

DATE: APRIL 29, 2008

BRAZORIA COUNTY COMMISSIONERS COURT

~~REGULAR~~/SPECIAL SESSION

ORDER NO. 46

RE: APPROVE FISCAL YEAR 2007 FINANCIAL AUDIT

MOTION BY COMMISSIONER Payne

SECONDED BY COMMISSIONER Harris

That the 2007 Comprehensive Annual Financial Report for Brazoria County be approved and filed with the County Clerk.

VOTING:

AYE

NAY

County Judge King
Commissioner Payne
Commissioner Sebesta
Commissioner Harris
Commissioner Rhodenbaugh

AYE	NAY
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KENNEMER, MASTERS & LUNSFORD

CERTIFIED PUBLIC ACCOUNTANTS
Limited Liability Company

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March 20, 2008

The Honorable County Judge,
And Members of Commissioners Court
Brazoria County, Texas

CLIENT ADVISORY COMMENTS

The communication of client advisory comments is discretionary and, therefore, differs from the required communications related to internal control and compliance. Client advisory comments may pertain to findings other than those relating to internal control and other matters which are reportable conditions but are, in our judgment, worthy of mention. The following client advisory comments are presented for your consideration related to our year-end audit fieldwork.

Areas Covered in the Audited Financial Statements

TSG Judicial Software Controls

As reported in prior years, the County's judicial software, in our opinion, did not have adequate internal control procedures established at the time of installation. As part of our internal control evaluation, we performed walk through procedures for all fee officer locations and evaluated the internal control procedures and related software. Effective, July 2006, the TSG software was modified to provide a vehicle for verification of numerical sequence of tickets issued through the Sheriff's Office. The software now allows the printing of a report by numerical sequence of tickets. However, procedures within both the JP offices and the Sheriff's Office need to be implemented to take advantage of this reporting capability.

Currently, the tickets are entered by the JP offices as "SO" and the number, "S" and the number, and just the number. This creates multiple sequences and reduces the effectiveness of the report. All JP offices should utilize the same sequence format. To utilize these reports, the Sheriff's Office has begun to control both the issuance and return of tickets.

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The Honorable County Judge,
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March 20, 2008
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CLIENT ADVISORY COMMENTS

TSG Judicial Software Controls - Continued

In prior client advisory letters, we also recommended that the ability to modify the software so the receipt numbers and date of receipts cannot be changed. This modification has apparently not been made or made effectively. At two different JP locations, we were informed that the clerks knew how to change both the receipt number as well as the date of the receipt. With this capability, the software's internal control is inadequate and could allow for defalcations that would not be detected. We recommend that the ability to change receipt numbers and dates be eliminated through the modification of the software. Without this change, procedures for verification of numerical sequence of docket numbers and ticket numbers could be limited to only those transactions properly entered into the system.

Once these reports become reliable, tests of numerical sequence can be performed, which can significantly increase effectiveness and reliance on internal controls. Procedures should be developed to verify the numerical sequence of both tickets and docket numbers. We recommend that the Auditor's Office work with both the Sheriff Office and Justice of the Peace Offices to develop procedures that will assure that all ticket (issued by the County) numbers and docket numbers are accounted for appropriately.

We commend the work done to alleviate these issues, however, we continue to recommend that the Information Technology and the Auditor's office work together to alleviate these conditions.

Areas Not Covered in the Audited Financial Statements

Budgeting

The County adopts its budget at a line-item level for managerial purposes. During the year ended September 30, 2007, General Fund expenditures exceeded appropriations in twelve department line-item levels (salaries and wages, and employee benefits; operating expenditures; and capital outlay) and resulted in excess expenditures in five departments. Special revenue funds exceeded appropriations in two department line items. This result is consistent with prior years. However, we believe similar results will occur as long as the County continues to budget at the line item level for management purposes. Improvements have been made in budgeting general fund sub-funds that are utilized to account for segregation of departmental expenditures based upon additional revenue allocations or program requirements. We believe that continued budgeting of these sub-funds may reduce or eliminate some departmental variances.

We still believe that the Commissioners' should continue to evaluate the legal level of budgetary control, however, since budgeting variances have decreased and become consistent, we will no longer make a recommendation to change the legal level of budgetary control. Our previous comments and recommendations can be obtained from prior client advisory comments.

The Honorable County Judge,
And Members of Commissioners Court
March 20, 2008
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CLIENT ADVISORY COMMENTS

Tax Office Payable Accounts

As noted in prior client advisory letters for the year ended September 30, 2004, prior to March 31, 2004 the Tax Office utilized a database software named "Merlin" to track the amounts levied and paid related to Vehicle Inventory Property Tax ("VIPT"), A/P 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 and beer licenses, along with tracking the receivable for bad checks. Due to support issues the Tax Office had to convert to an alternative system effective April 1, 2004.

The IT department developed a "Microsoft Access" database to maintain the information. During the conversion the accounting department decided to provide more detail within the general ledger for the various Tax Office liabilities to simplify the reconciling process. Each account had to be verified and reconciled to the ending balances from Merlin reports and other information.

The results were unknown differences for the years ended September 2006 and 2005. We recommended that month end closing procedures for Tax Office personnel be added to include reconciling of the general ledger balances to the Access database reports, in addition to reconciling the cash balance (if applicable). Personnel in the Auditors' Office continued to assist in developing control procedures that have eliminated these variances. **We would like to commend County personnel for their actions in eliminating these problems.**

Manual Receipts

Based on our observations during our interim audit fieldwork, we noted some problems related to the use of manual receipts. These problems appear to be a general degrading of existing procedures, possibly as a result of changes in personnel and/or a lack of understanding of the importance of proper manual receipt procedures. With this in mind, we would like to reemphasize the importance of manual receipt procedures. To reduce the possibility of misuse, we recommend that all manual receipts for the County be centrally purchased and controlled. Further, manual receipts should never be less than three part receipts with each copy being a different color. We recommend that manual receipts utilized by the County be purchased and issued through the Treasurer's Office. Further, the Purchasing Department should ensure that no other manual receipts are purchased. These manual receipts should be designed to be distinctive and imprinted with "Brazoria County". The Treasurer's Office would be responsible for maintaining adequate supplies of manual receipts. The Treasurer's Office would issue manual receipts to all departments as requested. The issuance of manual receipts should be in numerical sequence batches, which are accounted for through a receipt log that would require the signature of the employee receiving the manual receipts.

CLIENT ADVISORY COMMENTS

Manual Receipts - Continued

The Departments would be responsible for controlling the batches of manual receipts and ensure that these manual receipts are utilized in numerical sequence. The procedures for issuance of manual receipts are the same for all types of collections or other uses (documentation such as Section 8 waiting list). Upon use, one copy should go to the customer, one copy should be attached to the daily report, supporting paperwork, and/or deposit slip, and one copy should remain in the book for control purposes (audit trail). Should a receipt be voided, it should be marked "VOID" and all three copies should be retained in the receipt book. Voided receipts should note the reason and/or reference to the new receipt number, the initials of the issuer, and the initials of someone else within the office (if available). Completed receipt books should be maintained in numerical sequence and in accordance with County retention policies.

In order to obtain compliance throughout the County, all Departments and personnel-utilizing manual receipts should be notified of these procedures. They should be encouraged to ask questions they may have related to their particular utilization of manual receipts. The Auditors Office should be available to answer questions and clarify the reasons for the manual receipt procedures. Implementation of these procedures will significantly improve internal controls and provide a better audit trail in areas where manual receipts are utilized.

Sheriff's Department Procedures

In conjunction with the work performed in evaluating fee officer procedures and the TSG judicial software, we performed walk through procedures within the Sheriff's Office. Since the defalcation two years ago, significant improvements have been made to improve the internal controls within the Sheriff's Office. These improvements have been significant and cover the prior findings related to Commissary account purchases, bank reconciliations, separation of duties, Inmate Trust account, bond fees and fine transactions, cash bonds, and ticket control. **We would like to commend the Sheriff's Department personnel and the Auditor's Office for the work to eliminate the problems reported in prior years.**

Federal Program Compliance

Section 8 Housing - During our internal control and compliance tests of the Section 8 Housing program requirements we selected a sample of forty tenants to test eligibility. Our tests noted significant improvement in the maintenance and organization of files. Required documentation of both HUD requirements and additional County requirements were extremely well organized. In addition, we reviewed compliance with Housing Quality Standard Inspections and Enforcements along with waiting list compliance requirements

CLIENT ADVISORY COMMENTS

Federal Program Compliance - Continued

We noted the following exceptions during our testing of HUD requirements:

- Upon recertification of tenant's income, the calculation for the annual medical deduction for one tenant included expenses exceeding a period of one year. Fortunately, only a small amount was incorrectly used in the calculation and the tenant and HUD portion of rent were not affected. Therefore, this instance was not considered a significant non-compliance for reporting purposes.
- HUD requires that Housing Quality Inspections be performed annually. Two of the files tested showed inspections that did not occur within the required twelve-month period. We did note, however that the inspection was completed prior to the recertification date. The problem appears to be in the planning and ultimately the timing of performing the inspections. We recommend the County review its procedures related to the timing of performing inspections to ensure compliance HUD requirements.
- The County approves payment standards based on HUD's Fair Market Rent. One of the files tested was determined to have used the three bedroom payment standard for a family that was living in a two bedroom.

The above instances were communicated to County employees for resolution and clearing during our year-end audit fieldwork.

The improvement in file maintenance and documentation, and consequently compliance with HUD and County requirements is so significant that we would like to commend the County and its personnel.

New Pronouncements

The County's financial statements for the year ended September 30, 2008 will be required to apply GASB Statement No. 45. 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.

Should the County be unable to provide such required disclosures, then the audit opinion will have to be qualified. Instead of an opinion in accordance with generally accepted accounting principles, an opinion on a regulatory basis will be issued. This may have an impact on the County's ability to receive the GFOA Certificate of Excellence as it has in past years.

The Honorable County Judge,
And Members of Commissioners Court
March 20, 2008
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CLIENT ADVISORY COMMENTS

New Statements on Auditing Standards

The American Institute of Certified Public Accountant's Auditing Standards Board has issued eight new risk assessment standards. Statements on Auditing Standards (SAS) Nos. 104 through 111, and 114 amend or supersede previous Statements on Auditing Standards, and are intended to improve the quality and effectiveness of audits. These standards are effective for periods ending after December 15, 2007 and will affect the County's audit engagements for the years ended September 30, 2008 and after. These new risk standards require additional procedures to identify risks and additional tests of controls as well as increasing requirements for audit documentation. Although we generally perform much of these requirements in our audit engagements, these new standards will significantly increase the time required to perform audit procedures. Our best estimate is that these standards may increase audit fees by ten to fifteen percent. By anticipating these changes in the performance of our current-year planning and documentation procedures, we believe that we can reduce the estimated fee increase in subsequent periods.

General Considerations

We realize that internal control communications and advisory comments are critical by nature and do not in many instances praise the performances of the personnel performing the related functions. We feel that the County has made significant strides in improving its accounting system and the related internal controls.

We appreciate the cooperation and congeniality extended to us during our audit and the opportunity to serve as the County's external auditor. We look forward to a continuing and beneficial relationship.

Sincerely,
Kennemer, Masters & Lunsford, LLC

By:  _____

cc: Connie Garner - County Auditor
Audit Committee

BRAZORIA COUNTY, TEXAS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**For the Fiscal Year Ended
September 30, 2007**

**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, 2007

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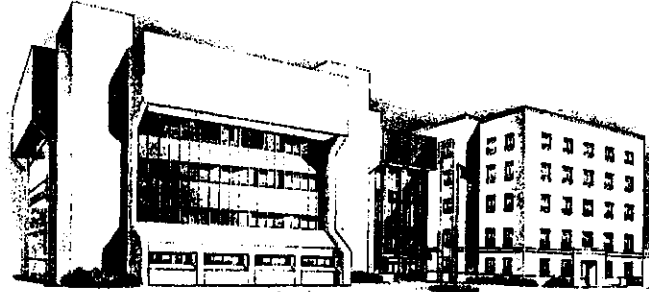
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INTRODUCTORY SECTION



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BRAZORIA COUNTY AUDITOR
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BRAZORIA COUNTY
ANGLETON, TEXAS 77516

March 24, 2008

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 fiscal year ended September 30, 2007, is submitted herewith in accordance with Chapter 114.025 of the Local government Code. The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United State of America as promulgated by the Governmental Accounting Standards Board and audited in accordance with auditing standards generally accepted in the United States of American by a firm of licensed public accountants.

This report consists of management's representations concerning the finances of Brazoria County, Texas. Management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, Brazoria County management has established a comprehensive internal control framework designed both to protect governmental assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Brazoria County's comprehensive framework, because the cost of internal controls should not outweigh their benefits, has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Brazoria County's financial statements have been audited by Kennemer, Masters & Lunsford, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion on Brazoria County's financial statements for the fiscal year ended September 30, 2007 that they are fairly presented in conformity with generally accepted accounting principles. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Brazoria County was a part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements. Specific emphasis was placed on internal controls and compliance with laws and regulations involving the administration of federal awards. These reports are included in the single audit section of this report.

Generally accepted accounting principles 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 compliment MD&A and should be read in conjunction with it. Brazoria County's MD&A can be found immediately following the report of the independent auditors.

Profile of Brazoria County

The County of Brazoria is located on the Gulf Coast. Brazoria County is "Where Texas Began". It takes its name from the Brazos River, which flows through it. Brazoria County became one of Texas original counties at independence in 1836. The County has a land area of 1386 square miles. The decennial census levels in Texas determine which of the various State statutes apply to each particular Texas County.

The County operates as specified under the Constitution of the State of Texas and Vernon's Texas Code Annotated, which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one from each of four geographical precincts. The County Judge is elected for a term of four years and the Commissioners for four-year staggered terms. Policy-making authority is vested in the Commissioners Court and the Commissioners Court is responsible, among other things, for adopting the budget and for setting county policies.

The County provides a full range of services authorized by statute. Such services include general governmental functions such as recording and licensing, maintaining the county and district court systems, maintaining public facilities, ensuring public safety, maintaining public health and welfare, aiding conservation, and maintaining county roads and bridges.

The annual budget serves as the foundation for Brazoria County's financial planning and control. All departments of the County are required to submit budget requests to the budget officer during May each year. The budget officer uses these requests as the starting point for developing a proposed budget. The proposed budget is then presented to the commissioners Court for review. The Commissioners Court is required to hold public hearings on the proposed budget. The appropriated budget is prepared by fund, function (e.g., public safety), department and by the categories of salaries and benefits, operating expenditures, capital outlay and debt services. All transfers of appropriations, either between departments or within an individual department's budget, require the approval of the Commissioners Court. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Brazoria county operates.

Local Economy

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 deep waterway and port facilities, sports fishing services and tourism are major components of the county's economic base.

Cash Management

The primary objectives of the county's investment policy are the safety of principal followed by liquidity and yield. Accordingly, deposits were either insured by federal depository insurance or collateralized with securities pledged to the County and held by an independent third-party financial institution. Demand deposits are covered by pledged collateral maintained in a joint safekeeping account at a third party bank.

Risk Management

Brazoria County provides for the management of risks through a combination of self-insurance and traditional insurance. In addition, the County has instituted a number of risk and loss control techniques such as safety training, and accident investigation. The County currently has traditional insurance for property damage and some professional liability. Other risks are either self-insured or uncovered.

Pension and Other Post Employment Benefits

Brazoria County provides retirement, disability and death benefits for all of its employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (the TCDRS). Specific plan provisions are adopted by the County within the options available in the state statues governing the TCDRS. Benefits amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed.

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, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The County has received this prestigious award for the last fourteen consecutive fiscal years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgements

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,



Connie Garner
County Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Brazoria County
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



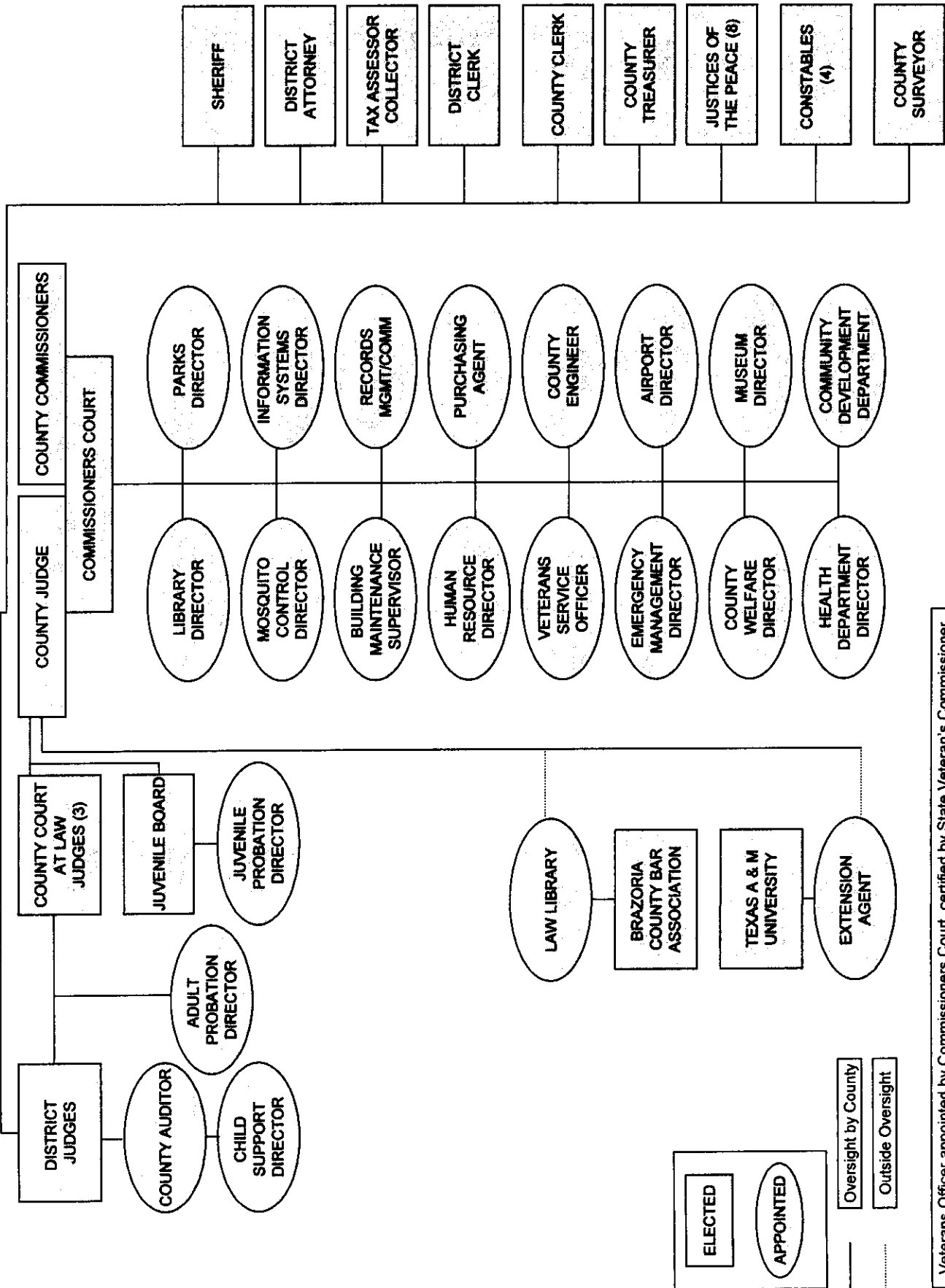
Oliver S. Cox

President

Jeffrey R. Enev

Executive Director

BRAZORIA COUNTY VOTERS



ELECTED
 APPOINTED

— Oversight by County
 Outside Oversight

Veterans Officer appointed by Commissioners Court, certified by State Veteran's Commissioner

County Agriculture Agent & Home Demo Agent appointed by Texas A&M Extension Service

BRAZORIA COUNTY, TEXAS
PRINCIPAL OFFICIALS

GOVERNING BODY

Honorable Emory Joseph King, County Judge

Donald Payne, Commissioner, Precinct 1

Matthew Sebesta, Commissioner, Precinct 2

Jack Harris, Commissioner, Precinct 3

Mary Ruth Rhodenbaugh, Commissioner, Precinct 4

OTHER PRINCIPAL OFFICIALS

Ro'Vin Garrett, Tax Assessor-Collector

Connie Garner, County Auditor

Sharon Reynolds, County Treasurer

Joyce Hudman, County Clerk

Jerry Deere, District Clerk

Jeri Yenne, District Attorney

Jim Wiginton, District Attorney - Chief Civil Division

Charles Wagner, Sheriff

FINANCIAL SECTION



Kennemer, Masters & Lunsford

CERTIFIED PUBLIC ACCOUNTANTS

Limited Liability Company

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Houston, Texas 77042
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Independent Auditor's Report

February 20, 2008

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, 2007, 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, 2007, 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 February 20, 2008 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

The Honorable County Judge,
and Members of Commissioners' Court
of Brazoria County, Texas
February 20, 2008
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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.

Kerremey, Masters & Hunzford, LLC

BRAZORIA COUNTY, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2007*

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, 2007. 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 - iv 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 \$ 151,681,197 and \$ 11,540,360 (net assets), respectively. Of this amount, \$ 31,356,540 and \$ 343,369 (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 \$ 15,094,527 and decreased for business-type activities by \$ 13,825.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$ 68,653,287 and its enterprise fund reported ending net assets of \$ 11,547,295. 90.44% and 3.03% of these total amounts, \$ 62,091,198 (unreserved fund balance) and \$ 350,304 (unrestricted net assets), respectively, were available for use within the County's fund designations. Of the governmental funds amount, \$ 25,795,984 has been designated for specific uses.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$ 21,573,899 or 30.00% of the total general fund expenditure. Of this amount, \$ 2,242,865 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, 2007*

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 through 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 ninety-seven (97) 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), 2006 Certificate of Obligation C&M (capital projects fund), and Mobility Plan C&M (capital projects fund); all of which are considered to be major funds. Data from the other ninety-three (93) 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 27 of this report.

BRAZORIA COUNTY, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2007*

- **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 28 through 33 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 34 and 35.

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 36 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 162 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 \$ 163,221,557 as of September 30, 2007.

The largest portion of the County's net assets, \$ 110,593,460 (67.76%) 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, 2007

BRAZORIA COUNTY'S NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	September 30,		September 30		September 30,	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 91,931,665	\$ 72,667,323	\$ 524,473	\$ 689,359	\$ 92,456,138	\$ 73,356,682
Capital assets	<u>128,203,527</u>	<u>120,580,250</u>	<u>11,269,843</u>	<u>11,211,404</u>	<u>139,473,370</u>	<u>131,791,654</u>
Total assets	<u>220,135,192</u>	<u>193,247,573</u>	<u>11,794,316</u>	<u>11,900,763</u>	<u>231,929,508</u>	<u>205,148,336</u>
Current and other liabilities	13,846,744	13,810,544	63,867	74,727	13,910,611	13,885,271
Long-term liabilities	<u>54,607,251</u>	<u>42,850,359</u>	<u>190,089</u>	<u>271,851</u>	<u>54,797,340</u>	<u>43,122,210</u>
Total liabilities	<u>68,453,995</u>	<u>56,660,903</u>	<u>253,956</u>	<u>346,578</u>	<u>68,707,951</u>	<u>57,007,481</u>
Net Assets:						
Invest in capital assets, net of related debt	99,498,617	96,668,961	11,094,843	10,956,404	110,593,460	107,625,365
Restricted	20,826,040	16,844,843	102,148	75,498	20,928,188	16,920,341
Unrestricted	<u>31,356,540</u>	<u>23,072,866</u>	<u>343,369</u>	<u>522,283</u>	<u>31,699,909</u>	<u>23,595,149</u>
Total net assets	<u>\$ 151,681,197</u>	<u>\$ 136,586,670</u>	<u>\$ 11,540,360</u>	<u>\$ 11,554,185</u>	<u>\$ 163,221,557</u>	<u>\$ 148,140,855</u>

An additional portion of the County's net assets of \$ 20,928,188 (12.82%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$ 31,699,909 (19.42%) may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2007, 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 \$ 15,080,702. Governmental activities reported an increase in net assets in the amount of \$ 15,094,527, while the business-type activities decreased the County's net assets in the amount of \$ 13,825.

The following table provides a summary of the County's operations for the years ended September 30, 2007 and 2006.

BRAZORIA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2007

BRAZORIA COUNTY'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program Revenues:						
Charges for services	\$ 19,951,787	\$ 17,603,570	\$ 1,715,941	\$ 1,616,331	\$ 21,667,728	\$ 19,219,901
Operating grants and contributions	9,672,233	11,055,123	45,940	29,461	9,718,173	11,084,584
Capital grants and contributions	7,163,245	19,032,936	561,342	408,153	7,724,587	19,441,089
General Revenues:						
Property taxes	68,739,287	67,484,298			68,739,287	67,484,298
Sales & other taxes	17,543,873	12,625,575			17,543,873	12,625,575
Grants and contributions not restricted to specific programs	245,477	314,168			245,477	314,168
Unrestricted investment earnings	4,516,924	2,615,731	4,723	2,646	4,521,647	2,618,377
Gain on disposition of capital assets	520	85,872			520	85,872
Miscellaneous	<u>1,737,063</u>	<u>1,666,557</u>			<u>1,737,063</u>	<u>1,666,557</u>
Total revenues	<u>129,570,409</u>	<u>132,483,830</u>	<u>2,327,946</u>	<u>2,056,591</u>	<u>131,898,355</u>	<u>134,540,421</u>
Expenses:						
General administration	5,782,142	4,974,768			5,782,142	4,974,768
Judicial and legal	15,147,866	13,979,943			15,147,866	13,979,943
Financial administration	8,058,664	7,726,563			8,058,664	7,726,563
Elections	402,710	2,169,341			402,710	2,169,341
Public facilities	3,515,672	2,809,843			3,515,672	2,809,843
Public safety	13,961,584	13,317,747			13,961,584	13,317,747
Corrections	20,185,077	18,966,237			20,185,077	18,966,237
Public transportation	24,420,943	22,351,045			24,420,943	22,351,045
Health and welfare	10,141,695	9,745,180			10,141,695	9,745,180
Public assistance	296,000	296,000			296,000	296,000
Culture and recreation	7,281,317	6,652,453			7,281,317	6,652,453
Conservation	364,654	393,433			364,654	393,433
Environmental protection	188,339	150,987			188,339	150,987
Community development	2,320,743	2,937,926			2,320,743	2,937,926
Airport			2,341,771	2,124,407	2,341,771	2,124,407
Interest on long-term debt	<u>2,408,476</u>	<u>1,477,364</u>			<u>2,408,476</u>	<u>1,477,364</u>
Total expenses	<u>114,475,882</u>	<u>107,948,830</u>	<u>2,341,771</u>	<u>2,214,407</u>	<u>116,817,653</u>	<u>110,073,237</u>

(continued)

BRAZORIA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2007

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	September 30,		September 30,		September 30,	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Increase (decrease) in net assets before contributions and transfers	\$ 15,094,527	\$ 24,535,000	\$(13,825)	\$(67,816)	\$ 15,080,702	\$ 24,467,184
Transfers		(237,475)		237,475	-0-	-0-
Increase (decrease) in net assets	15,094,527	24,297,525	(13,825)	169,659	15,080,702	24,467,184
Net assets - October 1, Restated	<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>
Net assets - September 30, \$	<u>151,681,197</u>	<u>136,586,670</u>	<u>11,540,360</u>	<u>11,554,185</u>	<u>163,221,557</u>	<u>148,140,855</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 \$ 68,653,287. 90.44% of this total amount (\$ 62,091,198) 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 (\$ 721,467), 2) for the expenditure of inventories (\$ 1,144,173), 3) for the expenditure of encumbrances (\$ 682,245), 4) for long-term receivables (\$ 66,007), and 5) to pay for debt service (\$ 3,948,197).

Fund balance of the General Fund increased by \$ 6,725,836; the Road and Bridge (special revenue fund) increased by \$ 1,488,079; the 2006 Certificate of Obligation C & M (capital project fund) increased by \$ 111,481; the Mobility Plan C & M (capital projects fund) increased by \$ 9,018,242; and, other (non-major) governmental funds decreased by \$ 94,082. 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.

BRAZORIA COUNTY, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2007

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, 2007 amounted to \$ 11,547,295. Total net assets decreased \$ 18,856 (approximately 0.16%), and were due to increased cost of fuel sales.

General Fund Budgetary Highlights. Over the course of the year, the County recommended and the Commissioners approved several revisions to budgeted revenue and appropriations. Differences between the original budget and the final amended budget were a \$ 3.3 million increase in appropriations and were primarily for the following:

- The re-appropriation of funds for prior year-end encumbrances.
- Increased insurance costs.
- Additional jail overtime due to increased inmate population.
- Increased indigent defense costs.

During the year, however, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates. Major variances include:

- Charges for services exceeded budget by 38% (\$ 2.1 million).
- Due to rising interest rates and increased amounts invested, investment income exceeded budget by 72%.
- Intergovernmental and Miscellaneous exceeded budget by 70% and 79% respectively.
- Total general fund expenditures were 94.8% of the amended budget. Salary and indigent healthcare savings offset increased expenditures for indigent defense and fuel.

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2007, amounts to \$ 139,473,370 (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:

- Construction of East Annex building was completed in fiscal year 2007 and moved from construction in progress at a value of \$ 812,686.
- A variety of transportation construction projects were initiated or continued at a cost of \$ 9.8 million, much of which was financed by road bonds.
- Construction of a hangar for Mosquito Control was completed at a cost of \$ 765,000.
- Vehicle and equipment were added to capital assets, primarily as replacements to vehicles and road and bridge equipment during the year, at a cost of almost \$ 1.8 million.

BRAZORIA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2007

BRAZORIA COUNTY'S CAPITAL ASSETS
Net of Accumulated Depreciation

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	September 30,		September 30,		September 30,	
	2007	2006	2007	2006	2007	2006
Land	\$ 10,462,322	\$ 6,944,064	\$ 1,558,686	\$ 1,558,686	\$ 12,021,008	\$ 8,502,750
Land improvements	1,121,572	1,050,489			1,121,572	1,050,489
Buildings & improvements	27,558,051	26,400,794	3,486,447	2,871,302	31,044,498	29,272,096
Furniture, equipment & vehicles	7,224,737	8,463,086	593,556	540,723	7,818,293	9,003,809
Runway, taxiway & aprons			5,631,154	6,201,068	5,631,154	6,201,068
Infrastructure	77,272,024	75,807,453			77,272,024	75,807,453
Construction in progress	4,564,821	1,914,364		39,625	4,564,821	1,953,989
Total	\$ 128,203,527	\$ 120,580,250	\$ 11,269,843	\$ 11,211,404	\$ 139,473,370	\$ 131,791,654

Additional information on the County's capital assets can be found in note 5 on pages 57 through 60 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the County had a total bonded debt of \$ 51,745,000, which, comprises 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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	September 30,		September 30,		September 30,	
	2007	2006	2007	2006	2007	2006
Certificates of obligation bonds	\$ 36,510,000	\$ 23,155,000	\$ 175,000	\$ 255,000	\$ 36,685,000	\$ 23,410,000
General obligation bonds	15,060,000	17,220,000			15,060,000	17,220,000
Components of Debt:						
Premium on bonds	688,029	115,093			688,029	115,093
Accrued interest payable	346,172	300,567	875	1,273	347,047	301,840
Compensated absences	2,003,050	2,059,699	15,089	16,851	2,018,139	2,076,550
Total	\$ 54,607,251	\$ 42,850,359	\$ 190,964	\$ 273,124	\$ 54,798,215	\$ 43,123,483

During the fiscal year, the County's total debt increased \$ 11,101,796 or 25.81%. The increase was due primarily to the issuance of 2006 Unlimited Tax Road Bonds in the amount of \$ 14,000,000.

BRAZORIA COUNTY, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2007*

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 61 through 64 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Brazoria County is currently 4.4% which is a decrease from a rate of 4.9% a year ago.
- New construction and improvements to the County's tax rolls provided an additional \$ 5 million in property tax revenues with a slight tax rate decrease for 2008.
- Cost of living and salary market adjustments were approved for the 2008 fiscal year.
- Population growth in the County continues to give rise to higher sales tax collections.
- In an effort to improve collections of delinquent fines and fees, warrant officers were hired to serve the Judge of the Peace courts.

