u>1,971</u>

(continued)



**BRAZORIA COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT  
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**

For the Year Ended September 30, 2006

Exhibit 14  
Page 7 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Public Safety - Continued:</b>				
<b>Inmate Community Service Work Program:</b>				
Salaries and wages, and employee benefits	\$ 68,100	\$ 68,100	\$ 66,282	\$ 1,818
Operating expenditures	35,119	35,119	33,741	1,378
Capital outlay	7,500	9,200	9,173	27
<b>Total inmate community service   work program</b>	<b>110,719</b>	<b>112,419</b>	<b>109,196</b>	<b>3,223</b>
<b>Ambulance EMS:</b>				
Operating expenditures	72,000	72,000	72,000	-0-
<b>Total ambulance EMS</b>	<b>72,000</b>	<b>72,000</b>	<b>72,000</b>	<b>-0-</b>
<b>Fire Protection:</b>				
Operating expenditures	483,100	532,035	458,084	73,951
Capital outlay	30,000	118,615		118,615
<b>Total fire protection</b>	<b>513,100</b>	<b>650,650</b>	<b>458,084</b>	<b>192,566</b>
<b>Total public safety</b>	<b>11,863,267</b>	<b>12,413,125</b>	<b>12,099,387</b>	<b>313,738</b>
<b>Corrections:</b>				
<b>Detention Center:</b>				
Salaries and wages, and employee benefits	7,147,128	7,519,628	7,505,032	14,596
Operating expenditures	3,352,861	4,146,768	4,201,309	( 54,541 )
Capital outlay	95,000	83,530	83,530	-0-
<b>Total detention center</b>	<b>10,594,989</b>	<b>11,749,926</b>	<b>11,789,871</b>	<b>( 39,945 )</b>
<b>Juvenile Probation:</b>				
Salaries and wages, and employee benefits	2,673,331	2,653,331	2,612,839	40,492
Operating expenditures	354,280	410,801	406,145	4,656
Capital outlay	20,000	15,446	15,446	-0-
<b>Total juvenile probation</b>	<b>3,047,611</b>	<b>3,079,578</b>	<b>3,034,430</b>	<b>45,148</b>
<b>Adult Probation:</b>				
Operating expenditures	24,588	24,588	23,889	699
<b>Total adult probation</b>	<b>24,588</b>	<b>24,588</b>	<b>23,889</b>	<b>699</b>
<b>Total corrections</b>	<b>13,667,188</b>	<b>14,854,092</b>	<b>14,848,190</b>	<b>5,902</b>
<b>Health and Welfare:</b>				
<b>Health Department:</b>				
Salaries and wages, and employee benefits	482,477	482,477	479,393	3,084
Operating expenditures	60,439	93,829	78,901	14,928
<b>Total health department</b>	<b>542,916</b>	<b>576,306</b>	<b>558,294</b>	<b>18,012</b>

(continued)

**BRAZORIA COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**

For the Year Ended September 30, 2006

Exhibit 14  
Page 8 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Health and Welfare - Continued:				
Environmental Health:				
Salaries and wages, and employee benefits	\$ 426,336	\$ 491,736	\$ 490,706	\$ 1,030
Other charges	33,250	34,846	21,919	12,927
Total environmental health	459,586	526,582	512,625	13,957
Child Protective Services:				
Salaries and wages, and employee benefits	18,210	3,095		3,095
Operating expenditures	63,700	69,230	66,115	3,115
Total child protective services	81,910	72,325	66,115	6,210
Mosquito Control:				
Salaries and wages, and employee benefits	929,192	929,192	867,272	61,920
Operating expenditures	501,542	814,608	889,301	( 74,693 )
Capital outlay	29,980	27,813	27,813	-0-
Total mosquito control	1,460,714	1,771,613	1,784,386	( 12,773 )
Water Lab:				
Salaries and wages, and employee benefits	146,699	146,699	146,390	309
Operating expenditures	35,575	40,280	39,653	627
Total water lab	182,274	186,979	186,043	936
County Welfare:				
Salaries and wages, and employee benefits	104,542	101,572	80,513	21,059
Operating expenditures	15,030	18,011	17,218	793
Capital outlay		7,723	7,723	-0-
Total county welfare	119,572	127,306	105,454	21,852
Indigent Health Care:				
Salaries and wages, and employee benefits	75,025	75,025	65,843	9,182
Operating expenditures	2,756,807	2,454,031	1,571,670	882,361
Total indigent health care	2,831,832	2,529,056	1,637,513	891,543
Total health and welfare	5,678,804	5,790,167	4,850,430	939,737
Public Assistance:				
Mental Health-Mental Retardation:				
Operating expenditures	220,000	220,000	220,000	-0-
Total mental health-mental retardation	220,000	220,000	220,000	-0-
Actions, Inc.:				
Operating expenditures	50,000	50,000	50,000	-0-
Total Actions, Inc.	50,000	50,000	50,000	-0-

(continued)

**BRAZORIA COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT  
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**  
For the Year Ended September 30, 2006

Exhibit 14  
Page 9 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Public Assistance - Continued:				
Brazoria County Marine Protection:				
Operating expenditures	\$ 12,000	\$ 12,000	\$ 12,000	\$ -0-
Total Brazoria County marine protection	12,000	12,000	12,000	-0-
Helpline:				
Operating expenditures	14,000	14,000	14,000	-0-
Total helpline	14,000	14,000	14,000	-0-
Total public assistance	296,000	296,000	296,000	-0-
Culture and Recreation:				
Library:				
Salaries and wages, and employee benefits	3,094,126	3,094,126	3,016,864	77,262
Operating expenditures	879,284	1,099,319	954,726	144,593
Total library	3,973,410	4,193,445	3,971,590	221,855
Parks and Recreation:				
Salaries and wages, and employee benefits	1,393,634	1,407,934	1,384,379	23,555
Operating expenditures	408,078	524,595	481,693	42,902
Capital outlay	65,500	26,407	26,291	116
Total parks and recreation	1,867,212	1,958,936	1,892,363	66,573
Museum Supplement:				
Salaries and wages, and employee benefits	357,288	357,288	347,432	9,856
Operating expenditures	15,708	16,817	15,931	886
Total museum supplement	372,996	374,105	363,363	10,742
Total culture and recreation	6,213,618	6,526,486	6,227,316	299,170
Conservation:				
Agricultural Extension:				
Salaries and wages, and employee benefits	370,206	370,206	351,665	18,541
Operating expenditures	21,700	24,966	21,341	3,625
Total conservation	391,906	395,172	373,006	22,166
Environmental protection:				
Sanitary Landfill:				
Operating expenditures	4,800	4,800	4,800	-0-
Total sanitary landfill	4,800	4,800	4,800	-0-
Flood Plain Administrator				
Salaries and wages, and employee benefits	133,497	133,497	132,982	515
Operating expenditures	4,386	4,532	4,274	258
Total flood plain administrator	137,883	138,029	137,256	773
Total environmental protection	142,683	142,829	142,056	773
Total current expenditures	\$ 65,596,390	\$ 68,598,760	\$ 66,043,900	\$ 2,554,860

**BRAZORIA COUNTY, TEXAS****SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT  
AND LEGAL LEVEL OF BUDGETARY CONTROL - MAJOR SPECIAL REVENUE FUND  
(ROAD AND BRIDGE FUND)**

Exhibit 15

For the Year Ended September 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Transportation:				
Engineers Office:				
Salaries and wages, and employee benefits	\$ 8,843,452	\$ 8,843,452	\$ 8,257,744	\$ 585,708
Operating expenditures	6,279,210	6,559,335	5,292,858	1,266,477
Capital outlay	<u>2,943,000</u>	<u>4,008,474</u>	<u>3,035,319</u>	<u>973,155</u>
Total public transportation	<u>18,065,662</u>	<u>19,411,261</u>	<u>16,585,921</u>	<u>2,825,340</u>
 Total current expenditures	<u>\$ 18,065,662</u>	<u>\$ 19,411,261</u>	<u>\$ 16,585,921</u>	<u>\$ 2,825,340</u>

**BRAZORIA COUNTY, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR)**

For the Year Ended September 30, 2006

	Lateral Road Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$	\$	\$	\$ -0-
Intergovernmental	86,817	86,817	86,768	( 49 )
Investment income	2,500	2,500	7,944	5,444
Miscellaneous				-0-
Total revenues	<u>89,317</u>	<u>89,317</u>	<u>94,712</u>	<u>5,395</u>
Expenditures:				
Current:				
Public Transportation:				
Operating expenditures	112,000	112,000		112,000
Capital outlay				-0-
Total public transportation	<u>112,000</u>	<u>112,000</u>	-0-	<u>112,000</u>
Total expenditures	<u>112,000</u>	<u>112,000</u>	-0-	<u>112,000</u>
Excess (deficiency) of revenues over expenditures	( 22,683 )	( 22,683 )	94,712	117,395
Other Financing Sources (Uses):				
Total other financing sources (uses)				-0-
Net change in fund balances	( 22,683 )	( 22,683 )	94,712	117,395
Fund balances – beginning	<u>131,636</u>	<u>131,636</u>	<u>131,636</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 108,953</u>	<u>\$ 108,953</u>	<u>\$ 226,348</u>	<u>\$ 117,395</u>

<u>Road and Bridge Tax Code Chapter 152 Fund</u>			
<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<u>Original</u>	<u>Final</u>		
\$ 1,425,000	\$ 1,425,000	\$ 1,397,615	\$( 27,385)
2,500	2,500		( 2,500)
			-0-
<u>1,427,500</u>	<u>1,427,500</u>	<u>1,397,615</u>	<u>( 29,885)</u>
2,000,000	2,000,000	760,346	1,239,654
		<u>880,122</u>	<u>( 880,122)</u>
<u>2,000,000</u>	<u>2,000,000</u>	<u>1,640,468</u>	<u>359,532</u>
<u>2,000,000</u>	<u>2,000,000</u>	<u>1,640,468</u>	<u>359,532</u>
( 572,500)	( 572,500)	( 242,853)	329,647
			-0-
( 572,500)	( 572,500)	( 242,853)	329,647
<u>767,933</u>	<u>767,933</u>	<u>767,933</u>	<u>-0-</u>
<u>\$ 195,433</u>	<u>\$ 195,433</u>	<u>\$ 525,080</u>	<u>\$ 329,647</u>

(continued)

**BRAZORIA COUNTY, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR) - Continued**

For the Year Ended September 30, 2006

	Special Road and Bridge Projects Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Charges for services	\$	\$	\$	\$ -0-
Licenses and permits	2,000,000	2,000,000	2,395,085	395,085
Investment income	15,000	15,000	28,759	13,759
Miscellaneous				-0-
<b>Total revenues</b>	<u>2,015,000</u>	<u>2,015,000</u>	<u>2,423,844</u>	<u>408,844</u>
Expenditures:				
Current:				
Judicial and Legal:				
Salaries and wages, and employee benefits				-0-
Operating expenditures				-0-
Capital outlay				-0-
<b>Total judicial and legal</b>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Public Transportation:				
Operating expenditures	2,500,000	2,526,241	1,194,740	1,331,501
Capital outlay			928,229	( 928,229 )
<b>Total public transportation</b>	<u>2,500,000</u>	<u>2,526,241</u>	<u>2,122,969</u>	<u>403,272</u>
<b>Total expenditures</b>	<u>2,500,000</u>	<u>2,526,241</u>	<u>2,122,969</u>	<u>403,272</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>( 485,000 )</u>	<u>( 511,241 )</u>	<u>300,875</u>	<u>812,116</u>
Other Financing Sources (Uses):				
Transfers in				-0-
<b>Total other financing sources (uses)</b>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Net change in fund balances</b>	<u>( 485,000 )</u>	<u>( 511,241 )</u>	<u>300,875</u>	<u>812,116</u>
Fund balances – beginning	1,472,422	1,472,422	1,472,422	-0-
<b>Fund balances – ending</b>	<u>\$ 987,422</u>	<u>\$ 961,181</u>	<u>\$ 1,773,297</u>	<u>\$ 812,116</u>

Law library Fund

Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 175,000	\$ 200,100	\$ 209,957	\$ 9,857
1,500	1,500	9,076	-0-
<u>12,000</u>	<u>12,000</u>	<u>11,880</u>	<u>( 120)</u>
<u>188,500</u>	<u>213,600</u>	<u>230,913</u>	<u>17,313</u>
49,133	49,233	49,204	29
130,300	155,499	150,468	5,031
<u>10,000</u>	<u>10,000</u>	<u>5,045</u>	<u>4,955</u>
<u>189,433</u>	<u>214,732</u>	<u>204,717</u>	<u>10,015</u>
			-0-
			-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>189,433</u>	<u>214,732</u>	<u>204,717</u>	<u>10,015</u>
<u>( 933)</u>	<u>( 1,132)</u>	<u>26,196</u>	<u>27,328</u>
<u>12,500</u>	<u>12,500</u>	<u>12,500</u>	<u>-0-</u>
<u>12,500</u>	<u>12,500</u>	<u>12,500</u>	<u>-0-</u>
11,567	11,368	38,696	27,328
<u>168,936</u>	<u>168,936</u>	<u>168,936</u>	<u>-0-</u>
<u>\$ 180,503</u>	<u>\$ 180,304</u>	<u>\$ 207,632</u>	<u>\$ 27,328</u>



**BRAZORIA COUNTY, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - DEBT SERVICE FUNDS (NONMAJOR)**

For the Year Ended September 30, 2006

C of O Sheriff & Detention Complex – Series 1993

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 2,404,677	\$ 2,404,677	\$ 3,920,894	\$ 1,516,217
Investment income	<u>20,000</u>	<u>20,000</u>	<u>140,285</u>	<u>120,285</u>
Total revenues	<u>2,424,677</u>	<u>2,424,677</u>	<u>4,061,179</u>	<u>1,636,502</u>
Expenditures:				
Debt Service:				
Principal on long-term debt	2,075,000	2,075,000	2,075,000	-0-
Interest on long-term debt	<u>933,784</u>	<u>933,784</u>	<u>933,264</u>	<u>520</u>
Total expenditures	<u>3,008,784</u>	<u>3,008,784</u>	<u>3,008,264</u>	<u>520</u>
Excess (deficiency) of revenues over expenditures	<u>( 584,107 )</u>	<u>( 584,107 )</u>	<u>1,052,915</u>	<u>1,637,022</u>
Other Financing Sources (Uses):				
Proceeds from the sale of bonds				-0-
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	<u>( 584,107 )</u>	<u>( 584,107 )</u>	<u>1,052,915</u>	<u>1,637,022</u>
Fund balances – beginning	<u>1,887,228</u>	<u>1,887,228</u>	<u>1,887,228</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 1,303,121</u>	<u>\$ 1,303,121</u>	<u>\$ 2,940,143</u>	<u>\$ 1,637,022</u>

