

BOWIE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2006

BOWIE COUNTY, TEXAS

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

The Honorable County Judge
and Members of the Commissioners' Court
Bowie County
New Boston, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Bowie County, Texas as of and for the year ended September 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bowie County, Texas' management. Our responsibility is to express opinions 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 respective financial position of the governmental activities, each major fund, the aggregate remaining fund information, and the respective budgetary comparison for the General Fund of Bowie County, Texas as of September 30, 2006, and the respective changes in financial position 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 April 19, 2007, on our consideration of Bowie County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control of 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.

The management's discussion and analysis information on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bowie County, Texas' basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have 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.

Patillo, Brown & Hill, L.L.P.

April 19, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

This section of the Bowie County, Texas (the "County") Financial Report presents a narrative overview and analysis of the financial activities of the primary government for the fiscal year ended September 30, 2006. This discussion and analysis is being presented in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *"Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments"* ("GASB Statement No. 34").

FINANCIAL HIGHLIGHTS

- The County's total net assets increased by \$549,710, 3.2 percent, over the course of this year's operations.
- The total government-wide assets of the County exceeded the liabilities at September 30, 2006, by \$17,649,114 and is reported as total net assets of the primary government. Of this amount, \$4,088,454 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, \$17,364 is restricted for debt service and \$3,689,128 is restricted for capital improvements, public safety, public works and other purposes (restricted net assets) and \$9,854,168 is invested in capital assets, net of related debt.
- As of September 30, 2006, the County's governmental funds reported combined fund balances of \$6,610,237, as compared to \$6,764,247 at September 30, 2005. This represented a decrease of \$154,010. The decrease is largely attributable to payment of debt service.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all County assets and liabilities, with the difference between the two representing 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.

The Statement of Activities presents information that indicates how net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, roads and bridges, economic development, health and human services, administration of justice and tax administration.

Fund Financial Statements are groupings of related accounts that are 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 finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds. The County does not have any proprietary 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 near-term inflows and outflows 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 the County's near-term financing requirements.

Because the focus of governmental funds is narrower than 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 funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 16 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the major governmental funds. Data from other governmental 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.

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 own programs.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found starting on page 15 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining fund statements can be found on pages 33 – 40 of this report.

Required Supplementary Information is presented concerning the County's General Fund budgetary schedule. The County adopts an annual budget for this fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget. This statement may be found on page 13.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Bowie County, assets exceeded liabilities by \$17.6 million at the close of the most recent fiscal year. The following table indicates the County's financial position as of September 30, 2005 and September 30, 2006.

BOWIE COUNTY'S NET ASSETS

	Primary Government Governmental Activities	
	2006	2005
Current and other assets	\$ 9,896,647	\$ 10,052,644
Capital assets	18,309,612	18,406,764
Total assets	<u>28,206,259</u>	<u>28,459,408</u>
Current and other liabilities	1,939,935	1,871,781
Long-term liabilities	8,617,210	9,488,223
Total liabilities	<u>10,557,145</u>	<u>11,360,004</u>
Net assets:		
Invested in capital assets, net of related debt	9,854,168	9,121,841
Restricted	3,706,492	4,486,670
Unrestricted	<u>4,088,454</u>	<u>3,490,893</u>
Total net assets	<u>\$ 17,649,114</u>	<u>\$ 17,099,404</u>

The largest portion of the County's current fiscal year net assets (55.8percent) reflects its investments in capital assets (e.g. land, improvements, buildings, equipment, infrastructure) less any related debt used to acquire these assets that is outstanding. The main use of these capital assets is to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the County's current fiscal year net assets 23.2 percent or \$4,088,454 represents unrestricted net assets, which may be used to meet the County's ongoing obligations to citizens and creditors.

The following table indicates changes in net assets for governmental activities.

	Primary Government Governmental Activities	
	2006	2005
REVENUES		
Program revenues:		
Charges for services	\$ 12,465,697	\$ 7,187,826
Operating grants and contributions	523,142	508,873
Capital grants and contributions	485,646	403,856
General revenues:		
Taxes - levied for general purposes	9,605,031	9,185,741
Taxes - levied for debt service	908,622	1,225,277
Sales taxes	4,911,250	4,470,070
Other taxes	191,829	237,857
Investment earnings	470,782	227,030
Gain on sale of fixed assets	11,615	171,924
Miscellaneous	212,425	101,062
Total revenues	<u>29,786,039</u>	<u>23,719,516</u>
EXPENSES		
General government	6,948,728	6,978,691
Public safety	17,259,088	13,451,209
Public works	4,019,806	3,747,365
Welfare	695,917	532,022
Economic development	-	151,200
Interest on long-term debt	312,790	143,025
Total expenses	<u>29,236,329</u>	<u>25,003,512</u>
CHANGE IN NET ASSETS	549,710	(1,283,996)
PRIOR PERIOD ADJUSTMENTS	-	(679,811)
NET ASSETS, BEGINNING	<u>17,099,404</u>	<u>19,063,211</u>
NET ASSETS, ENDING	<u>\$ 17,649,114</u>	<u>\$ 17,099,404</u>

Property taxes are collected to support governmental activity through the General, Road and Bridge Lateral, and Debt Service Funds. Property taxes increased by \$102,635, or .98 percent for the fiscal year. This increase was due to increased property valuations for the County. Income from charges for services increased by \$5,277,871, which can be attributable to an increase in Correction Center revenues. Expenses for the County increased \$6,066,523 during the fiscal year. Included in this increase was \$3,807,879 associated with the operations of the Correction Center.