All of these factors were considered in preparing Brazoria County's budget for the 2008 fiscal year. At the end of the current fiscal year, fund balances in the governmental funds increased to \$ 68,653,287. Brazoria County has appropriated \$ 3.3 million of this amount for spending in the 2008 fiscal year budget. It is expected that conservative revenue budgets will serve to make the actual decrease in fund balance far less than budgeted.

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.



BASIC FINANCIAL STATEMENTS



BRAZORIA COUNTY, TEXAS
STATEMENT OF NET ASSETS
September 30, 2007

Exhibit 1

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 69,786,404	\$ 250,775	\$ 70,037,179
Receivables (Net of Allowance for Uncollectibles):			
Taxes	1,241,780		1,241,780
Accounts	6,051,230	123,682	6,174,912
Special assessments	414,174		414,174
Due from other governments	4,699,947		4,699,947
Accrued interest	73,528		73,528
Loans receivable	15,531		15,531
Interfund balances	6,935	(6,935)	-0-
Prepaid items	774,306	868	775,174
Inventories	1,144,173	53,060	1,197,233
Investments	7,010,446		7,010,446
Bond issuance cost (net of accumulated amortization)	667,967		667,967
Discounted loans receivable (net of current)	45,244		45,244
Restricted Assets:			
Cash and temporary investments		103,023	103,023
Capital Assets:			
Land	10,462,322	1,558,686	12,021,008
Land improvements (net)	1,121,572		1,121,572
Buildings and improvements (net)	27,558,051	3,486,447	31,044,498
Furniture, equipment and vehicles (net)	7,224,737	593,556	7,818,293
Runways, taxiways and aprons (net)		5,631,154	5,631,154
Infrastructure (net)	77,272,024		77,272,024
Construction in progress	4,564,821		4,564,821
Total assets	220,135,192	11,794,316	231,929,508
Liabilities			
Accounts and accrued liabilities payable	10,504,936	47,282	10,552,218
Estimated health claims payable	1,137,316		1,137,316
Due to others	390,564		390,564
Unearned revenue	1,813,928	15,710	1,829,638
Payable from restricted assets		875	875
Noncurrent Liabilities:			
Due within one year	6,144,811	100,089	6,244,900
Due in more than one year	48,462,440	90,000	48,552,440
Total liabilities	68,453,995	253,956	68,707,951
Net Assets			
Invested in capital assets, net of related debt	99,498,617	11,094,843	110,593,460
Restricted For:			
Roads and bridges	11,599,655		11,599,655
Debt service	4,334,733	43,582	4,378,315
Other purposes	4,891,652	58,566	4,950,218
Unrestricted	31,356,540	343,369	31,699,909
Total net assets	\$ 151,681,197	\$ 11,540,360	\$ 163,221,557

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

BRAZORIA COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General administration	\$ 5,782,142	\$ 4,140,190	\$ 337,922	\$ 211,900
Judicial and legal	15,147,866	6,824,945	730,066	
Financial administration	8,058,664	1,392,176		
Elections	402,710	198,739	43,809	
Public facilities	3,515,672	31,464	48,514	6,401
Public safety	13,961,584	1,688,373	393,453	115,953
Corrections	20,185,077	653,232	2,382,706	
Public transportation	24,420,943	3,795,045		4,456,673
Health and welfare	10,141,695	663,374	5,605,755	53,025
Public assistance	296,000		692	
Culture and recreation	7,281,317	482,471	80,043	
Conservation	364,654	11,572		
Environmental protection	188,339	70,206	49,273	
Community development	2,320,743			2,319,293
Interest on long-term debt	2,408,476			
Total governmental activities	114,475,882	19,951,787	9,672,233	7,163,245
Business-type Activities:				
Airport	2,341,771	1,715,941	45,940	561,342
Total business-type activities	\$ 2,341,771	\$ 1,715,941	\$ 45,940	\$ 561,342
Total	\$ 116,817,653	\$ 21,667,728	\$ 9,718,173	\$ 7,724,587
General Revenue:				
Property taxes				
Sales and other taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Gain on disposition of capital assets				
Miscellaneous				
Total general revenues				
Change in net assets				
Net assets – beginning (restated)				
Net assets – ending				

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

Net (Expense) Revenue and Changes In Net Assets

<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>Type</u> <u>Activities</u>	<u>Total</u>
\$(1,092,130)	\$	\$(1,092,130)
(7,592,855)		(7,592,855)
(6,666,488)		(6,666,488)
(160,162)		(160,162)
(3,429,293)		(3,429,293)
(11,763,805)		(11,763,805)
(17,149,139)		(17,149,139)
(16,169,225)		(16,169,225)
(3,819,541)		(3,819,541)
(295,308)		(295,308)
(6,718,803)		(6,718,803)
(353,082)		(353,082)
(68,860)		(68,860)
(1,450)		(1,450)
<u>(2,408,476)</u>		<u>(2,408,476)</u>
(77,688,617)	-0-	(77,688,617)
	<u>(18,548)</u>	<u>(18,548)</u>
<u>(77,688,617)</u>	<u>(18,548)</u>	<u>(77,707,165)</u>
68,739,287		68,739,287
17,543,873		17,543,873
245,477		245,477
4,516,924	4,723	4,521,647
520		520
<u>1,737,063</u>		<u>1,737,063</u>
<u>92,783,144</u>	<u>4,723</u>	<u>92,787,867</u>
15,094,527	(13,825)	15,080,702
<u>136,586,670</u>	<u>11,554,185</u>	<u>148,140,855</u>
<u>\$ 151,681,197</u>	<u>\$ 11,540,360</u>	<u>\$ 163,221,557</u>

BRAZORIA COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2007

	Major Funds			
	General Fund	Road & Bridge Fund	2006 Certificate of Obligation C & M Fund	Mobility Plan C & M Fund
ASSETS				
Cash and temporary investments	\$ 26,167,351	\$ 8,129,620	\$ 9,107,001	\$ 8,341,211
Investments	2,982,900		4,027,546	
Receivables (Net of Allowance for Uncollectibles):				
Taxes	861,807	307,734		
Accounts	105,785	132,325		
Special assessments		203,197		
Due from other governments	2,784,315	40,448		
Accrued interest	53,862		19,666	
Due from other funds	1,436,867		212,103	554,344
Prepaid expenditures	717,116			
Inventories	546,007	598,166		
Long-Term Receivables:				
Accounts	66,007			
Total assets	<u>\$ 35,722,017</u>	<u>\$ 9,411,490</u>	<u>\$ 13,366,316</u>	<u>\$ 8,895,555</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and accrued liabilities payable	\$ 8,299,952	\$ 699,673	\$ 30,284	\$ 588,094
Due to others	390,564			
Due to other funds	483			
Deferred revenue	1,677,631	481,746		
Total liabilities	<u>10,368,630</u>	<u>1,181,419</u>	<u>30,284</u>	<u>588,094</u>
Fund Balances:				
Reserved:				
Prepaid expenditures	717,116			
Inventories	546,007	598,166		
Encumbrances	207,493	283,875		
Long-term receivables	66,007			
Debt service				
Unreserved:				
Designated:				
Capital projects			13,336,032	8,307,461
Subsequent years expenditures	2,242,865			
Undesignated, Reported In:				
General fund	21,573,899			
Special revenue funds		7,348,030		
Total fund balances	<u>25,353,387</u>	<u>8,230,071</u>	<u>13,336,032</u>	<u>8,307,461</u>
Total liabilities and fund balance	<u>\$ 35,722,017</u>	<u>\$ 9,411,490</u>	<u>\$ 13,366,316</u>	<u>\$ 8,895,555</u>

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

<u>Non-Major Funds</u>		
<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
\$ 15,504,653	\$ 67,249,836	
	7,010,446	
72,239	1,241,780	
25,447	263,557	
210,977	414,174	
1,875,184	4,699,947	
	73,528	
483	2,203,797	
4,351	721,467	
	1,144,173	
	<u>66,007</u>	
<u>\$ 17,693,334</u>	<u>\$ 85,088,712</u>	
\$ 874,965	\$ 10,492,968	
	390,564	
2,202,333	2,202,816	
<u>1,189,700</u>	<u>3,349,077</u>	
<u>4,266,998</u>	<u>16,435,425</u>	
4,351	721,467	
	1,144,173	
190,877	682,245	
	66,007	
3,948,197	3,948,197	
1,909,626	23,553,119	
	2,242,865	
	21,573,899	
<u>7,373,285</u>	<u>14,721,315</u>	
<u>13,426,336</u>	<u>68,653,287</u>	
<u>\$ 17,693,334</u>	<u>\$ 85,088,712</u>	

BRAZORIA COUNTY, TEXAS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET ASSETS
September 30, 2007**

Exhibit 3R
Page 1

Total fund balances - governmental funds balance sheet (Exhibit 3)	\$ 68,653,287
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Capital assets include \$ 248,245,899 in assets less \$ 120,042,372 in accumulated depreciation.	128,203,527
Long-term loans receivable from other entities unavailable to pay for current period expenditures are not recorded in the funds. Loans receivable discounted for present value of \$ 5,232.	(5,232)
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 of \$ 8,549,943 net of allowance for uncollectible accounts of \$ 2,832,045 of the general fund amounted to \$ 5,717,898.	5,717,898
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, Certificate of Obligation Construction and Maintenance Series 2006 debt service fund amounted to \$ 777,684, \$ 203,197, \$ 38,998, \$ 16,184 and \$ 9,560, respectively.	1,045,623
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 and Norris Road Special Assessment reported in the Road and Bridge special revenue fund amounted to \$ 278,549. Deferred special assessment tax revenues for Brazos Bend 2 Special Assessment reported separately, in the amount of \$ 210,977.	489,526
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 \$ 761,644 less accumulated amortization of \$ 93,677.	667,967
Payables for bond principal are not reported in the funds.	(51,570,000)
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 \$ 688,029 (premium on the sale of bonds of \$ 723,622 less amortization of \$ 35,593).	(688,029)
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 \$ 346,172.	(346,172)
Payables for compensated absences are not reported in the funds.	(2,003,050)

(continued)

BRAZORIA COUNTY, TEXAS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET ASSETS - Continued**
September 30, 2007

Exhibit 3R
Page 2

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	\$ 1,550,306	\$ 1,107,895	
Accounts and accrued liabilities payable	(122)	(11,846)	
Estimated claims payable	(400,000)	(737,316)	
Net amount allocated to business-type activities		6,935	
Net	<u>\$ 1,150,184</u>	<u>\$ 365,668</u>	<u>1,515,852</u>
Net assets of governmental activities – statement of net assets (Exhibit 1).			<u>\$ 151,681,197</u>

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, 2007

	Major Funds			
	General Fund	Road & Bridge Fund	2006 Certificate of Obligation C & M Fund	Mobility Plan C & M Fund
Revenues:				
Taxes	\$ 61,780,114	\$ 16,939,955	\$	\$
Intergovernmental	1,218,186			
Charges for services	7,497,715	1,909		
Licenses and permits	1,081,524	736,303		
Fines and forfeitures	3,030,492			
Special assessments		18,481		
Investment income	2,565,736	507,779	598,926	20,336
Miscellaneous	1,966,850	237,414		
Total revenues	<u>79,140,617</u>	<u>18,441,841</u>	<u>598,926</u>	<u>20,336</u>
Expenditures:				
Current:				
General administration	4,781,198		14,620	
Judicial and legal	14,199,654			
Financial administration	7,891,741			
Elections	205,634			
Public facilities	3,279,702			
Public safety	13,134,656			
Corrections	16,238,641			
Public transportation		16,957,051		47,018
Health and welfare	4,324,832			
Public assistance	296,000			
Culture and recreation	7,012,650			
Conservation	350,210			
Environmental protection	179,182			
Community development				
Capital outlay			472,825	5,300,816
Debt Service:				
Principal				
Interest and fiscal charges				
Total expenditures	<u>71,894,100</u>	<u>16,957,051</u>	<u>487,445</u>	<u>5,347,834</u>
Excess (deficiency) of revenues over expenditures	<u>7,246,517</u>	<u>1,484,790</u>	<u>111,481</u>	<u>(5,327,498)</u>

(continued)

<u>Non-Major Funds</u>		
<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
\$ 7,179,216	\$ 85,899,285	
11,335,466	12,553,652	
1,839,582	9,339,206	
2,501,276	4,319,103	
	3,030,492	
21,503	39,984	
744,514	4,437,291	
<u>503,686</u>	<u>2,707,950</u>	
<u>24,125,243</u>	<u>122,326,963</u>	
851,364	5,647,182	
520,878	14,720,532	
4,060	7,895,801	
173,233	378,867	
100,284	3,379,986	
409,175	13,543,831	
2,872,049	19,110,690	
2,545,755	19,549,824	
5,600,934	9,925,766	
	296,000	
33,999	7,046,649	
	350,210	
	179,182	
2,319,293	2,319,293	
4,215,263	9,988,904	
2,805,000	2,805,000	
<u>2,617,009</u>	<u>2,617,009</u>	
<u>25,068,296</u>	<u>119,754,726</u>	
<u>(943,053)</u>	<u>2,572,237</u>	

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

For the Year Ended September 30, 2007

	Major Funds			
	General Fund	Road & Bridge Fund	2006 Certificate of Obligation C & M Fund	Mobility Plan C & M Fund
Other Financing Sources (Uses):				
Proceeds from sale of bonds	\$	\$	\$	\$ 13,739,168
Premium on the sale of bonds				606,572
Proceeds from sale of capital assets	26,178	44,569		
Transfers in	200,000			
Transfers out	(746,859)	(41,280)		
Total other financing sources and (uses)	(520,681)	3,289	-0-	14,345,740
Net change in fund balances	6,725,836	1,488,079	111,481	9,018,242
Fund balances - beginning (restated)	18,627,551	6,741,992	13,224,551	(710,781)
Fund balances - ending	<u>\$ 25,353,387</u>	<u>\$ 8,230,071</u>	<u>\$ 13,336,032</u>	<u>\$ 8,307,461</u>

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

<u>Non-Major Funds</u>	
<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 260,832	\$ 14,000,000
	606,572
	70,747
788,139	988,139
<u>200,000)</u>	<u>(988,139)</u>
<u>848,971</u>	<u>14,677,319</u>
(94,082)	17,249,556
<u>13,520,418</u>	<u>51,403,731</u>
\$ <u>13,426,336</u>	\$ <u>68,653,287</u>

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, 2007

Exhibit 4R
Page 1

Net change in fund balances - total governmental funds (Exhibit 4) \$ 17,249,556

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

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 \$ 12,490,036 exceeded depreciation \$ 9,166,631 in the current period.	3,323,405
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, \$ 4,370,099 of roads were contributed to and accepted by the County.	4,370,099
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, the Certificate of Obligation Construction and Maintenance Series 2003 debt service fund, and the Certificate of Obligation Construction and Maintenance Series 2006 debt service amounted to \$ 160,936, \$(26,887), \$(1,287), \$ 1,962, and \$ 9,560, respectively.	144,284
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, Sherwood Land Assessment and Norris Road Special Assessment reported in the Road and Bridge special revenue fund amounted to \$ 62,571. Deferred special assessment revenues for Brazos Bend 2 Special Assessment reported separately amounted to \$ 210,977.	273,548
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 was \$ 70,227. (Cost of \$ 928,029 less accumulated depreciation of \$ 857,802).	(70,227)
Judicial revenues (resulting from accounts receivables net of related allowance for uncollectible) in the governmental activities statement of activities does 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.	623,497
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 \$ 260,832 less current amortization of \$ 40,330.	220,502
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 \$ 14,000,000 in bond proceeds.	(14,000,000)

(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**
For the Year Ended September 30, 2007

Exhibit 4R
Page 2

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 \$ 2,805,000 in bond principal payments.	\$	2,805,000
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 was \$ 572,936 (premium on sale of bonds of \$ 606,572 less amortization of \$ 33,636).	(572,936)
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 \$ 45,605	(45,605)
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.		56,649
The change in noncurrent loan advance discounts does not produce current financial resources to governmental funds but these changes increase long-term assets in the statement of net assets. The current change in noncurrent loan discounts was \$ 2,265 (prior discount of \$ 7,497 less current discount of \$ 5,232).		2,265
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	\$ 77,354	\$ 14	
Operating expenses	(130,988)	(8,586,187)	
Contributions for self-insurance	100,000	9,259,058	
Net amount allocated to business-type activities	<u> </u>	<u>(4,761)</u>	
Net	<u>\$ 46,366</u>	<u>\$ 668,124</u>	<u>714,490</u>

Change in net assets of governmental activities (Exhibit 2) \$ 15,094,527

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

BRAZORIA COUNTY, TEXAS
COMPARATIVE STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2007

	Business-Type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds
	2007	2006	
Assets:			
Current Assets:			
Cash and temporary investments	\$ 250,775	\$ 403,813	\$ 2,536,568
Accounts receivable	123,682	154,186	68,794
Due from other governments		8,383	
Prepaid expense	868	4,135	52,839
Inventory	53,060	53,767	
Total current assets	<u>428,385</u>	<u>624,284</u>	<u>2,658,201</u>
Noncurrent Assets:			
Restricted cash and temporary investments	103,023	76,771	
Total restricted assets	<u>103,023</u>	<u>76,771</u>	<u>-0-</u>
Total current assets	<u>531,408</u>	<u>701,055</u>	<u>2,658,201</u>
Noncurrent Assets:			
Capital Assets:			
Land, buildings and runways	23,156,780	22,417,212	
Equipment	924,218	793,051	
Construction in progress		39,625	
Accumulated depreciation	(12,811,155)	(12,038,484)	
Total capital assets (net of accumulated depreciation)	<u>11,269,843</u>	<u>11,211,404</u>	<u>-0-</u>
Total noncurrent assets	<u>11,269,843</u>	<u>11,211,404</u>	<u>-0-</u>
Total assets	<u>11,801,251</u>	<u>11,912,459</u>	<u>2,658,201</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMPARATIVE STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - Continued
September 30, 2007

Exhibit 5

	Business-Type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds
	2007	2006	
Liabilities:			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 47,282	\$ 58,314	\$ 1,149,284
General obligation bonds payable - current	85,000	80,000	
Compensated absences	15,089	16,851	
Deferred revenue	15,710	15,140	
	<u>163,081</u>	<u>170,305</u>	<u>1,149,284</u>
Current Liabilities Payable from Restricted Assets:			
Accrued interest payable	875	1,273	
	<u>875</u>	<u>1,273</u>	<u>-0-</u>
Total current liabilities	163,956	171,578	1,149,284
Noncurrent Liabilities:			
General obligation bonds payable - net of current	90,000	175,000	
Total liabilities	<u>253,956</u>	<u>346,578</u>	<u>1,149,284</u>
Net Assets:			
Invested in capital assets, net of related debt	11,094,843	10,956,404	
Restricted for debt service	43,582	56,663	
Restricted for land acquisition	58,566	18,835	
Unrestricted	350,304	533,979	1,508,917
Total net assets	11,547,295	11,565,881	<u>\$ 1,508,917</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(6,935)	(11,696)	
Net assets of business-type activities	<u>\$ 11,540,360</u>	<u>\$ 11,554,185</u>	

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, 2007

	Business-Type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds
	2007	2006	
Operating Revenues:			
Sales of fuel and supplies	\$ 1,093,774	\$ 1,047,541	\$
Cost of sales	<u>755,557</u>	<u>686,533</u>	
Gross profit	338,217	361,008	-0-
Other Operating Revenue:			
Contributions for self insurance			9,359,058
Rentals	327,882	294,848	
Fees	276,622	254,108	
Miscellaneous	<u>5,181</u>	<u>8,579</u>	
Net operating revenue	<u>947,902</u>	<u>918,543</u>	<u>9,359,058</u>
Operating Expenses:			
Salaries and wages	330,682	328,750	
Employee benefits	121,663	118,675	
Supplies	109,656	93,358	
Other charges	241,974	208,970	8,717,175
Depreciation	<u>758,890</u>	<u>655,041</u>	
Total operating expenses	<u>1,562,865</u>	<u>1,404,794</u>	<u>8,717,175</u>
Operating income (loss)	<u>(614,963)</u>	<u>(486,251)</u>	<u>641,883</u>
Non-Operating Revenues (Expenses):			
Investment income	4,723	2,646	77,368
Operating grant revenue	45,940	29,461	
Interest and fiscal charges	<u>(15,628)</u>	<u>(20,448)</u>	
Total non-operating revenues (expenses)	<u>35,035</u>	<u>11,659</u>	<u>77,368</u>
Net income (loss) before contributions and transfers	<u>(579,928)</u>	<u>(474,592)</u>	<u>719,251</u>
Capital contributions	561,342	408,153	
Transfers in		<u>237,475</u>	
Change in net assets	<u>(18,586)</u>	<u>171,036</u>	<u>719,251</u>
Net Assets:			
Total net assets - beginning	<u>11,565,881</u>	<u>11,394,845</u>	<u>789,666</u>
Total net assets - ending	<u>\$ 11,547,295</u>	<u>\$ 11,565,881</u>	<u>\$ 1,508,917</u>

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

For the Year Ended September 30, 2007

Exhibit 6

	<u>Business-Type Activities - Enterprise Fund</u>	
	<u>2007</u>	<u>2006</u>
Business-type Activities:		
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	\$ <u>4,761</u>	\$(<u>1,377</u>)
Change in net assets of business-type activities	(13,825)	169,659
Net Assets (Business-type Activities):		
Total net assets - beginning of year	<u>11,554,185</u>	<u>11,384,526</u>
Total net assets - end of year	<u>\$ 11,540,360</u>	<u>\$ 11,554,185</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, 2007

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	2007	2006	
Cash Flows from Operating Activities:			
Cash flows received from customers	\$ 1,742,916	\$ 1,525,283	\$
Cash receipts from interfund services provided			9,348,067
Cash paid to and on behalf of employees	(452,345)	(446,503)	(8,207,014)
Cash paid to suppliers and others	(1,116,007)	(989,990)	(1,100,910)
Net cash provided (used) by operating activities	<u>174,564</u>	<u>88,790</u>	<u>40,143</u>
Cash Flows from Noncapital Financing Activities:			
Transfers from other funds		237,475	
Cash received from operating grants	45,940	29,461	
Net cash provided (used) by noncapital financing activities	<u>45,940</u>	<u>266,936</u>	<u>-0-</u>
Cash Flows from Capital and Financing Activities:			
Cash received from capital grants	561,342	408,153	
Acquisition of fixed assets	(817,329)	(503,488)	
Principal payments on bonds	(80,000)	(80,000)	
Interest and fees on bonds	(16,026)	(20,844)	
Net cash provided (used) by capital financing activities	<u>(352,013)</u>	<u>(196,179)</u>	<u>-0-</u>
Cash Flows from Investing Activities:			
Investment income	4,723	2,646	77,368
Net cash provided (used) by investment activities	<u>4,723</u>	<u>2,646</u>	<u>77,368</u>
Net increase (decrease) in cash	<u>(126,786)</u>	<u>162,193</u>	<u>117,511</u>
Cash and temporary investments - beginning of year (including \$ 76,771 reported as restricted assets)	<u>480,584</u>	<u>318,391</u>	<u>2,419,057</u>
Cash and temporary investments - end of year (including \$ 103,023 reported as restricted assets)	<u>\$ 353,798</u>	<u>\$ 480,584</u>	<u>\$ 2,536,568</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMPARATIVE STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - Continued
For the Year Ended September 30, 2007

Exhibit 7

	Business-Type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds
	2007	2006	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Activities:			
Operating income (loss)	\$(614,963)	\$(486,251)	\$ 641,883
Depreciation	758,890	655,041	
Changes in Assets and Liabilities:			
(Increase) Decrease In:			
Accounts receivable	30,504	(76,587)	(10,991)
Due from other governments	8,383	(6,116)	
Prepaid expenses	3,267	(2,330)	(17,059)
Inventory	707	(4,774)	
Increase (Decrease) In:			
Accounts and accrued liabilities payable	(11,032)	5,981	(573,690)
Compensated absences	(1,762)	916	
Deferred revenue	570	2,910	
Net cash provided (used) for operating activities	\$ 174,564	\$ 88,790	\$ 40,143
Noncash Transactions Affecting Financial Position:			
Net noncash transactions affecting financial position	\$ -0-	\$ -0-	\$ -0-

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, 2007

Exhibit 8

	Private-Purpose Trust Fund Historical Commission Fund	Agency Funds
<u>Assets</u>		
Cash and temporary investments	\$ 17,683	\$ 15,084,875
Receivables:		
Accounts receivable		35
Accrued interest		623
	<hr/>	<hr/>
Total assets	17,683	\$ 15,085,533
	<hr/>	<hr/>
<u>Liabilities</u>		
Accounts and accrued liabilities payable		\$ 921,198
Due to other funds		981
Amounts held for others		14,163,354
		<hr/>
Total liabilities	-0-	\$ 15,085,533
	<hr/>	<hr/>
<u>Net Assets</u>		
Held in trust for historical commission	17,683	
	<hr/>	
Total net assets	\$ 17,683	
	<hr/>	

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, 2007

Exhibit 9

	<u>Private-Purpose Trust Fund Historical Commission Funds</u>
<u>Additions</u>	
Contributions:	
Private donations and sales	\$ 3,189
Investment Earnings:	
Interest	<u>1,285</u>
Total additions	<u>4,474</u>
<u>Deductions</u>	
Culture and recreation (historical commission)	<u>12,292</u>
Total deductions	<u>12,292</u>
Change in net assets	(7,818)
<u>Net Assets</u>	
Net assets - beginning	<u>25,501</u>
Net assets - ending	<u>\$ 17,683</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, 2007

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BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2007

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, 2007, 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 policies are the responsibility of a separate board.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2007

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, 2007

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, 2007

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 *2006 Certificate of Obligation C & M fund* accounts for bond proceeds authorized for 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 Park Administration building; renovation of Courthouse for additional courtrooms; expansion of parking lots; and expansion of the Adult Detention Center.

The *Mobility Plan C & M fund* accounts for bond proceeds 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

Notes to the Financial Statements

For The Year Ended September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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.

New Pronouncements

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, 2007

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.

GASB No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra Entity Transfers of Assets and Future Revenues", was issued September 2006. This statement provides guidance for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. This statement is effective for periods beginning after December 15, 2006. The statement was implemented and did not have an impact on the County's financial statements.

GASB No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", was issued November 2006. This statement provides guidance for pollution remediation obligations. This statement is effective for periods beginning after December 15, 2007. The management of the County not believes that the implementation of this statement will have a material effect on the financial statements of the County.

GASB No. 50, "Pension Disclosures", was issued May 2007. This statement provides guidance for financial reporting by pension plans and by employers that provide defined benefit and contribution plans. This statement is effective for periods beginning after June 15, 2007. The management of the County does not believe that the implementation of this statement will have a material effect on the financial statements of the County.

GASB No. 51, "Accounting and Financial Reporting for Intangible Assets", was issued June 2007. This statement provides guidance for financial reporting of intangible assets for all state and local governments. This statement is effective for periods beginning after June 15, 2009. The management of the County does not believe that the implementation of this statement will 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.

BRAZORIA COUNTY, TEXAS
Notes to the Financial Statements
 For The Year Ended September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Budgetary Data - continued

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).

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	\$ 207,493
Road and Bridge (Special Revenue Fund)	283,875
Nonmajor funds	<u>190,877</u>
 Total	 \$ <u>682,245</u>

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 \$ 0.80 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 \$ 0.15 per \$ 100 valuation for road and bridge purposes. Article 7048a of Vernon's Civil Statutes permits the County to collect \$ 0.30 per \$ 100 valuation for road, bridge and flood control purposes.

BRAZORIA COUNTY, TEXAS
Notes to the Financial Statements
 For The Year Ended September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The County's 2006 tax levy, supporting the 2007 fiscal period budget, totaled \$ 0.381701 per \$ 100 valuation and was comprised as follows:

Constitutional Levy:		
General Fund	\$	0.266000
Road and Bridge		0.034500
Special Road and Bridge:		
Article 6790		0.060000
Article 7048a		-0-
Debt Service:		
General Obligation Refunding		
Bonds Series 1998		0.011000
Combination Tax and Revenue		
Certificates of Obligation Series 2003		0.005131
Combination Tax and Revenue		
Certificates of Obligation Series 2006		<u>0.005070</u>
Combined tax rate	\$	<u>0.381701</u>

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.

BRAZORIA COUNTY, TEXAS
Notes to the Financial Statements
 For The Year Ended September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets - continued

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, 2007, 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

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, 2007, computed at pay rates in effect at that time.

The following is a summary of benefits payable as of September 30, 2007:

Governmental activities	\$ 2,003,050
Business-type activities	<u>15,089</u>
	<u>\$ 2,018,139</u>

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Compensated Absences - continued

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.

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 represent 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, 2007 are as follows:

BRAZORIA COUNTY, TEXAS
Notes to the Financial Statements
 For The Year Ended September 30, 2007

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and Temporary Investments:			
Cash (petty cash accounts)	\$ 21,709	\$	\$ 21,709
Financial Institution Deposits:			
Demand deposits	54,658,175	98,457	54,756,632
Local Government Investment Pools:			
Texpool	28,177,942	4,566	28,182,508
MBIA Texas Class Pool	<u>2,281,911</u>	<u> </u>	<u>2,281,911</u>
	85,139,737	103,023	85,242,760
Investments:			
Government agency securities	<u>7,010,446</u>	<u> </u>	<u>7,010,446</u>
	<u>\$ 92,150,183</u>	<u>\$ 103,023</u>	<u>\$ 92,253,206</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.

At year-end, in addition to petty cash of \$ 21,709, the carrying amount, of the County's deposits, was \$ 54,756,632, while the financial institution balances totaled \$ 57,378,974. Of these balances, \$ 13,503,969 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, \$ 13,702,857 was covered by federal depository insurance coverage, and \$ 43,676,117 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.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2007

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Investments - continued

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;
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.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2007

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Investments - continued

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, 2007 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, 2007, the County invested in the direct purchase of government agency securities (FNBA and FHLMC Discount Notes) within the General Fund and the 2006 Certificate of Obligation C&M Fund (capital projects fund). These securities have staggered maturity dates beginning on November 15, 2007 through August 4, 2008 to correspond with estimated timing of project construction and had a market value of \$ 7,010,446 at September 30, 2007.

As of September 30, 2007, the County had the following investments:

<u>Investment Type</u>	<u>Interest Rate</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Local Government Investment Pools:			
Texpool	Varies	\$ 28,182,508	1.00
MBIA Texas Class Pool	Varies	<u>2,281,911</u>	<u>1.00</u>
		<u>30,464,419</u>	<u>0.81</u>
Government Agency Securities:			
FHLB Discount Note	5.24%	993,700	46.00
FMC Discount Note	5.25%	988,100	89.00
FHLB Discount Note	5.30%	1,001,100	297.00
FHLMC Discount Note	5.12%	2,012,775	138.00
FNMA Discount Note	5.11%	<u>2,014,771</u>	<u>309.00</u>
		<u>7,010,446</u>	<u>35.53</u>
		<u>\$ 37,474,865</u>	<u>36.34</u>

BRAZORIA COUNTY, TEXAS*Notes to the Financial Statements*

For The Year Ended September 30, 2007

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - ContinuedInvestments - continued

Credit Risk – As of September 30, 2007, the LGIPs (which represent approximately 81.00% of the investment portfolio) are rated AAAM by Standard and Poor's or AAA by Finch. The government agency securities rated A-1 by Standard and Poor's and P-1 by Moody's (represent approximately 19.00% 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, 2007, and holds no direct investments in derivatives at September 30, 2007.