C of O Construction and Maintenance – Series 2003			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 984,871	\$ 984,871	\$ 977,925	\$( 6,946)
		10,322	10,322
<u>984,871</u>	<u>984,871</u>	<u>988,247</u>	<u>3,376</u>
630,000	630,000	630,000	-0-
330,655	330,655	329,955	700
<u>960,655</u>	<u>960,655</u>	<u>959,955</u>	<u>700</u>
<u>24,216</u>	<u>24,216</u>	<u>28,292</u>	<u>4,076</u>
			-0-
			-0-
24,216	24,216	28,292	4,076
<u>139,593</u>	<u>139,593</u>	<u>139,593</u>	<u>-0-</u>
<u>\$ 163,809</u>	<u>\$ 163,809</u>	<u>\$ 167,885</u>	<u>\$ 4,076</u>

(continued)

**BRAZORIA COUNTY, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - DEBT SERVICE FUNDS (NONMAJOR) - Continued**  
 For the Year Ended September 30, 2006

Exhibit 17  
 Page 2 of 2

C of O Construction and Maintenance – Series 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$	\$	\$	\$ -0-
Investment income			725	725
Total revenues	-0-	-0-	725	725
Expenditures:				
Debt Service:				
Principal on long-term debt				-0-
Interest on long-term debt		282,051	282,050	1
Total expenditures	-0-	282,051	282,050	1
Excess (deficiency) of revenues over expenditures	-0-	( 282,051 )	( 281,325 )	726
Other Financing Sources (Uses):				
Proceeds from the sale of bonds		282,051	282,050	( 1 )
Total other financing sources (uses)	-0-	282,051	282,050	( 1 )
Net change in fund balances	-0-	-0-	725	725
Fund balances – beginning				-0-
Fund balances – ending	\$ -0-	\$ -0-	\$ 725	\$ 725

**BRAZORIA COUNTY, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS -  
BUDGET AND ACTUAL - ENTERPRISE FUND (AIRPORT)**

For the Year Ended September 30, 2006

Exhibit 18

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Sales:				
Fuel and supplies	\$ 749,120	\$ 989,120	\$ 1,047,541	\$ 58,421
Cost of sales	<u>543,673</u>	<u>773,242</u>	<u>686,533</u>	<u>86,709</u>
Gross profit	205,447	215,878	361,008	145,130
Other Revenue:				
Rentals	396,015	396,015	294,848	( 101,167 )
Fees	100,340	100,340	254,108	153,768
Miscellaneous			<u>8,579</u>	<u>8,579</u>
Net operating revenue	<u>701,802</u>	<u>712,233</u>	<u>918,543</u>	<u>206,310</u>
Operating Expenses:				
Salaries and wages	385,767	385,767	328,750	57,017
Employee benefits	141,579	141,579	118,675	22,904
Supplies	26,343	37,466	93,358	( 55,892 )
Other charges	118,019	167,850	208,970	( 41,120 )
Depreciation		<u>660,000</u>	<u>655,041</u>	<u>4,959</u>
Total operating expenses	<u>671,708</u>	<u>1,392,662</u>	<u>1,404,794</u>	<u>( 12,132 )</u>
Operating income (loss)	<u>30,094</u>	<u>( 680,429 )</u>	<u>( 486,251 )</u>	<u>194,178</u>
Non-Operating Revenues (Expenses):				
Interest			2,646	2,646
Operating grant revenue			29,461	29,461
Interest and fiscal charges	<u>( 22,305 )</u>	<u>( 22,305 )</u>	<u>( 20,448 )</u>	<u>1,857</u>
Total non-operating revenues (expenses)	<u>( 22,305 )</u>	<u>( 22,305 )</u>	<u>11,659</u>	<u>33,964</u>
Net income (loss) before contributions and transfers	7,789	( 702,734 )	( 474,592 )	228,142
Capital contributions			408,153	408,153
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>237,475</u>	<u>137,475</u>
Change in net assets	107,789	( 602,734 )	171,036	773,770
Net Assets:				
Total net assets – beginning of year	<u>11,394,845</u>	<u>11,394,845</u>	<u>11,394,845</u>	<u>-0-</u>
Total net assets – end of year	<u>\$ 11,502,634</u>	<u>\$ 10,792,111</u>	<u>\$ 11,565,881</u>	<u>\$ 773,770</u>

**BRAZORIA COUNTY, TEXAS**  
**COMBINING STATEMENT OF NET ASSETS -**  
**INTERNAL SERVICE FUNDS**  
September 30, 2006

Exhibit 19

	<u>Self Insurance Liability</u>	<u>Self Insurance Health</u>	<u>Total</u>
<b><u>Assets</u></b>			
Current Assets:			
Cash and temporary investments	\$ 1,505,638	\$ 913,419	\$ 2,419,057
Accounts receivable		57,803	57,803
Prepaid expenses		<u>35,780</u>	<u>35,780</u>
Total assets	<u>\$ 1,505,638</u>	<u>\$ 1,007,002</u>	<u>\$ 2,512,640</u>
<b><u>Liabilities and Fund Balance</u></b>			
Current Liabilities:			
Accounts and accrued liabilities payable	\$ 1,820	\$ 786,074	\$ 787,894
Estimated claims payable	<u>400,000</u>	<u>535,080</u>	<u>935,080</u>
Total liabilities	<u>401,820</u>	<u>1,321,154</u>	<u>1,722,974</u>
<b><u>Net Assets</u></b>			
Unrestricted	<u>1,103,818</u>	<u>( 314,152)</u>	<u>789,666</u>
Total net assets	<u>1,103,818</u>	<u>( 314,152)</u>	<u>789,666</u>
Total liabilities and net assets	<u>\$ 1,505,638</u>	<u>\$ 1,007,002</u>	<u>\$ 2,512,640</u>

**BRAZORIA COUNTY, TEXAS****COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET ASSETS - INTERNAL SERVICE FUNDS**

For the Year Ended September 30, 2006

Exhibit 20

	<u>Self Insurance Liability</u>	<u>Self Insurance Health</u>	<u>Total</u>
Operating Revenues:			
Contributions for self insurance	\$ <u>125,780</u>	\$ <u>8,525,528</u>	\$ <u>8,651,308</u>
Total operating revenues	<u>125,780</u>	<u>8,525,528</u>	<u>8,651,308</u>
Operating Expenses:			
Legal expenses and settlements	152,070		152,070
Health claims expense		7,764,930	7,764,930
Administrative expense		<u>950,666</u>	<u>950,666</u>
Total operating expenses	<u>152,070</u>	<u>8,715,596</u>	<u>8,867,666</u>
Operating income (loss)	( 26,290)	( 190,068)	( 216,358)
Non-Operating Revenue (Expense):			
Investment income	<u>64,380</u>	<u>12</u>	<u>64,392</u>
Net income (loss) before contributions and transfers	38,090	( 190,056)	( 151,966)
Transfers in		<u>1,050,000</u>	<u>1,050,000</u>
Net income (loss)	38,090	859,944	898,034
Net assets – beginning of year	<u>1,065,728</u>	<u>( 1,174,096)</u>	<u>( 108,368)</u>
Net assets – end of year	<u>\$ 1,103,818</u>	<u>\$ ( 314,152)</u>	<u>\$ 789,666</u>

**BRAZORIA COUNTY, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS -**  
**INTERNAL SERVICE FUNDS**  
For the Year Ended September 30, 2006

Exhibit 21

	<u>Self Insurance Liability</u>	<u>Self Insurance Health</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>			
Cash flows received from employees and other funds	\$ 125,780	\$ 8,786,855	\$ 8,912,635
Cash paid to and on behalf of employees		( 7,101,108)	( 7,101,108)
Cash paid to suppliers and others	<u>( 150,259)</u>	<u>( 950,666)</u>	<u>( 1,100,925)</u>
Net cash provided (used) by operating activities	<u>( 24,479)</u>	<u>735,081</u>	<u>710,602</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>			
Net cash provided (used) by non-capital financing activities	<u>                    </u>	<u>                    </u>	<u>-0-</u>
<b>Cash Flows from Capital and Financing Activities:</b>			
Net cash provided (used) by capital and financing activities	<u>                    </u>	<u>                    </u>	<u>-0-</u>
<b>Cash Flows from Investing Activities:</b>			
Investment income	<u>65,566</u>	<u>12</u>	<u>65,578</u>
Net cash provided (used) by investment activities	<u>65,566</u>	<u>12</u>	<u>65,578</u>
Net increase (decrease) in cash	41,087	735,093	776,180
Cash and temporary investments - beginning of year	<u>1,464,551</u>	<u>178,326</u>	<u>1,642,877</u>
Cash and temporary investments - end of year	<u>\$ 1,505,638</u>	<u>\$ 913,419</u>	<u>\$ 2,419,057</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:</b>			
<b>Operating Activities:</b>			
Operating income (loss)	\$( 26,290)	\$( 190,068)	\$( 216,358)
<b>Changes in Assets and Liabilities:</b>			
(Increase) Decrease In:			
Accounts receivable	1,811	260,327	263,138
Prepaid expenses		34,360	34,360
Increase (Decrease) In:			
Accounts and accrued liabilities payable		558,627	558,627
Estimated claims payable		<u>70,835</u>	<u>70,835</u>
Net cash provided (used) for operating activities	<u>\$( 24,479)</u>	<u>735,081</u>	<u>\$ 710,602</u>
<b>Noncash Transactions Affecting Financial Position:</b>			
Net noncash transactions affecting financial position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

**BRAZORIA COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**AGENCY FUNDS**  
For the Year Ended September 30, 2006

Exhibit 22  
Page 1 of 3

	<u>Balance</u> 10-01-05	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> 09-30-06
<b>PAYROLL CLEARING:</b>				
<i>Assets</i>				
Cash and temporary investments	\$ 521,616	\$ 54,976,662	\$ 54,767,421	\$ 730,857
Due from other funds	<u>6,061</u>	<u>21</u>	<u>6,061</u>	<u>21</u>
Total assets	<u>\$ 527,677</u>	<u>\$ 54,976,683</u>	<u>\$ 54,773,482</u>	<u>\$ 730,878</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Accounts payable and accrued expense	<u>\$ 527,677</u>	<u>\$ 54,976,683</u>	<u>\$ 54,773,482</u>	<u>\$ 730,878</u>
Total liabilities	<u>\$ 527,677</u>	<u>\$ 54,976,683</u>	<u>\$ 54,773,482</u>	<u>\$ 730,878</u>
<b>GULF COAST SPACEPORT DEVELOPMENT:</b>				
<i>Assets</i>				
Cash and temporary investments	<u>\$ 333,414</u>	<u>\$</u>	<u>\$ 151,732</u>	<u>\$ 181,682</u>
Total assets	<u>\$ 333,414</u>	<u>\$ -0-</u>	<u>\$ 151,732</u>	<u>\$ 181,682</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Due to others	<u>\$ 333,414</u>	<u>\$</u>	<u>\$ 151,732</u>	<u>\$ 181,682</u>
Total liabilities	<u>\$ 333,414</u>	<u>\$ -0-</u>	<u>\$ 151,732</u>	<u>\$ 181,682</u>
<b>BRAZORIA COUNTY GROUNDWATER CONSERVATION DISTRICT:</b>				
<i>Assets</i>				
Cash and temporary investments	<u>\$ 97</u>	<u>\$ 21,855</u>	<u>\$ 21,952</u>	<u>\$ -0-</u>
Total assets	<u>\$ 97</u>	<u>\$ 21,855</u>	<u>\$ 21,952</u>	<u>\$ -0-</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Due to others	<u>\$ 97</u>	<u>\$ 21,855</u>	<u>\$ 21,952</u>	<u>\$ -0-</u>
Total liabilities	<u>\$ 97</u>	<u>\$ 21,855</u>	<u>\$ 21,952</u>	<u>\$ -0-</u>



**BRAZORIA COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**AGENCY FUNDS - Continued**  
For the Year Ended September 30, 2006

Exhibit 22  
Page 2 of 3

	<u>Balance</u> 10-01-05	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> 09-30-06
<b>CHILD SUPPORT:</b>				
<i>Assets</i>				
Cash and temporary investments	\$ 1,803	\$ 434,780	\$ 433,781	\$ 2,802
<b>Total assets</b>	<b>\$ 1,803</b>	<b>\$ 434,780</b>	<b>\$ 433,781</b>	<b>\$ 2,802</b>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Due to others	\$ 1,803	\$ 434,780	\$ 433,781	\$ 2,802
<b>Total liabilities</b>	<b>\$ 1,803</b>	<b>\$ 434,780</b>	<b>\$ 433,781</b>	<b>\$ 2,802</b>
<b>TDCJ-CJAD:</b>				
<i>Assets</i>				
Cash and temporary investments	\$ 960,763	\$ 7,386,636	\$ 7,326,621	\$ 1,020,778
Accounts receivable	8	133	8	133
Accrued interest receivable	900	1,043	900	1,043
<b>Total assets</b>	<b>\$ 961,761</b>	<b>\$ 7,387,812</b>	<b>\$ 7,327,529</b>	<b>\$ 1,021,954</b>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Accounts payable and accrued expenses	\$ 475,633	\$ 3,653,939	\$ 3,997,760	\$ 131,812
Due to others	486,038	3,733,873	3,329,769	890,142
<b>Total liabilities</b>	<b>\$ 961,671</b>	<b>\$ 7,387,812</b>	<b>\$ 7,327,529</b>	<b>\$ 1,021,954</b>
<b>DISTRICT/COUNTY CLERKS TRUSTS:</b>				
<i>Assets</i>				
Cash and temporary investments	\$ 11,746,333	\$ 9,565,705	\$ 8,925,376	\$ 12,386,662
<b>Total assets</b>	<b>\$ 11,746,333</b>	<b>\$ 9,565,705</b>	<b>\$ 8,925,376</b>	<b>\$ 12,386,662</b>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Due to others	\$ 11,746,333	\$ 9,565,705	\$ 8,925,376	\$ 12,386,662
<b>Total liabilities</b>	<b>\$ 11,746,333</b>	<b>\$ 9,565,705</b>	<b>\$ 8,925,376</b>	<b>\$ 12,386,662</b>

**BRAZORIA COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**AGENCY FUNDS - Continued**  
For the Year Ended September 30, 2006

Exhibit 22  
Page 3 of 3

	<u>Balance</u> 10-01-05	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> 09-30-06
<b>TOTALS - ALL AGENCY FUNDS:</b>				
<i>Assets</i>				
Cash and temporary investments	\$ 13,564,026	\$ 72,385,638	\$ 71,626,883	\$ 14,322,781
Accounts receivable	8	133	8	133
Accrued interest receivable	900	1,043	900	1,043
Due from other funds	<u>6,061</u>	<u>21</u>	<u>6,061</u>	<u>21</u>
<b>Total assets</b>	<b><u>\$ 13,570,995</u></b>	<b><u>\$ 72,386,835</u></b>	<b><u>\$ 71,633,852</u></b>	<b><u>\$ 14,323,978</u></b>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Accounts payable and accrued expenses	\$ 1,003,310	\$ 58,630,622	\$ 58,771,242	\$ 862,690
Due to others	<u>12,567,685</u>	<u>13,756,213</u>	<u>12,862,610</u>	<u>13,461,288</u>
<b>Total liabilities</b>	<b><u>\$ 13,570,995</u></b>	<b><u>\$ 72,386,835</u></b>	<b><u>\$ 71,633,852</u></b>	<b><u>\$ 14,323,978</u></b>



**STATISTICAL SECTION**

## **BRAZORIA COUNTY, TEXAS**

Statistical Section

(unaudited)

This part of Brazoria County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and additional supplementary information say about the County's overall financial health.