NOTE 3 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUESReceivables and Allowances

Receivables as of September 30, 2007, 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:

	Governmental Funds				Total
	General Fund	Road & Bridge Fund	Certificate of Obligation C & M Fund	Other Governmental Funds	
Receivables:					
Taxes (property)	\$ 1,848,138	\$ 768,431	\$	\$ 165,075	\$ 2,781,644
Accounts receivable	105,785	132,325		25,447	263,557
Special assessments		288,827		213,088	501,915
Due from other governments	2,784,315	40,448		1,875,184	4,699,947
Accrued interest	53,862		19,666		73,528
Gross receivables	4,792,100	1,230,031	19,666	2,278,794	8,320,591
Less Allowance For Uncollectibles:					
Taxes (property)	986,331	460,697		92,836	1,539,864
Special assessments		85,630		2,111	87,741
Net receivables	\$ 3,805,769	\$ 683,704	\$ 19,666	\$ 2,183,847	\$ 6,692,986

BRAZORIA COUNTY, TEXAS
Notes to the Financial Statements
 For The Year Ended September 30, 2007

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

Receivables and Allowances - continued

	<u>Proprietary Funds</u>			<u>Fiduciary Funds</u>
	<u>Enterprise Fund</u>	<u>Internal Service Funds</u>	<u>Total</u>	
Receivables:				
Accounts:				
Airport customers	\$ 123,682	\$	\$ 123,682	\$
Stop loss insurance		68,794	68,794	
Other receivables				35
Accrued interest			-0-	623
Gross receivables	123,682	68,794	192,476	658
Less Allowance For Uncollectibles:				
Airport customers			-0-	
Net receivables	<u>\$ 123,682</u>	<u>\$ 68,794</u>	<u>\$ 192,476</u>	<u>\$ 658</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.

Amounts due from federal, state, and local governments as of September 30, 2007 are summarized below:

	<u>State Entitlements and Taxes</u>	<u>Federal Grants</u>	<u>State Grants</u>	<u>Local Governments</u>	<u>Total</u>
Major Governmental Funds:					
General Fund	\$ 2,656,043	\$ 54,873	\$ 73,399	\$	\$ 2,784,315
Road & Bridge Fund	40,448				40,448
Nonmajor governmental Funds		<u>1,253,212</u>	<u>268,701</u>	<u>353,271</u>	<u>1,875,184</u>
Total	<u>\$ 2,696,491</u>	<u>\$ 1,308,085</u>	<u>\$ 342,100</u>	<u>\$ 353,271</u>	<u>\$ 4,699,947</u>

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. During the year ended September 30, 2007, the County received \$ 11,648 in principal payments. Since this is a long term receivable without interest, the County has discounted the loan receivable as follows:

BRAZORIA COUNTY, TEXAS
Notes to the Financial Statements
 For The Year Ended September 30, 2007

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

Loans Receivable (Discounted) - continued

	2007
Receivable in less than one year	\$ 15,531
Receivable in one to five years	50,476
Total loan receivable	66,007
Less discounts to net present value	(5,232)
Net loan receivable at September 30, 2007	\$ 60,775

The discount rate used on long-term loans was 5.35% for the year ended September 30, 2007.

The loan receivable (discounted) is reported as an asset in the governmental activities statement of net assets and is reported (without discount) in the governmental fund balance sheet. Similarly, the discount is reported as a reduction of investment earnings in the governmental activities statement of activities.

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, 2007:

	Judicial Receivable	Allowance for Uncollectible Accounts	Net Receivable
Judicial Receivables:			
Justice of the Peace	\$ 5,367,977	\$ 1,610,393	\$ 3,757,584
County courts	949,453	237,363	712,090
District courts	1,792,620	896,310	896,310
Juvenile probation	439,892	87,978	351,914
	\$ 8,549,942	\$ 2,832,044	\$ 5,717,898

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, 2007, the various components of deferred revenue and unearned revenue reported in the governmental and proprietary funds were as follows:

BRAZORIA COUNTY, TEXAS
Notes to the Financial Statements
 For The Year Ended September 30, 2007

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

Deferred Revenue continued

	Governmental Funds			Total	Proprietary Funds
	General Fund	Road & Bridge Fund	Other Governmental Funds		Enterprise Fund
Unavailable:					
Delinquent property taxes receivable	\$ 777,684	\$ 203,197	\$ 64,742	\$ 1,045,623	\$
Special assessment receivable		278,549	210,977	489,526	
Unearned:					
Federal grants			802,546	802,546	
State grants			78,381	78,381	
Bail bonds	851,514			851,514	
Public safety seizures	28,843			28,843	
Rental deposits	19,035		33,054	52,089	
Other deposits	555			555	
Airport hangar deposits				-0-	15,710
Total	\$ 1,677,631	\$ 481,746	\$ 1,189,700	\$ 3,349,077	\$ 15,710

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at September 30, 2007 consisted of the following:

Receivable Fund	Payable Fund	09-30-07
Governmental Funds:		
General	Other Governmental	\$ 1,435,886
General	Fiduciary	981
2006 Certificate of Obligation C&M	Other Governmental	212,103
Mobility Plan C&M	Other Governmental	554,344
Other Governmental	General	483
		<u>\$ 2,203,797</u>

Detail interfund receivables and payables at September 30, 2007 consisted of the following:

Receivable Fund	Payable Fund	09-30-07
General	Brazos Bend 2 Special Assessment	\$ 131,002
General	TJPC State Aid	11,726
General	TJPC Community Corrections	20,515
General	TJPC Salary Adjustment Funding	5,809
General	TJPC Progressive Sanctions JPO	4,524
General	TJPC Progressive Sanctions Level 1-2-3	3,021
General	TJPC Progressive Sanctions ISP	1,550
General	TJPC Level 5 Funding	7,630

(continued)

BRAZORIA COUNTY, TEXAS
Notes to the Financial Statements
 For The Year Ended September 30, 2007

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>09-30-07</u>
General	TJPC Diversionary Placement	\$ 6,030
General	JJAEP Boot Camp	362,118
General	TDSHS Immunization	24,584
General	TDSHS Supplementary Food Program WIC	203,942
General	TDSHS Community and Rural Health	3,943
General	TDSHS Peer Counseling	7,300
General	TDSHS WIC Registered Dietician	2,527
General	TDSHS WIC Lactation Reimbursement	6,349
General	TDSHS WIC-OA Vendor Activities	208
General	TDSHS WIC Special Allocation	107,385
General	TDSHS Cities Readiness Initiative	64,233
General	TDSHS Mosquito Abatement Activities	751
General	CPS Title IV-E	18,538
General	CPS Title IV-E Legal Services	1,967
General	CPS Title IV-B (Concrete)	1,526
General	Victim Assistance Grant 02G00551	1,242
General	Crime Victim Assistance	9,755
General	DEA Narcotics OT Expense Program	419
General	Bioterrorism Grant	215,861
General	HGAC Solid Waste Grant	54,319
General	2005 CDBG County (HUD)	4,554
General	2006 CDBG County (HUD)	87,198
General	Voter Registration Tax Office	149
General	Brazoria County Toll Road Authority	18,978
General	Flood Protection Study	45,000
General	Brazoria County Fresh Water District #2	250
General	Parks CIAP Grant	983
General	Payroll Clearing	981
2007 Section 8 Housing Choice Vouchers	General	483
C of O Construction and Maintenance Series 2006	2006 Certificate of Obligation C&M	212,103
Unlimited Tax Road Bonds Series 2006	Mobility Plan C&M	<u>554,344</u>
Total		<u>\$ 2,203,797</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, 2007

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

Interfund transfers for the year ended September 30, 2007 consisted of the following individual fund transfers in and transfers out:

<u>Transferring Fund</u>	<u>Receiving Fund</u>	<u>09-30-07</u>
General	Other Governmental	\$ 746,859
Road and Bridge	Other Governmental	41,280
Other Governmental	General	<u>200,000</u>
Total		<u>\$ 988,139</u>

Detail interfund transfers for the year ended September 30, 2007 consisted of the following individual fund transfers in and transfers out:

<u>Transferring Fund</u>	<u>Receiving Fund</u>	<u>09-30-07</u>
General	TJPC State Aid	\$ 40,011
General	TJPC Community Corrections	115,400
General	TJPC Progressive Sanctions JPO	393
General	TJPC Progressive Sanctions 1-2-3	25,683
General	TJPC Progressive Sanctions ISP	17,190
General	JJAEP Boot Camp	296,156
General	CJD Juvenile Incentive Block Grant	360
General	TDSHS Immunization	7,585
General	TDSHS Community and Rural Health	19,948
General	CPS Title IV-E	90,268
General	CPS Title IV-E Legal Services	37,354
General	Victim Assistance Grant 02G000551	6,168
General	Crime Victim Assistance	16,100
General	Law Library	15,000
General	HGAC 911 Addressing	2,084
General	Parks CIAP Grant	7,159
General	Quintana Boat Ramp	50,000
Road & Bridge	Norris Road Assessment	41,280
Financial Security	General	<u>200,000</u>
Total		<u>\$ 988,139</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, 2007

NOTE 5 - CAPITAL ASSETS

Capital Transactions

	<u>Balance 10-01-06</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance 09-30-07</u>
Governmental Activities:					
Capital Assets, Not Depreciated:					
Land	\$ 6,944,064	\$ 3,519,009	\$ 751	\$	\$ 10,462,322
Construction in progress	<u>1,914,364</u>	<u>3,895,255</u>	<u>1,244,798</u>	<u> </u>	<u>4,564,821</u>
Total capital assets not being depreciated	<u>8,858,428</u>	<u>7,414,264</u>	<u>1,245,549</u>	<u>-0-</u>	<u>15,027,143</u>
Capital Assets, Being Depreciated:					
Land improvements	1,164,978	172,702			1,337,680
Buildings and improvements	38,696,886	2,142,873			40,839,759
Furniture, equipment and vehicles	34,524,414	2,008,400	927,278	(26,277)	35,579,259
Infrastructure	<u>149,095,364</u>	<u>6,366,684</u>	<u> </u>	<u> </u>	<u>155,462,058</u>
Total capital assets being depreciated	<u>223,481,642</u>	<u>10,690,669</u>	<u>927,278</u>	<u>(26,277)</u>	<u>233,218,756</u>
Less Accumulated Depreciation For:					
Land improvements	114,489	79,586		22,033	216,108
Buildings and improvements	12,296,092	1,007,649		(22,033)	13,281,708
Furniture, equipment and vehicles	26,061,328	3,177,273	857,802	(26,277)	28,354,522
Infrastructure	<u>73,287,911</u>	<u>4,902,123</u>	<u> </u>	<u> </u>	<u>78,190,034</u>
Total accumulated depreciation	<u>111,759,820</u>	<u>9,166,631</u>	<u>857,802</u>	<u>(26,277)</u>	<u>120,042,372</u>
Total capital assets being depreciated, net	<u>111,721,822</u>	<u>1,524,038</u>	<u>69,476</u>	<u>-0-</u>	<u>113,176,384</u>
Governmental activities capital assets, net	<u>\$ 120,580,250</u>	<u>\$ 8,938,302</u>	<u>\$ 1,315,025</u>	<u>\$ -0-</u>	<u>\$ 128,203,527</u>
Business-type Activities:					
Capital Assets, Not Depreciated:					
Land	\$ 1,558,686	\$	\$	\$	\$ 1,558,686
Construction in progress	<u>39,625</u>	<u>699,943</u>	<u>739,568</u>	<u> </u>	<u>-0-</u>
Total capital assets not being depreciated	<u>1,598,311</u>	<u>699,943</u>	<u>739,568</u>	<u>-0-</u>	<u>1,558,686</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	5,933,946	739,568			6,673,514
Furniture, equipment and vehicles	793,051	117,386	12,496	26,277	924,218
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>21,651,577</u>	<u>856,954</u>	<u>12,496</u>	<u>26,277</u>	<u>22,522,312</u>

(continued)

BRAZORIA COUNTY, TEXAS
Notes to the Financial Statements
 For The Year Ended September 30, 2007

NOTE 5 - CAPITAL ASSETS - Continued

Capital Transactions - continued

	<u>Balance</u> 10-01-06	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Balance</u> 09-30-07
Less Accumulated Depreciation For:					
Buildings and improvements	\$ 3,062,644	\$ 124,423	\$	\$	\$ 3,187,067
Furniture, equipment and vehicles	252,328	64,553	12,496	26,277	330,662
Runways, taxiways and aprons	<u>8,723,512</u>	<u>569,914</u>	<u></u>	<u></u>	<u>9,293,426</u>
 Total accumulated depreciation	 <u>12,038,484</u>	 <u>758,890</u>	 <u>12,496</u>	 <u>26,277</u>	 <u>12,811,155</u>
 Total capital assets being depreciated, net	 <u>9,613,093</u>	 <u>98,064</u>	 <u>-0-</u>	 <u>-0-</u>	 <u>9,711,157</u>
 Business-type activities capital assets, net	 <u>\$ 11,211,404</u>	 <u>\$ 798,007</u>	 <u>\$ 739,568</u>	 <u>\$ -0-</u>	 <u>\$ 11,269,843</u>

Depreciation

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

	<u>09-30-07</u>
Governmental Activities:	
General government	\$ 44,782
Judicial and legal	304,971
Financial administration	80,395
Elections	23,843
Public facilities	187,222
Public safety	415,790
Corrections	1,021,503
Public transportation	6,719,371
Health and welfare	184,552
Culture and recreation	175,072
Conservation	6,080
Environmental protection	<u>3,050</u>
	<u>\$ 9,166,631</u>
Business-type Activities:	
Airport	<u>\$ 758,890</u>

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2007

NOTE 5 - CAPITAL ASSETS - Continued

Function and Activity

	<u>Balance</u> 10-01-06	<u>Additions</u>	<u>Retirements</u>	<u>Transfers and</u> <u>Adjustments</u>	<u>Balance</u> 09-30-07
Governmental Activities:					
Function and Activity:					
General government	\$ 2,492,897	\$ 443,789	\$ 751	\$(268,370)	\$ 2,667,565
Judicial and legal	3,422,992	149,466			3,572,458
Financial administration	1,368,731	175,661			1,544,392
Elections	156,833				156,833
Public facilities	6,346,336	743,819		374,098	7,464,253
Public safety	5,808,432	278,007	381,724		5,704,715
Corrections	33,075,110	249,147		(2)	33,324,255
Public transportation	169,336,172	11,214,464	432,273	(207,424)	179,910,939
Health and welfare	3,187,339	853,619			4,040,958
Culture and recreation	5,006,857	95,622	113,281	75,421	5,064,619
Conservation	203,645				203,645
Environmental protection	20,362	6,084			26,446
	<u>230,425,706</u>	<u>14,209,678</u>	<u>928,029</u>	<u>(26,277)</u>	<u>243,681,078</u>
Non-Functional:					
Construction in progress	<u>1,914,364</u>	<u>3,895,255</u>	<u>1,244,798</u>		<u>4,564,821</u>
Total governmental activities	<u>\$232,340,070</u>	<u>\$ 18,104,933</u>	<u>\$ 2,172,827</u>	<u>\$(26,277)</u>	<u>\$248,245,899</u>
Business-type Activities:					
Function and Activity:					
Airport	<u>\$ 23,249,888</u>	<u>\$ 817,329</u>	<u>\$ 12,496</u>	<u>\$ 26,277</u>	<u>\$ 24,080,998</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>
Governmental Activities:					
Function and Activity:					
General government	\$ 1,534,094	\$ 248,513	\$ 374,392	\$ 510,566	\$
Judicial and legal	232,206	140,319	363,919	2,836,014	
Financial administration	26,875	49,048	57,497	1,410,972	
Elections				156,833	
Public facilities	1,377,281	17,962	5,450,445	618,565	
Public safety	10,963	9,092	175,843	3,993,743	1,515,074
Corrections	173,170	37,057	30,968,225	2,145,803	
Public transportation	4,243,911	87,063	687,926	21,306,552	153,585,487
Health and welfare	1,604,732		1,153,866	1,276,406	5,954
Culture and recreation	1,250,155	748,626	1,429,847	1,280,448	355,543
Conservation	8,935		177,799	16,911	
Environmental protection				26,446	
Total governmental activities	<u>\$ 10,462,322</u>	<u>\$ 1,337,680</u>	<u>\$ 40,839,759</u>	<u>\$ 35,579,259</u>	<u>\$155,462,058</u>

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2007

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> </u>	\$ <u>6,673,514</u>	\$ <u>924,218</u>	\$ <u>14,924,580</u>

Construction Commitments

	<u>Projects Authorized</u>	<u>Expended To Date</u>	<u>Commitment</u>	<u>Requiring Further Financing</u>
September 30, 2007:				
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	64,476	10,524	
CR 101 - Bailey Oiler Road	506,100	228,341	277,759	
SH 36 - Brazoria Bypass	64,322	17,113	47,209	
CR 220	2,344,152	1,777,477	566,675	
CR 48	3,372,291	2,718,088	654,203	
CR 403 - Hughes Ranch Road	822,442	239,404	583,038	
CR 58	<u>1,302,935</u>	<u>963,316</u>	<u>339,619</u>	
Total governmental activities	\$ <u>12,729,082</u>	\$ <u>9,743,370</u>	\$ <u>2,985,712</u>	\$ <u>-0-</u>

Business-type Activities:

None

NOTE 6 - DISAGGREGATION OF ACCOUNTS AND ACCRUED LIABILITIES PAYABLE

Accounts and accrued liabilities payable as of September 30, 2007, 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>General Fund</u>	<u>Road & Bridge Fund</u>	<u>2006 Certificate of Obligation C & M Fund</u>
Accounts and Accrued Liabilities Payable:			
Vendors	\$ 5,761,845	\$ 412,536	\$ 30,284
Other governments	789,966		
Accrued compensation	1,413,442	241,762	
Accrued benefits	262,714	45,375	
Other accrued liabilities	<u>71,985</u>		
Totals	\$ <u>8,299,952</u>	\$ <u>699,673</u>	\$ <u>30,284</u>

BRAZORIA COUNTY, TEXAS
Notes to the Financial Statements
 For The Year Ended September 30, 2007

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

	<u>Governmental Funds</u>		
	<u>Mobility Plan C & M Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Accounts and Accrued Liabilities Payable:			
Vendors	\$ 588,094	\$ 742,372	\$ 7,535,131
Other governments		206	790,172
Accrued compensation		112,165	1,767,369
Accrued benefits		20,222	328,311
Other accrued liabilities			71,985
Totals	<u>\$ 588,094</u>	<u>\$ 874,965</u>	<u>\$ 10,492,968</u>

	<u>Proprietary Funds</u>			
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Total</u>	<u>Fiduciary Funds</u>
Accounts and Accrued Liabilities Payable:				
Vendors	\$ 35,138	\$ 11,968	\$ 47,106	\$ 170,382
Other governments	31		31	39
Accrued compensation	10,180		10,180	100,731
Accrued benefits	1,933		1,933	650,046
Estimated claims payable		1,137,316	1,137,316	
Totals	<u>\$ 47,282</u>	<u>\$ 1,149,284</u>	<u>\$ 1,196,566</u>	<u>\$ 921,198</u>

NOTE 7 - LONG-TERM DEBT

General Obligation Debt

General obligation and certificates of obligations payable at September 30, 2007, are summarized as follows:

	<u>Interest Rate %</u>	<u>Series Dates</u>			<u>Bonds Outstanding 09-30-07</u>
		<u>Issued</u>	<u>Maturity</u>	<u>Callable</u>	
General Obligation:					
Refunding Bonds, Series 1998	3.80 - 5.50	1998	2013		\$ 15,060,000
Unlimited Tax Road Bonds, Series 2006	4.25 - 5.25	2006	2027		14,000,000

(continued)

BRAZORIA COUNTY, TEXAS
Notes to the Financial Statements
 For The Year Ended September 30, 2007

NOTE 7 - LONG-TERM DEBT - Continued

General Obligation Debt - continued

	Interest Rate %	Series Dates			Bonds Outstanding 09-30-07
		Issued	Maturity	Callable	
Certificate of Obligations:					
Combination Tax and Revenue Certificates of Obligation Series 2003	3.80 - 5.50	2003	2018	2013	\$ 8,630,000
Combination Tax and Revenue Certificates of Obligation Series 2006	4.20 - 5.00	2006	2026	2017	<u>13,880,000</u>
Total					<u>\$ 51,570,000</u>

General obligation and certificates of obligation bond transactions for the year ended September 30, 2007 were as follows:

Bonds outstanding, October 1, 2006	\$ 40,375,000
Issued	14,000,000
Maturities	<u>(2,805,000)</u>
Bonds outstanding, September 30, 2007	<u>\$ 51,570,000</u>

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, 2007, the amount of ad valorem taxes collected for interest and sinking were \$ 5,735,404, while the debt service requirements for principal and interest was \$ 5,422,009. 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, 2007:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2008	\$ 3,760,000	\$ 2,307,819	\$ 6,067,819
2009	4,000,000	2,137,737	6,137,737
2010	4,185,000	1,966,575	6,151,575
2011	4,325,000	1,781,766	6,106,766
2012	4,515,000	1,589,469	6,104,469
2013-2017	13,205,000	5,460,245	18,665,245
2018-2022	8,755,000	3,178,284	11,933,284
2023-2027	<u>8,825,000</u>	<u>1,061,634</u>	<u>9,886,634</u>
	<u>\$ 51,570,000</u>	<u>\$ 19,483,529</u>	<u>\$ 71,053,529</u>

BRAZORIA COUNTY, TEXAS*Notes to the Financial Statements*

For The Year Ended September 30, 2007

NOTE 7 - LONG-TERM DEBT - ContinuedGeneral Obligation Debt - continued

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. On November 28, 2006, the County sold \$ 14,000,000 of Unlimited Road Tax Bonds, Series 2006. As of the date of this report, no specific date(s) have been established for the sale of the remained of these bonds.

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, 2007, was \$ 15,500,802 and \$ 15,000,000, respectively.

Proprietary Debt

Certificates of obligations payable at September 30, 2007 are summarized as follows:

	Interest Rate %	Series Dates			Bonds Outstanding 09-30-07
		Issued	Maturity	Callable	
Certificates of Obligations:					
Airport Improvement Series 1999A	5.75	1999	2009		\$ 145,000
Airport Improvement Series 1999B	6.00 - 7.75	1999	2009		<u>30,000</u>
Total					<u>\$ 175,000</u>

Certificate of obligation transactions for the year ended September 30, 2007 were as follows:

Bonds outstanding, October 1, 2006	\$ 255,000
Maturities	<u>(80,000)</u>
Bonds outstanding, September 30, 2007	<u>\$ 175,000</u>

BRAZORIA COUNTY, TEXAS
Notes to the Financial Statements
 For The Year Ended September 30, 2007

NOTE 7 - LONG-TERM DEBT - Continued

Proprietary Debt - continued

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, 2007:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2008	\$ 85,000	\$ 10,640	\$ 95,640
2009	<u>90,000</u>	<u>5,475</u>	<u>95,475</u>
	<u>\$ 175,000</u>	<u>\$ 16,115</u>	<u>\$ 191,115</u>

Changes in Outstanding Debt

Transactions for the year ended September 30, 2007 are summarized as follows:

	<u>Balance 10-01-06</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance 09-30-07</u>	<u>Due Within One Year</u>
Governmental Type Activities:					
Certificates of obligation bonds	\$ 23,155,000	\$	\$ 645,000	\$ 22,510,000	\$ 1,045,000
General obligation bonds	17,220,000	14,000,000	2,160,000	29,060,000	2,715,000
Component of Bonded Debt:					
Premium on bonds	115,093	606,572	33,636	688,029	35,589
Accrued interest	300,567	346,172	300,567	346,172	346,172
Compensated absences	<u>2,059,699</u>	<u>2,169,567</u>	<u>2,226,216</u>	<u>2,003,050</u>	<u>2,003,050</u>
Total governmental activities	<u>42,850,359</u>	<u>17,122,311</u>	<u>5,365,419</u>	<u>54,607,251</u>	<u>6,144,811</u>
Business-Type Activities:					
Certificate of obligation bonds	255,000		80,000	175,000	85,000
Component of Bonded Debt:					
Accrued interest	1,273	875	1,273	875	875
Compensated absences	<u>16,851</u>	<u>15,008</u>	<u>16,770</u>	<u>15,089</u>	<u>15,089</u>
Total business-type activities	273,124	15,883	94,043	190,964	100,964
Less Portion Payable from Restricted Assets:					
Accrued interest payable	<u>1,273</u>	<u>875</u>	<u>1,273</u>	<u>875</u>	<u>875</u>
Net business-type activities	<u>271,851</u>	<u>15,008</u>	<u>96,770</u>	<u>190,089</u>	<u>100,089</u>
Total government (net)	<u>\$ 43,122,210</u>	<u>\$ 17,137,319</u>	<u>\$ 5,462,189</u>	<u>\$ 54,797,340</u>	<u>\$ 6,244,900</u>

BRAZORIA COUNTY, TEXAS
Notes to the Financial Statements
 For The Year Ended September 30, 2007

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, 2007.

Governmental Funds (General Fund):

Minimum future rentals to be received on noncancelable leases, as of September 30, 2007, for each of the next five years and in the aggregate are as follows:

<u>Year Ended September 30,</u>	<u>2007</u>
2008	\$ <u>1,760</u>

Gross rental income for operating leases, including month-to-month, for the year ended September 30, 2007 was \$ 5,720.

Proprietary Funds (Enterprise Fund - Airport):

Minimum future rentals to be received on noncancelable leases, as of September 30, 2007, for each of the next five years and in the aggregate are:

<u>Year Ended September 30,</u>	<u>2007</u>
2008	\$ 72,749
2009	74,560
2010	76,384
2011	78,220
2012	41,119
2013-2017	205,582
2018-2022	207,022
2023-2026	<u>170,410</u>
	\$ <u>926,046</u>

Gross rental income for operating leases, including month-to-month for the year ended September 30, 2007 was as follows:

	<u>2007</u>
Building rental	\$ 132,208
Hangar rental	166,472
Ground rental	<u>29,202</u>
	\$ <u>327,882</u>

BRAZORIA COUNTY, TEXAS
Notes to the Financial Statements
 For The Year Ended September 30, 2007

NOTE 8 - LEASING OPERATIONS - Continued

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, 2007, for each of the next five years and in the aggregate are as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>2007</u>
2008	\$ 24,146
2009	22,744
2010	10,672
2011	10,672
2012	10,672
2013-2016	<u>35,218</u>
	<u>\$ 114,124</u>

Gross rental expenditures for operating leases, including month-to-month for the year ended September 30, 2007 was as follows:

	<u>2007</u>
Building rental	\$ 84,110
Copier rental	198,096
Ground rental	26,083
Equipment rental	112,811
Other rental	<u>17,188</u>
	<u>\$ 438,288</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, 2007 was \$ 1,891.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2007

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 9.23% for the months of the accounting year in 2006, and 9.58% for the months of the accounting year in 2007.

The contribution rate payable by the employee members for calendar years 2007 and 2006 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, 2007 and 2006, the annual pension cost for the TCDRS plan for its employees was \$ 7,578,992 and \$ 7,196,882, and the actual contributions were \$ 7,578,992 and \$ 7,196,882, 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, 2005 and December 31, 2006, the basis for determining the contribution rates for calendar years 2006 and 2007. The December 31, 2006 actuarial valuation is the most recent valuation.

BRAZORIA COUNTY, TEXAS
Notes to the Financial Statements
 For The Year Ended September 30, 2007

NOTE 9 - PENSION PLAN - Continued

Annual Pension Cost - continued

Actuarial Valuation Information

Actuarial valuation date	12/31/04	12/31/05	12/31/06
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>12/31/04</u>	<u>12/31/05</u>	<u>12/31/06</u>
Actuarial Assumptions:			
Investment return ¹	8.0%	8.0%	8.0%
Projected salary increases ¹	5.5%	5.5%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

¹Includes 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>
9/30/04	\$ 6,876,278	100.00%	\$ -0-
9/30/05	7,196,882	100.00%	-0-
9/30/06	7,578,992	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 Payroll¹ (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
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%
12/31/06	117,431,187	127,562,880	10,131,693	92.06%	45,012,309	22.51%

¹The 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, 2007

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, 2006	\$ 35,713,711
Contributions and earnings	8,225,118
Withdrawals, premiums, and benefits	<u>(2,780,983)</u>
Balance - September 30, 2007	<u>\$ 41,157,846</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, 2007

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, 2006	\$ 7,073,908	\$ 7,250,162
Contributions and earnings	812,262	1,017,935
Withdrawals, premiums, benefits	<u>(428,309)</u>	<u>(448,674)</u>
Balance - September 30, 2007	<u>\$ 7,457,861</u>	<u>\$ 7,819,423</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, 2006	\$ 1,877,667	\$ 515,005
Contribution and earnings	351,872	42,091
Withdrawals, premiums, benefits, and losses	<u>(207,553)</u>	<u>(13,849)</u>
Balance - September 30, 2007	<u>\$ 2,021,986</u>	<u>\$ 543,247</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 \$ 552 per eligible employee per month for the period October 1, 2006 through September 30, 2007. 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, 2007 was \$ 9,259,058. 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, 2007

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, 2007 was \$ 737,316.

The following is a reconciliation of changes in the aggregate liabilities for claims for the years ended September 30, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Claims payable - October 1,	\$ 1,321,154	\$ 691,692
Incurred claims	7,617,963	7,764,930
Payment of claims	<u>(8,189,955)</u>	<u>(7,135,468)</u>
Claims payable - September 30,	<u>\$ 749,162</u>	<u>\$ 1,321,154</u>
Claims payable:		
Actual	\$ 11,846	\$ 786,074
Estimated	<u>737,316</u>	<u>535,080</u>
Total claims payable	<u>\$ 749,162</u>	<u>\$ 1,321,154</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, 2007 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 year's ended September 30, 2007, 2006, and 2005 claims and settlements in excess of insurance coverage amounted to \$ 130,988, \$ 152,070, and \$ 246,998, respectively.

BRAZORIA COUNTY, TEXAS
Notes to the Financial Statements
 For The Year Ended September 30, 2007

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, 2007 and 2006 for both actual and estimated liabilities:

	<u>2007</u>	<u>2006</u>
Claims payable - October 1,	\$ 401,820	\$ 400,009
Incurred claims	130,988	152,070
Payment of claims	<u>(132,686)</u>	<u>(150,259)</u>
Claims payable - September 30,	<u>\$ 400,122</u>	<u>\$ 401,820</u>
Claims payable:		
Actual	\$ 122	\$ 1,820
Estimated	<u>400,000</u>	<u>400,000</u>
Total claims payable	<u>\$ 400,122</u>	<u>\$ 401,820</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, 2007.

NOTE 13 - DEFICIT FUND BALANCES AND NET ASSETS

As of September 30, 2007, various funds of the County had deficit fund balances or net assets as itemized below:

	<u>2007</u>
Fund Balances:	
Special Revenue Funds:	
Brazos Bend 2 Special Assessment	\$ 131,002
Voter Registration Tax Office	149
Brazoria County Toll Road Authority	17,803
Mosquito Control District	4,497
Flood Protection Study	45,000
Brazoria County Fresh Water District #2	250

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, 2007

NOTE 14 - GRANTS, ENTITLEMENTS AND SHARED REVENUES

During the year ended September 30, 2007, 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 \$ 58,566, as of September 30, 2007, 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 \$ 44,457 as of September 30, 2007, 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, 2007, in the amounts of \$ 875 are payable from restricted assets resulting in restricted net assets within the enterprise fund in the amount of \$ 102,148 at September 30, 2007.

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, 2007. As of September 30, 2007, bail bonds outstanding totaled \$ 45,821,066 and collateral pledged against these bonds amounted to \$ 4,582,107 (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 4, 2008.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2007

NOTE 17 - LITIGATION - Continued

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 \$ 50,000 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. C60035 styled *Burriss 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. 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.

Cause No. 42414 styled *James Robert Parker v. Herman Wood, Mathew West, Brazoria County*. Plaintiff claims his civil rights were violated (excessive force). County contests liability. Liability is improbable. Potential loss, if any, cannot be fully assessed at this time.

Cause No. 44547 styled *Van Gelder, Kim v. Brazoria County*. Plaintiff claims personal injury from automobile accident (1 vehicle (theirs) was caused by road conditions. Plaintiff seeking \$ 100,000 and has to date incurred \$ 80,888 in medical costs. Liability is unknown. Potential loss, if any, cannot be fully assessed at this time.

Cause No. 26810 styled *Pond v. Brazoria County*. Sheriff Office vehicle responding to emergency call hit Plaintiff's vehicle broadside. Minor Plaintiff claims personal injuries and cause will remain open until minor reaches age 20. Liability is highly likely. Potential loss, if any, cannot be fully assessed at this time, maximum loss under TCA is \$ 100,000.

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

Claim No. C50501 styled *Argo Claim*. Arrestee claims Sheriff Office used excessive force during course of arrest. County contests liability. Potential for liability or loss cannot be fully assessed at this time.

Actual payables at September 30, 2007 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, 2007.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2007

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 \$ 276,736 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 \$ 34,172. Further, Brazoria County has retained outside assistance in the environmental legal aspects of this matter. To date the County has spent \$ 51,252 in such legal expenses. An additional \$ 12,813 has been authorized for further legal services.

At September 30, 2007, the County has recorded an accrued liability in the amount of \$ 71,985, which includes its portion of estimated costs as well as \$ 25,000 for estimated ongoing costs of monitoring.

NOTE 19 - RESTATEMENT OF FUND BALANCE

As of September 30, 2006, a long-term receivable from the Brazoria County Groundwater Conservation District, in the amount of \$ 77,655, was not reported in the General Fund balance sheet. This amount has been recorded during the year ended September 30, 2007. The beginning fund balance of the General Fund balance sheet has been restated as follows:

Fund balances (General Fund) have been restated as follows:

Fund balance at September 30, 2006	\$ 18,549,896
Notes receivable from BCGCD	<u>77,655</u>
Restated fund balance at September 30, 2006	\$ <u>18,627,551</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, 2007

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 61,602,707	\$ 61,602,707	\$ 61,780,114	\$ 177,407
Intergovernmental	696,000	718,394	1,218,186	499,792
Charges for services	5,398,050	5,398,050	7,497,715	2,099,665
Licenses and permits	921,000	968,000	1,081,524	113,524
Fines and forfeitures	2,701,000	2,701,000	3,030,492	329,492
Special assessments				
Investment income	800,000	1,488,620	2,565,736	1,077,116
Miscellaneous	957,800	1,098,606	1,966,850	868,244
Total revenues	<u>73,076,557</u>	<u>73,975,377</u>	<u>79,140,617</u>	<u>5,165,240</u>
Expenditures:				
Current:				
General administration	4,750,442	4,883,942	4,781,198	102,744
Judicial and legal	13,926,644	14,349,923	14,199,654	150,269
Financial administration	8,303,675	8,441,026	7,891,741	549,285
Elections	198,150	227,150	205,634	21,516
Public facilities	3,386,380	3,567,494	3,279,702	287,792
Public safety	12,980,489	13,673,294	13,134,656	538,638
Corrections	15,121,126	16,854,215	16,238,641	615,674
Public transportation				-0-
Health and welfare	5,978,652	5,578,861	4,324,832	1,254,029
Public assistance	296,000	296,000	296,000	-0-
Culture and recreation	7,026,068	7,358,743	7,012,650	346,093
Conservation	440,778	440,778	350,210	50,568
Environmental protection	183,503	183,503	179,182	4,321
Total expenditures	<u>72,551,907</u>	<u>75,815,029</u>	<u>71,894,100</u>	<u>3,920,929</u>
Excess (deficiency) of revenues over expenditures	<u>524,650</u>	<u>(1,839,652)</u>	<u>7,246,517</u>	<u>1,244,311</u>
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	30,000	30,000	26,178	(3,822)
Transfers in	282,500	391,858	200,000	191,858
Transfers out	(1,030,395)	(1,148,013)	(746,859)	401,154
Total other financing sources (uses)	<u>(717,895)</u>	<u>(726,155)</u>	<u>(520,681)</u>	<u>205,474</u>
Net change in fund balances	<u>(193,245)</u>	<u>(2,565,807)</u>	<u>6,725,836</u>	<u>1,449,785</u>
Fund balances – beginning (restated)	<u>18,627,551</u>	<u>18,627,551</u>	<u>18,627,551</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 18,434,306</u>	<u>\$ 16,061,744</u>	<u>\$ 25,353,387</u>	<u>\$ 1,449,785</u>

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

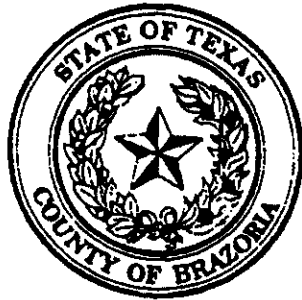
BRAZORIA COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
LAST THREE YEARS

<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)
12-31-04	\$ 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%
12-31-06	117,431,187	127,562,880	10,131,693	92.06%	45,012,309	22.51%

* 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 30th 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 2 Special 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.

TJPC Diversionary Placement - This fund accounts for reimbursement from the Texas Juvenile Probation Commission to provide secure post-adjudication or non-secure residential placement resources to local juvenile probation departments as a diversionary placement.

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.

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.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - Continued

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.

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) 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.

TDSHS Cities Readiness Initiative - This fund accounts for grant proceeds awarded through the Department of State Health Services to aid cities in increasing their capacity to deliver medicines and medical supplies during a large-scale public health emergency such as a bioterrorism attack or a nuclear accident. The initiative focuses on the ability to distribute medicine to a population in a very short time.

TDSHS Mosquito Abatement Activities - This fund accounts for grant proceeds awarded through the Texas Department of State Health Services to provide financial support to local governments to conduct mosquito abatement activities.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - Continued

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.

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

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.

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.

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.

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.

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.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - Continued

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.

Organized Crime Drug Enforcement Fund - This fund accounts for revenue collected from the U.S. Department of Justice, Drug Enforcement Administration (DEA) to conduct comprehensive, multi-level attacks on major drug trafficking and money laundering organizations.

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 - 2006 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 - 2007 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.

Voter Registration Tax Office Fund - This fund accounts for the commission fee received from the Texas State Comptroller and is used to defray expenditures of the Registrar's office.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - Continued

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 Archive 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) 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.

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.

Buffer Zone Protection Program - This fund accounts for grant proceeds awarded through the U.S. Department of Homeland Security to provide funding for the planning, equipment, and management of protective actions, with the objective of protecting, securing, and reducing the vulnerabilities of identified critical infrastructure and key resource sites.

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.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - Continued

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.

Mosquito Control District - This fund accounts for the district approved by Brazoria County voters in April, 1955 that authorized a separate tax not to exceed five cents per one dollar of valuations. Mosquito control districts were introduced to the State of Texas by House Bill 127 which was passed by the 1949 Texas Legislature. Prior to October 2007, the County accounted for the district in the general fund.

FEMA (Federal Emergency Management Agency) Welfare - This fund accounts for grant proceeds awarded through FEMA for emergency food and shelter assistance for qualified residences. 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.

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.

Flood Protection Study - This fund accounts for the interlocal agreement among the City of Friendswood, the City of Pearland, Brazoria County, Brazoria Drainage District #4, and Galveston County supporting the City of Friendswood in the submittal of a grant request to the Texas Water Development Board for flood protection planning for the Cowards Creek Watershed. Local share of costs will be allocated among the parties.

United Way Emergency Assistance - This fund accounts for grant proceeds awarded from United Way of Brazoria County to provide emergency assistance to qualified residents

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - Continued

Southeast Texas Housing Finance Corporation (SETH) – This fund accounts for grant proceeds from the Bayou Country Housing Trust Fund, Inc. (HTF) which was established by SETH. SETH is a public non-profit housing finance corporation established under the provisions of the Texas Housing Finance Corporation's Act, Texas Local Government Code, Chapter 394, as amended. The purpose of the funding is to provide affordable housing and related services.

Teen Court – This fund accounts for the voluntary program which assists teenage offenders in assuming responsibility for their behavior through their involvement in the judicial process and work in the community.

TCEQ LIRAP Program - This fund accounts for grant proceeds received from TCEQ for low income repair assistance, retrofit, and accelerated vehicle retirement program that pays for necessary repairs to bring vehicles into emissions compliance and for replacement vehicles when existing vehicles are retired.

CPS Donations – This fund accounts for funds collected from private donations and jurors' reimbursement donations to the CPS child welfare board of the county.

Brazoria County Fresh Water District #2 – This fund accounts for the district created by Brazoria County Commissioners Court on July 24, 2007 pursuant to Chapter 53 of the Texas Water Code to perform certain functions and duties set out in Chapter 49 and 53 of the Texas Water Code with respect to the operation of the Fresh Water Supply District. The County believes that the District performs certain functions which protect the health and welfare of county residents and promote its economic development.

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.

Unlimited Tax Road Bonds - Series 2006 - This fund accounts for the accumulation of resources and the payment of those resources related to the retiring of the Series 2006 - Unlimited Tax Road Bonds issued for construction and acquisition projects accounted for in the Mobility Plan 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.

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.

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.

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.

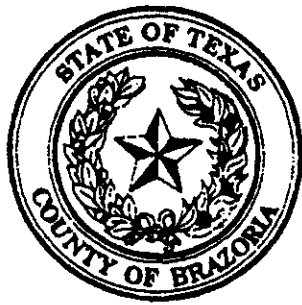
NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds - Continued

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.

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.

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.



BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2007

	<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>
<u>Assets</u>			
Cash and temporary investments	\$ 208,201	\$ 815,444	\$ 1,827,353
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments			
Due from other funds			
Prepaid expenditures			
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 208,201</u>	<u>\$ 815,444</u>	<u>\$ 1,827,353</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts and accrued liabilities payable	\$	\$ 19,692	\$ 23,443
Due to other funds			
Deferred revenue			
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-0-</u>	<u>19,692</u>	<u>23,443</u>
Fund Balance (Deficit):			
Reserved:			
Prepaid expenditures			
Encumbrances	7,595	63,150	120,132
Debt service			
Unreserved:			
Designated for capital projects			
Undesignated	<u>200,606</u>	<u>732,602</u>	<u>1,683,778</u>
	<hr/>	<hr/>	<hr/>
Total fund balance	<u>208,201</u>	<u>795,752</u>	<u>1,803,910</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 208,201</u>	<u>\$ 815,444</u>	<u>\$ 1,827,353</u>

Revenue Funds

Brazos Bend 2 Special 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
\$	\$	\$	\$	\$	\$ 94,944
210,977		18,662	36,337	11,400	
<u>\$ 210,977</u>	<u>\$ -0-</u>	<u>\$ 18,662</u>	<u>\$ 36,337</u>	<u>\$ 11,400</u>	<u>\$ 94,944</u>
\$ 131,002	\$	\$ 6,936	\$ 15,822	\$ 5,591	\$ 16,563
210,977		11,726	20,515	5,809	78,381
<u>341,979</u>	<u>-0-</u>	<u>18,662</u>	<u>36,337</u>	<u>11,400</u>	<u>94,944</u>
(131,002)					
<u>(131,002)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 210,977</u>	<u>\$ -0-</u>	<u>\$ 18,662</u>	<u>\$ 36,337</u>	<u>\$ 11,400</u>	<u>\$ 94,944</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2007

	<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>
<u>Assets</u>			
Cash and temporary investments	\$	\$	\$
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments	9,049	6,042	3,100
Due from other funds			
Prepaid expenditures			
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 9,049</u>	<u>\$ 6,042</u>	<u>\$ 3,100</u>
 <u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts and accrued liabilities payable	\$ 4,525	\$ 3,021	\$ 1,550
Due to other funds	4,524	3,021	1,550
Deferred revenue			
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>9,049</u>	<u>6,042</u>	<u>3,100</u>
 Fund Balance (Deficit):			
Reserved:			
Prepaid expenditures			
Encumbrances			
Debt service			
Unreserved:			
Designated for capital projects			
Undesignated			
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities and fund balance	<u>\$ 9,049</u>	<u>\$ 6,042</u>	<u>\$ 3,100</u>

Revenue Funds

TJPC Level 5 Funding Fund	TJPC Diversionary Placement Fund	JJAEF Boot Camp Fund	CJD Juvenile Incentive Block Grant Fund	Juvenile Case Manager Fund	Family Protection Fund
\$	\$	\$	\$	\$ 123,734	\$ 42,169
7,630	6,030	384,102			
<u>\$ 7,630</u>	<u>\$ 6,030</u>	<u>\$ 384,102</u>	<u>\$ -0-</u>	<u>\$ 123,734</u>	<u>\$ 42,169</u>
\$ 7,630	\$ 6,030	\$ 21,984 362,118	\$	\$ 1,798	\$
<u>7,630</u>	<u>6,030</u>	<u>384,102</u>	<u>-0-</u>	<u>1,798</u>	<u>-0-</u>
				121,936	42,169
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>121,936</u>	<u>42,169</u>
<u>\$ 7,630</u>	<u>\$ 6,030</u>	<u>\$ 384,102</u>	<u>\$ -0-</u>	<u>\$ 123,734</u>	<u>\$ 42,169</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2007

	<u>Special</u>		
	<u>TDSHS Immunization Fund</u>	<u>TDSHS Supplemental Food Program WIC Fund</u>	<u>TDSHS Community and Rural Health Fund</u>
<u>Assets</u>			
Cash and temporary investments	\$	\$	\$
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments	29,798	203,319	5,878
Due from other funds			
Prepaid expenditures		2,466	
	<u>29,798</u>	<u>205,785</u>	<u>5,878</u>
Total assets	\$ <u>29,798</u>	\$ <u>205,785</u>	\$ <u>5,878</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts and accrued liabilities payable	\$ 5,214	\$ 1,843	\$ 1,935
Due to other funds	24,584	203,942	3,943
Deferred revenue			
	<u>29,798</u>	<u>205,785</u>	<u>5,878</u>
Total liabilities	<u>29,798</u>	<u>205,785</u>	<u>5,878</u>
Fund Balance (Deficit):			
Reserved:			
Prepaid expenditures		2,466	
Encumbrances			
Debt service			
Unreserved:			
Designated for capital projects			
Undesignated		(2,466)	
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total fund balance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	<u>29,798</u>	<u>205,785</u>	<u>5,878</u>
Total liabilities and fund balance	\$ <u>29,798</u>	\$ <u>205,785</u>	\$ <u>5,878</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 Special Allocation Fund	TDSHS Cities Readiness Initiative Fund
\$	\$	\$	\$	\$	\$
11,403	2,527	6,059	208	143,858	67,678
		290			
<u>\$ 11,403</u>	<u>\$ 2,527</u>	<u>\$ 6,349</u>	<u>\$ 208</u>	<u>\$ 143,858</u>	<u>\$ 67,678</u>
\$ 4,103	\$ 2,527	\$ 6,349	\$ 208	\$ 36,473	\$ 3,445
7,300	2,527	6,349	208	107,385	64,233
<u>11,403</u>	<u>2,527</u>	<u>6,349</u>	<u>208</u>	<u>143,858</u>	<u>67,678</u>
		290			
		(290)			
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 11,403</u>	<u>\$ 2,527</u>	<u>\$ 6,349</u>	<u>\$ 208</u>	<u>\$ 143,858</u>	<u>\$ 67,678</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2007

	<u>Special</u>		
	<u>TDSHS Mosquito Abatement Activities Fund</u>	<u>CPS Title IV-E Fund</u>	<u>CPS Title IV-E Legal Services Fund</u>
<u>Assets</u>			
Cash and temporary investments	\$	\$	\$
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments	14,170	24,810	3,644
Due from other funds			
Prepaid expenditures			
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 14,170</u>	<u>\$ 24,810</u>	<u>\$ 3,644</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts and accrued liabilities payable	\$ 13,419	\$ 6,272	\$ 1,677
Due to other funds	751	18,538	1,967
Deferred revenue			
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>14,170</u>	<u>24,810</u>	<u>3,644</u>
Fund Balance (Deficit):			
Reserved:			
Prepaid expenditures			
Encumbrances			
Debt service			
Unreserved:			
Designated for capital projects			
Undesignated			
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities and fund balance	<u>\$ 14,170</u>	<u>\$ 24,810</u>	<u>\$ 3,644</u>

Revenue Funds

CPS Title IV-B (Concrete) Fund	Victim Assistance Grant 02G00551 Fund	Crime Victim Assistance Fund	Justice Assistance Grant (JAG) Fund	Justice Court Technology Fund	DEA Narcotics OT Expense Program Fund
\$	\$	\$	\$ 12,521	\$ 430,834	\$
1					
1,525	2,827	13,454			419
<u>1,526</u>	<u>2,827</u>	<u>13,454</u>	<u>12,521</u>	<u>430,834</u>	<u>419</u>
\$	\$	\$	\$	\$	\$
1,526	1,585	3,699		547	
	1,242	9,755			419
			12,521		
<u>1,526</u>	<u>2,827</u>	<u>13,454</u>	<u>12,521</u>	<u>547</u>	<u>419</u>
				430,287	
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>430,287</u>	<u>-0-</u>
<u>1,526</u>	<u>2,827</u>	<u>13,454</u>	<u>12,521</u>	<u>430,834</u>	<u>419</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2007

	<u>Special</u>		
	<u>JP Building Security Fund</u>	<u>Shoreline Restoration Task Force Fund</u>	<u>State Homeland Security Fund</u>
<u>Assets</u>			
Cash and temporary investments	\$ 29,346	\$ 21,367	\$
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments			109,766
Due from other funds			
Prepaid expenditures			
Total assets	<u>\$ 29,346</u>	<u>\$ 21,367</u>	<u>\$ 109,766</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts and accrued liabilities payable	\$ 5,048	\$	\$ 109,766
Due to other funds			
Deferred revenue			
Total liabilities	<u>5,048</u>	<u>-0-</u>	<u>109,766</u>
Fund Balance (Deficit):			
Reserved:			
Prepaid expenditures			
Encumbrances			
Debt service			
Unreserved:			
Designated for capital projects			
Undesignated	<u>24,298</u>	<u>21,367</u>	
Total fund balance	<u>24,298</u>	<u>21,367</u>	<u>-0-</u>
Total liabilities and fund balance	<u>\$ 29,346</u>	<u>\$ 21,367</u>	<u>\$ 109,766</u>

Revenue Funds

2004 State Homeland Security Program Fund	TDSHS Bioterrorism Grant Fund	Law Enforcement Officers Standards & Education Fund	Organized Crime Drug Enforcement Fund	Texas VINE Contract Fund	HGAC Solid Waste Grant Fund
\$	\$	\$ 116,479	\$	\$	\$
	249,195			2,509	57,296
		250			
<u>\$ -0-</u>	<u>\$ 249,195</u>	<u>\$ 116,729</u>	<u>\$ -0-</u>	<u>\$ 2,509</u>	<u>\$ 57,296</u>
\$	\$ 33,334 215,861	\$ 1,100	\$	\$ 2,509	\$ 2,977 54,319
<u>-0-</u>	<u>249,195</u>	<u>1,100</u>	<u>-0-</u>	<u>2,509</u>	<u>57,296</u>
		250			
		115,379			
<u>-0-</u>	<u>-0-</u>	<u>115,629</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ -0-</u>	<u>\$ 249,195</u>	<u>\$ 116,279</u>	<u>\$ -0-</u>	<u>\$ 2,509</u>	<u>\$ 57,296</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2007

	<u>Special</u>		
	<u>2002 CDBG County (HUD) Fund</u>	<u>2003 CDBG County (HUD) Fund</u>	<u>2004 CDBG County (HUD) Fund</u>
<u>Assets</u>			
Cash and temporary investments	\$	\$	\$
Receivable (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments	3,500		7,163
Due from other funds			
Prepaid expenditures			
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 3,500</u>	<u>\$ -0-</u>	<u>\$ 7,163</u>
 <u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts and accrued liabilities payable	\$ 3,500	\$	\$ 7,163
Due to other funds			
Deferred revenue			
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>3,500</u>	<u>-0-</u>	<u>7,163</u>
 Fund Balance (Deficit):			
Reserved:			
Prepaid expenditures			
Encumbrances			
Debt service			
Unreserved:			
Designated for capital projects			
Undesignated			
	<hr/>	<hr/>	<hr/>
Total fund balance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities and fund balance	<u>\$ 3,500</u>	<u>\$ -0-</u>	<u>\$ 7,163</u>

Revenue Funds

2005 CDBG County (HUD) Fund	2006 CDBG County (HUD) Fund	2005 Section 8 Housing Choice Vouchers Fund	2006 Section 8 Housing Choice Vouchers Fund	2007 Section 8 Housing Choice Vouchers Fund	Voter Registration Tax Office Fund
\$	\$	\$ 308,851	\$ 413,874	\$ 117,495	\$
18,980	365,746			5,430 483	
<u>\$ 18,980</u>	<u>\$ 365,746</u>	<u>\$ 308,851</u>	<u>\$ 413,874</u>	<u>\$ 123,408</u>	<u>\$ -0-</u>
\$ 14,426 4,554	\$ 278,548 87,198	\$	\$	\$ 7,145	\$
		266,506	381,665	99,407	149
<u>18,980</u>	<u>365,746</u>	<u>266,506</u>	<u>381,665</u>	<u>106,552</u>	<u>149</u>
		42,345	32,209	16,856	(149)
<u>-0-</u>	<u>-0-</u>	<u>42,345</u>	<u>32,209</u>	<u>16,856</u>	<u>(149)</u>
<u>\$ 18,980</u>	<u>\$ 365,756</u>	<u>\$ 308,851</u>	<u>\$ 413,874</u>	<u>\$ 123,408</u>	<u>\$ -0-</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2007

	<u>Special</u>		
	Civil, Criminal & Probate Records Management Fund	Records Management County Clerk Fund	Financial Security Fund
<u>Assets</u>			
Cash and temporary investments	\$ 830,823	\$ 1,089,875	\$ 32,838
Receivable (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments			
Due from other funds			
Prepaid expenditures			
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 830,823</u>	<u>\$ 1,089,875</u>	<u>\$ 32,838</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts and accrued liabilities payable	\$ 1,040	\$ 109,515	\$ 40
Due to other funds			
Deferred revenue			
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>1,040</u>	<u>109,515</u>	<u>40</u>
Fund Balance (Deficit):			
Reserved:			
Prepaid expenditures			
Encumbrances			
Debt service			
Unreserved:			
Designated for capital projects			
Undesignated	<u>829,783</u>	<u>980,360</u>	<u>32,798</u>
Total fund balance	<u>829,783</u>	<u>980,360</u>	<u>32,798</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 830,823</u>	<u>\$ 1,089,875</u>	<u>\$ 32,838</u>

Revenue Funds

Record Archive County Clerk Fund	Record Archive District Clerk Fund	County Graffiti Eradication Fund	Elections HAVA Equipment Rental Fund	Elections Services Contract Fund	Buffer Zone Protection Program Fund
\$ 1,552,947	\$ 111,939	\$ 442	\$ 67,741	\$ 29,482	\$
				24,971	
			26,066		
<u>\$ 1,552,947</u>	<u>\$ 111,939</u>	<u>\$ 442</u>	<u>\$ 93,807</u>	<u>\$ 54,453</u>	<u>\$ -0-</u>
\$	\$	\$	\$ 60,730	\$	\$
				33,054	
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>60,730</u>	<u>33,054</u>	<u>-0-</u>
<u>1,552,947</u>	<u>111,939</u>	<u>442</u>	<u>33,077</u>	<u>21,399</u>	
<u>1,552,947</u>	<u>111,939</u>	<u>442</u>	<u>33,077</u>	<u>21,399</u>	<u>-0-</u>
<u>\$ 1,552,947</u>	<u>\$ 111,939</u>	<u>\$ 442</u>	<u>\$ 93,807</u>	<u>\$ 54,453</u>	<u>\$ -0-</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2007

	<u>Special</u>		
	<u>Lone Star Library Grant Fund</u>	<u>Law Library Fund</u>	<u>Gates Foundation Grant Fund</u>
<u>Assets</u>			
Cash and temporary investments	\$	\$ 265,462	\$
Receivable (Net of Allowance for Uncollectibles):			
Taxes			
Accounts		475	
Special assessments			
Due from other governments			
Due from other funds			
Prepaid expenditures			
Total assets	\$ -0-	\$ 265,937	\$ -0-
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts and accrued liabilities payable	\$	\$ 11,006	\$
Due to other funds			
Deferred revenue			
Total liabilities	-0-	11,006	-0-
Fund Balance (Deficit):			
Reserved:			
Prepaid expenditures			
Encumbrances			
Debt service			
Unreserved:			
Designated for capital projects			
Undesignated		254,931	
Total fund balance	-0-	254,931	-0-
Total liabilities and fund balance	\$ -0-	\$ 265,937	\$ -0-

Revenue Funds

Brazoria County Toll Road Authority Fund	Mosquito Control District Fund	FEMA Welfare Fund	HGAC 911 Addressing Funds	Excess Sales Tax Fund	Economic Development Tax Abatement Fund
\$	\$	\$ 8,645	\$ 503	\$ 127,262	\$ 12,058
			14,621		
<u>1,175</u>					
<u>\$ 1,175</u>	<u>\$ -0-</u>	<u>\$ 8,645</u>	<u>\$ 15,124</u>	<u>\$ 127,262</u>	<u>\$ 12,058</u>
\$ 18,978	\$ 4,497	\$ 8,645	\$ 14,620	\$	\$
<u>18,978</u>	<u>4,497</u>	<u>8,645</u>	<u>14,620</u>	<u>-0-</u>	<u>-0-</u>
1,175					
(<u>18,978</u>)	(<u>4,497</u>)		<u>504</u>	<u>127,262</u>	<u>12,058</u>
(<u>17,803</u>)	(<u>4,497</u>)	<u>-0-</u>	<u>504</u>	<u>127,262</u>	<u>12,058</u>
<u>\$ 1,175</u>	<u>\$ -0-</u>	<u>\$ 8,645</u>	<u>\$ 15,124</u>	<u>\$ 127,262</u>	<u>\$ 12,058</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2007

	<u>Special</u>		
	<u>Mutual Fire Protections & Disbursement Assistance Fund</u>	<u>Reliant Energy CARE Program Fund</u>	<u>Vital Statistics Fee Fund</u>
<u>Assets</u>			
Cash and temporary investments	\$ 33,802	\$ 65,353	\$ 50,158
Receivable (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments			
Due from other funds			
Prepaid expenditures			
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 33,802</u>	<u>\$ 65,353</u>	<u>\$ 50,158</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts and accrued liabilities payable	\$	\$	\$ 1,378
Due to other funds			
Deferred revenue	<u>33,802</u>		
	<u>33,802</u>	<u>-0-</u>	<u>1,378</u>
Total liabilities			
Fund Balance (Deficit):			
Reserved:			
Prepaid expenditures			
Encumbrances			
Debt service			
Unreserved:			
Designated for capital projects			
Undesignated		<u>65,353</u>	<u>48,780</u>
	<u>-0-</u>	<u>65,353</u>	<u>48,780</u>
Total fund balance			
	<u>\$ 33,802</u>	<u>\$ 65,353</u>	<u>\$ 50,158</u>
Total liabilities and fund balance			

Revenue Funds

Flood Protection Study Fund	United Way Emergency Assistance Fund	Southeast Texas Housing Finance Corporation (SETH) Fund	Teen Court Fund	TCEQ LIRAP Program Fund	CPS Donations Fund
\$	\$	\$	\$ 40,515	\$	\$ 100
			170		
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 40,685</u>	<u>\$ -0-</u>	<u>\$ 100</u>
\$ 45,000	\$	\$	\$ 163	\$	\$
<u>45,000</u>	<u>-0-</u>	<u>-0-</u>	<u>163</u>	<u>-0-</u>	<u>-0-</u>
			170		
<u>(45,000)</u>			<u>40,352</u>		<u>100</u>
<u>(45,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>40,522</u>	<u>-0-</u>	<u>100</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 40,685</u>	<u>\$ -0-</u>	<u>\$ 100</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2007

	<u>Special Revenue Funds</u>		<u>Debt</u>
	Brazoria County Fresh Water District #2 Fund	Total Special Revenue Funds	C of O Sheriff & Detention Complex Series 1993
<u>Assets</u>			
Cash and temporary investments	\$	\$ 8,882,557	\$ 3,502,339
Receivable (Net of Allowance for Uncollectibles):			
Taxes		-0-	42,793
Accounts		25,447	
Special assessments		210,977	
Due from other governments		1,874,201	
Due from other funds		483	
Prepaid expenditures		4,351	
		<u> </u>	<u> </u>
Total assets	\$ <u>-0-</u>	\$ <u>10,998,016</u>	\$ <u>3,545,132</u>
 <u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts and accrued liabilities payable	\$	\$ 869,642	\$
Due to other funds	250	1,434,903	
Deferred revenue		1,124,958	38,998
		<u> </u>	<u> </u>
Total liabilities	<u>250</u>	<u>3,429,503</u>	<u>38,998</u>
 Fund Balance (Deficit):			
Reserved:			
Prepaid expenditures		4,351	
Encumbrances		190,877	
Debt service		-0-	3,506,134
Unreserved:			
Designated for capital projects		-0-	
Undesignated	(250)	7,373,285	
		<u> </u>	<u> </u>
Total fund balance	<u>(250)</u>	<u>7,568,513</u>	<u>3,506,134</u>
		<u> </u>	<u> </u>
Total liabilities and fund balance	\$ <u>-0-</u>	\$ <u>10,998,016</u>	\$ <u>3,545,132</u>

Service Funds				Capital Projects Funds	
C of O Construction and Maintenance Series 2003	C of O Construction and Maintenance Series 2006	Unlimited Tax Road Bonds Series 2006	Total Debt Service Funds	Highway Right-of-Way Acquisition Fund	County Wide Road Fund
\$ 146,972	\$ 449,906	\$ 607,930	\$ 4,707,147	\$ 684,851	\$ 291,788
17,504	11,942		72,239		
			-0-		
			-0-		
			-0-		
			-0-		
			-0-		
<u>\$ 164,476</u>	<u>\$ 461,848</u>	<u>\$ 607,930</u>	<u>\$ 4,779,386</u>	<u>\$ 684,851</u>	<u>\$ 291,788</u>
\$	\$	\$	\$	\$	\$
	212,103	554,344	-0-	1,822	
<u>16,184</u>	<u>9,560</u>		<u>766,447</u>		
			<u>64,742</u>		
<u>16,184</u>	<u>221,663</u>	<u>554,344</u>	<u>831,189</u>	<u>1,822</u>	<u>-0-</u>
			-0-		
			-0-		
148,292	240,185	53,586	3,948,197		
			-0-	683,029	291,788
			-0-		
<u>148,292</u>	<u>240,185</u>	<u>53,586</u>	<u>3,948,197</u>	<u>683,029</u>	<u>291,788</u>
<u>\$ 164,476</u>	<u>\$ 461,848</u>	<u>\$ 607,930</u>	<u>\$ 4,779,386</u>	<u>\$ 684,851</u>	<u>\$ 291,788</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2007

	<u>Capital</u>		
	Parks CIAP Grant Fund	2003 Certificate of Obligation C & M Fund	Sheriff & Detention Complex Fund
<u>Assets</u>			
Cash and temporary investments	\$	\$ 921,284	\$ 3,902
Receivable (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments	983		
Due from other funds			
Prepaid expenditures			
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 983</u>	<u>\$ 921,284</u>	<u>\$ 3,902</u>
<u>Liabilities and Fund Balance</u>			
<u>Liabilities:</u>			
Accounts and accrued liabilities payable	\$	\$ 3,501	\$
Due to other funds	983		
Deferred revenue			
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>983</u>	<u>3,501</u>	<u>-0-</u>
<u>Fund Balance (Deficit):</u>			
<u>Reserved:</u>			
Prepaid expenditures			
Encumbrances			
Debt service			
<u>Unreserved:</u>			
Designated for capital projects		917,783	3,902
Undesignated			
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>-0-</u>	<u>917,783</u>	<u>3,902</u>
	<u>\$ 983</u>	<u>\$ 921,284</u>	<u>\$ 3,902</u>
Total liabilities and fund balance	<u>\$ 983</u>	<u>\$ 921,284</u>	<u>\$ 3,902</u>

Projects Funds

<u>Quintana Boat Ramp Fund</u>	<u>Multi- Purpose Facility Fund</u>	<u>Total Capital Projects Funds</u>	<u>Total Non-Major Governmental Funds</u>
\$ 12,623	\$ 501	\$ 1,914,949	\$ 15,504,653
		-0-	72,239
		-0-	25,447
		-0-	210,977
		983	1,875,184
		-0-	483
		-0-	4,351
<u>\$ 12,623</u>	<u>\$ 501</u>	<u>\$ 1,915,932</u>	<u>\$ 17,693,334</u>
\$	\$	\$ 5,323	\$ 874,965
		983	2,202,333
		-0-	1,189,700
<u>-0-</u>	<u>-0-</u>	<u>6,306</u>	<u>4,266,998</u>
		-0-	4,351
		-0-	190,877
		-0-	3,948,197
12,623	501	1,909,626	1,909,626
		-0-	7,373,285
<u>12,623</u>	<u>501</u>	<u>1,909,626</u>	<u>13,426,336</u>
<u>\$ 12,623</u>	<u>\$ 501</u>	<u>\$ 1,915,932</u>	<u>\$ 17,693,334</u>