<u>Content</u>	<u>Table</u>
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<b>Financial Trends</b>	1-4
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These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

<b>Revenue Capacity</b>	5-8
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These tables contain information to help the reader assess the County's most significant local revenue source, the property tax.

<b>Debt Capacity</b>	9-11
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These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

<b>Demographic and Economic Indicators</b>	12-14
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These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

<b>Operating Information</b>	15-16
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These tables contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides.

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in 2003; tables presenting government-wide information include information beginning in that year.

**BRAZORIA COUNTY, TEXAS**  
**NET ASSETS BY COMPONENTS**  
 Last Four Fiscal Years  
 (accrual basis of accounting)

Table 1

	Fiscal Year			
	2003	2004	2005	2006
<b>Governmental Activities:</b>				
Invested in capital assets, net of related debt	\$ 71,768,258	\$ 74,343,083	\$ 75,898,996	\$ 80,090,157
Restricted For:				
Roads and bridges	9,003,081	8,055,178	7,847,782	9,671,499
Debt service	1,052,575	1,341,841	2,157,744	3,310,158
Capital projects	11,183,126	7,288,634	5,567,367	16,578,804
Other purposes	2,240,136	2,717,710	3,237,218	3,863,186
Unrestricted	<u>12,729,881</u>	<u>11,482,088</u>	<u>13,911,427</u>	<u>23,072,866</u>
<b>Total governmental activities net assets</b>	<b><u>\$107,977,057</u></b>	<b><u>\$105,228,534</u></b>	<b><u>\$108,620,534</u></b>	<b><u>\$136,586,670</u></b>
<b>Business-type Activities:</b>				
Invested in capital assets, net of related debt	\$ 7,886,581	\$ 10,293,274	\$ 9,617,689	\$ 10,871,918
Restricted For:				
Debt service	63,174	50,168	52,674	56,663
Other purposes	99,211	72,637	48,102	18,835
Unrestricted	<u>122,827</u>	<u>142,989</u>	<u>1,666,061</u>	<u>606,769</u>
<b>Total business-type activities</b>	<b><u>\$ 8,171,793</u></b>	<b><u>\$ 10,559,068</u></b>	<b><u>\$ 11,384,526</u></b>	<b><u>\$ 11,554,185</u></b>
<b>Primary Government:</b>				
Invested in capital assets, net of related debt	\$ 79,654,839	\$ 84,636,357	\$ 85,516,685	\$ 90,962,075
Restricted	23,641,303	19,526,168	18,910,887	33,499,145
Unrestricted	<u>12,852,708</u>	<u>11,625,077</u>	<u>15,577,488</u>	<u>23,679,635</u>
<b>Total primary government</b>	<b><u>\$116,148,850</u></b>	<b><u>\$115,787,602</u></b>	<b><u>\$120,005,060</u></b>	<b><u>\$148,140,855</u></b>

Note: The County did not begin reporting government-wide statements until it implemented GASB Statement 34 in 2003.

**BRAZORIA COUNTY, TEXAS**  
**CHANGES IN NET ASSETS**  
 Last Four Fiscal Years  
 (accrual basis of accounting)

Table 2

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
<b>Governmental Activities:</b>				
General administration	\$ 4,105,945	\$ 4,588,331	\$ 5,292,979	\$ 4,974,768
Judicial and legal	12,002,634	12,540,748	13,078,631	13,797,943
Financial administration	6,433,818	7,017,884	7,441,233	7,726,563
Elections	156,447	77,817	109,644	2,169,341
Public facilities	2,313,530	2,732,495	2,826,693	2,809,843
Public safety	10,535,578	11,064,291	12,177,212	13,317,747
Corrections	16,251,641	17,824,167	18,334,618	18,966,237
Public transportation	20,038,508	22,626,704	22,519,813	22,351,045
Health and welfare	6,644,933	7,844,979	8,081,835	9,745,180
Public assistance	226,000	226,000	296,000	296,000
Culture and recreation	5,822,897	6,437,956	6,262,357	6,652,453
Conservation	377,647	408,329	350,218	393,433
Environmental protection	125,604	132,419	142,928	150,987
Community development	2,502,382	3,458,661	3,956,237	2,937,926
Interest on long-term debt	1,531,282	1,455,717	1,386,006	1,477,364
<b>Total governmental activities expenses</b>	<b>89,068,846</b>	<b>98,436,498</b>	<b>102,256,404</b>	<b>107,948,830</b>
<b>Business-type Activities:</b>				
Airport	1,379,687	1,477,476	1,819,390	2,124,407
<b>Total business-type activities expenses</b>	<b>1,379,687</b>	<b>1,477,476</b>	<b>1,819,390</b>	<b>2,124,407</b>
<b>Total primary government expenses</b>	<b>\$ 90,448,533</b>	<b>\$ 99,913,974</b>	<b>\$104,075,794</b>	<b>\$110,073,237</b>
<b>Program Revenues</b>				
<b>Governmental Activities:</b>				
<b>Charges for Services:</b>				
General administration	\$ 2,372,556	\$ 1,986,196	\$ 3,023,513	\$ 3,831,544
Judicial and legal	4,476,802	5,695,541	5,936,348	6,314,663
Financial administration	920,919	897,500	915,332	1,140,119
Elections	3,302	3,512	11,604	74,959
Public facilities		22,116	31,385	29,897
Public safety	1,049,565	1,516,419	1,314,159	1,355,560
Corrections	50,305	533,296	401,742	496,467
Public transportation	1,979,526	2,172,502	2,921,637	3,369,217
Health and welfare	410,076	433,374	401,182	402,469
Culture and recreation	227,312	397,668	390,327	436,156
Conservation		10,683	12,777	12,662
Environmental protection	40,309	45,485	49,706	76,386
Operating grants and contributions	6,646,814	6,392,287	8,765,064	11,055,123
Capital grants and contributions	3,019,603	4,149,354	4,562,373	19,032,936
<b>Total governmental activities program revenues</b>	<b>21,197,089</b>	<b>24,255,933</b>	<b>28,737,149</b>	<b>47,628,158</b>

**BRAZORIA COUNTY, TEXAS**  
**CHANGES IN NET ASSETS - Continued**  
 Last Four Fiscal Years  
 (accrual basis of accounting)

Table 2

	Fiscal Year			
	2003	2004	2005	2006
<b>Business-type Activities:</b>				
Charges for Services:				
Airport	\$ 1,101,170	\$ 1,178,963	\$ 1,269,237	\$ 1,616,331
Operating Grants and Contributions:				
Airport	13,325			29,461
Capital Grants and Contributions:				
Airport	<u>2,080,660</u>	<u>2,691,254</u>	<u>1,224,318</u>	<u>408,153</u>
Total business-type activities program revenues	<u>3,195,155</u>	<u>3,870,217</u>	<u>2,493,555</u>	<u>2,053,945</u>
Total primary government program revenues	<u>\$ 24,392,244</u>	<u>\$ 28,126,150</u>	<u>\$ 31,230,704</u>	<u>\$ 49,682,103</u>
Net (Expense)/Revenue:				
Governmental activities	\$(67,871,757)	\$(74,180,565)	\$(73,519,255)	\$(60,320,672)
Business-type activities	<u>1,815,468</u>	<u>2,392,741</u>	<u>674,165</u>	<u>( 70,462)</u>
Total primary governmental net expense	<u>(66,056,289)</u>	<u>(71,787,824)</u>	<u>(72,845,090)</u>	<u>(60,391,134)</u>
<b>General Revenues &amp; Other Changes in Net Assets</b>				
Governmental Activities:				
Property taxes	52,610,118	56,725,407	60,611,489	67,484,298
Sales and other taxes	11,558,370	11,874,486	13,541,179	12,625,575
Special assessments				63,471
Grants and contributions not restricted to specific programs	193,472	244,538	199,006	314,168
Unrestricted investment earnings	960,571	928,391	1,227,165	2,615,731
Gain (loss) on disposition of capital assets	114,143	117,822	( 171,537)	85,872
Miscellaneous	1,414,756	1,691,398	1,954,155	1,666,557
Contributions to BCCSCD health benefits			( 96,324)	
Transfers		( 150,000)	( 150,000)	( 237,475)
Total governmental activities	<u>66,851,430</u>	<u>71,432,042</u>	<u>77,115,133</u>	<u>84,618,197</u>
Business-type Activities:				
Unrestricted investment earnings	11,229	2,125	1,293	2,646
Transfers		<u>150,000</u>	<u>150,000</u>	<u>237,475</u>
Total business-type activities	<u>11,229</u>	<u>152,125</u>	<u>151,293</u>	<u>240,121</u>
Total primary government	<u>66,862,659</u>	<u>71,584,167</u>	<u>77,266,426</u>	<u>84,858,318</u>
<b>Change in Net Assets</b>				
Governmental activities	( 1,020,327)	( 2,748,523)	3,595,878	24,297,525
Business-type activities	<u>1,826,697</u>	<u>2,544,866</u>	<u>825,458</u>	<u>169,659</u>
Total primary government	<u>\$ 806,370</u>	<u>\$( 203,657)</u>	<u>\$ 4,421,336</u>	<u>\$ 24,467,184</u>

Note: Accrual-basis financial information for the County government as a whole is only available back to 2003, the year GASB Statement 34 was implemented.



**BRAZORIA COUNTY, TEXAS**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

Table 3

	Fiscal Year				
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General Fund:					
Reserved	\$ 480,989	\$ 848,074	\$ 909,305	\$ 1,297,240	\$ 449,786
Unreserved	<u>11,305,347</u>	<u>9,922,948</u>	<u>11,152,722</u>	<u>12,973,717</u>	<u>13,567,130</u>
Total general fund	<u>\$ 11,786,336</u>	<u>\$ 10,771,022</u>	<u>\$ 12,062,027</u>	<u>\$ 14,270,957</u>	<u>\$ 14,016,916</u>
All Other Governmental Funds:					
Reserved	\$ 1,915,253	\$ 4,065,033	\$ 2,697,151	\$ 1,821,216	\$ 2,223,468
Unreserved:					
Designated:					
Capital projects funds	5,679,898	4,369,275	4,413,012	4,545,851	4,081,595
Undesignated:					
Capital projects funds					
Special revenue funds	<u>6,254,721</u>	<u>6,276,395</u>	<u>9,087,950</u>	<u>9,661,576</u>	<u>9,230,435</u>
Total all other governmental funds	<u>\$ 13,849,872</u>	<u>\$ 14,710,703</u>	<u>\$ 16,198,113</u>	<u>\$ 16,028,643</u>	<u>\$ 15,535,496</u>

Fiscal Year				
2002	2003	2004	2005	2006
\$ 417,389	\$ 776,941	\$ 1,149,125	\$ 1,035,239	\$ 1,181,546
<u>11,217,028</u>	<u>10,628,263</u>	<u>10,119,747</u>	<u>12,398,370</u>	<u>17,368,350</u>
<u>\$ 11,634,417</u>	<u>\$ 11,405,204</u>	<u>\$ 11,268,872</u>	<u>\$ 13,433,609</u>	<u>\$ 18,549,896</u>
\$ 2,430,409	\$ 2,127,108	\$ 2,341,383	\$ 2,904,897	\$ 3,780,614
3,077,085	10,894,981	7,288,634	5,482,269	16,542,134
<u>8,906,476</u>	<u>10,506,768</u>	<u>9,262,935</u>	<u>9,825,608</u>	<u>12,453,432</u>
			85,098	
<u>\$ 14,413,970</u>	<u>\$ 23,528,857</u>	<u>\$ 18,892,952</u>	<u>\$ 18,297,872</u>	<u>\$ 32,776,180</u>

**BRAZORIA COUNTY, TEXAS**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

Table 4  
 Page 1 of 2

	Fiscal Year				
	1997	1998	1999	2000	2001
<b>Revenues:</b>					
Taxes	\$ 41,334,628	\$ 46,763,091	\$ 46,755,467	\$ 49,204,769	\$ 56,699,556
Intergovernmental	8,601,556	4,468,076	9,942,349	9,441,805	7,338,760
Charges for services	3,267,599	3,901,129	4,311,444	4,841,263	5,409,779
Licenses and permits	2,197,404	2,276,264	2,274,424	2,660,696	2,587,552
Fines and forfeitures	2,189,460	2,045,783	2,460,161	2,676,439	2,678,575
Special assessments	98,471	79,953	137,593	101,138	125,512
Investment income	2,145,539	1,976,079	2,016,105	2,392,116	2,202,631
Miscellaneous	<u>1,077,061</u>	<u>1,027,861</u>	<u>1,345,556</u>	<u>1,760,047</u>	<u>2,056,121</u>
<b>Total revenues</b>	<u>60,911,718</u>	<u>62,538,236</u>	<u>69,243,099</u>	<u>73,078,273</u>	<u>79,098,486</u>
<b>Expenditures:</b>					
General administration	2,670,469	2,719,036	2,883,904	3,211,799	3,879,933
Judicial and legal	7,338,322	7,500,919	8,009,020	8,454,436	9,225,510
Financial administration	3,464,078	3,794,233	4,919,919	5,149,707	5,848,340
Elections	103,545	76,941	80,359	73,343	109,165
Public facilities	2,262,741	2,528,699	2,099,026	1,846,804	2,307,260
Public safety	6,734,148	6,914,337	7,103,652	7,811,951	9,485,636
Corrections	13,421,621	10,300,338	11,161,797	13,083,514	14,296,310
Public transportation	14,076,474	13,717,903	16,529,786	15,361,634	18,201,208
Health and welfare	3,745,856	4,075,546	3,974,467	4,370,727	5,206,659
Public assistance	226,000	226,000	244,017	256,798	226,000
Culture and recreation	3,755,836	3,540,170	4,097,647	4,020,031	5,229,308
Conservation	273,315	287,841	297,289	285,396	319,262
Environmental protection	76,534	77,210	79,476	86,792	100,412
Community development					
Capital outlay	3,048,177	3,246,130	1,795,799	3,844,863	2,583,567
Debt Service:					
Principal	1,864,191	1,848,030	1,390,203	1,411,866	1,520,306
Interest and fiscal charges	<u>1,628,187</u>	<u>1,228,587</u>	<u>1,750,323</u>	<u>1,872,851</u>	<u>1,943,958</u>
<b>Total expenditures</b>	<u>64,689,494</u>	<u>62,081,920</u>	<u>66,416,684</u>	<u>71,142,512</u>	<u>80,482,834</u>
<b>Excess of revenues over (under) expenditures</b>	<u>( 3,777,776 )</u>	<u>456,316</u>	<u>2,826,415</u>	<u>1,935,761</u>	<u>( 1,384,348 )</u>