BRAZORIA COUNTY, TEXAS

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

For the Year Ended September 30, 2007

	Special		
	Lateral Road Fund	Road and Bridge Tax Code Chapter 152 Fund	Special Road and Bridge Projects Fund
Revenues:			
Taxes	\$	\$ 1,443,812	\$
Intergovernmental	86,574		
Charges for services			
Licenses and permits			2,482,875
Special assessment			
Investment income	9,474		46,136
Miscellaneous			
Total revenues	<u>96,048</u>	<u>1,443,812</u>	<u>2,529,011</u>
Expenditures:			
Current:			
General administration			
Judicial and legal			
Financial administration			
Elections			
Public facilities			
Public safety			
Corrections			
Public transportation		578,145	1,770,105
Health and welfare			
Culture and recreation			
Community development			
Capital outlay	114,195	594,995	728,293
Debt Service:			
Principal			
Interest			
Total expenditures	<u>114,195</u>	<u>1,173,140</u>	<u>2,498,398</u>
Excess (deficiency) of revenue over expenditures	<u>(18,147)</u>	<u>270,672</u>	<u>30,613</u>
Other Financing Sources (Uses):			
Proceeds from the sale of bonds			
Transfers in			
Transfers out			
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of revenue and other financing sources over (under)expenditures and other financing uses	<u>(18,147)</u>	<u>270,672</u>	<u>30,613</u>
Fund Balance (Deficits):			
Beginning of year (restated)	<u>226,348</u>	<u>525,080</u>	<u>1,773,297</u>
End of year	<u>\$ 208,201</u>	<u>\$ 795,752</u>	<u>\$ 1,803,910</u>

Revenue Funds

Brazos Bend 2 Special 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
\$	\$	\$ 186,813	\$ 365,589	\$ 150,535	\$ 333,275
21,503				745	9,306
<u>21,503</u>	<u>-0-</u>	<u>186,813</u>	<u>365,589</u>	<u>151,280</u>	<u>342,581</u>
152,505		226,824	480,989	151,280	342,581
<u>152,505</u>	<u>-0-</u>	<u>226,824</u>	<u>480,989</u>	<u>151,280</u>	<u>342,581</u>
<u>(131,002)</u>	<u>-0-</u>	<u>(40,011)</u>	<u>(115,400)</u>	<u>-0-</u>	<u>-0-</u>
	41,280	40,011	115,400		
<u>-0-</u>	<u>41,280</u>	<u>40,011</u>	<u>115,400</u>	<u>-0-</u>	<u>-0-</u>
<u>(131,002)</u>	<u>41,280</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>
<u>\$(131,002)</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, 2007

	Special		
	TJPC Progressive Sanctions JPO Fund	TJPC Progressive Sanctions Level 1-2-3 Fund	TJPC Progressive Sanctions ISP Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental	141,593	51,531	26,452
Charges for services			
Licenses and permits			
Special assessments			
Investment income	53		
Miscellaneous			
Total revenues	<u>141,646</u>	<u>51,531</u>	<u>26,452</u>
Expenditures:			
Current:			
General administration			
Judicial and legal			
Financial administration			
Elections			
Public facilities			
Public safety			
Corrections	142,039	77,214	43,642
Public transportation			
Health and welfare			
Culture and recreation			
Community development			
Capital outlay			
Debt Service:			
Principal			
Interest and fiscal charges			
Total expenditures	<u>142,039</u>	<u>77,214</u>	<u>43,642</u>
Excess (deficiency) of revenue over expenditures	<u>(393)</u>	<u>(25,683)</u>	<u>(17,190)</u>
Other Financing Sources (Uses):			
Proceeds from the sale of bonds			
Transfers in	393	25,683	17,190
Transfers out			
Total other financing sources (uses)	<u>393</u>	<u>25,683</u>	<u>17,190</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-0-	-0-	-0-
Fund Balance (Deficits):			
Beginning of year (restated)			
End of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Revenue Funds

TJPC Level 5 Funding Fund	TJPC Diversionary Placement Fund	JJAEP Boot Camp Fund	CJD Juvenile Incentive Block Grant Fund	Juvenile Case Manager Fund	Family Protection Fund
\$ 31,735	\$ 6,030	\$ 937,528	\$ 14,634	\$ 122,001	\$ 25,868
				4,131	1,421
				78	
<u>31,735</u>	<u>6,030</u>	<u>937,528</u>	<u>14,634</u>	<u>126,210</u>	<u>27,289</u>
			14,994		
31,735	6,030	1,233,684		46,588	
<u>31,735</u>	<u>6,030</u>	<u>1,233,684</u>	<u>14,994</u>	<u>46,588</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>(296,156)</u>	<u>(360)</u>	<u>79,622</u>	<u>27,289</u>
		296,156	360		
<u>-0-</u>	<u>-0-</u>	<u>296,156</u>	<u>360</u>	<u>-0-</u>	<u>-0-</u>
-0-	-0-	-0-	-0-	79,622	27,289
				42,314	14,880
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 121,936</u>	<u>\$ 42,169</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, 2007

	Special		
	TDSHS Immunization Fund	TDSHS Supplemental Food Program WIC Fund	TDSHS Community and Rural Health Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental	148,840	838,651	53,525
Charges for services			
Licenses and permits			18,401
Special assessment			
Investment income			
Miscellaneous			
Total revenues	<u>146,840</u>	<u>838,651</u>	<u>71,926</u>
Expenditures:			
Current:			
General administration			
Judicial and legal			
Financial administration			
Elections			
Public facilities			
Public safety			
Corrections			
Public transportation			
Health and welfare	154,425	838,651	91,874
Culture and recreation			
Community development			
Capital outlay			
Debt Service:			
Principal			
Interest and fiscal charges			
Total expenditures	<u>154,425</u>	<u>838,651</u>	<u>91,874</u>
Excess (deficiency) of revenue over expenditures	<u>(7,585)</u>	<u>-0-</u>	<u>(19,948)</u>
Other Financing Sources (Uses):			
Proceeds from the sale of bonds			
Transfers in	7,585		19,948
Transfers out			
Total other financing sources (uses)	<u>7,585</u>	<u>-0-</u>	<u>19,948</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other financing uses	-0-	-0-	-0-
Fund Balance (Deficits):			
Beginning of year (restated)			
End of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</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 Special Allocation Fund	TDSHS Cities Readiness Initiative Fund
\$ 55,000	\$ 9,000	\$ 9,665	\$ 726	\$ 182,814	\$ 101,498
<u>55,000</u>	<u>9,000</u>	<u>9,665</u>	<u>726</u>	<u>182,814</u>	<u>101,498</u>
55,000	9,000	9,665	726	167,368	101,498
				15,446	
<u>55,000</u>	<u>9,000</u>	<u>9,665</u>	<u>726</u>	<u>182,814</u>	<u>101,498</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, 2007

	TDSHS Mosquito Abatement Activities Fund	CPS Title IV-E Fund	Special CPS Title IV-E Legal Services Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental	14,170	80,347	11,303
Charges for services			
Licenses and permits			
Special assessment			
Investment income			
Miscellaneous		2,880	
Total revenues	<u>14,170</u>	<u>83,227</u>	<u>11,303</u>
Expenditures:			
Current:			
General administration			
Judicial and legal			48,657
Financial administration			
Elections			
Public facilities			
Public safety			
Corrections			
Public transportation			
Health and welfare	751	173,495	
Culture and recreation			
Community development			
Capital outlay	13,419		
Debt Service:			
Principal			
Interest			
Total expenditures	<u>14,170</u>	<u>173,495</u>	<u>48,657</u>
Excess (deficiency) of revenue over expenditures	<u>-0-</u>	<u>(90,268)</u>	<u>(37,354)</u>
Other Financing Sources (Uses):			
Proceeds from the sale of bonds			
Transfers in		90,268	37,354
Transfers out			
Total other financing sources (uses)	<u>-0-</u>	<u>90,268</u>	<u>37,354</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other financing uses	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance (Deficits):			
Beginning of year (restated)			
End of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Revenue Funds

CPS Title IV-B (Concrete) Fund	Victim Assistance Grant 02G00551 Fund	Crime Victim Assistance Fund	Justice Assistance Grant (JAG) Fund	Justice Court Technology Fund	DEA Narcotics OT Expense Program Fund
\$ 7,599	\$ 36,790	\$ 85,200	\$ 626	\$ 106,415	\$ 13,349
2		39,012	601	21,483	
<u>7,601</u>	<u>36,790</u>	<u>124,212</u>	<u>1,227</u>	<u>127,898</u>	<u>13,349</u>
	42,958	50,869		75,573	
		89,443	605		13,349
7,601			622	25,449	
<u>7,601</u>	<u>42,958</u>	<u>140,312</u>	<u>1,227</u>	<u>101,022</u>	<u>13,349</u>
<u>-0-</u>	<u>(6,168)</u>	<u>(16,100)</u>	<u>-0-</u>	<u>26,876</u>	<u>-0-</u>
	6,168	16,100			
<u>-0-</u>	<u>6,168</u>	<u>16,100</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
-0-	-0-	-0-	-0-	26,876	-0-
				403,411	
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 430,287</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, 2007

	Special		
	JP Building Security Fund	Shoreline Restoration Task Force Fund	State Homeland Security Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			109,766
Charges for services	24,810		
Licenses and permits			
Special assessment			
Investment income	831		
Miscellaneous			
Total revenues	<u>25,641</u>	<u>-0-</u>	<u>109,766</u>
Expenditures:			
Current:			
General administration			
Judicial and legal	857		
Financial administration			
Elections			
Public facilities			
Public safety	1,060		109,766
Corrections			
Public transportation			
Health and welfare			
Culture and recreation		3,600	
Community development			
Capital outlay	5,346		
Debt Service:			
Principal			
Interest			
Total expenditures	<u>7,263</u>	<u>3,600</u>	<u>109,766</u>
Excess (deficiency) of revenue over expenditures	<u>18,378</u>	<u>(3,600)</u>	<u>-0-</u>
Other Financing Sources (Uses):			
Proceeds from the sale of bonds			
Transfers in			
Transfers out			
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other financing uses	18,378	(3,600)	-0-
Fund Balance (Deficits):			
Beginning of year (restated)	<u>5,920</u>	<u>24,967</u>	
End of year	<u>\$ 24,298</u>	<u>\$ 21,367</u>	<u>\$ -0-</u>

Revenue Funds

2004 State Homeland Security Program Fund	TDSHS Bioterrorism Grant Fund	Law Enforcement Officers Standards & Education Fund	Organized Crime Drug Enforcement Fund	Texas VINE Contract Fund	HGAC Solid Waste Grant Fund
\$ 209,480	\$ 531,838	\$ 25,740	\$ 10,536	\$ 30,108	\$ 258,796
		6,093			
<u>209,480</u>	<u>531,838</u>	<u>31,833</u>	<u>10,536</u>	<u>30,108</u>	<u>258,796</u>
		1,041		30,108	46,896
181,628		35,242	10,536		
	507,678				
27,852	24,160				211,900
<u>209,480</u>	<u>531,838</u>	<u>36,283</u>	<u>10,536</u>	<u>30,108</u>	<u>258,796</u>
<u>-0-</u>	<u>-0-</u>	<u>(4,450)</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>
-0-	-0-	(4,450)	-0-	-0-	-0-
		120,079			
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 115,629</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, 2007

	Special		
	2002 CDBG County (HUD) Fund	2003 CDBG County (HUD) Fund	2004 CDBG County (HUD) Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental	3,500	4,875	199,391
Charges for services			
Licenses and permits			
Special assessment			
Investment income			
Miscellaneous			
Total revenues	<u>3,500</u>	<u>4,875</u>	<u>199,391</u>
Expenditures:			
Current:			
General administration			
Judicial and legal			
Financial administration			
Elections			
Public facilities			
Public safety			
Corrections			
Public transportation			
Health and welfare			
Culture and recreation			
Community development	3,500	4,875	199,391
Capital outlay			
Debt Service:			
Principal			
Interest			
Total expenditures	<u>3,500</u>	<u>4,875</u>	<u>199,391</u>
Excess (deficiency) of revenue over expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Other Financing Sources (Uses):			
Proceeds from the sale of bonds			
Transfers in			
Transfers out			
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other financing uses	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance (Deficits):			
Beginning of year (restated)			
End of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Revenue Funds

2005 CDBG County (HUD) Fund	2006 CDBG County (HUD) Fund	2005 Section 8 Housing Choice Vouchers Fund	2006 Section 8 Housing Choice Vouchers Fund	2007 Section 8 Housing Choice Vouchers Fund	Voter Registration Tax Office Fund
\$ 618,182	\$ 1,493,345	\$	\$ 797,725	\$ 2,480,513	\$ 3,911
		2,142	19,264	528	
<u>618,182</u>	<u>1,493,345</u>	<u>2,142</u>	<u>816,989</u>	<u>2,481,041</u>	<u>3,911</u>
					4,060
618,182	1,493,345		800,660	2,464,185	
<u>618,182</u>	<u>1,493,345</u>	<u>-0-</u>	<u>800,660</u>	<u>2,464,185</u>	<u>4,060</u>
<u>-0-</u>	<u>-0-</u>	<u>2,142</u>	<u>16,329</u>	<u>16,856</u>	<u>(149)</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>2,142</u>	<u>16,329</u>	<u>16,856</u>	<u>(149)</u>
		<u>40,203</u>	<u>15,880</u>		
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 42,345</u>	<u>\$ 32,209</u>	<u>\$ 16,856</u>	<u>\$ (149)</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, 2007

	Special		
	Civil, Criminal & Probate Records Management Fund	Records Management County Clerk Fund	Financial Security Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			
Charges for services	141,299	379,000	204,627
Licenses and permits			
Special assessment			
Investment income	37,881	54,134	6,921
Miscellaneous	32		336
Total revenues	<u>179,212</u>	<u>433,134</u>	<u>211,884</u>
Expenditures:			
Current:			
General administration	29,384	293,512	
Judicial and legal			9,017
Financial administration			
Elections			
Public facilities			
Public safety			
Corrections			
Public transportation			
Health and welfare			
Culture and recreation			
Community development			
Capital outlay			55,050
Debt Service:			
Principal			
Interest			
Total expenditures	<u>29,384</u>	<u>293,512</u>	<u>64,067</u>
Excess (deficiency) of revenue over expenditures	<u>149,828</u>	<u>139,622</u>	<u>147,817</u>
Other Financing Sources (Uses):			
Proceeds from the sale of bonds			
Transfers in			
Transfers out			(200,000)
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>(200,000)</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other financing uses	149,828	139,622	(52,183)
Fund Balance (Deficits):			
Beginning of year (restated)	<u>679,955</u>	<u>840,738</u>	<u>84,981</u>
End of year	<u>\$ 829,783</u>	<u>\$ 980,360</u>	<u>\$ 32,798</u>

Revenue Funds

Record Archive County Clerk Fund	Record Archive District Clerk Fund	County Graffiti Eradication Fund	Elections HAVA Equipment Rental Fund	Elections Services Contract Fund	Buffer Zone Protection Program Fund
\$	\$	\$	\$	\$	\$
369,988	28,408	87	74,075	124,664	145,090
67,706	4,755	21	2,236	1,536	
<u>437,694</u>	<u>33,163</u>	<u>108</u>	<u>76,311</u>	<u>126,200</u>	<u>145,090</u>
			63,542	109,691	
					56,989
					88,101
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>63,542</u>	<u>109,691</u>	<u>145,090</u>
<u>437,694</u>	<u>33,163</u>	<u>108</u>	<u>12,769</u>	<u>16,509</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
437,694	33,163	108	12,769	16,509	-0-
<u>1,115,253</u>	<u>78,776</u>	<u>334</u>	<u>20,308</u>	<u>4,890</u>	
<u>\$ 1,552,947</u>	<u>\$ 111,939</u>	<u>\$ 442</u>	<u>\$ 33,077</u>	<u>\$ 21,399</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, 2007

	Lone Star Library Grant Fund	Law Library Fund	Special Gates Foundation Grant Fund
Revenues:			
Taxes	\$ 27,845		
Intergovernmental			2,454
Charges for services		213,143	
Licenses and permits			
Special assessment			
Investment income	100	11,752	
Miscellaneous		11,747	
Total revenues	<u>27,945</u>	<u>236,642</u>	<u>2,454</u>
Expenditures:			
Current:			
General administration			
Judicial and legal		204,343	
Financial administration			
Elections			
Public facilities			
Public safety			
Corrections			
Public transportation			
Health and welfare			
Culture and recreation	27,945		2,454
Community development			
Capital outlay			
Debt Service:			
Principal			
Interest			
Total expenditures	<u>27,945</u>	<u>204,343</u>	<u>2,454</u>
Excess (deficiency) of revenue over expenditures	<u>-0-</u>	<u>32,299</u>	<u>-0-</u>
Other Financing Sources (Uses):			
Proceeds from the sale of bonds			
Transfers in		15,000	
Transfers out			
Total other financing sources (uses)	<u>-0-</u>	<u>15,000</u>	<u>-0-</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other financing uses	<u>-0-</u>	<u>47,299</u>	<u>-0-</u>
Fund Balance (Deficits):			
Beginning of year (restated)		207,632	
End of year	<u>\$ -0-</u>	<u>\$ 254,931</u>	<u>\$ -0-</u>

Revenue Funds

Brazoria County Toll Road Authority Fund	Mosquito Control District Fund	FEMA Welfare Fund	HGAC 911 Addressing Fund	Excess Sales Tax Fund	Economic Development Tax Abatement Fund
\$	\$	\$	\$	\$	\$
		14,855	54,598		1,500
		101	490	6,512	1,347
					<u>127,985</u>
<u>-0-</u>	<u>-0-</u>	<u>14,956</u>	<u>55,088</u>	<u>6,512</u>	<u>130,832</u>
16,269					125,966
			50,597		
	4,497	14,956			
			6,084		
<u>16,269</u>	<u>4,497</u>	<u>14,956</u>	<u>56,681</u>	<u>-0-</u>	<u>125,966</u>
<u>(16,269)</u>	<u>(4,497)</u>	<u>-0-</u>	<u>(1,593)</u>	<u>6,512</u>	<u>4,866</u>
			2,084		
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
(16,269)	(4,497)	-0-	491	6,512	4,866
<u>(1,534)</u>			<u>13</u>	<u>120,750</u>	<u>7,192</u>
<u>\$(17,803)</u>	<u>\$(4,497)</u>	<u>\$ -0-</u>	<u>\$ 504</u>	<u>\$ 127,262</u>	<u>\$ 12,058</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, 2007

	Special		
	Mutual Fire Protection & Disbursement Assistance Fund	Reliant Energy CARE Program Fund	Vital Statistics Fee Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			
Charges for services			22,157
Licenses and permits			
Special assessment			
Investment income			1,884
Miscellaneous		251,813	
Total revenues	<u>-0-</u>	<u>251,813</u>	<u>24,041</u>
Expenditures:			
Current:			
General administration			
Judicial and legal			3,061
Financial administration			
Elections			
Public facilities			
Public safety			
Corrections			
Public transportation			
Health and welfare		194,904	
Culture and recreation			
Community development			
Capital outlay			
Debt Service:			
Principal			
Interest			
Total expenditures	<u>-0-</u>	<u>194,904</u>	<u>3,061</u>
Excess (deficiency) of revenue over expenditures	<u>-0-</u>	<u>56,909</u>	<u>20,980</u>
Other Financing Sources (Uses):			
Proceeds from the sale of bonds			
Transfers in			
Transfers out			
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess of revenue and other financing sources over (under) expenditures and other financing uses	<u>-0-</u>	<u>56,909</u>	<u>20,980</u>
Fund Balance (Deficits):			
Beginning of year (restated)		8,444	27,800
End of year	<u>\$ -0-</u>	<u>\$ 65,353</u>	<u>\$ 48,780</u>

Revenue Funds

Flood Protection Study Fund	United Way Emergency Assistance Fund	Southeast Texas Housing Finance Corporation (SETH) Fund	Teen Court Fund	TCEQ LIRAP Program Fund	CPS Donations Fund
\$	\$	\$	\$	\$	\$
			42,500 1,440	291,026	100
	4,000	45,000			
-0-	4,000	45,000	43,940	291,026	100
		45,000	3,418	291,026	
45,000	4,000				
45,000	4,000	45,000	3,418	291,026	-0-
(45,000)	-0-	-0-	40,522	-0-	100
-0-	-0-	-0-	-0-	-0-	-0-
(45,000)	-0-	-0-	40,522	-0-	100
\$(45,000)	\$-0-	\$-0-	\$40,522	\$-0-	\$100

(continued)

BRAZORIA COUNTY, TEXAS

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

For the Year Ended September 30, 2007

	Special Revenue Funds		Debt
	Brazoria County Fresh Water District #2 Fund	Total Special Revenue Funds	C of O Sheriff & Detention Complex Series 1993
Revenues:			
Taxes	\$	\$ 1,443,812	\$ 3,362,133
Intergovernmental		11,335,466	
Charges for services		1,839,582	
Licenses and permits		2,501,276	
Special assessment		21,503	
Investment income		319,586	204,822
Miscellaneous		482,883	
Total revenues	<u>-0-</u>	<u>17,944,108</u>	<u>3,566,955</u>
Expenditures:			
Current:			
General administration	250	851,364	
Judicial and legal		481,835	
Financial administration		4,060	
Elections		173,233	
Public facilities		50,597	
Public safety		409,175	
Corrections		2,872,049	
Public transportation		2,545,755	
Health and welfare		5,600,934	
Culture and recreation		33,999	
Community development		2,319,293	
Capital outlay		1,910,912	
Debt Service:			
Principal		-0-	2,160,000
Interest and fiscal charges		-0-	840,964
Total expenditures	<u>250</u>	<u>17,253,206</u>	<u>3,000,964</u>
Excess (deficiency) of revenue over expenditures	<u>(250)</u>	<u>690,902</u>	<u>565,991</u>
Other Financing Sources (Uses):			
Proceeds from the sale of bonds		-0-	
Transfers in		730,980	
Transfers out		(200,000)	
Total other financing sources (uses)	<u>-0-</u>	<u>530,980</u>	<u>-0-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(250)</u>	<u>1,221,882</u>	<u>565,991</u>
Fund Balance (Deficits):			
Beginning of year (restated)		6,346,631	2,940,143
End of year	<u>\$(250)</u>	<u>\$ 7,568,513</u>	<u>\$ 3,506,134</u>

Service Funds				Capital Projects Funds	
C of O Construction and Maintenance Series 2003	C of O Construction and Maintenance Series 2006	Unlimited Tax Road Bonds Series 2006	Total Debt Service Funds	Highway Right-of-Way Acquisition Fund	County Wide Road Fund
\$ 921,366	\$ 897,561	\$ 554,344	\$ 5,735,404	\$	\$
			-0-		
			-0-		
			-0-		
			-0-		
16,961	23,131		244,914	65,647	14,892
	20,303		20,303		
<u>938,327</u>	<u>940,995</u>	<u>554,344</u>	<u>6,000,621</u>	<u>65,647</u>	<u>14,892</u>
			-0-		
			-0-		
			-0-		
			-0-		
			-0-		
			-0-		
			-0-		
			-0-		
			-0-		
			-0-	1,758,960	
645,000			2,805,000		
<u>312,920</u>	<u>701,535</u>	<u>761,590</u>	<u>2,617,009</u>		
<u>957,920</u>	<u>701,535</u>	<u>761,590</u>	<u>5,422,009</u>	<u>1,758,960</u>	<u>-0-</u>
<u>(19,593)</u>	<u>239,460</u>	<u>(207,246)</u>	<u>578,612</u>	<u>(1,693,313)</u>	<u>14,892</u>
		260,832	260,832		
<u>-0-</u>	<u>-0-</u>	<u>260,832</u>	<u>260,832</u>	<u>-0-</u>	<u>-0-</u>
(19,593)	239,460	53,586	839,444	(1,693,313)	14,892
<u>167,885</u>	<u>725</u>		<u>3,108,753</u>	<u>2,376,342</u>	<u>276,896</u>
<u>\$ 148,292</u>	<u>\$ 240,185</u>	<u>\$ 53,586</u>	<u>\$ 3,948,197</u>	<u>\$ 683,029</u>	<u>\$ 291,788</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, 2007

	Parks CIAP Grant Fund	2003 Certificate of Obligation C & M Fund	Capital Sheriff & Detention Complex Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			
Charges for services			
Licenses and permits			
Special assessment			
Investment income		97,407	516
Miscellaneous			
Total revenues	<u>-0-</u>	<u>97,407</u>	<u>516</u>
Expenditures:			
Current:			
General administration			
Judicial and legal			
Financial administration		39,043	
Elections			
Public facilities			
Public safety		49,687	
Corrections			
Public transportation			
Health and welfare			
Culture and recreation			
Community development			
Capital outlay		497,774	
Debt Service:			
Principal			
Interest and fiscal charges			
Total expenditures	<u>-0-</u>	<u>586,504</u>	<u>-0-</u>
Excess (deficiency) of revenue over expenditures	<u>-0-</u>	<u>(489,097)</u>	<u>516</u>
Other Financing Sources (Uses):			
Proceeds from the sale of bonds			
Transfers in	7,159		
Transfers out			
Total other financing sources (uses)	<u>7,159</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	7,159	(489,097)	516
Fund Balance (Deficits):			
Beginning of year (restated)	(7,159)	1,406,880	3,386
End of year	<u>\$ -0-</u>	<u>\$ 917,783</u>	<u>\$ 3,902</u>

Projects Funds

Quintana Boat Ramp Fund	Mobility Plan Fund	Total Capital Projects Funds	Total Non-Major Governmental Funds
\$	\$	\$	\$
		-0-	7,179,216
		-0-	11,335,466
		-0-	1,839,582
		-0-	2,501,276
		-0-	21,503
1,551	1	180,014	744,514
	500	500	503,686
<u>1,551</u>	<u>501</u>	<u>180,514</u>	<u>24,125,243</u>
		-0-	851,364
		39,043	520,878
		-0-	4,060
		-0-	173,233
		49,687	100,284
		-0-	409,175
		-0-	2,872,049
		-0-	2,545,755
		-0-	5,600,934
		-0-	33,999
		-0-	2,319,293
47,617		2,304,351	4,215,263
		-0-	2,805,000
		-0-	2,617,009
<u>47,617</u>	<u>-0-</u>	<u>2,393,081</u>	<u>25,068,296</u>
(46,066)	501	(2,212,567)	(943,053)
			260,832
50,000		57,159	788,139
		-0-	(200,000)
<u>50,000</u>	<u>-0-</u>	<u>57,159</u>	<u>848,971</u>
3,934	501	(2,155,408)	(94,082)
<u>8,689</u>	<u>-0-</u>	<u>4,065,034</u>	<u>13,520,418</u>
\$ <u>12,623</u>	\$ <u>501</u>	\$ <u>1,909,626</u>	\$ <u>13,426,336</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, 2007

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	\$ 320,708	\$ 320,708	\$ 304,476	\$ 16,232
Operating expenditures	14,825	14,825	7,171	7,654
Total County Judge	335,533	335,533	311,647	23,886
South Service Center:				
Salaries and wages, and employee benefits	240,615	240,615	239,311	1,304
Operating expenditures	14,265	14,265	10,898	3,367
Total South Service Center	254,880	254,880	250,209	4,671
Central Service Center:				
Salaries and wages, and employee benefits	288,277	288,277	277,702	10,575
Operating expenditures	21,371	21,371	16,425	4,946
Total Central Service Center	309,648	309,648	294,127	15,521
North Service Center:				
Salaries and wages, and employee benefits	297,488	297,488	294,079	3,409
Operating expenditures	24,700	24,700	11,670	13,030
Capital outlay	250	250		250
Total North Service Center	322,438	322,438	305,749	16,689
West Service Center:				
Salaries and wages, and employee benefits	211,159	211,159	208,361	2,798
Operating expenditures	11,226	11,226	6,253	4,973
Total West Service Center	222,385	222,385	214,614	7,771
Records Management:				
Salaries and wages, and employee benefits	57,622	57,622	57,605	17
Operating expenditures	2,825	2,825	2,194	631
Total records management	60,447	60,447	59,799	648
County Clerk:				
Salaries and wages, and employee benefits	1,817,734	1,817,734	1,728,063	89,671
Operating expenditures	68,700	73,889	71,680	2,209
Total County Clerk	1,886,434	1,891,623	1,799,743	91,880
Veteran's Service:				
Salaries and wages, and employee benefits	118,006	118,006	117,861	145
Operating expenditures	4,830	5,030	4,941	89
Total veteran's service	122,836	123,036	122,802	234

(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, 2007

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	\$ 71,074	\$ 71,074	\$ 67,072	\$ 4,002
Operating expenditures	38,400	67,791	41,908	25,883
Total emergency management	109,474	138,865	108,980	29,885
Non-departmental:				
Salaries and wages, and employee benefits	250,000			-0-
Operating expenditures	876,367	1,225,087	1,313,528	(88,441)
Total non-departmental	1,126,367	1,225,087	1,313,528	(88,441)
Total general administration	4,750,442	4,883,942	4,781,198	102,744
Judicial and Legal:				
County Court at Law 1:				
Salaries and wages, and employee benefits	241,582	241,582	240,985	597
Operating expenditures	59,229	61,229	62,732	(1,503)
Total County Court at Law 1	300,811	302,811	303,717	(906)
County Court at Law 2:				
Salaries and wages, and employee benefits	323,897	323,897	323,273	624
Operating expenditures	34,000	34,000	33,291	709
Total County Court at Law 2	357,897	357,897	356,564	1,333
County Court at Law 3:				
Salaries and wages, and employee benefits	324,611	324,611	319,097	5,514
Operating expenditures	36,300	36,300	34,242	2,058
Total County Court at Law 3	360,911	360,911	353,339	7,572
County Court at Law 4:				
Salaries and wages, and employee benefits	240,355	240,355	240,857	(502)
Operating expenses	29,000	29,000	22,817	6,183
Total County Court at Law 4	269,355	269,355	263,674	5,681
Probate Court Investigations:				
Salaries and wages, and employee benefits	112,862	112,862	112,740	122
Operating expenditures	3,421	3,569	2,821	748
Total probate court investigations	116,283	116,431	115,561	870
District Courts:				
Salaries and wages, and employee benefits	915,103	915,103	907,108	7,995
Operating expenditures	286,805	286,805	270,125	16,680
Total district courts	1,201,908	1,201,908	1,177,233	24,675

(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, 2007

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	\$ 1,497,843	\$ 1,497,843	\$ 1,390,962	\$ 106,881
Operating expenditures	68,564	68,564	61,876	6,688
Total District Clerk	1,566,407	1,566,407	1,452,838	113,569
Justice of the Peace Pct. 1, Pl. 1:				
Salaries and wages, and employee benefits	298,559	298,559	292,471	6,088
Operating expenditures	7,375	7,375	6,484	891
Total Justice of the Peace Pct. 1, Pl. 1	305,934	305,934	298,955	6,979
Justice of the Peace Pct. 1, Pl. 2:				
Salaries and wages, and employee benefits	314,069	314,069	309,301	4,768
Operating expenditures	6,589	7,712	7,278	434
Total Justice of the Peace Pct. 1, Pl. 2	320,658	321,781	316,579	5,202
Justice of the Peace Pct. 2, Pl. 1:				
Salaries and wages, and employee benefits	300,750	300,750	283,098	17,652
Operating expenditures	10,046	10,046	8,019	2,027
Total Justice of the Peace Pct. 2, Pl. 1	310,796	310,796	291,117	19,679
Justice of the Peace Pct. 2, Pl. 2:				
Salaries and wages, and employee benefits	353,285	353,285	349,812	3,473
Operating expenditures	22,055	22,055	19,461	2,594
Total Justice of the Peace Pct. 2, Pl. 2	375,340	375,340	369,273	6,067
Justice of the Peace Pct. 3, Pl. 1:				
Salaries and wages, and employee benefits	292,549	292,549	272,006	20,543
Operating expenditures	8,553	9,333	9,107	226
Total Justice of the Peace Pct. 3, Pl. 1	301,102	301,882	281,113	20,769
Justice of the Peace Pct. 3, Pl. 2:				
Salaries and wages, and employee benefits	224,316	224,316	221,702	2,614
Operating expenditures	7,230	7,230	5,469	1,761
Total Justice of the Peace Pct. 3, Pl. 2	231,546	231,546	227,171	4,375
Justice of the Peace Pct. 4, Pl. 1:				
Salaries and wages, and employee benefits	349,438	349,438	338,730	10,708
Operating expenditures	20,696	20,929	20,822	107
Total Justice of the Peace Pct. 4, Pl. 1	370,134	370,367	359,552	10,815

(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, 2007

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	\$ 259,092	\$ 259,092	\$ 252,223	\$ 6,869
Operating expenditures	<u>7,842</u>	<u>8,398</u>	<u>8,135</u>	<u>263</u>
Total Justice of the Peace Pct. 4, Pl. 2	<u>266,934</u>	<u>267,490</u>	<u>260,358</u>	<u>7,132</u>
District Attorney:				
Salaries and wages, and employee benefits	3,719,479	3,830,979	3,794,509	36,470
Operating expenditures	84,510	249,539	221,570	27,969
Capital outlay		<u>41,910</u>	<u>41,910</u>	<u>-0-</u>
Total District Attorney	<u>3,803,989</u>	<u>4,122,428</u>	<u>4,057,989</u>	<u>64,439</u>
Juror Fees and Costs:				
Operating expenditures	<u>350,000</u>	<u>350,000</u>	<u>341,415</u>	<u>8,585</u>
Total juror fees and costs	<u>350,000</u>	<u>350,000</u>	<u>341,415</u>	<u>8,585</u>
Judicial Miscellaneous:				
Salaries and wages, and employee benefits	14,625	14,625	14,653	(28)
Operating expenditures	<u>1,214,000</u>	<u>1,109,000</u>	<u>1,197,621</u>	<u>(88,621)</u>
Total judicial miscellaneous	<u>1,228,625</u>	<u>1,123,625</u>	<u>1,212,274</u>	<u>(88,649)</u>
Indigent Defense:				
Operating expenditures	<u>1,607,500</u>	<u>1,812,500</u>	<u>1,883,656</u>	<u>(71,156)</u>
Total indigent defense	<u>1,607,500</u>	<u>1,812,500</u>	<u>1,883,656</u>	<u>(71,156)</u>
Child Support:				
Salaries and wages, and employee benefits	186,552	186,552	184,370	2,182
Operating expenditures	<u>4,845</u>	<u>4,845</u>	<u>2,836</u>	<u>2,009</u>
Total child support	<u>191,397</u>	<u>191,397</u>	<u>187,206</u>	<u>4,191</u>
Bail Bond Board:				
Salaries and wages, and employee benefits	87,022	87,022	87,901	(879)
Operating expenditures	<u>2,095</u>	<u>2,095</u>	<u>2,169</u>	<u>(74)</u>
Total bail bond board	<u>89,117</u>	<u>89,117</u>	<u>90,070</u>	<u>(953)</u>
Total judicial and legal	<u>13,926,644</u>	<u>14,349,923</u>	<u>14,199,654</u>	<u>150,269</u>
Financial Administration:				
County Auditor:				
Salaries and wages, and employee benefits	940,638	941,638	848,998	92,640
Operating expenditures	<u>16,930</u>	<u>16,995</u>	<u>9,035</u>	<u>7,960</u>
Total county auditor	<u>958,568</u>	<u>958,633</u>	<u>858,033</u>	<u>100,600</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, 2007

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	\$ 397,614	\$ 397,614	\$ 396,073	\$ 1,541
Operating expenditures	21,588	22,619	20,391	2,228
Total purchasing	419,202	420,233	416,464	3,769
County Treasurer:				
Salaries and wages, and employee benefits	199,078	199,078	197,127	1,951
Operating expenditures	148,662	156,282	155,792	490
Total County Treasurer	347,740	355,360	352,919	2,441
Human Resources:				
Salaries and wages, and employee benefits	363,280	363,280	359,639	3,641
Operating expenditures	33,858	33,858	26,500	7,358
Total human resources	397,138	397,138	386,139	10,999
Tax Assessor-Collector:				
Salaries and wages, and employee benefits	2,285,817	2,318,439	2,101,389	217,050
Operating expenditures	183,533	239,224	193,953	45,271
Capital outlay		15,000		15,000
Total Tax Assessor-Collector	2,469,350	2,572,663	2,295,342	277,321
Information Systems:				
Salaries and wages, and employee benefits	1,553,087	1,553,087	1,532,086	21,001
Operating expenditures	1,708,590	1,733,912	1,601,361	132,551
Total information systems	3,261,677	3,286,999	3,133,447	153,552
Appraisal District Assessment:				
Operating expenditures	450,000	450,000	449,397	603
Total appraisal district assessment	450,000	450,000	449,397	603
Total financial administration	8,303,675	8,441,026	7,891,741	549,285
Elections:				
Salaries and wages, and employee benefits	90,000	119,000	98,182	20,818
Operating expenditures	108,150	108,150	107,452	698
Total elections	198,150	227,150	205,634	21,516

(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, 2007

Exhibit 14
Page 6 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Public Facilities:				
Courthouses and Associated Buildings:				
Salaries and wages, and employee benefits	\$ 1,349,060	\$ 1,349,060	\$ 1,208,374	\$ 140,686
Operating expenditures	1,182,320	1,322,434	1,236,872	85,562
Capital outlay	55,000	96,000	45,295	50,705
Total courthouses and associated buildings	2,586,380	2,767,494	2,490,541	276,953
Property Insurance:				
Operating expenditures	800,000	800,000	789,161	10,839
Total property insurance	800,000	800,000	789,161	10,839
Total public facilities	3,386,380	3,567,494	3,279,702	287,792
Public Safety:				
County Sheriff:				
Salaries and wages, and employee benefits	9,859,236	10,113,594	9,957,711	155,883
Operating expenditures	1,255,133	1,504,219	1,533,987	(29,768)
Capital outlay	393,223	496,170	119,523	376,647
Total County Sheriff	11,507,592	12,113,983	11,611,221	502,762
Texas Department of Public Safety:				
Salaries and wages, and employee benefits	47,696	49,196	49,301	(105)
Total Texas Department of Public Safety:	47,696	49,196	49,301	(105)
Constable – Precinct 1:				
Salaries and wages, and employee benefits	194,075	194,075	187,324	6,751
Operating expenditures	10,545	10,545	7,580	2,965
Total Constable – Precinct 1	204,620	204,620	194,904	9,716
Constable – Precinct 2:				
Salaries and wages, and employee benefits	177,222	180,722	179,083	1,639
Operating expenditures	17,650	26,085	26,358	(273)
Total Constable – Precinct 2	194,872	206,807	205,441	1,366
Constable – Precinct 3:				
Salaries and wages, and employee benefits	176,364	178,764	178,502	262
Operating expenditures	20,425	21,925	19,498	2,427
Total Constable – Precinct 3	196,789	200,689	198,000	2,689
Constable – Precinct 4:				
Salaries and wages, and employee benefits	138,859	140,259	139,823	436
Operating expenses	15,575	18,375	17,857	518
Capital outlay	28,000	26,900	21,620	5,280
Total Constable – Precinct 4	182,434	185,534	179,300	6,234

(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, 2007

Exhibit 14
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	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Public Safety - Continued:				
Inmate Community Service Work Program:				
Salaries and wages, and employee benefits	\$ 68,100	\$ 68,100	\$ 65,783	\$ 2,317
Operating expenditures	38,286	39,336	38,894	442
Capital outlay		23,700	21,949	1,751
Total inmate community service work program	106,386	131,136	126,626	4,510
Ambulance EMS:				
Operating expenditures	72,000	72,000	72,000	-0-
Total ambulance EMS	72,000	72,000	72,000	-0-
Fire Protection:				
Operating expenditures	468,100	509,329	497,863	11,466
Total fire protection	468,100	509,329	497,863	11,466
Total public safety	12,980,489	13,673,294	13,134,656	538,638
Corrections:				
Detention Center:				
Salaries and wages, and employee benefits	7,533,963	8,123,963	8,058,567	65,396
Operating expenditures	3,598,361	4,396,419	4,407,388	(10,969)
Capital outlay	54,000	369,000	132,527	236,473
Total detention center	11,186,324	12,889,382	12,598,482	290,900
Juvenile Probation:				
Salaries and wages, and employee benefits	3,421,835	3,414,636	3,157,856	256,780
Operating expenditures	448,080	477,547	440,372	37,175
Capital outlay	40,000	47,499	17,515	29,984
Total juvenile probation	3,909,915	3,939,682	3,615,743	323,939
Adult Probation:				
Operating expenditures	24,887	25,251	24,416	835
Total adult probation	24,887	25,251	24,416	835
Total corrections	15,121,126	16,854,315	16,238,641	615,674
Health and Welfare:				
Health Department:				
Salaries and wages, and employee benefits	658,062	658,062	611,401	46,661
Operating expenditures	48,239	61,359	60,415	944
Total health department	706,301	719,421	671,816	47,605

(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, 2007

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	\$ 510,307	\$ 594,307	\$ 590,957	\$ 3,350
Other charges	34,390	34,461	25,283	9,178
Capital outlay		4,000	4,000	-0-
Total environmental health	<u>544,697</u>	<u>632,768</u>	<u>620,240</u>	<u>12,528</u>
Child Protective Services:				
Operating expenditures	<u>79,000</u>	<u>83,141</u>	<u>79,103</u>	<u>4,038</u>
Total child protective services	<u>79,000</u>	<u>83,141</u>	<u>79,103</u>	<u>4,038</u>
Mosquito Control:				
Salaries and wages, and employee benefits	995,031	995,031	941,564	53,467
Operating expenditures	604,768	606,577	446,713	159,864
Capital outlay	41,800	41,800	40,327	1,473
Total mosquito control	<u>1,641,599</u>	<u>1,643,408</u>	<u>1,428,604</u>	<u>214,804</u>
Water Lab:				
Salaries and wages, and employee benefits	154,203	154,203	153,617	586
Operating expenditures	<u>37,075</u>	<u>37,075</u>	<u>33,687</u>	<u>3,388</u>
Total water lab	<u>191,278</u>	<u>191,278</u>	<u>187,304</u>	<u>3,974</u>
County Welfare:				
Salaries and wages, and employee benefits	72,781	101,281	100,130	1,151
Operating expenditures	<u>16,230</u>	<u>10,698</u>	<u>3,860</u>	<u>6,838</u>
Total county welfare	<u>89,011</u>	<u>111,979</u>	<u>103,990</u>	<u>7,989</u>
Indigent Health Care:				
Salaries and wages, and employee benefits	69,368	69,368	66,260	3,108
Operating expenditures	<u>2,657,398</u>	<u>2,127,498</u>	<u>1,167,515</u>	<u>959,983</u>
Total indigent health care	<u>2,726,766</u>	<u>2,196,866</u>	<u>1,233,775</u>	<u>963,091</u>
Total health and welfare	<u>5,978,652</u>	<u>5,578,861</u>	<u>4,324,832</u>	<u>1,254,029</u>
Public Assistance:				
Mental Health-Mental Retardation:				
Operating expenditures	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>	<u>-0-</u>
Total mental health-mental retardation	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>	<u>-0-</u>
Actions, Inc.:				
Operating expenditures	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-0-</u>
Total Actions, Inc.	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-0-</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, 2007

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	3,446,443	3,446,443	3,353,301	93,142
Operating expenditures	1,092,352	1,153,773	1,107,749	46,024
Capital outlay	20,000	20,000	19,637	363
Total library	4,558,795	4,620,216	4,480,687	139,529
Parks and Recreation:				
Salaries and wages, and employee benefits	1,507,911	1,585,761	1,489,087	96,674
Operating expenditures	493,863	686,667	625,150	61,517
Capital outlay	73,328	73,328	28,368	44,960
Total parks and recreation	2,075,102	2,345,756	2,142,605	203,151
Museum Supplement:				
Salaries and wages, and employee benefits	376,361	376,361	373,499	2,862
Operating expenditures	15,810	16,410	15,859	551
Total museum supplement	392,171	392,771	389,358	3,413
Total culture and recreation	7,026,068	7,358,743	7,012,650	346,093
Conservation:				
Salaries and wages, and employee benefits	379,078	379,078	330,517	48,561
Operating expenditures	21,700	21,700	19,693	2,007
Total conservation	400,778	400,778	350,210	50,568
Environmental protection:				
Flood Plain Administrator:				
Salaries and wages, and employee benefits	178,218	178,218	175,311	2,907
Operating expenditures	5,285	5,285	3,871	1,414
Total flood plan administrator	183,503	183,503	179,182	4,321
Total environmental protection	183,503	183,503	179,182	4,321
Total current expenditures	\$ 72,551,907	\$ 75,815,029	\$ 71,894,100	\$ 3,920,929

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, 2007

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Public Transportation:				
Engineers Office:				
Salaries and wages, and employee benefits	\$ 9,462,688	\$ 9,462,688	\$ 8,804,386	\$ 658,302
Operating expenditures	7,663,310	8,079,488	6,144,204	1,935,284
Capital outlay	<u>2,481,100</u>	<u>2,328,374</u>	<u>2,008,461</u>	<u>319,913</u>
Total public transportation	<u>19,607,098</u>	<u>19,870,550</u>	<u>16,957,051</u>	<u>2,913,499</u>
Total current expenditures	<u>\$ 19,607,098</u>	<u>\$ 19,870,550</u>	<u>\$ 16,957,051</u>	<u>\$ 2,913,499</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, 2007

	Lateral Road Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$	\$	\$	\$ -0-
Intergovernmental	86,768	86,768	86,574	(194)
Investment income	<u>4,500</u>	<u>4,500</u>	<u>9,474</u>	<u>4,974</u>
Total revenues	<u>91,268</u>	<u>91,268</u>	<u>96,048</u>	<u>4,780</u>
Expenditures:				
Current:				
Public Transportation:				
Operating expenditures	198,500	198,500		198,500
Capital outlay			<u>114,195</u>	(<u>114,195</u>)
Total public transportation	<u>198,500</u>	<u>198,500</u>	<u>114,195</u>	<u>84,305</u>
Total expenditures	<u>198,500</u>	<u>198,500</u>	<u>114,195</u>	<u>84,305</u>
Excess (deficiency) of revenues over expenditures	(107,232)	(107,232)	(18,147)	89,085
Other Financing Sources (Uses):				
Total other financing sources (uses)				<u>-0-</u>
Net change in fund balances	(107,232)	(107,232)	(18,147)	89,085
Fund balances – beginning	<u>226,348</u>	<u>226,348</u>	<u>226,348</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 119,116</u>	<u>\$ 119,116</u>	<u>\$ 208,201</u>	<u>\$ 89,085</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>		
\$ 1,375,000	\$ 1,375,000	\$ 1,443,812	\$ 68,812
			-0-
			-0-
<u>1,375,000</u>	<u>1,375,000</u>	<u>1,443,812</u>	<u>68,812</u>
1,500,000	1,500,000	578,145	921,855
		594,995	(594,995)
<u>1,500,000</u>	<u>1,500,000</u>	<u>1,173,140</u>	<u>326,860</u>
<u>1,500,000</u>	<u>1,500,000</u>	<u>1,173,140</u>	<u>326,860</u>
(125,000)	(125,000)	270,672	395,672
			-0-
(125,000)	(125,000)	270,672	395,672
<u>525,080</u>	<u>525,080</u>	<u>525,080</u>	<u>-0-</u>
\$ <u>400,080</u>	\$ <u>400,080</u>	\$ <u>795,752</u>	\$ <u>395,672</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, 2007

	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	2,482,875	482,875
Investment income	15,000	15,000	46,136	31,136
Miscellaneous				-0-
Total revenues	<u>2,015,000</u>	<u>2,015,000</u>	<u>2,529,011</u>	<u>514,011</u>
Expenditures:				
Current:				
Judicial and Legal:				
Salaries and wages, and employee benefits				-0-
Operating expenditures				-0-
Capital outlay				-0-
Total judicial and legal	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Public Transportation:				
Operating expenditures	3,000,000	3,000,000	1,770,105	1,229,895
Capital outlay			728,293	(728,293)
Total public transportation	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,498,398</u>	<u>501,602</u>
Total expenditures	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,498,398</u>	<u>501,602</u>
Excess (deficiency) of revenues over expenditures	(985,000)	(985,000)	30,613	1,015,613
Other Financing Sources (Uses):				
Transfers in				-0-
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	(985,000)	(985,000)	30,613	1,015,613
Fund balances – beginning	<u>1,773,297</u>	<u>1,773,297</u>	<u>1,773,297</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 788,297</u>	<u>\$ 788,297</u>	<u>\$ 1,803,910</u>	<u>\$ 1,015,613</u>

Law library Fund

Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 190,000	\$ 200,000	\$ 213,143	\$ 13,143
8,500	8,500	11,752	-0-
12,000	12,000	11,747	3,252
			(253)
<u>210,500</u>	<u>220,500</u>	<u>236,642</u>	<u>16,142</u>
51,280	51,280	51,228	52
139,200	170,137	153,115	17,022
13,000	13,000		13,000
<u>203,480</u>	<u>234,417</u>	<u>204,343</u>	<u>30,074</u>
			-0-
			-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>203,480</u>	<u>234,417</u>	<u>204,343</u>	<u>30,074</u>
<u>7,020</u>	<u>(13,917)</u>	<u>32,299</u>	<u>46,216</u>
<u>12,500</u>	<u>12,500</u>	<u>15,000</u>	<u>(2,500)</u>
<u>12,500</u>	<u>12,500</u>	<u>15,000</u>	<u>(2,500)</u>
19,520	(1,417)	47,299	43,716
<u>207,632</u>	<u>207,632</u>	<u>207,632</u>	<u>-0-</u>
<u>\$ 227,152</u>	<u>\$ 206,215</u>	<u>\$ 254,931</u>	<u>\$ 43,716</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, 2007

	C of O Sheriff & Detention Complex – Series 1993			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 1,980,939	\$ 1,980,939	\$ 3,362,133	\$ 1,381,194
Investment income	50,000	50,000	204,822	154,822
Total revenues	<u>2,030,939</u>	<u>2,030,939</u>	<u>3,566,955</u>	<u>1,536,016</u>
Expenditures:				
Debt Service:				
Principal on long-term debt	2,160,000	2,160,000	2,160,000	-0-
Interest on long-term debt	842,484	842,484	840,964	1,520
Total expenditures	<u>3,002,484</u>	<u>3,002,484</u>	<u>3,000,964</u>	<u>1,520</u>
Excess (deficiency) of revenues over expenditures	(971,545)	(971,545)	565,991	1,537,536
Other Financing Sources (Uses):				
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	(971,545)	(971,545)	565,991	1,537,536
Fund balances – beginning	<u>2,940,143</u>	<u>2,940,143</u>	<u>2,940,143</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 1,968,598</u>	<u>\$ 1,968,598</u>	<u>\$ 3,506,134</u>	<u>\$ 1,537,536</u>

C of O Construction and Maintenance – Series 2003

Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 924,018	\$ 924,018	\$ 921,366	\$(2,652)
		16,961	16,961
<u>924,018</u>	<u>924,018</u>	<u>938,327</u>	<u>14,309</u>
645,000	645,000	645,000	-0-
315,121	315,121	312,920	2,201
<u>960,121</u>	<u>960,121</u>	<u>957,920</u>	<u>2,201</u>
(36,103)	(36,103)	(19,593)	16,510
			-0-
(36,103)	(36,103)	(19,593)	16,510
167,885	167,885	167,885	-0-
<u>\$ 131,782</u>	<u>\$ 131,782</u>	<u>\$ 148,292</u>	<u>\$ 16,510</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, 2007

Exhibit 17
Page 2 of 2

	C of O Construction and Maintenance – Series 2006			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 913,033	\$ 913,033	\$ 897,561	\$(15,472)
Investment income			23,131	23,131
Miscellaneous			20,303	20,303
Total revenues	<u>913,033</u>	<u>913,033</u>	<u>940,995</u>	<u>27,962</u>
Expenditures:				
Debt Service:				
Principal on long-term debt				-0-
Interest on long-term debt	<u>775,752</u>	<u>775,752</u>	<u>701,535</u>	<u>74,217</u>
Total expenditures	<u>775,752</u>	<u>775,752</u>	<u>701,535</u>	<u>74,217</u>
Excess (deficiency) of revenues over expenditures	<u>137,281</u>	<u>137,281</u>	<u>239,460</u>	<u>102,179</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	137,281	137,281	239,460	102,179
Fund balances – beginning	<u>725</u>	<u>725</u>	<u>725</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 138,006</u>	<u>\$ 138,006</u>	<u>\$ 240,185</u>	<u>\$ 102,179</u>

Unlimited Tax Road Bonds - Series 2006

Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$	\$ 554,344	\$ 554,344	\$ -0-
			-0-
			-0-
	<u>-0-</u>	<u>554,344</u>	<u>-0-</u>
			-0-
	<u>815,176</u>	<u>761,590</u>	<u>53,586</u>
	<u>-0-</u>	<u>815,176</u>	<u>53,586</u>
	<u>-0-</u>	<u>(260,832)</u>	<u>53,586</u>
	<u>260,832</u>	<u>260,832</u>	<u>-0-</u>
	<u>-0-</u>	<u>260,832</u>	<u>-0-</u>
	<u>-0-</u>	<u>-0-</u>	<u>53,586</u>
			<u>-0-</u>
\$	\$ <u>-0-</u>	\$ <u>53,586</u>	\$ <u>53,586</u>

BRAZORIA COUNTY, TEXAS

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

For the Year Ended September 30, 2007

Exhibit 18

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Sales:				
Fuel and supplies	\$ 1,083,042	\$ 1,083,042	\$ 1,093,774	\$ 10,732
Cost of sales	<u>709,056</u>	<u>749,056</u>	<u>755,557</u>	<u>(6,501)</u>
Gross profit	373,986	333,986	338,217	4,231
Other Revenue:				
Rentals	326,014	366,014	327,882	(38,132)
Fees	232,660	232,660	276,622	43,962
Miscellaneous			<u>5,181</u>	<u>5,181</u>
Net operating revenue	<u>932,660</u>	<u>932,660</u>	<u>947,902</u>	<u>15,242</u>
Operating Expenses:				
Salaries and wages	426,825	426,825	330,682	96,143
Employee benefits	157,035	157,035	121,663	35,372
Supplies	102,907	102,907	109,656	(6,749)
Other charges	227,082	227,082	241,974	(14,892)
Depreciation			<u>758,890</u>	<u>(758,890)</u>
Total operating expenses	<u>913,849</u>	<u>913,849</u>	<u>1,562,865</u>	<u>(649,016)</u>
Operating income (loss)	<u>18,811</u>	<u>18,811</u>	<u>(614,963)</u>	<u>(633,774)</u>
Non-Operating Revenues (Expenses):				
Interest	1,000	1,000	4,723	3,723
Operating grant revenue			45,940	45,940
Interest and fiscal charges	<u>(16,488)</u>	<u>(16,488)</u>	<u>(15,628)</u>	<u>860</u>
Total non-operating revenues (expenses)	<u>(15,488)</u>	<u>(15,488)</u>	<u>35,035</u>	<u>50,523</u>
Net income (loss) before contributions and transfers	3,323	3,323	(579,928)	(583,251)
Capital contributions				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>561,342</u>	<u>561,342</u>
Change in net assets	103,323	103,323	(18,586)	(121,909)
Net Assets:				
Total net assets – beginning of year	<u>11,565,881</u>	<u>11,565,881</u>	<u>11,565,881</u>	<u>-0-</u>
Total net assets – end of year	<u>\$ 11,669,204</u>	<u>\$ 11,669,204</u>	<u>\$ 11,547,295</u>	<u>\$ (121,909)</u>

BRAZORIA COUNTY, TEXAS
COMBINING STATEMENT OF NET ASSETS -
INTERNAL SERVICE FUNDS
September 30, 2007

Exhibit 19

	<u>Self Insurance Liability</u>	<u>Self Insurance Health</u>	<u>Total</u>
<u>Assets</u>			
Current Assets:			
Cash and temporary investments	\$ 1,550,306	\$ 986,262	\$ 2,536,568
Accounts receivable		68,794	68,794
Prepaid expenses		<u>52,839</u>	<u>52,839</u>
Total assets	<u>\$ 1,550,306</u>	<u>\$ 1,107,895</u>	<u>\$ 2,658,201</u>
 <u>Liabilities and Fund Balance</u>			
Current Liabilities:			
Accounts and accrued liabilities payable	\$ 122	\$ 11,846	\$ 11,968
Estimated claims payable	<u>400,000</u>	<u>737,316</u>	<u>1,137,316</u>
Total liabilities	<u>400,122</u>	<u>749,162</u>	<u>1,149,284</u>
 <u>Net Assets</u>			
Unrestricted	<u>1,150,184</u>	<u>358,733</u>	<u>1,508,917</u>
Total net assets	<u>1,150,184</u>	<u>358,733</u>	<u>1,508,917</u>
Total liabilities and net assets	<u>\$ 1,550,306</u>	<u>\$ 1,107,895</u>	<u>\$ 2,658,201</u>

BRAZORIA COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2007

Exhibit 20

	<u>Self Insurance Liability</u>	<u>Self Insurance Health</u>	<u>Total</u>
Operating Revenues:			
Contributions for self insurance	\$ 100,000	\$ 9,259,058	\$ 9,359,058
Total operating revenues	<u>100,000</u>	<u>9,259,058</u>	<u>9,359,058</u>
Operating Expenses:			
Legal expenses and settlements	130,988		130,988
Health claims expense		7,617,963	7,617,963
Administrative expense		<u>968,224</u>	<u>968,224</u>
Total operating expenses	<u>130,988</u>	<u>8,586,187</u>	<u>8,717,175</u>
Operating income (loss)	(30,988)	672,871	641,883
Non-Operating Revenue (Expense):			
Investment income	<u>77,354</u>	<u>14</u>	<u>77,368</u>
Net income (loss)	46,366	672,885	719,251
Net assets – beginning of year	<u>1,103,818</u>	(314,152)	<u>789,666</u>
Net assets – end of year	<u>\$ 1,150,184</u>	<u>\$ 358,733</u>	<u>\$ 1,508,917</u>

BRAZORIA COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS -
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2007

Exhibit 21

	Self Insurance Liability	Self Insurance Health	Total
Cash Flows from Operating Activities:			
Cash flows received from employees and other funds	\$ 100,000	\$ 9,248,067	\$ 9,348,067
Cash paid to and on behalf of employees	(132,686)	(8,207,014)	(8,207,014)
Cash paid to suppliers and others	(32,686)	(968,224)	(1,100,910)
Net cash provided (used) by operating activities	<u>(32,686)</u>	<u>72,829</u>	<u>40,143</u>
Cash Flows From Non-Capital Financing Activities:			
Net cash provided (used) by non-capital financing activities	<u> </u>	<u> </u>	<u>-0-</u>
Cash Flows from Capital and Financing Activities:			
Net cash provided (used) by capital and financing activities	<u> </u>	<u> </u>	<u>-0-</u>
Cash Flows from Investing Activities:			
Investment income	<u>77,354</u>	<u>14</u>	<u>77,368</u>
Net cash provided (used) by investment activities	<u>77,354</u>	<u>14</u>	<u>77,368</u>
Net increase (decrease) in cash	44,668	72,843	117,511
Cash and temporary investments - beginning of year	<u>1,505,638</u>	<u>913,419</u>	<u>2,419,057</u>
Cash and temporary investments - end of year	<u>\$ 1,550,306</u>	<u>\$ 986,262</u>	<u>\$ 2,536,568</u>
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:			
Operating Activities:			
Operating income (loss)	\$(30,988)	\$ 672,871	\$ 641,883
Changes in Assets and Liabilities:			
(Increase) Decrease In:			
Accounts receivable		(10,991)	(10,991)
Prepaid expenses		(17,059)	(17,059)
Increase (Decrease) In:			
Accounts and accrued liabilities payable	<u>(1,698)</u>	<u>(571,992)</u>	<u>(573,690)</u>
Net cash provided (used) for operating activities	<u>\$(32,686)</u>	<u>\$ 72,829</u>	<u>\$ 40,143</u>
Noncash Transactions Affecting Financial Position:			
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, 2007

Exhibit 22
Page 1 of 3

	<u>Balance</u> 10-01-06	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> 09-30-07
PAYROLL CLEARING:				
<i>Assets</i>				
Cash and temporary investments	\$ 730,857	\$ 57,175,728	\$ 57,273,060	\$ 633,525
Due from other funds	<u>21</u>	<u> </u>	<u>21</u>	<u>-0-</u>
Total assets	<u>\$ 730,878</u>	<u>\$ 57,175,728</u>	<u>\$ 57,273,081</u>	<u>\$ 633,525</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Due to other funds	\$	\$ 981	\$	\$ 981
Accounts payable and accrued expense	<u>730,878</u>	<u>57,174,747</u>	<u>57,273,081</u>	<u>632,544</u>
Total liabilities	<u>\$ 730,878</u>	<u>\$ 57,175,728</u>	<u>\$ 57,273,081</u>	<u>\$ 633,525</u>

GULF COAST SPACEPORT DEVELOPMENT:

<i>Assets</i>				
Cash and temporary investments	\$ 181,682	\$ 77,059	\$ 258,741	\$ -0-
Total assets	<u>\$ 181,682</u>	<u>\$ 77,059</u>	<u>\$ 258,741</u>	<u>\$ -0-</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Due to others	\$ 181,682	\$ 77,059	\$ 258,741	\$ -0-
Total liabilities	<u>\$ 181,682</u>	<u>\$ 77,059</u>	<u>\$ 258,741</u>	<u>\$ -0-</u>

BRAZORIA COUNTY GROUNDWATER CONSERVATION DISTRICT:

<i>Assets</i>				
Cash and temporary investments	\$ -0-	\$ 223,572	\$ 201,276	\$ 22,296
Total assets	<u>\$ -0-</u>	<u>\$ 223,572</u>	<u>\$ 201,276</u>	<u>\$ 22,296</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Accounts payable and accrued expenses	\$ -0-	\$ 46,368	\$ 42,504	\$ 3,864
Due to others	<u>-0-</u>	<u>177,204</u>	<u>158,772</u>	<u>18,432</u>
Total liabilities	<u>\$ -0-</u>	<u>\$ 223,572</u>	<u>\$ 201,276</u>	<u>\$ 22,296</u>

BRAZORIA COUNTY, TEXAS**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -****AGENCY FUNDS - Continued**

For the Year Ended September 30, 2007

Exhibit 22

Page 2 of 3

	<u>Balance</u> <u>10-01-06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>09-30-07</u>
CHILD SUPPORT:				
<i>Assets</i>				
Cash and temporary investments	\$ 2,802	\$ 478,258	\$ 480,890	\$ 170
Total assets	<u>\$ 2,802</u>	<u>\$ 478,258</u>	<u>\$ 480,890</u>	<u>\$ 170</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Due to others	\$ 2,802	\$ 478,258	\$ 480,890	\$ 170
Total liabilities	<u>\$ 2,802</u>	<u>\$ 478,258</u>	<u>\$ 480,890</u>	<u>\$ 170</u>
TDCJ-CJAD:				
<i>Assets</i>				
Cash and temporary investments	\$ 1,020,778	\$ 3,697,452	\$ 3,793,315	\$ 924,915
Accounts receivable	133	35	133	35
Accrued interest receivable	<u>1,043</u>	<u>623</u>	<u>1,043</u>	<u>623</u>
Total assets	<u>\$ 1,021,954</u>	<u>\$ 3,698,110</u>	<u>\$ 3,794,491</u>	<u>\$ 925,573</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Accounts payable and accrued expenses	\$ 131,812	\$ 284,790	\$ 131,812	\$ 284,790
Due to others	<u>890,142</u>	<u>3,413,320</u>	<u>3,662,679</u>	<u>640,783</u>
Total liabilities	<u>\$ 1,021,954</u>	<u>\$ 3,698,110</u>	<u>\$ 3,794,491</u>	<u>\$ 925,573</u>
DISTRICT/COUNTY CLERKS TRUSTS:				
<i>Assets</i>				
Cash and temporary investments	\$ 12,386,662	\$ 20,107,163	\$ 18,989,856	\$ 13,503,969
Total assets	<u>\$ 12,386,662</u>	<u>\$ 20,107,163</u>	<u>\$ 18,989,856</u>	<u>\$ 13,503,969</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Due to others	\$ 12,386,662	\$ 20,107,163	\$ 18,989,856	\$ 13,503,969
Total liabilities	<u>\$ 12,386,662</u>	<u>\$ 20,107,163</u>	<u>\$ 18,989,856</u>	<u>\$ 13,503,969</u>