(continued)

Fiscal Year				
2002	2003	2004	2005	2006
\$ 59,790,710	\$ 64,712,267	\$ 68,926,987	\$ 74,871,254	\$ 80,618,481
9,225,776	9,673,483	10,554,254	13,154,480	14,658,241
5,607,940	5,497,608	6,777,239	6,946,094	8,505,724
2,688,644	3,061,146	2,716,482	3,510,492	4,192,040
2,418,302	2,480,513	2,755,884	2,681,213	2,937,726
89,692	388,636	40,622	21,142	20,355
1,207,685	812,240	896,098	1,189,482	2,558,836
<u>1,684,999</u>	<u>1,593,134</u>	<u>2,775,181</u>	<u>2,168,765</u>	<u>1,650,000</u>
<u>82,713,748</u>	<u>88,219,027</u>	<u>95,442,747</u>	<u>104,542,922</u>	<u>115,141,403</u>
3,659,565	3,944,682	4,490,510	5,036,224	5,193,392
10,763,642	11,784,197	11,702,822	12,132,962	13,101,418
6,138,232	6,436,503	6,825,415	7,307,863	7,477,425
103,424	156,447	77,817	109,644	2,276,634
2,168,715	2,300,228	2,644,981	2,757,631	2,667,167
9,535,724	10,260,660	10,726,572	12,224,147	13,229,168
14,482,329	15,468,693	16,441,503	16,995,740	17,823,526
17,391,246	19,091,164	20,101,559	20,923,768	20,482,267
5,786,983	6,628,407	7,724,836	8,014,313	9,779,785
226,000	226,000	226,000	296,000	296,000
5,859,727	5,954,913	6,724,925	6,114,890	6,335,099
367,473	377,852	388,549	334,836	373,006
133,460	123,226	122,224	135,140	142,056
	2,502,382	3,469,450	3,954,932	2,930,819
5,943,962	2,650,785	3,416,104	1,720,896	2,841,843
1,430,650	2,305,504	3,016,366	3,164,604	2,975,208
<u>2,022,063</u>	<u>1,581,102</u>	<u>1,565,351</u>	<u>1,395,797</u>	<u>1,556,717</u>
<u>86,013,195</u>	<u>91,792,745</u>	<u>99,664,984</u>	<u>102,619,387</u>	<u>109,481,530</u>
<u>( 3,299,447 )</u>	<u>( 3,573,718 )</u>	<u>( 4,222,237 )</u>	<u>1,923,535</u>	<u>5,659,873</u>

**BRAZORIA COUNTY, TEXAS****CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - Continued**

Last Ten Fiscal Years

(modified accrual basis of accounting)

Table 4  
Page 2 of 2

	Fiscal Year				
	1997	1998	1999	2000	2001
Other Financing Sources (Uses):					
Proceeds from sale of bonds					
Premium on the sale of bonds					
Proceeds from sale of capital assets					
Loans to other entities					
Proceeds from lease purchase	160,000		152,000		502,200
Proceeds from refunding bonds		24,266,384			
Payments to bond refunding escrow agent		(24,419,098)			
Other		( 118,337)			
Transfers in	476,281	1,785,285	867,054	3,400,932	1,017,564
Transfers out	( 476,281)	( 2,185,285)	( 1,067,054)	( 3,283,351)	( 1,017,564)
Total other financing sources (uses)	160,000	( 671,051)	( 48,000)	117,581	502,200
Net change in fund balances	<u>\$( 3,617,776)</u>	<u>\$( 214,735)</u>	<u>\$ 2,778,415</u>	<u>\$ 2,053,342</u>	<u>\$( 882,148)</u>
Debt service as a percentage of noncapital expenditures	5.7%	5.2%	4.9%	4.9%	4.4%

Fiscal Year				
2002	2003	2004	2005	2006
\$	\$ 11,000,000	\$	\$	\$ 13,880,000
				117,050
				134,081
				( 21,855)
	1,459,392			
1,012,089	1,101,179	1,859,610	1,266,797	1,496,992
( 1,293,667)	( 1,101,179)	( 2,409,610)	( 1,416,797)	( 2,784,467)
( 281,578)	12,459,392	( 550,000)	( 150,000)	12,821,801
<u>\$( 3,581,025)</u>	<u>\$ 8,885,671</u>	<u>\$( 4,772,237)</u>	<u>\$ 1,773,535</u>	<u>\$ 18,481,674</u>
4.3%	4.4%	4.8%	4.5%	4.2%

**BRAZORIA COUNTY, TEXAS**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
 Last Ten Fiscal Years

Table 5

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Exemptions</u>	<u>Net Real Property</u>	<u>Minerals</u>	<u>Personal Property</u>	<u>Total</u>	<u>Assessment Ratio</u>	<u>Estimated Actual Value</u>
2006	\$ 13,144,026	\$ 4,253,551	\$ 8,890,475	\$ 405,716	\$ 2,481,436	\$ 11,777,627	100%	\$ 16,031,178
2005	12,041,514	4,103,928	7,937,586	326,557	2,153,146	10,417,289	100%	14,521,217
2004	11,200,894	4,259,355	6,941,539	234,929	2,062,985	9,239,453	100%	13,498,808
2003	10,510,667	3,868,691	6,641,976	182,140	1,919,120	8,743,236	100%	12,611,927
2002	9,928,021	3,644,314	6,283,707	214,943	1,960,210	8,458,860	100%	12,103,174
2001	9,672,240	3,515,504	6,156,736	156,078	1,785,436	8,098,250	100%	11,613,754
2000	9,026,349	2,787,814	6,238,535	136,709	1,702,562	8,077,806	100%	10,865,620
1999	8,402,303	2,413,264	5,989,039	201,429	1,826,765	8,017,233	100%	10,430,497
1998	7,922,049	2,408,569	5,513,480	256,732	1,987,683	7,757,895	100%	10,166,464
1997	7,012,681	1,958,181	5,054,500	228,784	1,722,858	7,005,869	100%	8,964,050





**BRAZORIA COUNTY, TEXAS**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
 Last Ten Fiscal Years  
 (rate per \$100 of assessed value)

Table 6  
 Page 1 of 2

	1997 Tax Rate	1998 Tax Rate	1999 Tax Rate	2000 Tax Rate
<b>County Direct Rates:</b>				
General Fund	0.200040	0.205636	0.215485	0.212730
Road & Bridge	0.065000	0.060000	0.060000	0.060000
Special R&B - Article 6790	0.060000	0.060000	0.060000	0.060000
Debt Service Fund - Jail Building Bonds	0.032460	0.031864	0.022015	0.024770
Certificate of Obligation - Series 2003				
<b>Total direct rate</b>	<b>0.357500</b>	<b>0.357500</b>	<b>0.357500</b>	<b>0.357500</b>
<b>City Rates:</b>				
Alvin	0.803600	0.803600	0.803600	0.803600
Angleton	0.703500	0.750000	0.750000	0.732138
Brazoria	0.776200	0.776200	0.766200	0.741800
Brookside Village	0.460000	0.460000	0.460000	0.460000
Clute	0.726000	0.726000	0.726000	0.723000
Danbury	0.904100	0.629900	0.988700	0.923091
Freeport	0.781900	0.781900	0.781900	0.781900
Hillcrest Village	0.343671	0.331156	0.414997	0.414997
Town of Holiday Lakes	1.480000	1.435300	1.407653	1.336983
Village of Jones Creek	0.250000	0.200000	0.250000	0.250000
Lake Jackson	0.350000	0.350000	0.350000	0.350000
Liverpool	0.175800	0.175800	0.175800	0.175800
Manvel	0.592146	0.560343	0.656445	0.750000
Village of Oyster Creek	0.639530	0.416905	0.394700	0.394700
Pearland	0.695000	0.695000	0.695000	0.695000
Town of Quintana	0.172600	0.163000	0.172200	0.160000
Richwood	0.569210	0.569210	0.691200	0.691200
Village of Surfside Beach	0.401405	0.400353	0.400353	0.400354
Sweeny	0.810950	0.810950	0.810950	0.810950
West Columbia	0.837699	0.837699	0.837699	0.838837
<b>School District Rates:</b>				
Alvin ISD	1.535300	1.574300	1.439000	1.478589
Angleton ISD	1.430000	1.430000	1.430000	1.530000
Brazosport ISD	1.372800	1.372800	1.372800	1.372800
Columbia-Brazoria ISD	1.612000	1.667460	1.740000	1.686300
Damon ISD	0.310000	1.310000	1.220000	1.320000
Danbury ISD	1.600000	1.600000	1.488725	1.562181
Pearland ISD	1.776700	1.862400	1.643400	1.650000
Sweeny ISD	1.450000	1.450000	1.624140	1.515000
<b>Special District Rates:</b>				
Alvin Community College	0.203200	0.179462	0.238900	0.238900
Angleton-Danbury Hospital	0.209714	0.199999	0.199999	0.196463
Brazoria Co. DD # 1 (Angleton)	0.230000	0.223280	0.214965	0.212570
Brazoria Co. DD # 2 (Velasco)	0.092070	0.071000	0.068950	0.68950
Brazoria Co. DD # 3 (Alvin or C&R #3)	0.096000	0.096000	0.096000	0.096000
Brazoria Co. DD # 4 (Pearland)	0.144441	0.141431	0.141431	0.134078
Brazoria Co. DD # 5 (Iowa Colony)	0.306981	0.303410	0.303410	0.289868
Brazoria Co. DD # 8 (Danbury)	0.289110	0.277426	0.301817	0.375782
Brazoria Co. DD #11 (W. Brazoria Co.)	0.020000	0.020000	0.020000	0.020000
Brazoria Co. FWSD # 1	0.690000	0.690000	0.730000	0.730000
Brazoria Co. MUD # 1 (Pearland)	1.040000	0.920000	0.820000	0.660000
Brazoria Co. MUD # 2 (Southwyck)	1.010000	0.948000	0.870000	0.780000
Brazoria Co. MUD # 3 (Silvertake)		1.260000		
Brazoria Co. MUD # 4 (Country Place)	1.243000	1.158000	1.098000	0.998000
Brazoria Co. MUD # 5 (Southdown)	1.120000	0.990000	0.860000	0.680000
Brazoria Co. MUD # 6 (Weatherford)	1.250000	1.000000		
Brazoria Co. MUD #16				
Brazoria Co. MUD #17				
Brazoria Co. MUD #18				
Brazoria Co. MUD #19				
Brazoria Co. MUD #21				
Brazoria Co. MUD #23		0.080000	0.078430	0.072500
Brazoria Co. MUD #25				
Brazoria Co. MUD #26				

<u>2001 Tax Rate</u>	<u>2002 Tax Rate</u>	<u>2003 Tax Rate</u>	<u>2004 Tax Rate</u>	<u>2005 Tax Rate</u>	<u>2006 Tax Rate</u>
0.251975	0.257269	0.278287	0.284237	0.286210	0.279356
0.060000	0.060000	0.060000	0.047500	0.047500	0.047500
0.060000	0.060000	0.060000	0.060000	0.060000	0.060000
0.257525	0.022231	0.022231	0.020513	0.020995	0.015000
<u>0.399500</u>	<u>0.399500</u>	<u>0.419500</u>	<u>0.007250</u>	<u>0.007250</u>	<u>0.066131</u>
			<u>0.419500</u>	<u>0.421955</u>	<u>0.407987</u>
0.803600	0.803600	0.803600	0.803600	0.803600	0.803600
0.705310	0.754774	0.744774	0.744774	0.739774	0.734150
0.741800	0.728300	0.728300	0.728300	0.728300	0.728300
0.460000	0.460000	0.460000	0.460000	0.460000	0.460000
0.723000	0.723000	0.723000	0.723000	0.723000	0.723000
0.834605	0.804816	0.841738	0.841738	0.823830	0.775664
0.777000	0.764000	0.748500	0.748500	0.716900	0.710000
0.414997	0.374512	0.374512	0.374512	0.374512	0.374512
1.270863	1.306045	1.269340	1.269340	1.230848	0.719325
0.280000	0.310000	0.310000	0.310000	0.310000	0.310000
0.350000	0.375000	0.370300	0.370300	0.370000	0.380000
0.175800	0.175800	0.175800	0.175800	0.175800	0.175800
0.734803	0.713231	0.710247	0.710247	0.659603	0.648500
0.394700	0.394700	0.411106	0.411106	0.411106	0.452100
0.686000	0.686000	0.696000	0.696000	0.694755	0.674400
0.160000	0.160000	0.160000	0.160000	0.050000	0.040000
0.691200	0.691200	0.691200	0.691200	0.691200	0.691200
0.400354	0.400354	0.400354	0.400354	0.400354	0.490000
0.790950	0.790950	0.775571	0.775571	0.775571	0.750000
0.838837	0.838837	0.838837	0.838837	0.838837	0.838837
1.566000	1.586116	1.626100	1.626100	1.676000	1.705800
1.530000	1.630000	1.630000	1.630000	1.610000	1.571000
1.422800	1.422800	1.472800	1.472800	1.522800	1.572800
1.576300	1.576300	1.576300	1.576300	1.870000	1.770000
1.360000	1.360000	1.360000	1.360000	1.420000	1.420000
1.580000	1.540000	1.540000	1.540000	1.561500	1.557600
1.820000	1.837200	1.809200	1.809200	1.792200	1.792200
1.478300	1.673588	1.675000	1.675000	1.692000	1.671000
0.241100	0.255300	0.254766	0.254766	0.240561	0.237555
0.193494	0.193494	0.260562	0.260562	0.248244	0.247745
0.209420	0.200000	0.185000	0.185000	0.185000	0.175000
0.071370	0.071370	0.073924	0.073924	0.076210	0.082113
0.110000	0.116623	0.116623	0.116623	0.131623	0.130634
0.125871	0.150934	0.142820	0.142820	0.142009	0.143845
0.284592	0.288048	0.266328	0.266328	0.244006	0.221958
0.375782	0.361863	0.372689	0.372689	0.372689	0.372541
0.020000	0.020000	0.020000	0.020000	0.020000	0.020000
0.730000	0.730000	0.730000	0.730000	0.400000	0.360000
0.570000	0.550000	0.540000	0.540000	0.530000	0.460000
0.740000	0.740000	0.670000	0.670000	0.550000	0.480000
0.967000	0.917000	0.817000	0.817000	0.717000	0.647000
0.918000	0.888000	0.778000	0.778000	0.728000	0.688000
0.670000	0.670000	0.670000	0.670000	0.670000	0.670000
0.987500	0.987500	0.987500	0.987500	0.890000	0.800000
0.750000	0.750000	0.750000	0.750000	0.950000	
0.650000	0.650000	0.650000	0.650000	0.750000	0.750000
0.800000	0.800000	0.800000	0.800000	0.650000	0.640000
		1.350000	1.350000	0.800000	0.800000
0.072500	0.850000	0.850000	0.850000	1.350000	1.350000
		1.250000	1.250000	0.850000	0.850000
		0.850000	0.850000	1.250000	1.250000
				0.850000	0.850000

(continued)

**BRAZORIA COUNTY, TEXAS****DIRECT AND OVERLAPPING PROPERTY TAX RATES - Continued**

Last Ten Fiscal Years

(rate per \$100 of assessed value)

Table 6  
Page 2 of 2

<u>Taxing Jurisdictions</u>	<u>1997 Tax Rate</u>	<u>1998 Tax Rate</u>	<u>1999 Tax Rate</u>	<u>2000 Tax Rate</u>
Special Districts: (continued)				
Brazoria Co. MUD #28				
Brazoria Co. MUD #29				
Brazoria Co. MUD #34				
Brazoria/Ft. Bend MUD #1				
Brazos River Harbor Navigation District	0.080000	0.076250	0.076250	0.085000
Brazosport College	0.076250	0.605424	1.150000	1.050000
Commodore Cove Improvement District	0.805440	0.462700	0.495000	0.495000
Oak Manor MUD	0.474100	0.894950	0.935801	0.947241
Treasure Island MUD	0.878860	0.832500	0.815265	0.756428
Vamer Creek Utility District	0.757000	0.294833	0.293577	0.293577
Sweeny Hospital *	0.294833			
Rural Fire District #1				
Emergency Svc District #1				
Emergency Svc District #2				
Emergency Svc District #3				

\* The Sweeny Hospital tax rate is the rollback tax rate.

Source: Brazoria County Appraisal District ([www.brazoriacad.org](http://www.brazoriacad.org))  
Brazoria County Commissioner's Court minutes

<u>2001 Tax Rate</u>	<u>2002 Tax Rate</u>	<u>2003 Tax Rate</u>	<u>2004 Tax Rate</u>	<u>2005 Tax Rate</u>	<u>2006 Tax Rate</u>
		0.820000	0.820000	0.820000	0.820000
				0.750000	0.750000
				0.850000	0.850000
0.085000	0.071200	0.070000	0.070000	0.850000	0.850000
0.691318	0.085000	0.105000	0.105000	0.067500	0.065000
0.495000	0.816436	0.986093	0.986093	0.114000	0.119000
0.947241	0.400000	0.400000	0.400000	0.986093	0.890000
0.720000	0.927240	0.927240	0.927240	0.360000	0.398000
0.323660	0.650000	0.592300	0.592300	0.823466	0.739283
0.030000	0.323660	0.352600	0.352600	0.540000	0.510000
	0.030000	0.030000	0.030000	0.349000	0.343781
	0.060000	0.070000	0.070000		
		0.030000	0.030000	0.080000	0.080000
				0.030000	0.030000
				0.100000	0.089975

**BRAZORIA COUNTY, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
 Current Year and Nine Years Ago

Table 7

<u>2006 Taxpayer</u>	<u>Type of Business</u>	<u>2006 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Dow Chemical Company	Chemical Manufacturer	\$ 2,902,449,412	18.11%
Conoco/Phillips Company	Petroleum Refinery	974,382,070	6.08%
BASF Corp - Chemical Division	Chemical Manufacturer	831,464,240	5.19%
Chevron Phillips Chemical Co LP	Petroleum Refinery	481,691,450	3.00%
Innovene USA LLC	Chemical Manufacturer	347,202,970	2.17%
Equistar Chemicals	Chemical Manufacturer	269,126,320	1.68%
Innovene LLC	Chemical Manufacturer	251,312,450	1.57%
Shintech, Inc.	Chemical Manufacturer	166,170,160	1.04%
Centerpoint Energy Inc.	Utility	133,942,260	0.84%
Oyster Creek Ltd	Contract Services	119,137,880	0.74%
		<u>\$ 6,476,879,212</u>	<u>\$ 40.40%</u>

<u>1997 Taxpayer</u>	<u>Type of Business</u>	<u>1997 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Dow Chemical Company	Chemical Manufacturer	\$ 2,469,544,000	27.55%
Phillips Petroleum	Petroleum Refinery	579,989,000	6.47%
BASF Corp - Chemical Division	Chemical Manufacturer	528,804,000	5.90%
Amoco Chemical Company	Chemical Manufacturer	433,663,000	4.84%
Sweeny Olefins Ltd	Chemical Manufacturer	340,266,000	3.80%
Oxy Petrochemical Inc.	Chemical Manufacturer	231,251,000	2.58%
Shintech, Inc.	Chemical Manufacturer	124,504,000	1.39%
Monsanto Company	Chemical Manufacturer	90,517,000	1.01%
Houston Lighting & Power	Electric Utility Company	89,481,000	1.00%
Southwestern Bell Telephone	Communications Company	78,908,000	0.88%
		<u>\$ 4,966,927,000</u>	<u>\$ 55.42%</u>

Source: Brazoria County Appraisal District  
 Assessed Valuation - 2006 \$ 16,031,176,851  
 Assessed Valuation - 1997 \$ 8,964,050

**BRAZORIA COUNTY, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
 Last Ten Fiscal Years

Table 8

Fiscal Year	Taxes Levied For the Fiscal Year (Original Levy)	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Levy
2006	\$ 64,505	\$ 63,509	98.46%	\$ 975	\$ 64,484	99.97%
2005	60,641	59,638	98.35%	974	60,612	99.95%
2004	56,304	55,284	98.19%	994	56,278	99.95%
2003	52,605	51,649	98.18%	919	52,568	99.93%
2002	48,271	47,144	97.67%	761	47,905	99.24%
2001	45,977	45,215	98.34%	519	45,734	99.47%
2000	38,660	38,024	98.35%	2,643	40,667	105.19%
1999	37,076	36,593	98.70%	569	37,162	100.23%
1998	36,057	35,496	98.44%	738	36,234	100.49%
1997	31,963	31,367	98.14%	464	31,831	99.59%

Source: Brazoria County Tax Assessor-Collector

Note: The information in this schedule relates to the County's own property tax levies, and does not include those it collected on behalf of other governments.

**BRAZORIA COUNTY, TEXAS**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
 Last Ten Fiscal Years

Table 9

Fiscal Year	General Bonded Debt Outstanding			Total	Percentage of Actual Property Value	Per Capita
	General Obligation Bonds	Certificates of Obligation	Less: Amounts Available for Debt Service			
1997	\$ -0-	\$ 30,867,503	\$ 1,089,559	\$ 29,777,944	0.33%	\$ 132
1998	24,185,000	6,307,503	2,128,684	28,363,819	0.28%	123
1999	24,050,000	5,138,622	1,549,539	27,639,083	0.26%	116
2000	23,910,000	3,948,942	1,280,784	26,578,158	0.24%	110
2001	23,765,000	2,834,761	1,446,173	25,153,588	0.23%	101
2002	23,615,000	1,800,000	1,530,628	23,884,372	0.21%	93
2003	23,455,000	11,000,000	1,102,514	33,352,486	0.26%	127
2004	21,390,000	10,520,000	1,224,771	30,685,229	0.23%	113
2005	19,295,000	9,905,000	2,026,821	27,173,179	0.19%	98
2006	17,220,000	23,155,000	3,108,753	37,266,247	0.23%	132

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.  
 See Table 5 for property value data.  
 Population and personal income data can be found in Table 12.

<u>Business Type Activities Certificates of Obligation</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$ -0-	\$ 29,777,944	0.57%	\$ 132
-0-	28,363,819	0.51%	123
-0-	27,639,083	0.46%	116
660,000	27,238,158	0.41%	113
600,000	25,753,588	0.37%	103
540,000	24,424,372	0.34%	95
475,000	33,827,486	0.45%	128
410,000	31,095,229	0.40%	115
335,000	27,508,179	0.35%	99
255,000	37,521,247	0.48%	133



**BRAZORIA COUNTY, TEXAS**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

As of September 30, 2006

Table 10

Governmental Unit	Debt As Of	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
<b>Special Districts:</b>				
Angleton-Danbury Hospital District	9/30/2003	\$ 20,162,663	100.00%	\$ 20,162,663
Brazoria Co. MUD #1 (Pearland)	12/31/2004	7,623,127	100.00%	7,623,127
Brazoria Co. MUD #2 (Southwyck)	12/31/2004	14,013,277	100.00%	14,013,277
Brazoria Co. MUD #3	7/7/2005	15,198,959	100.00%	15,198,959
Brazoria Co. MUD #4 (Country Place)	9/30/2005	9,056,924	100.00%	9,056,924
Brazoria Co. MUD #6 (Weatherford)	10/28/2005	32,008,438	100.00%	32,008,438
Brazoria Co. MUD #17	9/30/2005	21,645,050	100.00%	21,645,050
Brazoria Co. MUD #18	6/30/2005	28,484,631	52.62%	14,988,613
Brazoria Co. MUD #19	2/2/2006	34,682,712	100.00%	34,682,712
Brazoria Co. MUD #21	4/17/2006	18,463,240	100.00%	18,463,240
Brazoria Co. MUD #26	2/9/2006	54,096,366	100.00%	54,096,366
Brazoria Co. MUD #28	7/31/2005	5,040,136	100.00%	5,040,136
Vamer Creek Utility District	7/31/2006	1,660,000	100.00%	1,660,000
Brazos River Harbor Nav. District	7/31/2006	12,425,000	100.00%	12,425,000
Brazoria Co. FWSD #1	7/31/2006	245,000	100.00%	245,000
Commodore Cove Improvement District	7/31/2006	470,000	100.00%	470,000
<b>Total Special Districts</b>		<b>\$ 275,275,523</b>		<b>\$ 261,779,505</b>
<b>Cities:</b>				
Alvin	9/30/2005	\$ 9,818,475	100.00%	\$ 9,819,475
Angleton	9/30/2004	2,519,660	100.00%	2,519,660
Brazoria	7/31/2006	3,919,000	100.00%	3,919,000
Clute	9/30/2004	3,500,000	100.00%	3,500,000
Danbury	7/31/2006	3,063,000	100.00%	3,063,000
Freeport	7/31/2006	4,688,000	100.00%	4,688,000
Hillcrest Village	7/31/2006	225,000	100.00%	225,000
Town of Holiday Lakes	7/31/2006	138,000	100.00%	138,000
Lake Jackson	7/31/2006	27,055,000	100.00%	27,055,000
Manvel	7/31/2006	3,545,000	100.00%	3,545,000
Oyster Creek	7/31/2006	480,000	100.00%	480,000
Pearland	5/30/2006	164,197,555	98.92%	164,424,221
Richwood	9/30/2004	912,108	100.00%	912,108
Sweeny	7/31/2006	1,819,000	100.00%	1,819,000
West Columbia	7/31/2006	-0-	100.00%	-0-
<b>Total Cities</b>		<b>\$ 225,879,798</b>		<b>\$ 224,106,464</b>
<b>School Districts:</b>				
Alvin CCD	7/31/2006	19,375,000	100.00%	19,375,000
Alvin ISD	1/10/2006	229,832,154	100.00%	229,832,154
Angleton ISD	8/31/2005	28,552,169	100.00%	28,552,169
Brazosport ISD	7/31/2006	159,597,440	100.00%	159,597,440
Columbia-Brazoria ISD	12/1/2005	41,880,234	100.00%	41,880,234
Danbury ISD	8/31/2005	3,464,524	100.00%	3,464,524
Pearland ISD	7/31/2006	269,647,590	97.55%	263,041,224
Sweeny ISD	7/31/2006	10,050,000	100.00%	10,050,000
<b>Total School Districts</b>		<b>\$ 762,399,111</b>		<b>\$ 736,417,745</b>
Subtotal, overlapping debt				\$ 1,222,303,714
Total direct debt - Brazoria County (Verify with audit draft at 9/30/06)			9/30/2006	\$ 40,375,000
Total direct and overlapping debt				\$ 1,262,678,714

Source: Brazoria County Auditor's office and Municipal Advisory Council of Texas, *Texas Municipal Reports*.

**BRAZORIA COUNTY, TEXAS**  
**LEGAL DEBT MARGIN INFORMATION**  
 Last Ten Fiscal Years  
 (Unaudited)  
 (Amounts in thousands)

Table 11

**Legal Debt Margin Calculation for Fiscal Year 2006**

Assessed Value	\$ <u>16,031,176</u>
Debt Limit - 5% of Assessed Value (1)	\$ 801,559
Debt Applicable to Limit:	
Total bonded debt	\$ 40,375
Less: Amount available for repayment of general obligation bonds	<u>3,109</u>
Total net debt applicable to limit	<u>37,266</u>
Legal debt margin	\$ <u>764,293</u>

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit	\$448,203	\$508,308	\$521,525	\$543,821	\$580,679	\$605,159	\$630,596	\$674,940	\$726,061	\$801,559
Total net debt applicable to limit	<u>29,778</u>	<u>28,364</u>	<u>27,639</u>	<u>27,238</u>	<u>25,754</u>	<u>24,435</u>	<u>22,836</u>	<u>31,217</u>	<u>27,975</u>	<u>37,266</u>
Legal debt margin	<u>\$418,425</u>	<u>\$479,944</u>	<u>\$493,886</u>	<u>\$516,043</u>	<u>\$554,925</u>	<u>\$580,724</u>	<u>\$607,760</u>	<u>\$643,723</u>	<u>\$698,086</u>	<u>\$764,293</u>
Total net debt applicable To the limit as a Percentage of debt Limit	6.6%	5.6%	5.3%	5.0%	4.4%	4.0%	3.6%	4.6%	3.9%	4.6%

Note: Under the State of Texas Government Code Section 1301.003, the County's outstanding debt should not exceed 5% of total assessed property value.