BRAZORIA COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - Continued
For the Year Ended September 30, 2007

Exhibit 22
Page 3 of 3

	<u>Balance</u> <u>10-01-06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>09-30-07</u>
TOTALS - ALL AGENCY FUNDS:				
<i>Assets</i>				
Cash and temporary investments	\$ 14,322,781	\$ 81,759,232	\$ 80,997,138	\$ 15,084,875
Accounts receivable	133	35	133	35
Accrued interest receivable	1,043	623	1,043	623
Due from other funds	<u>21</u>		<u>21</u>	<u>-0-</u>
Total assets	<u>\$ 14,323,978</u>	<u>\$ 81,759,890</u>	<u>\$ 80,998,335</u>	<u>\$ 15,085,533</u>
<i>Liabilities and Fund Balance</i>				
<i>Liabilities:</i>				
Accounts payable and accrued expenses	\$ 862,690	\$ 57,505,905	\$ 57,447,397	\$ 921,198
Due to other funds		981		981
Due to others	<u>13,461,288</u>	<u>24,253,004</u>	<u>23,550,938</u>	<u>14,163,354</u>
Total liabilities	<u>\$ 14,323,978</u>	<u>\$ 81,759,890</u>	<u>\$ 80,998,335</u>	<u>\$ 15,085,533</u>

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>
Financial Trends	1-4
These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
Revenue Capacity	5-8
These tables contain information to help the reader assess the County's most significant local revenue source, the property tax.	
Debt Capacity	9-11
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.	
Demographic and Economic Indicators	12-14
These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	
Operating Information	15-16
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 Five Fiscal Years
 (accrual basis of accounting)

Table 1

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental Activities:					
Invested in capital assets, net of related debt	\$ 71,768,258	\$ 74,343,083	\$ 75,898,996	\$ 80,090,157	\$ 99,498,617
Restricted For:					
Roads and bridges	9,003,081	8,055,178	7,847,782	9,671,499	11,599,655
Debt service	1,052,575	1,341,841	2,157,744	3,310,158	4,334,733
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	4,891,652
Unrestricted	<u>12,729,881</u>	<u>11,482,088</u>	<u>13,911,427</u>	<u>23,072,866</u>	<u>31,356,540</u>
Total governmental activities net assets	<u>\$107,977,057</u>	<u>\$105,228,534</u>	<u>\$108,620,534</u>	<u>\$136,586,670</u>	<u>\$151,681,197</u>
Business-type Activities:					
Invested in capital assets, net of related debt	\$ 7,886,581	\$ 10,293,274	\$ 9,617,689	\$ 10,871,918	\$ 11,094,843
Restricted For:					
Debt service	63,174	50,168	52,674	56,663	43,582
Other purposes	99,211	72,637	48,102	18,835	58,566
Unrestricted	<u>122,827</u>	<u>142,989</u>	<u>1,666,061</u>	<u>606,769</u>	<u>343,369</u>
Total business-type activities	<u>\$ 8,171,793</u>	<u>\$ 10,559,068</u>	<u>\$ 11,384,526</u>	<u>\$ 11,554,185</u>	<u>\$ 11,540,360</u>
Primary Government:					
Invested in capital assets, net of related debt	\$ 79,654,839	\$ 84,636,357	\$ 85,516,685	\$ 90,962,075	\$ 110,593,460
Restricted	23,641,303	19,526,168	18,910,887	33,499,145	20,928,188
Unrestricted	<u>12,852,708</u>	<u>11,625,077</u>	<u>15,577,488</u>	<u>23,679,635</u>	<u>31,699,909</u>
Total primary government	<u>\$116,148,850</u>	<u>\$115,787,602</u>	<u>\$120,005,060</u>	<u>\$148,140,855</u>	<u>\$163,221,557</u>

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 Five Fiscal Years
 (accrual basis of accounting)

Table 2

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental Activities:					
General administration	\$ 4,105,945	\$ 4,588,331	\$ 5,292,979	\$ 4,974,768	\$ 5,782,142
Judicial and legal	12,002,634	12,540,748	13,078,631	13,797,943	15,147,866
Financial administration	6,433,818	7,017,884	7,441,233	7,726,563	8,058,664
Elections	156,447	77,817	109,644	2,169,341	402,710
Public facilities	2,313,530	2,732,495	2,826,693	2,809,843	3,515,672
Public safety	10,535,578	11,064,291	12,177,212	13,317,747	13,961,584
Corrections	16,251,641	17,824,167	18,334,618	18,966,237	20,185,077
Public transportation	20,038,508	22,626,704	22,519,813	22,351,045	24,420,943
Health and welfare	6,644,933	7,844,979	8,081,835	9,745,180	10,141,695
Public assistance	226,000	226,000	296,000	296,000	296,000
Culture and recreation	5,822,897	6,437,956	6,262,357	6,652,453	7,281,317
Conservation	377,647	408,329	350,218	393,433	364,654
Environmental protection	125,604	132,419	142,928	150,987	188,339
Community development	2,502,382	3,458,661	3,956,237	2,937,926	2,320,743
Interest on long-term debt	1,531,282	1,455,717	1,386,006	1,477,364	2,408,476
Total governmental activities expenses	<u>89,068,846</u>	<u>98,436,498</u>	<u>102,256,404</u>	<u>107,948,830</u>	<u>114,475,882</u>
Business-type Activities:					
Airport	1,379,687	1,477,476	1,819,390	2,124,407	2,341,771
Total business-type activities expenses	<u>1,379,687</u>	<u>1,477,476</u>	<u>1,819,390</u>	<u>2,124,407</u>	<u>2,341,771</u>
Total primary government expenses	<u>\$ 90,448,533</u>	<u>\$ 99,913,974</u>	<u>\$ 104,075,794</u>	<u>\$ 110,073,237</u>	<u>\$ 116,817,653</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General administration	\$ 2,372,556	\$ 1,986,196	\$ 3,023,513	\$ 3,831,544	\$ 4,140,190
Judicial and legal	4,476,802	5,695,541	5,936,348	6,314,663	6,824,945
Financial administration	920,919	897,500	915,332	1,140,119	1,392,176
Elections	3,302	3,512	11,604	74,959	198,739
Public facilities		22,116	31,385	29,897	31,464
Public safety	1,049,565	1,516,419	1,314,159	1,355,560	1,688,373
Corrections	50,305	533,296	401,742	496,467	653,232
Public transportation	1,979,526	2,172,502	2,921,637	3,369,217	3,795,045
Health and welfare	410,076	433,374	401,182	402,469	663,374
Culture and recreation	227,312	397,668	390,327	436,156	482,471
Conservation		10,683	12,777	12,662	11,572
Environmental protection	40,309	45,485	49,706	76,386	70,206
Operating grants and contributions	6,646,814	6,392,287	8,765,064	11,055,123	9,672,233
Capital grants and contributions	3,019,603	4,149,354	4,562,373	19,032,936	7,163,245
Total governmental activities program revenues	<u>21,197,089</u>	<u>24,255,933</u>	<u>28,737,149</u>	<u>47,628,158</u>	<u>36,787,265</u>

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

Table 2

	Fiscal Year				
	2003	2004	2005	2006	2007
Business-type Activities:					
Charges for Services:					
Airport	\$ 1,101,170	\$ 1,178,963	\$ 1,269,237	\$ 1,616,331	\$ 1,715,941
Operating Grants and Contributions:					
Airport	13,325			29,461	45,940
Capital Grants and Contributions:					
Airport	<u>2,080,660</u>	<u>2,691,254</u>	<u>1,224,318</u>	<u>408,153</u>	<u>561,342</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>	<u>2,323,223</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>	<u>\$ 39,110,488</u>
Net (Expense)/Revenue:					
Governmental activities	\$(67,871,757)	\$(74,180,565)	\$(73,519,255)	\$(60,320,672)	\$(77,688,617)
Business-type activities	<u>1,815,468</u>	<u>2,392,741</u>	<u>674,165</u>	<u>(70,462)</u>	<u>(18,458)</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>	<u>(77,707,165)</u>
General Revenues & Other Changes in Net Assets					
Governmental Activities:					
Property taxes	52,610,118	56,725,407	60,611,489	67,484,298	68,739,287
Sales and other taxes	11,558,370	11,874,486	13,541,179	12,625,575	17,543,873
Special assessments				63,471	
Grants and contributions not restricted to specific programs	193,472	244,538	199,006	314,168	245,477
Unrestricted investment earnings	960,571	928,391	1,227,165	2,615,731	4,516,924
Gain (loss) on disposition of capital assets	114,143	117,822	(171,537)	85,872	520
Miscellaneous	1,414,756	1,691,398	1,954,155	1,666,557	1,737,063
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>	<u>92,783,144</u>
Business-type Activities:					
Unrestricted investment earnings	11,229	2,125	1,293	2,646	4,723
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>	<u>4,723</u>
Total primary government	<u>66,862,659</u>	<u>71,584,167</u>	<u>77,266,426</u>	<u>84,858,318</u>	<u>92,787,867</u>
Change in Net Assets					
Governmental activities	(1,020,327)	(2,748,523)	3,595,878	24,297,525	15,094,527
Business-type activities	<u>1,826,697</u>	<u>2,544,866</u>	<u>825,458</u>	<u>169,659</u>	<u>(13,825)</u>
Total primary government	<u>\$ 806,370</u>	<u>\$(203,657)</u>	<u>\$ 4,421,336</u>	<u>\$ 24,467,184</u>	<u>\$ 15,080,702</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				
	1998	1999	2000	2001	2002
General Fund:					
Reserved	\$ 848,074	\$ 909,305	\$ 1,297,240	\$ 449,786	\$ 417,389
Unreserved	<u>9,922,948</u>	<u>11,152,722</u>	<u>12,973,717</u>	<u>13,567,130</u>	<u>11,217,028</u>
Total general fund	<u>\$ 10,771,022</u>	<u>\$ 12,062,027</u>	<u>\$ 14,270,957</u>	<u>\$ 14,016,916</u>	<u>\$ 11,634,417</u>
All Other Governmental Funds:					
Reserved	\$ 4,065,033	\$ 2,697,151	\$ 1,821,216	\$ 2,223,468	\$ 2,430,409
Unreserved:					
Designated:					
Capital projects funds	4,369,275	4,413,012	4,545,851	4,081,595	3,077,085
Undesignated:					
Capital projects funds					
Special revenue funds	<u>6,276,395</u>	<u>9,087,950</u>	<u>9,661,576</u>	<u>9,230,435</u>	<u>8,906,476</u>
Total all other governmental funds	<u>\$ 14,710,703</u>	<u>\$ 16,198,113</u>	<u>\$ 16,028,643</u>	<u>\$ 15,535,496</u>	<u>\$ 14,413,970</u>

Fiscal Year				
<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 776,941	\$ 1,149,125	\$ 1,035,239	\$ 1,181,546	\$ 1,536,623
<u>10,628,263</u>	<u>10,119,747</u>	<u>12,398,370</u>	<u>17,368,350</u>	<u>23,816,764</u>
<u>\$ 11,405,204</u>	<u>\$ 11,268,872</u>	<u>\$ 13,433,609</u>	<u>\$ 18,549,896</u>	<u>\$ 25,353,387</u>
\$ 2,127,108	\$ 2,341,383	\$ 2,904,897	\$ 3,780,614	\$ 5,025,466
10,894,981	7,288,634	5,482,269	16,542,134	23,553,119
		85,098		
<u>10,506,768</u>	<u>9,262,935</u>	<u>9,825,608</u>	<u>12,453,432</u>	<u>14,721,315</u>
<u>\$ 23,528,857</u>	<u>\$ 18,892,952</u>	<u>\$ 18,297,872</u>	<u>\$ 32,776,180</u>	<u>\$ 43,299,900</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				
	1998	1999	2000	2001	2002
Revenues:					
Taxes	\$ 46,763,091	\$ 46,755,467	\$ 49,204,769	\$ 56,699,556	\$ 59,790,710
Intergovernmental	4,468,076	9,942,349	9,441,805	7,338,760	9,225,776
Charges for services	3,901,129	4,311,444	4,841,263	5,409,779	5,607,940
Licenses and permits	2,276,264	2,274,424	2,660,696	2,587,552	2,688,644
Fines and forfeitures	2,045,783	2,460,161	2,676,439	2,678,575	2,418,302
Special assessments	79,953	137,593	101,138	125,512	89,692
Investment income	1,976,079	2,016,105	2,392,116	2,202,631	1,207,685
Miscellaneous	<u>1,027,861</u>	<u>1,345,556</u>	<u>1,760,047</u>	<u>2,056,121</u>	<u>1,684,999</u>
Total revenues	<u>62,538,236</u>	<u>69,243,099</u>	<u>73,078,273</u>	<u>79,098,486</u>	<u>82,713,748</u>
Expenditures:					
General administration	2,719,036	2,883,904	3,211,799	3,879,933	3,659,565
Judicial and legal	7,500,919	8,009,020	8,454,436	9,225,510	10,763,642
Financial administration	3,794,233	4,919,919	5,149,707	5,848,340	6,138,232
Elections	76,941	80,359	73,343	109,165	103,424
Public facilities	2,528,699	2,099,026	1,846,804	2,307,260	2,168,715
Public safety	6,914,337	7,103,652	7,811,951	9,485,636	9,535,724
Corrections	10,300,338	11,161,797	13,083,514	14,296,310	14,482,329
Public transportation	13,717,903	16,529,786	15,361,634	18,201,208	17,391,246
Health and welfare	4,075,546	3,974,467	4,370,727	5,206,659	5,786,983
Public assistance	226,000	244,017	256,798	226,000	226,000
Culture and recreation	3,540,170	4,097,647	4,020,031	5,229,308	5,859,727
Conservation	287,841	297,289	285,396	319,262	367,473
Environmental protection	77,210	79,476	86,792	100,412	133,460
Community development					
Capital outlay	3,246,130	1,795,799	3,844,863	2,583,567	5,943,962
Debt Service:					
Principal	1,848,030	1,390,203	1,411,866	1,520,306	1,430,650
Interest and fiscal charges	<u>1,228,587</u>	<u>1,750,323</u>	<u>1,872,851</u>	<u>1,943,958</u>	<u>2,022,063</u>
Total expenditures	<u>62,081,920</u>	<u>66,416,684</u>	<u>71,142,512</u>	<u>80,482,834</u>	<u>86,013,195</u>
Excess of revenues over (under) expenditures	<u>456,316</u>	<u>2,826,415</u>	<u>1,935,761</u>	<u>(1,384,348)</u>	<u>(3,299,447)</u>

(continued)

Fiscal Year				
2003	2004	2005	2006	2007
\$ 64,712,267	\$ 68,926,987	\$ 74,871,254	\$ 80,618,481	\$ 85,899,285
9,673,483	10,554,254	13,154,480	14,658,241	12,553,652
5,497,608	6,777,239	6,946,094	8,505,724	9,339,206
3,061,146	2,716,482	3,510,492	4,192,040	4,319,103
2,480,513	2,755,884	2,681,213	2,937,726	3,030,492
388,636	40,622	21,142	20,355	39,984
812,240	896,098	1,189,482	2,558,836	4,437,291
<u>1,593,134</u>	<u>2,775,181</u>	<u>2,168,765</u>	<u>1,650,000</u>	<u>2,707,950</u>
<u>88,219,027</u>	<u>95,442,747</u>	<u>104,542,922</u>	<u>115,141,403</u>	<u>122,326,963</u>
3,944,682	4,490,510	5,036,224	5,193,392	5,647,182
11,784,197	11,702,822	12,132,962	13,101,418	14,720,532
6,436,503	6,825,415	7,307,863	7,477,425	7,895,801
156,447	77,817	109,644	2,276,634	378,867
2,300,228	2,644,981	2,757,631	2,667,167	3,379,986
10,260,660	10,726,572	12,224,147	13,229,168	13,543,831
15,468,693	16,441,503	16,995,740	17,823,526	19,110,690
19,091,164	20,101,559	20,923,768	20,482,267	19,549,824
6,628,407	7,724,836	8,014,313	9,779,785	9,925,766
226,000	226,000	296,000	296,000	296,000
5,954,913	6,724,925	6,114,890	6,335,099	7,046,649
377,852	388,549	334,836	373,006	350,210
123,226	122,224	135,140	142,056	179,182
2,502,382	3,469,450	3,954,932	2,930,819	2,319,293
2,650,785	3,416,104	1,720,896	2,841,843	9,988,904
2,305,504	3,016,366	3,164,604	2,975,208	2,805,000
<u>1,581,102</u>	<u>1,565,351</u>	<u>1,395,797</u>	<u>1,556,717</u>	<u>2,617,009</u>
<u>91,792,745</u>	<u>99,664,984</u>	<u>102,619,387</u>	<u>109,481,530</u>	<u>119,754,726</u>
<u>(3,573,718)</u>	<u>(4,222,237)</u>	<u>1,923,535</u>	<u>5,659,873</u>	<u>2,572,237</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				
	1998	1999	2000	2001	2002
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		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	1,785,285	867,054	3,400,932	1,017,564	1,012,089
Transfers out	(2,185,285)	(1,067,054)	(3,283,351)	(1,017,564)	(1,293,667)
Total other financing sources (uses)	(671,051)	(48,000)	117,581	502,200	(281,578)
Net change in fund balances	<u>\$(214,735)</u>	<u>\$ 2,778,415</u>	<u>\$ 2,053,342</u>	<u>\$(882,148)</u>	<u>\$(3,581,025)</u>
Debt service as a percentage of noncapital expenditures	5.2%	4.9%	4.9%	4.4%	4.3%

Fiscal Year				
2003	2004	2005	2006	2007
\$ 11,000,000	\$	\$	\$ 13,880,000	\$ 14,000,000
			117,050	606,572
			134,081	70,747
			(21,855)	
1,459,392				
1,101,179	1,859,610	1,266,797	1,496,992	988,139
(1,101,179)	(2,409,610)	(1,416,797)	(2,784,467)	(988,139)
<u>12,459,392</u>	<u>(550,000)</u>	<u>(150,000)</u>	<u>12,821,801</u>	<u>14,677,319</u>
<u>\$ 8,885,671</u>	<u>\$(4,772,237)</u>	<u>\$ 1,773,535</u>	<u>\$ 18,481,674</u>	<u>\$ 17,249,556</u>
4.4%	4.8%	4.8%	4.5%	5.1%

BRAZORIA COUNTY, TEXAS**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

Last Ten Fiscal Years

(Amounts in thousands)

Table 5

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Less: Exemptions</u>	<u>Net Real Property</u>	<u>Minerals</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value</u>	<u>Assessment Ratio</u>	<u>Total Direct Tax Rate</u>
2007	\$ 14,821,157	\$ 6,276,486	\$ 8,544,671	\$ 426,116	\$ 2,761,263	\$ 11,732,050	100%	\$ 0.381701
2006	13,144,026	4,253,551	8,890,475	405,716	2,481,436	11,777,627	100%	0.407987
2005	12,041,514	4,103,928	7,937,586	326,557	2,153,146	10,417,289	100%	0.421955
2004	11,200,894	4,259,355	6,941,539	234,929	2,062,985	9,239,453	100%	0.419500
2003	10,510,667	3,868,691	6,641,976	182,140	1,919,120	8,743,236	100%	0.419500
2002	9,928,021	3,644,314	6,283,707	214,943	1,960,210	8,458,860	100%	0.399500
2001	9,672,240	3,515,504	6,156,736	156,078	1,785,436	8,098,250	100%	0.399500
2000	9,026,349	2,787,814	6,238,535	136,709	1,702,562	8,077,806	100%	0.357500
1999	8,402,303	2,413,264	5,989,039	201,429	1,826,765	8,017,233	100%	0.357500
1998	7,922,049	2,408,569	5,513,480	256,732	1,987,683	7,757,895	100%	0.357500

Source: Brazoria County Tax Office
Brazoria County Appraisal District

Note: Brazoria County assesses property annually. Property is assessed at actual market value.
Tax rates are per \$ 100 of assessed value.



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

	1998 Tax Rate	1999 Tax Rate	2000 Tax Rate	2001 Tax Rate
County Direct Rates:				
General Fund	0.205636	0.215485	0.212730	0.251975
Road & Bridge	0.060000	0.060000	0.060000	0.600000
Special R&B - Article 6790	0.060000	0.060000	0.060000	0.060000
Debt Service Fund - Jail Building Bonds	0.031864	0.022015	0.024770	0.027525
Certificate of Obligation - Series 2003				
Certificate of Obligation - Series 2006				
Total direct rate	0.357500	0.357500	0.357500	0.399500
City Rates:				
Alvin	0.803600	0.803600	0.803600	0.803600
Angleton	0.750000	0.750000	0.732138	0.705310
Brazoria	0.776200	0.766200	0.741800	0.741800
Brookside Village	0.460000	0.460000	0.460000	0.460000
Clute	0.726000	0.726000	0.723000	0.723000
Danbury	0.629900	0.988700	0.923091	0.834605
Freeport	0.781900	0.781900	0.781900	0.777000
Hillcrest Village	0.331156	0.414997	0.414997	0.414997
Town of Holiday Lakes	1.435300	1.407653	1.336983	1.270863
Village of Jones Creek	0.200000	0.250000	0.250000	0.280000
Lake Jackson	0.350000	0.350000	0.350000	0.350000
Liverpool	0.175800	0.175800	0.175800	0.175800
Manvel	0.560343	0.656445	0.750000	0.734803
Village of Oyster Creek	0.416905	0.394700	0.394700	0.394700
Pearland	0.695000	0.695000	0.695000	0.686000
Town of Quintana	0.163000	0.172200	0.160000	0.160000
Richwood	0.569210	0.691200	0.691200	0.691200
Village of Surfside Beach	0.400353	0.400353	0.400354	0.400354
Sweeny	0.810950	0.810950	0.810950	0.790950
West Columbia	0.837699	0.837699	0.838837	0.838837
School District Rates:				
Alvin ISD	1.574300	1.439000	1.478589	1.566000
Angleton ISD	1.430000	1.430000	1.530000	1.530000
Brazosport ISD	1.372800	1.372800	1.372800	1.422800
Columbia-Brazoria ISD	1.667460	1.740000	1.686300	1.576300
Damon ISD	1.310000	1.220000	1.320000	1.360000
Danbury ISD	1.600000	1.488725	1.562181	1.580000
Pearland ISD	1.862400	1.643400	1.650000	1.820000
Sweeny ISD	1.450000	1.624140	1.515000	1.478300
Special District Rates:				
Alvin Community College	0.179462	0.238900	0.238900	0.241100
Angleton-Danbury Hospital	0.199999	0.199999	0.196463	0.193494
Brazoria Co. DD # 1 (Angleton)	0.223280	0.214965	0.212570	0.209420
Brazoria Co. DD # 2 (Velasco)	0.071000	0.068950	0.068950	0.071370
Brazoria Co. DD # 3 (Alvin or C&R #3)	0.096000	0.096000	0.096000	0.110000
Brazoria Co. DD # 4 (Pearland)	0.141431	0.141431	0.134078	0.125871
Brazoria Co. DD # 5 (Iowa Colony)	0.303410	0.303410	0.289868	0.284592
Brazoria Co. DD # 8 (Danbury)	0.277426	0.301817	0.375782	0.375782
Brazoria Co. DD #11 (W. Brazoria Co.)	0.020000	0.020000	0.020000	0.020000
Brazoria Co. FWSD # 1	0.690000	0.730000	0.730000	0.730000
Brazoria Co. MUD # 1 (Pearland)	0.920000	0.820000	0.660000	0.670000
Brazoria Co. MUD # 2 (Southwyck)	0.948000	0.870000	0.780000	0.740000
Brazoria Co. MUD # 3 (Silverlake)	1.260000			0.967000
Brazoria Co. MUD # 4 (Country Place)	1.158000	1.098000	0.998000	0.918000
Brazoria Co. MUD # 5 (Southdown)	0.990000	0.860000	0.680000	0.670000
Brazoria Co. MUD # 6 (Weatherford)	1.000000			
Brazoria Co. MUD #16				
Brazoria Co. MUD #17				
Brazoria Co. MUD #18				0.750000
Brazoria Co. MUD #19				0.650000
Brazoria Co. MUD #21				0.800000
Brazoria Co. MUD #23				
Brazoria Co. MUD #25	0.080000	0.078430	0.072500	0.072500
Brazoria Co. MUD #26				

2002 Tax Rate	2003 Tax Rate	2004 Tax Rate	2005 Tax Rate	2006 Tax Rate	2007 Tax Rate
0.257269	0.278287	0.284237	0.286210	0.279356	0.266000
0.060000	0.060000	0.047500	0.047500	0.047500	0.034500
0.060000	0.060000	0.060000	0.060000	0.060000	0.060000
0.022231	0.022231	0.020513	0.020995	0.015000	0.011000
		0.007250	0.007250	0.006131	0.005131
					0.005070
<u>0.399500</u>	<u>0.419500</u>	<u>0.419500</u>	<u>0.421955</u>	<u>0.407987</u>	<u>0.381701</u>
0.803600	0.803600	0.803600	0.803600	0.803600	0.803600
0.754774	0.744774	0.744774	0.739774	0.734150	0.706000
0.728300	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	0.698000
0.804816	0.841738	0.841738	0.823830	0.775664	0.766940
0.764000	0.748500	0.748500	0.716900	0.710000	0.710000
0.374512	0.374512	0.374512	0.374512	0.374512	0.374512
1.306045	1.269340	1.269340	1.230848	0.719325	0.945784
0.310000	0.310000	0.310000	0.310000	0.310000	0.310000
0.375000	0.370300	0.370300	0.370000	0.380000	0.385000
0.175800	0.175800	0.175800	0.175800	0.175800	0.175800
0.713231	0.710247	0.710247	0.659603	0.648500	0.587831
0.394700	0.411106	0.411106	0.411106	0.452100	0.387211
0.886000	0.696000	0.696000	0.694755	0.674400	0.652600
0.160000	0.160000	0.160000	0.050000	0.040000	0.032000
0.691200	0.691200	0.691200	0.691200	0.691200	0.681080
0.400354	0.400354	0.400354	0.400354	0.490000	0.342392
0.790950	0.775571	0.775571	0.775571	0.750000	0.750000
0.838837	0.838837	0.838837	0.838837	0.838837	0.831900
1.586116	1.626100	1.626100	1.676000	1.705800	1.328200
1.630000	1.630000	1.630000	1.610000	1.571000	1.197000
1.422800	1.472800	1.472800	1.522800	1.572800	1.133900
1.576300	1.576300	1.576300	1.870000	1.770000	1.296500
1.360000	1.360000	1.360000	1.420000	1.420000	1.040000
1.540000	1.540000	1.540000	1.561500	1.557600	1.134900
1.837200	1.809200	1.809200	1.792200	1.792200	1.427200
1.673588	1.675000	1.675000	1.692000	1.671000	1.211700
0.255300	0.254766	0.254766	0.240561	0.237555	0.210280
0.193494	0.260562	0.260562	0.248244	0.247745	0.246500
0.200000	0.185000	0.185000	0.185000	0.175000	0.170850
0.071370	0.073924	0.073924	0.076210	0.082113	0.082075
0.116623	0.116623	0.116623	0.131623	0.130634	0.128143
0.150934	0.142820	0.142820	0.142009	0.143845	0.143845
0.288048	0.266328	0.266328	0.244006	0.221958	0.190894
0.361863	0.372689	0.372689	0.372689	0.372541	0.353723
0.020000	0.020000	0.020000	0.020000	0.020000	0.200000
0.730000	0.730000	0.730000	0.400000	0.360000	0.310000
0.550000	0.540000	0.540000	0.530000	0.460000	
0.740000	0.670000	0.670000	0.550000	0.480000	0.510000
0.917000	0.817000	0.817000	0.717000	0.647000	0.650000
0.888000	0.778000	0.778000	0.728000	0.688000	0.628000
0.670000	0.670000	0.670000	0.670000	0.670000	0.000000
0.987500	0.987500	0.987500	0.890000	0.800000	0.670000
			0.950000		0.950000
0.750000	0.750000	0.750000	0.750000	0.750000	0.730000
0.650000	0.650000	0.650000	0.650000	0.640000	0.590000
0.800000	0.800000	0.800000	0.800000	0.800000	0.680000
	1.350000	1.350000	1.350000	1.350000	1.350000
0.850000	0.850000	0.850000	0.850000	0.850000	0.850000
	1.250000	1.250000	1.250000	1.250000	1.230000
	0.850000	0.850000	0.850000	0.850000	0.710000

(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 #31				
Brazoria Co. MUD #34				
Brazoria Co. MUD #36				
Brazoria/Ft. Bend MUD #1				
Port Freeport				
Brazosport College	0.076250	0.076250	0.085000	0.085000
Commodore Cove Improvement District	0.605424	1.150000	1.050000	0.691318
Oak Manor MUD	0.462700	0.495000	0.495000	0.495000
Treasure Island MUD	0.894950	0.935801	0.947241	0.947241
Varner Creek Utility District	0.832500	0.815265	0.756428	0.720000
Sweeny Hospital *	0.294833	0.293577	0.293577	0.323660
Rural Fire District #1				0.030000
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)
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	0.820000
			0.750000	0.750000	0.750000
			0.850000	0.850000	1.390000
			0.850000	0.850000	0.850000
			0.067500	0.065000	0.700000
0.071200	0.070000	0.070000	0.850000	0.850000	0.850000
0.085000	0.105000	0.105000	0.114000	0.119000	0.056000
0.816436	0.986093	0.986093	0.986093	0.890000	0.121000
0.400000	0.400000	0.400000	0.360000	0.398000	0.597220
0.927240	0.927240	0.927240	0.823466	0.739283	0.363000
0.650000	0.592300	0.592300	0.540000	0.510000	0.595802
0.323660	0.352600	0.352600	0.349000	0.343781	0.661890
0.030000	0.030000	0.030000			0.298289
0.060000	0.070000	0.070000	0.080000	0.080000	0.080000
	0.030000	0.030000	0.030000	0.030000	0.030000
			0.100000	0.089975	0.093414

BRAZORIA COUNTY, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Nine Years Ago
 (Amounts in thousands)

Table 7

<u>2007 Taxpayer</u>	<u>Type of Business</u>	<u>2007 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Dow Chemical Company	Chemical Manufacturer	\$ 2,902,449	24.74%
BASF Corp - Chemical Division	Chemical Manufacturer	627,096	5.35%
Conoco/Phillips Company	Petroleum Refinery	617,278	5.26%
Innovene USA LLC	Chemical Manufacturer	345,561	2.95%
Chevron Phillips Chemical Co LP	Petroleum Refinery	327,615	2.79%
Equistar Chemicals	Chemical Manufacturer	227,791	1.94%
Shintech, Inc.	Chemical Manufacturer	163,943	1.40%
Centerpoint Energy Inc.	Utility	133,519	1.14%
Oyster Creek Ltd	Contract Services	119,138	1.02%
Innovene LLC	Chemical Manufacturer	115,532	0.98%
		<u>\$ 5,579,922</u>	<u>\$ 47.56%</u>

<u>1998 Taxpayer</u>	<u>Type of Business</u>	<u>1998 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Dow Chemical Company	Chemical Manufacturer	\$ 2,469,544	31.83%
Phillips Petroleum	Petroleum Refinery	579,989	7.48%
BASF Corp - Chemical Division	Chemical Manufacturer	528,804	6.82%
Amoco Chemical Company	Chemical Manufacturer	433,663	5.59%
Sweeny Olefins Ltd	Chemical Manufacturer	340,266	4.39%
Oxy Petrochemical Inc.	Chemical Manufacturer	231,251	2.98%
Shintech, Inc.	Chemical Manufacturer	124,504	1.60%
Monsanto Company	Chemical Manufacturer	90,517	1.17%
Houston Lighting & Power	Electric Utility Company	89,481	1.15%
Southwestern Bell Telephone	Communications Company	78,908	1.02%
		<u>\$ 4,966,927</u>	<u>\$ 64.02%</u>

Source: Brazoria County Appraisal District
 Assessed Valuation - 2007 \$ 11,732,050
 Assessed Valuation - 1998 \$ 7,757,895

BRAZORIA COUNTY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years
 (Amounts in thousands)

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
2007	\$ 67,995	\$ 66,923	98.42%	\$ 988	\$ 67,911	99.88%
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%

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			
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%	129
2007	29,060,000	22,510,000	3,894,611	47,675,389	0.23%	160

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.