**BRAZORIA COUNTY, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
 Last Ten Fiscal Years

Table 12

<u>Fiscal Year</u>	<u>Population*</u>	<u>Personal Income** (thousands of dollars)</u>	<u>Per Capita Person Income</u>	<u>Unemployment Rate</u>
1997	225,381	\$ 5,197,140	\$ 23,059	5.8
1998	231,205	5,582,742	24,146	6.4
1999	237,602	5,947,581	25,032	7.3
2000	241,767	6,573,637	27,022	5.0
2001	249,165	6,918,304	27,766	5.1
2002	256,891	7,204,298	28,044	6.3
2003	263,571	7,461,502	28,309	7.3
2004	270,870	7,851,254	28,985	6.8
2005	278,484	7,851,254	30,222	5.6
2006	281,637	7,851,254	32,462	4.9

Source: Texas Workforce Commission website <http://www/tracer2.com>

\* Estimated amount was used for 2006 because updated information is unavailable.

\*\*Estimated amounts were used for 2005 and 2006 because updated information is unavailable.

**BRAZORIA COUNTY, TEXAS**  
**PRINCIPAL EMPLOYERS**  
 Current Year

Table 13

<u>Employer</u>	<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Dow Chemical Company	4,570	1	3.4%
Texas Dept of Criminal Justice	2,440	2	1.8%
Infinity Group	2,413	3	1.8%
Brazosport ISD	2,015	4	1.5%
Wal-Mart Associates, Inc.	1,880	5	1.4%
Pearland ISD	1,810	6	1.3%
Alvin ISD	1,758	7	1.3%
Brazoria County	1,313	8	1.0%
Industrial Specialists, Inc.	1,069	9	0.8%
Conoco Phillips	900	10	0.7%
	<u>20,168</u>		<u>14.9%</u>

Source: Economic Development Alliance of Brazoria County

Note: Total employment is 135,063. Table should reflect comparison data from nine years ago; however, data was unavailable.

**BRAZORIA COUNTY, TEXAS****FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION**

Table 14

Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of September 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General administration	63	64	64	65	66	67	67	68	69	68
Judicial and legal	159	161	162	163	162	173	175	174	172	177
Financial administration	98	99	101	102	103	109	110	111	112	113
Elections	0	0	0	--	--	--	--	--	46	89
Public facilities	21	22	22	23	23	21	24	25	26	24
Public safety	145	147	149	149	155	160	159	160	161	170
Corrections	275	278	308	309	304	299	307	303	308	317
Public transportation	168	167	170	170	171	176	172	162	168	168
Health and welfare	66	66	67	67	68	69	71	70	78	77
Culture and recreation	128	129	131	132	142	153	152	145	148	148
Conservation	10	10	11	11	10	11	11	10	10	9
Environmental protection	3	3	3	3	3	3	3	3	3	3
Community development	0	0	0	0	0	1	2	3	3	4
Airport	9	10	11	11	9	8	9	9	10	10
<b>Total</b>	<b><u>1,145</u></b>	<b><u>1,156</u></b>	<b><u>1,199</u></b>	<b><u>1,205</u></b>	<b><u>1,216</u></b>	<b><u>1,250</u></b>	<b><u>1,262</u></b>	<b><u>1,243</u></b>	<b><u>1,314</u></b>	<b><u>1,377</u></b>

Source: Brazoria County Human Resources



**BRAZORIA COUNTY, TEXAS**  
**OPERATING INDICATORS BY FUNCTION**  
 Last Ten Fiscal Years

Table 15  
 Page 1 of 3

Function	Fiscal Year				
	1997	1998	1999	2000	2001
<b>General Administration:</b>					
County Clerk:					
Marriage License applications	1,839	1,902	1,875	1,718	1,674
Birth certificates filed	1,280	1,271	1,266	1,340	1,168
Death certificates filed	968	953	887	1,053	980
Probate cases filed	726	706	681	755	738
Beer license applications	80	86	82	89	80
<b>Judicial and Legal:</b>					
District Court Level:					
Beginning civil cases pending	5,764	5,932	6,226	6,179	7,103
Civil cases docket adjustment				( 104 )	104
Civil cases filed	4,539	4,449	5,085	5,231	5,427
Civil cases disposed	<u>4,371</u>	<u>4,155</u>	<u>5,132</u>	<u>4,203</u>	<u>6,630</u>
Ending civil cases pending	<u>5,932</u>	<u>6,226</u>	<u>6,179</u>	<u>7,103</u>	<u>6,004</u>
Beginning criminal cases pending	1,766	2,087	2,342	2,259	1,966
Criminal cases docket adjustment					
Criminal cases filed	2,086	2,035	2,388	2,176	2,194
Criminal cases disposed	<u>1,765</u>	<u>1,780</u>	<u>2,471</u>	<u>2,469</u>	<u>2,208</u>
Ending criminal cases pending	<u>2,087</u>	<u>2,342</u>	<u>2,259</u>	<u>1,966</u>	<u>1,952</u>
County Court Level:					
Beginning cases pending	343	150	381	469	348
Civil cases docket adjustment			( 3 )		
Civil cases filed	1,565	2,033	2,225	2,089	2,162
Civil cases disposed	<u>1,758</u>	<u>1,802</u>	<u>2,134</u>	<u>2,210</u>	<u>2,119</u>
Ending civil cases pending	<u>150</u>	<u>381</u>	<u>469</u>	<u>348</u>	<u>391</u>
Beginning cases pending	3,171	3,922	4,293	3,573	3,581
Criminal cases docket adjustment					
Criminal cases filed	5,625	5,691	5,568	6,516	5,508
Criminal cases disposed	<u>4,874</u>	<u>5,320</u>	<u>6,288</u>	<u>6,510</u>	<u>6,022</u>
Ending criminal cases pending	<u>3,922</u>	<u>4,293</u>	<u>3,573</u>	<u>3,581</u>	<u>3,067</u>
Beginning juvenile cases pending	108	101	113	113	99
Juvenile cases docket adjustment					
Juvenile cases filed	409	535	476	454	519
Juvenile cases disposed	<u>416</u>	<u>523</u>	<u>476</u>	<u>468</u>	<u>501</u>
Ending juvenile cases pending	<u>101</u>	<u>113</u>	<u>113</u>	<u>99</u>	<u>117</u>

Fiscal Year					
2002	2003	2004	2005	2006	
1,637	2,461	1,643	1,719	1,871	
1,219	1,178	1,194	1,304	1,194	
1,044	1,138	959	1,202	1,177	
782	744	732	783	803	
76	78	87	78	63	
6,004	6,019	6,331	6,288	6,304	
( 1)	1				
5,841	6,036	6,078	6,015	6,075	
<u>5,825</u>	<u>5,725</u>	<u>6,121</u>	<u>5,999</u>	<u>6,836</u>	
<u>6,019</u>	<u>6,331</u>	<u>6,288</u>	<u>6,304</u>	<u>5,543</u>	
1,952	2,052	1,837	1,820	1,934	
2,379	2,470	2,498	2,840	2,954	
<u>2,279</u>	<u>2,685</u>	<u>2,525</u>	<u>2,653</u>	<u>2,767</u>	
<u>2,052</u>	<u>1,837</u>	<u>1,820</u>	<u>1,934</u>	<u>2,121</u>	
391	437	842	996	941	
( 57)	503				
2,218	2,226	2,767	2,673	3,276	
<u>2,115</u>	<u>2,324</u>	<u>2,613</u>	<u>2,728</u>	<u>2,835</u>	
<u>437</u>	<u>842</u>	<u>996</u>	<u>941</u>	<u>1,382</u>	
3,067	2,959	3,509	4,113	5,948	
5,957	1,050	1	7,716	8,466	
<u>6,065</u>	<u>7,087</u>	<u>7,581</u>	<u>5,881</u>	<u>7,651</u>	
<u>2,959</u>	<u>3,509</u>	<u>4,113</u>	<u>5,948</u>	<u>6,763</u>	
117	153	163	174	171	
( 1)		1			
587	569	566	621	667	
<u>550</u>	<u>559</u>	<u>556</u>	<u>624</u>	<u>647</u>	
<u>153</u>	<u>163</u>	<u>174</u>	<u>171</u>	<u>191</u>	

(continued)



**BRAZORIA COUNTY, TEXAS**  
**OPERATING INDICATORS BY FUNCTION**  
 Last Ten Fiscal Years

Table 15  
 Page 2 of 3

Function	Fiscal Year				
	1997	1998	1999	2000	2001
<b>Judicial and Legal:</b>					
Justice of the Peace Level:					
Cases Filed:					
Traffic	16,334	16,308	20,747	28,574	26,927
Non-traffic	13,089	12,957	13,308	12,677	11,724
Small claims suits	729	667	695	666	627
Forcible entry & detainer	801	844	992	1,125	1,205
Other civil suits	279	301	446	585	649
Cases Disposed:					
Traffic	15,693	16,696	18,112	25,600	26,167
Non-traffic	9,652	10,164	11,587	11,211	10,603
Small claims suits	426	481	500	603	515
Forcible entry and detainer	563	700	811	982	1,059
Other civil suits	123	163	246	495	462
Inquests	438	402	490	492	420
<b>Financial Administration:</b>					
County Auditor:					
Accounts payable check issued	N/A	N/A	N/A	16,201	16,524
<b>Human Resources:</b>					
Pre-employment drug screens	N/A	N/A	N/A	N/A	N/A
Employee random drug screen	N/A	N/A	N/A	45	81
Payroll checks	N/A	N/A	N/A	5,514	6,502
Payroll advices	N/A	N/A	N/A	18,788	25,370
<b>Purchasing:</b>					
Number of purchase orders issued	N/A	N/A	N/A	10,693	8,308
<b>Tax Assessor-Collector:</b>					
Registered voters	126,587	135,413	135,136	147,811	144,879
Voting precincts	65	65	65	67	67
<b>Elections:</b>					
Computerized Voting Equipment:					
Judges booths	0	0	0	0	0
Regular voting machines	0	0	0	0	0
ADA compliant voting machine	0	0	0	0	0

Fiscal Year				
2002	2003	2004	2005	2006
25,966	22,729	29,651	28,634	28,265
12,519	11,175	11,055	10,474	11,127
741	562	730	544	506
1,699	1,492	1,925	1,978	2,075
601	483	665	522	769
25,570	22,647	26,037	26,859	27,634
11,626	11,224	9,449	10,527	11,396
601	445	636	450	452
1,656	1,368	1,814	1,765	1,959
528	366	523	379	511
414	337	361	336	371
17,294	17,834	17,954	18,270	18,633
N/A	175	109	179	298
54	N/A	55	68	25
5,643	5,137	5,143	4,750	4,657
26,623	27,836	28,189	29,680	29,133
8,821	9,062	9,350	8,901	8,815
152,741	148,726	161,485	156,126	161,683
78	78	75	77	77
0	0	0	125	125
0	0	0	499	499
0	0	0	125	125

(continued)

**BRAZORIA COUNTY, TEXAS**  
**OPERATING INDICATORS BY FUNCTION**  
 Last Ten Fiscal Years

Table 15  
 Page 3 of 3

Function	Fiscal Year				
	1997	1998	1999	2000	2001
<b>Corrections:</b>					
Detention Center - Adult:					
Facility square footage	209,962	209,962	209,962	209,962	209,962
Number of Male beds	1,073	1,073	1,073	1,073	1,073
Number of Female beds	96	96	96	96	96
Detention Center - Juvenile:					
Capacity:					
Detention	32	32	32	32	32
Residential:					
Males	16	16	16	16	16
Females	8	8	8	8	8
<b>Health and Welfare:</b>					
Environmental Health:					
Septic permits issued	607	712	715	702	655
Indigent Health Care:					
Indigent patients	N/A	N/A	N/A	N/A	N/A
Water Lab:					
Water test performed	N/A	N/A	N/A	8,605	9,739
<b>Culture and Recreation:</b>					
Library:					
Library locations	10	10	10	10	10
Bookmobiles	1	1	1	1	0
Collection inventory	301,785	535,538	539,695	512,518	524,943
Items checked out	1,198,405	1,174,630	1,155,419	1,090,481	1,064,932
Library program attendance	54,324	50,222	47,112	47,043	39,628
Internet usage	0	0	32,735	47,043	74,508
Parks and Recreation:					
Museum	1	1	1	1	1
<b>Environmental Protection:</b>					
Flood Plain Administrator:					
Construction permits issued	3,321	3,966	3,759	3,222	2,879
Estimated value of construction	279,751,892	392,728,635	343,354,844	457,805,503	457,981,851
<b>Community Development:</b>					
First time homebuyers	N/A	N/A	N/A	N/A	N/A
Reconstructions (home replacement)	N/A	N/A	N/A	N/A	N/A
Rehabilitation (home repair)	N/A	N/A	N/A	N/A	N/A

Sources: Various County departments. Case data is reported to the Texas Office of Court Administration. In addition to the Flood Plain Administrator, cities within the County provided construction permit information. For the Indigent Health Care patients, the numbers reflect a decrease from 100% coverage of the federal poverty guidelines to the present coverage of 21%.

Note: N/A - Data is not available for the year.

Fiscal Year				
2002	2003	2004	2005	2006
209,962	209,962	209,962	209,962	209,962
1,073	1,073	1,073	1,073	1,073
96	96	96	96	96
32	32	32	32	32
16	16	16	16	16
8	8	8	8	8
752	794	736	730	710
N/A	N/A	6,408	2,196	1,632
9,627	9,535	8,879	8,629	8,846
11	11	11	11	11
0	0	0	0	0
550,000	574,651	576,449	589,086	589,747
1,114,707	1,170,520	1,282,210	1,284,806	1,326,618
43,913	37,097	42,554	41,339	43,771
91,583	118,307	134,836	147,645	179,147
1	1	1	1	1
3,152	3,326	3,751	4,307	3,596
545,557,052	587,327,075	714,353,069	2,619,633,789	838,167,441
N/A	N/A	36	39	26
N/A	N/A	2	5	3
N/A	N/A	2	4	9

**BRAZORIA COUNTY, TEXAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
 Last Ten Fiscal Years

Table 16

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Airport:										
7,000 Runway	1	1	1	1	1	1	1	1	1	1
Health and Welfare:										
Health										
Health clinic locations	6	6	6	7	7	7	7	7	7	7
Public Facilities:										
County Parks	7	7	7	7	8	8	8	8	8	9
Public Transportation:										
Roads - Paved (miles)	941.45	939.71	940.82	940.82	961.73	965.3	979.6	999.65	1002.53	1004.14
Roads - Unpaved (miles)	208.08	187.51	187.51	187.51	171.45	171.45	170.85	170.15	169.95	169.95
Bridges	120	120	120	120	120	120	120	120	124	126

Source: Various County departments, Brazoria County Auditor's office capital assets listing.

Note: Brazoria County implemented GASB 34 and capital asset software in FY 2003.

**FEDERAL AND STATE AWARDS SECTION**



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## Independent Auditor's Report

Report on Compliance and Other Matters and on Internal Control Over Financial  
Reporting Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

March 7, 2007

The Honorable County Judge,  
and Members of Commissioners'  
Court of Brazoria County, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Brazoria County, Texas (the "County") as of and for the year ended September 30, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 7, 2007.

We conducted our audit in accordance with auditing standards generally accepted 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.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the County in a letter dated March 7, 2007.

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatements, we performed tests of compliance with the Public Funds Investment Act. The results of our tests disclosed no instances of noncompliance that are required to be reported under the Public Funds Investment Act.

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The Honorable County Judge,  
and Members of Commissioners'  
Court of Brazoria County, Texas  
March 7, 2007  
Page 2

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

However, we noted matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Brazoria County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 06-1, 06-2 and 06-3.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

We believe the reportable conditions described above are not material weaknesses. We also noted other matters involving control over financial reporting that we have reported to the management of the County in a separate letter dated March 7, 2007.

This report is intended solely for the information and use of the County Judge, members of Commissioners' Court, management, and appropriate state and federal agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Kennemer, Masters & Hurdford, LLC*

# Kennemer, Masters & Lunsford

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Independent Auditor's Report  
**Report on Compliance with Requirements Applicable to Each Major Program and Internal  
Control Over Compliance in Accordance with OMB Circular A-133  
And Texas Single Audit Circular**

March 7, 2007

The Honorable County Judge  
and Members of Commissioners'  
Court of Brazoria County, Texas

Compliance

We have audited the compliance of Brazoria County, Texas (the "County") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended September 30, 2006. The County's major federal and state programs are identified in the summary of auditor's results sections of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Texas Single Audit Circular. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended September 30, 2006.

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The Honorable County Judge,  
and Members of Commissioners'  
Court of Brazoria County, Texas  
March 7, 2007  
Page 2

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the Texas Single Audit Circular.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contract and grants caused by error or fraud that would be material in relation to a major federal or state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be a material weakness.

This report is intended solely for the information and use of the County Judge, members of Commissioners' Court, management, and appropriate state and federal agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Kennemer, Masters & Hunsford, LLC*

**BRAZORIA COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended September 30, 2006

Page 1 of 4

- I. Summary of auditor's results:
1. Type of auditor's report issued on the financial statements: Unqualified.
  2. Three internal control findings (06-1, 06-2, and 06-3), that are required to be reported in this schedule, were disclosed in the audit of the financial statements. None were considered material weaknesses.
  3. Noncompliance, which is material to the financial statements: None.
  4. No internal control findings, that are required to be reported in this schedule, were disclosed in the audit of the major programs.
  5. Type of auditor's report on compliance for major programs: Unqualified.
  6. Did the audit disclose findings which are required to be reported under Sec. 510(a): No
  7. Major programs include:
    - Federal:
      - 14.218 Community Development Block Grant
      - 14.871 Section 8 Housing Voucher Choice Program
      - 97.073 Homeland Security HSGP/SHSP
      - 99.401 Help America Vote Act (HAVA)
    - State:
      - Help America Vote Act (HAVA)  
Cluster Programs:
        - TJPC-A-06/07-020 State Aid Program
        - TJPC-Y-06/07-020 Community Correction Assistance Program
        - TJPC-Z-06/07-020 Salary Adjustment Funding JP and Detention Centers
        - TJPC-F-06/07-020 Progressive Sanctions JPO
        - TJPC-G-06/07-020 Progressive Sanctions Level 1-2-3
        - TJPC-O-06/07-020 Progressive Sanctions IS JPO
        - TJPC-E-06/07-020 Title IV-E Contract
        - TJPC-P-06/07-020 Juvenile Justice Alternative Education Program (Boot Camp)
  8. Dollar threshold used to distinguish between Type A and Type B programs: Federal \$ 330,485; State \$ 300,000.
  9. Low risk auditee: No.

II. Findings related to the financial statements

The audit disclosed the following findings required to be reported:

1. Schedule reference number 06-1: Budgeting. Expenditures exceeded appropriations at the department level as well as department line-item levels (salaries and wages, and employee benefits; operating expenditures; and capital outlay).

Criteria: Procedures should be in place to ensure that the County amends the official budget at the appropriate level prior to incurring expenditures.

Condition Found: General fund expenditures exceeded appropriations in two departments and eight department line items and budgeted special revenue funds exceeded appropriations in four department line items.

Questioned costs/basis: None

Instances/universe: The variances were noted during comparison of actual to budgeted expenditures for budgeted funds.

Effect: Expenditures exceeded appropriations at the department and department line-item level for the general fund and budgeted special revenue funds.

Recommendations: The Auditor's Office should review their current procedures for reviewing and comparing expenditures (including estimated accruals) to budgeted amounts prior to preparation of the final budget amendment.

2. Schedule reference number 06-2: TSG Judicial Software. Controls over receipts and docket numbers are not consistently maintained.

Criteria: Accounting procedures should be modified based on the changes required by the new software to establish adequate internal controls over receipts and docket numbers to ensure the accuracy and completeness of transactions.

Condition Found: Implementations of the new software occurred over an extended period of time and were not implemented consistently. Different locations had modifications (customized) performed on the software. These modifications were performed without consideration of the overall internal control requirements or the capability of the new software. In some instances the goal was to limit the changes in accounting (manual) procedures rather than consideration of an overall internal control environment.

Questioned costs/basis: None

Instances/universe: The variances were noted during our walk through procedures at or near the end of September 2006.

II. Findings related to the financial statements - Continued

2. Schedule reference number 06-2: TSG Judicial Software - Continued

Effect: Internal control procedures during and after the implementation of the new software were weakened and were not adequate based on the capabilities of the new software system.

Recommendations: A concerted effort needs to be made to establish accounting and computer (software capability) procedures that maximize internal controls. These controls should incorporate numerical sequence controls for docket, bond, and ticket numbers as well as stronger reconciliation controls. This can only be achieved through entity wide considerations and requirements rather than the desires of the individual departments.

3. Schedule Reference number 06-3: Controls over Tax Office payables (Vehicle Inventory Property Tax (VITP), accounts payable taxes, extra monies, 10% deposit fee, taxes – escrow, taxes-refunds, interest – main account sales tax, licenses, titles, sales tax, county fees, ATV safety fees, sales tax/state portion, license and title/state, farmer fund, refunds-car, refunds-salvage title, pulse pay cash back, beer licenses, and tracking for bad checks) are not adequate to ensure sub-ledgers agree in total to the general ledger.

Criteria: Accounting procedures should be modified to establish adequate internal controls over cash and related liability accounts, which will allow reconciliation of each type of collection and liability.

Condition Found: Due to support issues the Tax Office had to convert to an alternative system effective April 1, 2004. During the conversion the accounting department established more detail within the general ledger to simplify the reconciliation process. Each account had to be verified and reconciled to the ending balances from the old software reports and other information. The results since conversion have been unknown differences for the years ended September 2006 and 2005 of a credit of \$ 138,819.83 and a debit of \$ 55,935.45, respectively.

Questioned costs/basis: None

Instances/universe: These variances were noted during our year-end account analysis procedures at or near the end of February 2007.

Effect: Internal control procedures during and after the implementation of the new software were weakened and were not adequate to verify and report Tax Office liabilities.

Recommendations: Month end closing procedures for Tax Office personnel should include reconciling of the general ledger balances (various liabilities) to the Access database reports, in addition to the cash reconciliation. To ensure a clear understanding of what information should be gathered and utilized each month, we suggest personnel from the Auditors' Office assist in developing the procedures.

**BRAZORIA COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended September 30, 2006

*Page 4 of 4*

III. Findings and questioned costs related to the federal and state awards.

None.

Schedule reference number 05-1: Budgeting. Expenditures exceeded appropriations at the department and department line-item level.

Corrective action taken: Auditor's Office personnel have continued to review procedures to ensure that the expenditures do not exceed appropriations at the appropriate levels. Establishment of budgets for sub-funds (non-special revenue) was performed to eliminate several of the department variances. Further, the County combined appropriation categories to reduce budget adjustments and reduce situations where expenditures exceed appropriations at the fund level. See schedule reference 06-1.

Schedule reference number 05-2: TSG Judicial Software. Controls over receipts and docket numbers are not consistently maintained.

Corrective action taken: The Auditor's Office and Information Systems personnel have continued to work together and with departments using TSG to establish accounting and computer (software capability) procedures that will maximize internal controls. Information Systems has allocated resources to change TSG capabilities to assist in the enhancement of internal controls. Progress has been made in providing reports to account for the numerical sequence of tickets. See schedule reference 06-2.

Schedule reference number 05-3: Section 8 Housing Program CFDA # 14.871 – Inadequate maintenance of HUD required documentation.

Corrective action taken: The County completely reorganized the Section 8 Housing program files as recommended and hired a consultant to assist with technical support in getting the program in compliance with HUD. In addition, the County created the Brazoria County Community Development and Welfare Department and assigned the director duties to Nancy Friudenberg. Based on correspondence with HUD, the external auditors, and other housing authorities, the County developed a file checklist for HUD and County requirements that allows for easy review and comprehensive status of the program file. The checklist ensures an orderly stacking of all documents as well as communication to and from the clients and landlords. The file requirements include all contracts and documentation related to the program. The checklist has also been used for quality control. As file requirements are completed, staff signs off on each requirement as documentation for the contents of the file. The County allocated time to provide training and guidance to all personnel on the new filing system to assure there is an understanding as to what needs to be in the files. In addition, the County obtained training from the software vendor and HUD for personnel to promote their understanding of HUD required documentation.

Schedule reference number 05-4: Section 8 Housing Program CFDA # 14.871– Waiting List – The County does not have a waiting list as required by HUD.

Corrective action taken: The County approved an Administrative plan that includes procedures for opening the waiting list. Applicant selection from the waiting list is based on a lottery system. The County software system has the capability to process the applicants using a lottery system. At the County's request, the software vendor provided training specifically on the waiting list software module. Based on the adopted procedures, the County accepted applications for the waiting list during the year ended September 30, 2006 and filed vouchers from the waiting list.



Schedule reference number 05-5: Section 8 Housing Program CFDA # 14.871 – Software Updates – The County did not update the “Income Eligibility Limits” for their jurisdiction into the software.

Corrective action taken: The County obtained clarification from the software vendor on proper maintenance of “income eligibility limits” fields. The Director of the Brazoria County Community Development and Welfare Department assigned the Assistant Director to check for periodic changes and update the information in the software when changes occur. The Assistant Director has updated the income limits and has monitored subsequent updates of the “income eligibility limits” to insure County compliance.

Schedule reference number 05-6: Section 8 Housing Program CFDA # 14.871 – Utility Allowance – The utility allowance being used by the County was out of date.

Corrective action taken: The County hired The Nelrod Company, an independent third party, to develop a new utility allowance chart which was approved by the board and entered into the software system. Employee access is limited in the software system to prevent unauthorized changes to the utility allowance.

Schedule reference number 05-7: Section 8 Housing Program CFDA # 14.871 – Calculation Errors – Errors in the calculation of the applicant’s income and the selection of the correct payment standard were noted.

Corrective action taken: The County obtained additional training for staff. Based on information from the software vendor, the software calculates the applicant’s income based on correct data entry. For the payment standard, the County adopted the current Fair Market Rents. HUD approval is required for payment standards below 90% or above 110% level. However, the rent can be below or above the payment standard. The County developed written procedures for quality control. The procedures implement a review process to provide an independent look at each file to help alleviate errors.

Schedule reference number 05-8: Section 8 Housing Program CFDA # 14.871 – Performance Reporting Requirements – Required form HUD-52648 SEMAP Certification performance report due 60 days after fiscal year was not filed timely.

Corrective action taken: The County hired a consultant to assist with technical support in getting the program in compliance with HUD. Currently, the consultant is working with the County Community Development and Welfare Department to address the 14 indicators for SEMAP requirements. The County filed the form HUD-52648 SEMAP Certification performance report for the 12 months ending September 30, 2006.

Schedule reference number 06-1: Budgeting. Expenditures exceeded appropriations at the department and department line-item level.

Corrective action plan: Auditor's Office personnel continue to review procedures to ensure that the expenditures do not exceed appropriations at the appropriate levels. Establishment of budgets for sub-funds (non-special revenue) was performed to eliminate several of the department variances. Further, the County combined appropriation categories to reduce budget adjustments and reduce situations where expenditures exceed appropriations at the fund level. Connie Garner, County Auditor, will monitor on an ongoing basis actual expenditures to budgeted expenditures.

Schedule reference number 06-2: TSG Judicial Software. Controls over receipts and docket numbers are not consistently maintained.

Corrective action plan: The Auditor's Office and Information Systems personnel continue to work together and with departments using TSG to establish accounting and computer (software capability) procedures that will maximize internal controls. Information Systems plans to allocate resources to change TSG capabilities to assist in the enhancement of internal controls. Connie Garner, County Auditor, will monitor on an ongoing basis to ensure proper performance of these processes and procedures.

Schedule reference number 06-3: Controls over Tax Office payables.

Corrective action plan: The Auditors' Office assigned personnel to work with Tax Office personnel to establish procedures and training for the timely reconciliation of all Tax Office payables under the new software system. As a result of this, procedures are being developed to ensure that general ledger balances (various liabilities) are reconciled to the Access database reports on a monthly basis. Connie Garner, County Auditor, will monitor on an ongoing basis to ensure proper performance of these processes and procedures.