Business Type Activities Certificates of Obligation	Total Primary Government	Percentage of Personal Income	Per Capita
\$ -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	0.42%	130
175,000	47,850,389	0.50%	161

BRAZORIA COUNTY, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2007

Governmental Unit	Debt As Of	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Special Districts:				
Angleton-Danbury Hospital District	11/30/2007	\$ 19,555,000	100.00%	\$ 19,555,000
Angleton Drainage District	11/30/2007	--	100.00%	--
Brazoria Co. MUD #1 (Pearland)	11/30/2007	--	100.00%	--
Brazoria Co. MUD #2 (Southwyck)	12/31/2005	13,026,744	100.00%	13,026,744
Brazoria Co. MUD #3	12/31/2005	15,535,982	100.00%	15,535,982
Brazoria Co. MUD #4 (Country Place)	9/30/2006	8,016,456	100.00%	8,016,456
Brazoria Co. MUD #6 (Weatherford)	7/31/2006	29,539,065	100.00%	29,539,065
Brazoria Co. MUD #16	11/30/2007	3,280,000 *	100.00%	3,280,000
Brazoria Co. MUD #17	12/20/2006	27,428,047	100.00%	27,428,047
Brazoria Co. MUD #18	6/30/2006	27,550,454	51.32%	14,138,893
Brazoria Co. MUD #19	4/26/2007	37,480,824	100.00%	37,480,824
Brazoria Co. MUD #21	9/1/2006	18,643,077	100.00%	18,643,077
Brazoria Co. MUD #23	5/31/2007	10,766,969	100.00%	10,766,969
Brazoria Co. MUD #25	11/30/2007	8,130,000 *	100.00%	8,130,000
Brazoria Co. MUD #26	2/9/2006	54,096,366	100.00%	54,096,366
Brazoria Co. MUD #28	11/30/2007	5,045,000 *	100.00%	5,045,000
Brazoria Co. MUD #34	11/30/2007	--	100.00%	--
Brazoria-Fort Bend Co. MUD #1	6/28/2007	27,934,717	81.00%	22,627,121
Brazosport College District	11/30/2007	--	100.00%	--
Varner Creek Utility District	6/30/2007	5,836,665	100.00%	5,836,665
Port Freeport	11/30/2007	11,010,000 *	100.00%	11,010,000
Brazoria Co. FWSD #1	11/30/2007	215,000 *	100.00%	215,000
Commodore Cove Improvement District	7/31/2003	--	100.00%	--
Total Special Districts		\$ 323,090,366		\$ 304,371,209
Cities:				
Alvin	9/30/2006	\$ 10,822,952	100.00%	\$ 10,822,952
Angleton	9/30/2006	6,495,611	100.00%	6,495,611
Brazoria	9/30/2005	2,421,320	100.00%	2,421,320
Clute	11/30/2007	5,005,000	100.00%	5,005,000
Danbury	9/30/2006	2,217,113	100.00%	2,217,113
Freeport	9/30/2006	2,689,912	100.00%	2,689,912
Hillcrest Village	8/31/2005	--	100.00%	--
Town of Holiday Lakes	11/30/2007	112,000 *	100.00%	112,000
Lake Jackson	2/2/2007	17,818,639	100.00%	17,818,639
Manvel	11/30/2007	3,445,000 *	100.00%	3,445,000
Oyster Creek	11/30/2007	450,000 *	100.00%	450,000
Pearland	3/31/2007	219,069,385	98.92%	216,703,436
Richwood	11/30/2007	1,315,000 *	100.00%	1,315,000
Sweeny	9/30/2005	462,863	100.00%	462,863
West Columbia	11/30/2007	--	100.00%	--
Total Cities		\$ 272,324,795		\$ 269,958,846

(continued)

BRAZORIA COUNTY, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT - Continued

Table 10

As of September 30, 2007

<u>Governmental Unit</u>	<u>Debt As Of</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
School Districts:				
Alvin CCD	11/30/2007	19,065,000 *	100.00%	19,065,000
Alvin ISD	1/31/2007	297,928,015	100.00%	297,928,015
Angleton ISD	8/31/2006	25,594,895	100.00%	25,594,895
Brazosport ISD	11/30/2007	154,483,499 *	100.00%	154,483,499
Columbia-Brazoria ISD	6/30/2006	41,013,269	100.00%	41,013,269
Damon ISD	11/30/2007	--	100.00%	--
Danbury ISD	8/31/2006	3,384,508	100.00%	3,384,508
Pearland ISD	11/30/2007	345,432,590 *	97.00%	335,069,612
Sweeny ISD	11/30/2007	<u>16,775,000</u> *	100.00%	<u>16,775,000</u>
Total School Districts		<u>\$ 903,676,776</u>		<u>\$ 893,313,798</u>
Subtotal, overlapping debt				\$ 1,467,643,853
Total direct debt - Brazoria County			9/30/2007	<u>\$ 51,570,000</u>
Total direct and overlapping debt				<u>\$ 1,519,213,853</u>

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

* Gross Debt

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

Table 11

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed Value		\$	<u>18,008,536</u>
Debt Limit - 5% of Assessed Value (1)		\$	900,427
Debt Applicable to Limit:			
Total bonded debt			
Less: Amount available for repayment of general obligation bonds		\$	51,570
			<u>3,895</u>
Total net debt applicable to limit			<u>47,675</u>
Legal debt margin		\$	<u>852,752</u>

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	\$508,308	\$521,525	\$543,821	\$580,679	\$605,159	\$630,596	\$674,940	\$726,061	\$801,559	\$900,427
Total net debt applicable to limit	<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>	<u>47,675</u>
Legal debt margin	<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>	<u>\$852,752</u>
Total net debt applicable to the limit as a percentage of debt limit	5.6%	5.3%	5.0%	4.4%	4.0%	3.6%	4.6%	3.9%	4.6%	5.3%

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>
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	27,190	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	7,375,136	27,982	7.3
2004	270,870	7,701,167	28,431	6.9
2005	278,484	8,298,208	29,798	5.7
2006	287,898	8,941,535	31,058	4.9
2007	297,630	9,634,737	32,371	4.4

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

* Estimated amount was used for 2007 because updated information is unavailable.

**Estimated amounts were used for 2006 and 2007 because updated information is unavailable.

BRAZORIA COUNTY, TEXAS
PRINCIPAL EMPLOYERS
 Current Year

Table 13

2007			
Employer	Employees	Rank	Percentage of Total County Employment
Dow Chemical Company	4,570	1	3.4%
Infinity Group	2,853	2	2.1%
Wal-Mart Associates, Inc.	2,700	3	2.0%
Texas Dept of Criminal Justice	2,483	4	1.9%
Pearland ISD	2,150	5	1.6%
Industrial Specialists, Inc.	2,090	6	1.6%
Brazosport ISD	2,015	7	1.5%
Alvin ISD	1,758	8	1.3%
Zachry Construction	1,570	9	1.2%
Brazoria County	1,363	10	1.0%
	<u>23,552</u>		<u>17.4%</u>

Source: Economic Development Alliance of Brazoria County
 Texas Workforce Commission website <http://www.tracer2.com>

Note: Total employment is 132,828. 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

Full-time Equivalent Employees as of September 30,

<u>Function</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General administration	64	64	65	66	67	67	70	69	68	69
Judicial and legal	161	162	163	162	173	175	171	172	177	186
Financial administration	99	101	102	103	109	110	112	112	113	114
Elections	3	3	3	4	4	7	2	5	6	7
Public facilities	22	22	23	23	21	24	24	26	24	24
Public safety	147	149	149	155	160	159	162	161	170	185
Corrections	278	308	309	304	299	307	303	308	317	329
Public transportation	167	170	170	171	176	172	176	168	168	173
Health and welfare	66	67	67	68	69	71	76	78	77	81
Culture and recreation	129	131	132	142	153	152	145	148	148	152
Conservation	10	11	11	10	11	11	10	10	9	11
Environmental protection	3	3	3	3	3	3	3	3	3	4
Community development	0	0	0	0	1	2	3	3	4	4
Airport	10	11	11	9	8	9	9	10	10	8
Total	<u>1,159</u>	<u>1,202</u>	<u>1,208</u>	<u>1,220</u>	<u>1,254</u>	<u>1,269</u>	<u>1,266</u>	<u>1,273</u>	<u>1,294</u>	<u>1,347</u>

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				
	1998	1999	2000	2001	2002
General Administration:					
County Clerk:					
Marriage License applications	1,902	1,875	1,718	1,674	1,637
Birth certificates filed	1,271	1,266	1,340	1,168	1,219
Death certificates filed	953	887	1,053	980	1,044
Probate cases filed	706	681	755	738	782
Beer license applications	86	82	89	80	76
Judicial and Legal:					
District Court Level:					
Beginning civil cases pending	5,932	6,226	6,179	7,103	6,004
Civil cases docket adjustment			(104)	104	(1)
Civil cases filed	4,449	5,085	5,231	5,427	5,841
Civil cases disposed	<u>4,155</u>	<u>5,132</u>	<u>4,203</u>	<u>6,630</u>	<u>5,825</u>
Ending civil cases pending	<u>6,226</u>	<u>6,179</u>	<u>7,103</u>	<u>6,004</u>	<u>6,019</u>
Beginning criminal cases pending	2,087	2,342	2,259	1,966	1,952
Criminal cases docket adjustment					
Criminal cases filed	2,035	2,388	2,176	2,194	2,379
Criminal cases disposed	<u>1,780</u>	<u>2,471</u>	<u>2,469</u>	<u>2,208</u>	<u>2,279</u>
Ending criminal cases pending	<u>2,342</u>	<u>2,259</u>	<u>1,966</u>	<u>1,952</u>	<u>2,052</u>
County Court Level:					
Beginning civil cases pending	150	381	469	348	391
Civil cases docket adjustment		(3)			(57)
Civil cases filed	2,033	2,225	2,089	2,162	2,218
Civil cases disposed	<u>1,802</u>	<u>2,134</u>	<u>2,210</u>	<u>2,119</u>	<u>2,115</u>
Ending civil cases pending	<u>381</u>	<u>469</u>	<u>348</u>	<u>391</u>	<u>437</u>
Beginning criminal cases pending	3,922	4,293	3,573	3,581	3,067
Criminal cases docket adjustment					
Criminal cases filed	5,691	5,568	6,516	5,508	5,957
Criminal cases disposed	<u>5,320</u>	<u>6,288</u>	<u>6,510</u>	<u>6,022</u>	<u>6,065</u>
Ending criminal cases pending	<u>4,293</u>	<u>3,573</u>	<u>3,581</u>	<u>3,067</u>	<u>2,959</u>
Beginning juvenile cases pending	101	113	113	99	117
Juvenile cases docket adjustment					(1)
Juvenile cases filed	535	476	454	519	587
Juvenile cases disposed	<u>523</u>	<u>476</u>	<u>468</u>	<u>501</u>	<u>550</u>
Ending juvenile cases pending	<u>113</u>	<u>113</u>	<u>99</u>	<u>117</u>	<u>153</u>

Fiscal Year				
2003	2004	2005	2006	2007
2,461	1,643	1,719	1,871	1,905
1,178	1,194	1,304	1,194	1,330
1,138	959	1,202	1,177	1,270
744	732	783	803	738
78	87	78	63	118
6,019	6,331	6,288	6,304	5,543
1				
6,036	6,078	6,015	6,075	5,947
5,725	6,121	5,999	6,836	5,806
6,331	6,288	6,304	5,543	5,684
2,052	1,837	1,820	1,934	2,121
	10	(73)		4
2,470	2,498	2,840	2,954	2,788
2,685	2,525	2,653	2,767	2,940
1,837	1,820	1,934	2,121	1,973
437	842	996	941	1,382
503				2
2,226	2,767	2,673	3,276	3,453
2,324	2,613	2,728	2,835	2,862
842	996	941	1,382	1,975
2,959	3,509	4,113	5,948	6,763
1,050	1			
6,587	7,581	7,716	8,466	7,176
7,087	6,978	5,881	7,651	7,758
3,509	4,113	5,948	6,763	6,181
153	163	174	171	191
	1			
569	566	621	667	718
559	556	624	647	707
163	174	171	191	202

(continued)

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

Table 15
Page 2 of 3

Function	Fiscal Year				
	1998	1999	2000	2001	2002
Judicial and Legal:					
Justice of the Peace Level:					
Cases Filed:					
Traffic	16,308	20,747	28,574	26,927	25,966
Non-traffic	12,957	13,308	12,677	11,724	12,519
Small claims suits	667	695	666	627	741
Forcible entry & detainer	844	992	1,125	1,205	1,699
Other civil suits	301	446	585	649	601
Cases Disposed:					
Traffic	16,696	18,112	25,600	26,167	25,570
Non-traffic	10,164	11,587	11,211	10,603	11,626
Small claims suits	481	500	603	515	601
Forcible entry and detainer	700	811	982	1,059	1,656
Other civil suits	163	246	495	462	528
Inquests	402	490	492	420	414
Financial Administration:					
County Auditor:					
Accounts payable check issued	N/A	N/A	16,201	16,524	17,294
Human Resources:					
Pre-employment drug screens	N/A	N/A	N/A	N/A	N/A
Employee random drug screen	N/A	N/A	45	81	54
Payroll checks	N/A	N/A	5,514	6,502	5,643
Payroll advices	N/A	N/A	18,788	25,370	26,623
Purchasing:					
Number of purchase orders issued	N/A	N/A	10,693	8,308	8,821
Tax Assessor-Collector:					
Registered voters	135,413	135,136	147,811	144,879	152,741
Voting precincts	65	65	67	67	78
Elections:					
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				
2003	2004	2005	2006	2007
22,729	29,651	28,634	28,265	30,787
11,175	11,055	10,474	11,127	10,990
562	730	544	506	429
1,492	1,925	1,978	2,075	2,480
483	665	522	769	1,114
22,647	26,037	26,859	27,634	31,162
11,224	9,449	10,527	11,396	12,632
445	636	450	452	476
1,368	1,814	1,765	1,959	2,248
366	523	379	511	862
337	361	336	371	341
17,834	17,954	18,270	18,633	19,650
175	109	179	298	274
N/A	55	68	25	64
5,137	5,143	4,750	4,657	4,866
27,836	28,189	29,680	29,133	30,231
9,062	9,350	8,901	8,815	8,991
148,726	161,485	156,126	161,683	160,507
78	75	77	77	77
0	0	125	125	125
0	0	499	499	499
0	0	125	125	125

(continued)

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

Table 15
Page 3 of 3

Function	Fiscal Year				
	1998	1999	2000	2001	2002
Corrections:					
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
Health and Welfare:					
Environmental Health:					
Septic permits issued	712	715	702	655	752
Indigent Health Care:					
Indigent patients	N/A	N/A	N/A	N/A	N/A
Water Lab:					
Water test performed	N/A	N/A	8,605	9,739	9,627
Culture and Recreation:					
Library:					
Library locations	10	10	10	10	10
Bookmobiles	1	1	1	0	0
Collection inventory	535,538	539,695	512,518	524,943	550,000
Items checked out	1,174,630	1,155,419	1,090,481	1,064,932	1,114,707
Library program attendance	50,222	47,112	47,043	39,628	43,913
Internet usage	0	32,735	47,043	74,508	91,583
Parks and Recreation:					
Museum	1	1	1	1	1
Environmental Protection:					
Flood Plain Administrator:					
Construction permits issued	3,966	3,759	3,222	2,879	3,152
Estimated value of construction	392,728,635	343,354,844	457,805,503	457,981,851	545,557,052
Community Development:					
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				
2003	2004	2005	2006	2007
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
794	736	730	710	600
N/A	6,408	2,196	1,632	1,200
9,535	8,879	8,629	8,846	8,639
11	11	11	11	11
0	0	0	0	0
574,651	576,449	589,086	589,747	590,399
1,170,520	1,282,210	1,284,806	1,326,618	1,364,303
37,097	42,554	41,339	43,771	44,642
118,307	134,836	147,645	179,147	218,607
1	1	1	1	1
3,326	3,751	4,307	3,596	3,127
587,327,075	714,353,069	2,619,633,789	838,167,441	896,501,328
N/A	36	39	26	18
N/A	2	5	3	6
N/A	2	4	9	1

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

Table 16

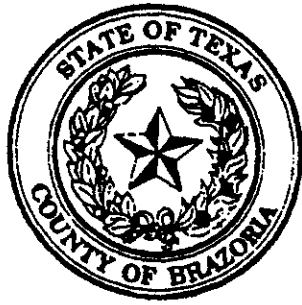
Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Airport:										
7,000 Runway	1	1	1	1	1	1	1	1	1	1
Health and Welfare:										
Health clinic locations	6	6	7	7	7	7	7	7	7	7
Public Facilities:										
County Parks	7	7	7	8	8	8	8	8	9	9
Public Safety:										
Sheriff Vehicles	N/A	N/A	N/A	N/A	N/A	100	98	98	116	109
Constable Vehicles	N/A	N/A	N/A	N/A	N/A	12	12	13	15	16
Public Transportation:										
Roads - Paved (miles)	939.71	940.82	940.82	961.73	965.3	979.6	999.65	1002.53	1004.14	1012.47
Roads - Unpaved (miles)	187.51	187.51	187.51	171.45	171.45	170.85	170.15	169.95	169.95	169.95
Bridges	120	120	120	120	120	120	120	124	126	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.

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

FEDERAL AND STATE AWARDS SECTION



Kennemer, Masters & Lunsford

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Independent Auditor's Report

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

February 20, 2008

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

We have audited the financial statements of the governmental activities, 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, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 20, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

The Honorable County Judge,
and Members of Commissioners'
Court of Brazoria County, Texas
February 20, 2008
Page 2

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs (Item 07-1) to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

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, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We have performed tests designed to verify the County's compliance with the requirements of the Public Funds Investment Act. During the year ended September 30, 2007, no instances of noncompliance were found.

We noted certain matters that we reported to management of the County, in a separate letter dated February 20, 2008.

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.

Kerremey, Masters & Hunford, LLC

Kennemer, Masters & Lunsford

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Independent Auditor's Report

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

February 20, 2008

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

Compliance

We have audited the compliance of Brazoria County (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 state and federal programs for the year ended September 30, 2007. The County's major state and federal programs are identified in the summary of auditor's results section 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 state and federal 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*. 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 state or major federal 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 state and federal programs for the year ended September 30, 2007.

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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 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 state or federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state or federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non compliance with a type of compliance requirement of a state or federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state or federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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, 2007

Page 1 of 2

I. Summary of auditor's results:

1. Type of auditor's report issued on the financial statements: Unqualified.
2. One internal control finding (07-1), that was required to be reported in this schedule, was disclosed in the audit of the financial statements. It was not considered a material weakness.
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:
 - 10.557 Women, Infants and Children (WIC)
 - 14.871 Section 8 Housing Voucher Choice Program
 - 20.106 Airport Improvement Program
 - 93.283 Bioterrorism and related grants
 - 93.658 Foster Care Title IV-E
 - State:
 - Cluster Programs:
 - TJPC-A-07/08-020 State Aid Program
 - TJPC-Y-07/08-020 Community Correction Assistance Program
 - TJPC-Z-07/08-020 Salary Adjustment Funding JP and Detention Centers
 - TJPC-F-07/08-020 Progressive Sanctions JPO
 - TJPC-G-07/08-020 Progressive Sanctions Level 1-2-3
 - TJPC-O-07/08-020 Progressive Sanctions IS JPO
 - TJPC-P-07/08-020 Juvenile Justice Alternative Education Program (Boot Camp)
8. Dollar threshold used to distinguish between Type A and Type B programs: Federal \$ 300,000; 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 07-1: 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 2007.

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.

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

None.

Schedule reference number 06-1: 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.

Schedule reference number 06-2: 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 07-1.

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

Corrective action taken: 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 were developed to ensure that general ledger balances (various liabilities) are reconciled to the Access database reports on a monthly basis.

BRAZORIA COUNTY, TEXAS
CORRECTIVE ACTION PLAN
Year Ended September 30, 2007

Page 1 of 1

Schedule reference number 07-1: 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.

BRAZORIA COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2007

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 Department of State Health Services:			
Special Supplemental Nutrition Program for			
Women, Infants and Children (WIC Program)	10.557	TDH746000044505	\$ 726
Women, Infants and Children (WIC Program)	10.557	TDH746000044506	38,956
Women, Infants and Children (WIC Program)	10.557	TDH746000044507	<u>1,056,175</u>
			1,095,857
Passed Through Texas Health and Human Services Commission:			
School Breakfast Program	10.553	TX-020-2007	41,136
National School Lunch Program	10.555	TX-020-2007	<u>61,199</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 1,198,192</u>
U.S. Department of Housing and Urban Development:			
Direct Program:			
Community Development Block Grant	14.218	B-02-UC-48-0005	\$ 3,500
Community Development Block Grant	14.218	B-03-UC-48-0005	4,875
Community Development Block Grant	14.218	B-04-UC-48-0005	119,046
Community Development Block Grant	14.218	B-05-UC-48-0005	424,389
Community Development Block Grant	14.218	B-06-UC-48-0005	<u>957,735</u>
			<u>1,509,545</u>
Emergency Shelter Program	14.231	S-05-UC-48-0004	2,519
Emergency Shelter Program	14.231	S-06-UC-48-0004	<u>69,795</u>
			<u>72,314</u>
Home Program	14.239	M-04-UC-48-0230	80,344
Home Program	14.239	M-05-UC-48-0230	191,274
Home Program	14.239	M-06-UC-48-0230	<u>465,815</u>
			<u>737,433</u>
Section 8 Housing Voucher Program	14.871	TX484VO 0002	797,725
Section 8 Housing Voucher Program	14.871	TX484VO 0003	<u>2,480,514</u>
			<u>3,278,239</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 5,597,531</u>

BRAZORIA COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued
 For the Year Ended September 30, 2007

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	--	\$ <u>16,293</u>
TOTAL U.S. DEPARTMENT OF INTERIOR			\$ <u>16,293</u>
U.S. Department of Justice:			
Direct:			
Organized Crime Drug Enforcement Task Force - State & Local OT & Authorized Expense Agreement	16.592	2004-LB-BX-0733	\$ <u>10,536</u>
Passed Through the Drug Enforcement Administration: State and Local Task Force Agreement	16.540	--	13,349
Passed Through Office of the Governor - Criminal Justice Division: Juvenile Incentive Block Grant	16.540	JB-00-J20-13354-08	<u>14,634</u> <u>27,983</u>
Crime Victim Assistance Program	16.575	VA-03-V30-13535-07	23,526
Crime Victim Assistance Program	16.575	VA-05-V30-13536-07	36,889
Crime Victim Assistance Program	16.575	VA-07-V30-13535-08	11,243
Crime Victim Assistance Program	16.575	VA-07-V30-13536-08	<u>13,541</u> <u>85,199</u>
State Criminal Alien Assistance Program	16.606	2006-AP-BX-0119	87,405
Bulletproof Vest Partnership (BPV)	16.607	--	18,251
Edward Byrne Memorial Assistance Grant	16.738	2006-DJBX1096	<u>626</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			\$ <u>230,000</u>
U.S. Department of Transportation:			
Passed Through Texas Department of Transportation: Airport Improvement Program	20.106	0512ANGLE	\$ <u>561,342</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			\$ <u>561,342</u>
U.S. Department of Health and Human Service:			
Passed Through Texas Department of State Health Services:			
Immunization Grants	93.268	TDH746000044507	\$ 47,647
Immunization Grants	93.268	TDH746000044506	<u>5,878</u> <u>53,525</u>

BRAZORIA COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued

For the Year Ended September 30, 2007

Exhibit 23

Page 3

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Contract/ Program Number	Expenditures Indirect Costs or Award Amount
U.S. Department of Health and Human Service: (Continued)			
Passed Through Texas Department of State Health Services: (Continued)			
Centers for Disease Control and Prevention			
Investigations and Technical Assistance:			
Cities Readiness Initiative	93.283	2007-022339	91,404
Infectious Disease Surveillance & EPI Branch	93.283	2007-022444	14,170
Bioterrorism	93.283	TDH746000044508	25,311
Bioterrorism	93.283	TDH746000044507	<u>507,935</u>
			<u>638,820</u>
Passed Through Texas Department of Family and Protective Services:			
Foster Care Title IV-E Legal Costs	93.658	23357175	51,605
Foster Care Title IV-E Legal Costs	93.658	23379419	3,015
Foster Care Title IV-E Legal Costs	93.658	23379422	750
			<u>55,370</u>
Foster Care Title IV-E	93.658	23357161	78,128
Foster Care Title IV-E	93.658	23379419	2,219
			<u>80,347</u>
Foster Care Title IV-E	93.658	TJPC-E-07-020	309,980
Foster Care Title IV-E	93.658	TJPC-E-08-020	23,296
			<u>333,276</u>
			<u>468,993</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICE			<u>\$ 1,161,338</u>
U.S. Department of Homeland Security:			
Direct:			
Public Assistance Grant – Hurricane Rita	97.036	Various	<u>\$ 692</u>
Passed Through Texas Engineering Extension Service:			
Urban Areas Security Initiative	97.008	2004UASI-48039	109,766
Urban Areas Security Initiative	97.008	2005HGSP-48039	10,021
			<u>119,787</u>
Homeland Security HSGP/SHSP	97.073	2005HSGP-48039	<u>199,459</u>
Passed Through Texas Department of Public Safety's Division			
Of Emergency Management:			
2005 Buffer Zone Protection	97.078	2005-GR-T5-0103	145,091
Emergency Food and Shelter National Board	97.024	20-7900-00 006 E9	14,855
Emergency Management Performance Grant	97.042	07TX-EMPG-0310	28,914
			<u>508,798</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY			<u>\$ 508,798</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 9,273,494</u>
TOTAL MAJOR PROGRAMS			<u>\$ 6,043,251</u>
TYPE A PROGRAM			<u>\$ 300,000</u>

BRAZORIA COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended September 30, 2007

Exhibit 24
Page 1

State Grantor/ Pass-Through Grantor/ Program Title	Contract/ Program Number	Expenditures or Award Amount
Texas Health and Human Services Commission:		
Direct Programs:		
Immunization OPTS/LHS	TDH 7460000445 07	\$ 135,566
Immunization OPTS/LHS	TDH 7460000445 08	11,274
TOTAL TEXAS DEPARTMENT OF HEALTH		\$ 146,840
Texas Juvenile Probation Commission:		
Direct Programs:		
State Aid Program (1)	TJPC-A-08-020	\$ 18,663
State Aid Program (1)	TJPC-A-07-020	168,150
Community Correction Assistance Program (1)	TJPC-Y-08-020	36,337
Community Correction Assistance Program (1)	TJPC-Y-07-020	329,251
Salary Adjustment Funding JP and Detention Centers (1)	TJPC-Z-08-020	11,400
Salary Adjustment Funding JP and Detention Centers (1)	TJPC-Z-07-020	139,134
Progressive Sanctions JPO (1)	TJPC-F-08-020	9,049
Progressive Sanctions JPO (1)	TJPC-F-07-020	132,544
Progressive Sanctions Level 1-2-3 (1)	TJPC-G-08-020	6,042
Progressive Sanctions Level 1-2-3 (1)	TJPC-G-07-020	45,490
Progressive Sanctions IS JPO (1)	TJPC-O-08-020	3,100
Progressive Sanctions IS JPO (1)	TJPC-O-07-020	23,352
Divisionary Placement	TJPC-CCP-RG7	6,030
Level 5 Placement	TJPC-CCP-LV5	1,170
Level 5 Placement	TJPC-CCP-LV5	30,565
Passed Through Texas Education Agency:		
Juvenile Justice Alternative Education Program (Boot Camp) (1)	TJPC-P-08-020	36,261
Juvenile Justice Alternative Education Program (Boot Camp) (1)	TJPC-P-07-020	241,369
TOTAL TEXAS JUVENILE PROBATION COMMISSION		\$ 1,237,907
Texas Commission on Environmental Quality:		
Direct:		
FY 07 Solid Waste Implementation Program	07-16-G08	\$ 258,796
Aircheck Texas Repair and Replacement Assistance Program	582-2-55082-011	291,026
TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY		\$ 549,822

BRAZORIA COUNTY, TEXAS**SCHEDULE OF EXPENDITURES OF STATE AWARDS - Continued**
For the Year Ended September 30, 2007Exhibit 24
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State Grantor/ Pass-Through Grantor/ Program Title	Contract/ Program Number	Expenditures or Award Amount
Texas Department of Family and Protective Services:		
Direct Program:		
Title IV-B Concrete Services	23367992	\$ 300
Title IV-B Concrete Services	23355841	<u>7,299</u>
		\$ <u>7,599</u>
TOTAL TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES		
Texas Department of Transportation:		
Direct Program:		
Routine Airport Maintenance	M712ANGLE	\$ <u>45,940</u>
		\$ <u>45,940</u>
TOTAL TEXAS DEPARTMENT OF TRANSPORTATION		
Commission on State of Texas Emergency Communications:		
Passed Through Houston-Galveston Area Council:		
911 Addressing Maintenance Contract	911410	\$ 4,218
911 Addressing Maintenance Contract	911410	<u>50,379</u>
		\$ <u>54,597</u>
TOTAL COMMISSION ON STATE OF TEXAS EMERGENCY COMMUNICATIONS		
Office of Attorney General:		
Direct Program:		
Victim Coordinator Liaison Grant (VCLG)	08-01423	\$ 2,663
Victim Coordinator Liaison Grant (VCLG)	07-00131	34,127
Texas Victim Information and Notification Everyday (VINE)	08-05721	2,509
Texas Victim Information and Notification Everyday (VINE)	07-05825	<u>27,599</u>
		\$ <u>66,898</u>
TOTAL OFFICE OF ATTORNEY GENERAL		
Texas Task Force on Indigent Defense:		
Direct Program:		
Indigent Defense Services	212-07-020	\$ <u>135,198</u>
		\$ <u>135,198</u>
TOTAL TEXAS TASK FORCE ON INDIGENT DEFENSE		
General Land Office:		
Direct Program:		
Beach Cleanup and Maintenance Assistance	GLO 07-008-01	\$ <u>52,198</u>
		\$ <u>52,198</u>
TOTAL GENERAL LAND OFFICE		

BRAZORIA COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS - Continued
 For the Year Ended September 30, 2007

Exhibit 24
 Page 3

State Grantor/ Pass-Through Grantor/ Program Title	Contract/ Program Number	Expenditures or Award Amount
Texas State Library and Archives Commission:		
Direct Program:		
Loan Star Libraries Grant	442-06014	\$ 27,845
Gates Foundation Public Access Computer Upgrade	434-07032	2,454
		<u>30,299</u>
TOTAL TEXAS STATE LIBRARY AND ARCHIVES COMMISSION		\$ <u>30,299</u>
TOTAL STATE ASSISTANCE		\$ <u>2,327,298</u>
TOTAL MAJOR PROGRAMS		\$ <u>1,200,142</u>
TYPE A PROGRAM		\$ <u>300,000</u>
(1) Cluster Programs per TJPC		

BRAZORIA COUNTY, TEXAS

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AND STATE AWARDS

Year Ended September 30, 2007

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, 2007

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 \$ 1,407 in reimbursement for indirect costs during the year ended September 30, 2007. This amount was related to the Bioterrorism Grant.