**BRAZORIA COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended September 30, 2006

Exhibit 23  
Page 1

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Contract/ Program Number	Expenditures Indirect Costs or Award Amount
U.S. Department of Agriculture:			
Passed Through Texas Health and Human Services Commission:			
Commodities	10.555	020-019-AB	\$ 677
School Breakfast Program	10.553	TX-020-2006	43,965
National School Lunch Program	10.555	TX-020-2006	68,164
Passed Through Texas Department of State Health Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC Programs)	10.557	TDH746000044506	<u>1,278,655</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 1,391,461</u>
U.S. Department of Commerce:			
Passed Through National Oceanic and Atmospheric Administration:			
Coastal Impact Assistance Program	11.419	NA170Z2173	<u>\$ 198,931</u>
TOTAL DEPARTMENT OF COMMERCE			<u>\$ 198,931</u>
U.S. Department of Housing and Urban Development:			
Direct Program:			
Community Development Block Grant	14.218	B-02-UC-48-0005	\$ 19,573
Community Development Block Grant	14.218	B-03-UC-48-0005	61,166
Community Development Block Grant	14.218	B-04-UC-48-0005	688,702
Community Development Block Grant	14.218	B-05-UC-48-0005	<u>1,480,550</u>
			<u>2,249,991</u>
Emergency Shelter Program	14.231	S-02-UC-48-0004	5,626
Emergency Shelter Program	14.231	S-03-UC-48-0004	19,335
Emergency Shelter Program	14.231	S-04-UC-48-0004	16,872
Emergency Shelter Program	14.231	S-05-UC-48-0004	<u>82,670</u>
			<u>124,503</u>
Home Program	14.239	M-02-UC-48-0230	700
Home Program	14.239	M-03-UC-48-0230	14,569
Home Program	14.239	M-04-UC-48-0230	156,896
Home Program	14.239	M-05-UC-48-0230	<u>378,862</u>
			<u>551,027</u>
Section 8 Housing Voucher Program	14.871	TX484VO 0001	699,756
Section 8 Housing Voucher Program	14.871	TX484VO 0002	<u>2,172,731</u>
			<u>2,872,487</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 5,798,008</u>

**BRAZORIA COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued**  
For the Year Ended September 30, 2006

Exhibit 23  
Page 2

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Contract/ Program Number	Expenditures Indirect Costs or Award Amount
U.S. Department of Interior:			
Passed Through Fish and Wildlife Service:			
Refuge Revenue Sharing Act of 1978	15.000	--	\$ 16,694
Rural Fire Assistance	15.608	1448-20181-01J856	4,651
Passed Through Minerals Management Service:			
Coastal Impact Assistance Program	15.426	Tier 1	<u>983</u>
TOTAL U.S. DEPARTMENT OF INTERIOR			<u>\$ 22,328</u>
U.S. Department of Justice:			
Direct:			
FY 2003 Local Law Enforcement Block Grants	16.592	2003-LB-BX-2255	\$ 1,207
FY 2004 Local Law Enforcement Block Grants	16.592	2004-LB-BX-0733	<u>11,602</u>
			<u>12,809</u>
Passed Through the Drug Enforcement Administration:			
State and Local Task Force - Overtime Reimbursement	16.540	--	5,588
Passed Through Office of the Governor - Criminal Justice Division:			
Juvenile Incentive Block Grant	16.540	JB-00-J20-13354-08	2,927
Juvenile Incentive Block Grant	16.540	JB-04-J20-13354-07	12,310
Juvenile Incentive Block Grant	16.540	JB-02-J20-13383-07	<u>7,155</u>
			<u>27,980</u>
Crime Victim Assistance Program	16.575	VA-03-V30-13535-07	33,961
Crime Victim Assistance Program	16.575	VA-05-V30-13536-06	29,574
Crime Victim Assistance Program	16.575	VA-05-V30-13536-07	<u>10,303</u>
			<u>73,838</u>
State Criminal Alien Assistance Program	16.606	2006-AP-BX-0119	27,436
Bulletproof Vest Partnership (BPV)	16.607	--	2,349
Edward Byrne Memorial Assistance Grant	16.738	2006-DJBX1096	<u>19,986</u>
			<u>49,771</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>\$ 164,398</u>
U.S. Department of Transportation:			
Passed Through Texas Department of Transportation:			
Airport Improvement Program	20.106	0212ANGLE	\$ 55,189
Airport Improvement Program	20.106	0412ANGLE	202,651
Airport Improvement Program	20.106	0512ANGLE	<u>31,898</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>\$ 289,738</u>

**BRAZORIA COUNTY, TEXAS****SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued**

For the Year Ended September 30, 2006

Exhibit 23

Page 3

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Contract/ Program Number	Expenditures Indirect Costs or Award Amount
<b>General Services Administration:</b>			
Passed Through Texas Secretary of State:			
Help America Vote - County Education Fund	39.011	--	\$ 3,787
Help America Vote - Team Compatability Fund	39.011	--	11,000
Help America Vote - Voting System Replacement Fund	39.011	--	<u>217,071</u>
<b>TOTAL GENERAL SERVICES ADMINISTRATION</b>			<b>\$ <u>231,858</u></b>
<b>U.S. Department of Health and Human Service:</b>			
Passed Through Texas Department of Health Services:			
Community & Rural Health Program (BRLHO)	93.268	TDH746000044507	\$ 7,732
Community & Rural Health Program (BRLHO)	93.268	TDH746000044506	<u>47,964</u>
			<u>55,696</u>
Bioterrorism	93.283	TDH746000044506	<u>304,118</u>
Passed Through Texas Department of Family and Protective Services:			
Foster Care Title IV-E – Legal Costs	93.658	23357175	75,353
Foster Care Title IV-E	93.658	23357161	<u>84,825</u>
			<u>160,178</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICE</b>			<b>\$ <u>519,992</u></b>
<b>U.S. Department of Homeland Security:</b>			
Direct:			
Public Assistance Grant – Hurricane Rita	97.036	Various	<u>43,063</u>
Passed Through Texas Engineering Extension Service:			
Urban Areas Security Initiative	97.008	2004UASI-48039	35,997
Urban Areas Security Initiative	97.008	2005HGSP-48039	<u>224,692</u>
			<u>260,689</u>
Homeland Security HSGP/SHSP	97.073	2005HSGP-48039	<u>788,412</u>
Passed Through Texas Department of Public Safety's Division Of Emergency Management:			
Emergency Food and Shelter National Board	97.024	20-7900-00 006 E9	42,356
Emergency Management Performance Grant	97.042	06TX-EMPG-018	<u>28,914</u>
<b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>			<b>\$ <u>1,163,434</u></b>
<b>Elections Assistance Commission:</b>			
Passed Through Texas Secretary of State:			
Help America Vote - Voting System Accessibility	99.401	--	\$ 193,800
Help America Vote - General HAVA Compliance	99.401	--	<u>1,042,219</u>
<b>TOTAL ELECTIONS ASSISTANCE COMMISSION</b>			<b>\$ <u>1,236,019</u></b>
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>\$ <u>11,016,167</u></b>
<b>TOTAL MAJOR PROGRAMS</b>			<b>\$ <u>7,146,909</u></b>

**BRAZORIA COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
For the Year Ended September 30, 2006

State Grantor/ Pass-Through Grantor/ Program Title	Contract/ Program Number	Expenditures or Award Amount
<b>Texas Health and Human Services Commission:</b>		
Direct Programs:		
Immunization OPTS/LHS	TDH 7460000445 05	\$ 58,904
Immunization OPTS/LHS	TDH 7460000445 06	<u>8,036</u>
<b>TOTAL TEXAS DEPARTMENT OF HEALTH</b>		<b>\$ <u>66,940</u></b>
<b>Texas Juvenile Probation Commission:</b>		
Direct Programs:		
State Aid Program (1)	TJPC-A-06-020	\$ 154,301
State Aid Program (1)	TJPC-A-07-020	18,816
Community Correction Assistance Program (1)	TJPC-Y-06-020	330,157
Community Correction Assistance Program (1)	TJPC-Y-07-020	40,014
Title IV-E Contract (1)	TJPC-E-06-020	506,534
Title IV-E Contract (1)	TJPC-E-07-020	16,153
Salary Adjustment Funding JP and Detention Centers (1)	TJPC-Z-06-020	139,265
Salary Adjustment Funding JP and Detention Centers (1)	TJPC-Z-07-020	11,508
Progressive Sanctions JPO (1)	TJPC-F-06-020	131,738
Progressive Sanctions JPO (1)	TJPC-F-07-020	11,306
Progressive Sanctions Level 1-2-3 (1)	TJPC-G-06-020	45,085
Progressive Sanctions Level 1-2-3 (1)	TJPC-G-07-020	5,948
Progressive Sanctions IS JPO (1)	TJPC-O-06-020	22,874
Progressive Sanctions IS JPO (1)	TJPC-O-07-020	3,150
Level 5 Placement	TJPC-CCP-LV5	7,020
Passed Through Texas Education Agency:		
Juvenile Justice Alternative Education Program (Boot Camp) (1)	TJPC-P-06-020	261,724
Juvenile Justice Alternative Education Program (Boot Camp) (1)	TJPC-P-07-020	<u>53,573</u>
<b>TOTAL TEXAS JUVENILE PROBATION COMMISSION</b>		<b>\$ <u>1,759,166</u></b>
<b>Texas Commission on Environmental Quality:</b>		
Direct:		
FY 05 Solid Waste Implementation Program	06-16-G19	\$ <u>60,931</u>
<b>TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</b>		<b>\$ <u>60,931</u></b>

**BRAZORIA COUNTY, TEXAS****SCHEDULE OF EXPENDITURES OF STATE AWARDS - Continued**  
For the Year Ended September 30, 2006Exhibit 24  
Page 2

<u>State Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Contract/ Program Number</u>	<u>Expenditures or Award Amount</u>
Texas Department of Family and Protective Services:		
Direct Program:		
Title IV-B Concrete Services	23305940	\$ 7,492
Title IV-B Concrete Services	23355841	<u>200</u>
TOTAL TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES		<u>\$ 7,692</u>
Texas Secretary of State:		
Direct Program:		
Help America Vote Act - Voting System Accessibility	--	\$ 10,200
Help America Vote Act - General HAVA Compliance	--	<u>54,854</u>
TOTAL TEXAS SECRETARY OF STATE		<u>\$ 65,054</u>
Texas Department of Transportation:		
Direct Program:		
Routine Airport Maintenance	M612ANGLE	\$ 29,434
Routine Airport Maintenance	M512ANGLE	29
Airport Layout Plan	04ALANGLE	22,815
Surface Transportation Program (CR 403)	12448P5061	29,233
Airport Improvement Program - Taxiway	O212ANGLE	95,600
SH 35 South End San Bernard Bridge	0179-03-024	<u>78,733</u>
TOTAL TEXAS DEPARTMENT OF TRANSPORTATION		<u>\$ 255,844</u>
Commission on State of Texas Emergency Communications:		
Passed Through Houston-Galveston Area Council:		
911 Addressing Maintenance Contract	911410	\$ 48,231
911 Addressing Maintenance Contract	911410	<u>5,249</u>
TOTAL COMMISSION ON STATE OF TEXAS EMERGENCY COMMUNICATIONS		<u>\$ 53,480</u>
Office of Attorney General:		
Direct Program:		
Victim Coordinator Liaison Grant (VCLG)	07-01410	\$ 3,331
Victim Coordinator Liaison Grant (VCLG)	06-01410	34,175
Texas Victim Information and Notification Everyday (VINE)	07-04353	2,509
Texas Victim Information and Notification Everyday (VINE)	06-04353	<u>17,253</u>
TOTAL OFFICE OF ATTORNEY GENERAL		<u>\$ 57,268</u>
Texas Task Force on Indigent Defense:		
Direct Program:		
Indigent Defense Services	212-06-020	<u>\$ 144,629</u>
TOTAL TEXAS TASK FORCE ON INDIGENT DEFENSE		<u>\$ 144,629</u>

**BRAZORIA COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS - Continued**  
For the Year Ended September 30, 2006

State Grantor/ Pass-Through Grantor/ Program Title	Contract/ Program Number	Expenditures or Award Amount
<hr/>		
General Land Office:		
Direct Program:		
Beach Cleanup and Maintenance Assistance	GLO 06-248	\$ <u>54,447</u>
TOTAL GENERAL LAND OFFICE		\$ <u>54,447</u>
Texas State Library and Archives Commission:		
Direct Program:		
Loan Star Libraries Grant	442-06014	\$ 30,430
Gates Foundation Public Access Computer Upgrade	434-07032	<u>43,796</u>
TOTAL TEXAS STATE LIBRARY AND ARCHIVES COMMISSION		\$ <u>74,226</u>
TOTAL STATE ASSISTANCE		\$ <u>2,599,677</u>
TOTAL MAJOR PROGRAMS		\$ <u>1,817,200</u>
(1) Cluster Programs per TJPC		



## **BRAZORIA COUNTY, TEXAS**

### **NOTES ON ACCOUNTING POLICIES FOR FEDERAL AND STATE AWARDS**

Year Ended September 30, 2006

1. The County uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designated to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designated to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available resources. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn is divided into separate "fund types". The following fund types were utilized to account for federal awards.

#### **Governmental Fund Types:**

**General Fund** - is the general operating fund of the County. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. Federal financial assistance not required to be reported in other funds is accounted for in the General Fund.

**Special Revenue Funds** - used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Federal financial assistance generally is accounted for in a Special Revenue Fund unless required to be reported in a Capital Projects Fund or a proprietary fund type. Generally, unused balances are returned to the grantor at the close of specified project periods.

**Capital Projects Funds** - used to account for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by Proprietary and Trust Funds. Federal financial assistance for the construction of major capital facilities generally is accounted for in a Capital Projects Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

#### **Proprietary Fund Types:**

**Enterprise Fund** - used to account for activities similar to those found in the private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing services be financed primarily through user charges, or where periodic determination of net income is appropriate. Federal financial assistance for the benefiting enterprise operations generally is accounted for in the Enterprise Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types 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 sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Federal and State grant funds were accounted for in the General Fund, Special Revenue Fund, and the Capital Projects Fund, a component of the Governmental Fund type.

**BRAZORIA COUNTY, TEXAS**

**NOTES ON ACCOUNTING POLICIES FOR FEDERAL AND STATE AWARDS - Continued**

Year Ended September 30, 2006

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total assets) is segregated into contributed capital and retained earnings components for proprietary funds. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Federal grant funds were accounted for in the Enterprise Fund, a component of the Proprietary Fund type.

The modified accrual basis of accounting is used for the Governmental Fund Types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The accrual basis of accounting is used for the Proprietary Fund Types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Federal grant funds are considered to be earned to the extent of expenditures/expenses made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for state grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement.
4. Indirect Costs - Brazoria County, Texas received \$ 14,122 in reimbursement for indirect costs during the year ended September 30, 2006. This amount was related to the Bioterrorism Grant and the Public Assistance Grant – Hurricane Rita in the amounts of \$ 1,095 and \$ 13,027, respectively.