FINANCIAL ANALYSIS OF MAJOR FUNDS

Governmental Funds. The County's major general government functions are contained in the General Fund. 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.

At September 30, 2006, the County's governmental funds reported combined fund balances of \$6,610,237, as compared to \$6,764,247 at September 30, 2005.

The General Fund is the chief operating fund of the County. At September 30, 2006, the General Fund reported revenues of \$28,007,608 and expenditures of \$27,171,564 as compared to revenues of \$22,080,385 and expenditures of \$24,420,932 at September 30, 2005. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 9.98 percent of total General Fund expenditures and total fund balance represents 10.02 percent of total General Fund expenditures.

Proprietary Funds. As mentioned earlier, the County has no Proprietary Funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final budget were primarily on the expenditure side. In the final budget, expenditures increased in general government by \$512,861. Budgeted expenditures increased in public works by \$257,270 and capital outlay by \$348,443.

During the year, actual revenues were more than budgeted estimates by \$7,167,716. Actual expenditures were more than budgeted estimates by \$4,404,111, and other financing sources/uses resulted in a positive budget variance of \$251,689. The net effect resulted in a positive variance of \$3,015,294.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County's investment in capital assets for its governmental activities as of September 30, 2006, amounted to \$18,309,612 (net of accumulated depreciation) as compared to \$18,406,764 at September 30, 2005. This investment in capital assets includes land, buildings and improvements, structures, equipment, vehicles, machinery, and other tangible and intangible assets.

For further information regarding capital assets, see Note 4.

Long-term Debt. At September 30, 2006, the County had total long-term debt outstanding of \$8,617,210. Total long-term debt outstanding at September 30, 2005, was \$9,488,223. Refer to Note 4 for further information on the County's long-term debt.

ECONOMIC FACTORS

The Commissioners' Court adopted the County's 2006-2007 budget on September 26, 2006. The budget was adopted based on estimated balances that would be available at the end of fiscal year 2006 and estimated revenues to be received in fiscal year 2007. The total of available resources for fiscal year 2007 was \$25.5 million.

For 2006-2007, the property tax rate at 31.90 per \$100 valuation, which was up from 30.90 per \$100 valuation in 2005-2006.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the County Auditor's Office, P. O. Box 248, New Boston, Texas 75570.

**BASIC
FINANCIAL STATEMENTS**

BOWIE COUNTY, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2006

	<u>Primary Government</u>
	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 6,108,940
Receivables, net of allowance for uncollectibles	
Accounts	105,186
Adjudicated fines	268,740
Property taxes	1,099,542
Sales taxes	817,533
Intergovernmental	1,383,613
Accrued interest	36,133
Deferred charges	65,000
Prepaid expenditures	11,960
Capital assets:	
Land	484,044
Buildings	20,018,737
Machinery and equipment	6,725,364
Construction in progress	35,264
Investment in joint venture	1,053,164
Less: accumulated depreciation	(10,006,961)
Total capital assets	<u>18,309,612</u>
Total assets	<u>28,206,259</u>
LIABILITIES	
Accounts payable	1,497,786
Accrued liabilities	136,721
Due to other governments	12,950
Unearned revenue	261,820
Accrued interest	30,658
Noncurrent liabilities:	
Due within one year	3,240,210
Due in more than one year	<u>5,377,000</u>
Total liabilities	10,557,145
NET ASSETS	
Invested in capital assets, net of related debt	9,854,168
Restricted for:	
Public works	590,250
Debt service	17,364
Capital improvements	3,050,658
Other purposes	48,220
Unrestricted	<u>4,088,454</u>
Total net assets	<u>\$ 17,649,114</u>

The accompanying notes are an integral part of these financial statements.

BOWIE COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental activities:					
General government	\$ 6,948,728	\$ 2,527,820	\$ 95,223	\$ 433,430	\$ (3,892,255)
Public safety	17,259,088	9,121,038	297,565	52,216	(7,788,269)
Public works	4,019,806	816,839	-	-	(3,202,967)
Welfare	695,917	-	130,354	-	(565,563)
Interest on long-term debt	312,790	-	-	-	(312,790)
Total governmental activities	<u>29,236,329</u>	<u>12,465,697</u>	<u>523,142</u>	<u>485,646</u>	<u>(15,761,844)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					9,605,031
Property taxes, levied for debt service					908,622
Sales taxes					4,911,250
Other taxes					191,829
Investment earnings					470,782
Gain on sale of fixed assets					11,615
Miscellaneous					<u>212,425</u>
Total general revenues, special items, and transfers					16,311,554
Change in net assets					<u>549,710</u>
Net assets, beginning					<u>17,099,404</u>
Net assets, ending					<u>\$ 17,649,114</u>

The accompanying notes are an integral part of these financial statements.

BOWIE COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2006

	General	Certificates of Obligation Series 2005	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 2,133,884	\$ 3,081,557	\$ 893,499	\$ 6,108,940
Receivables (net of allowance for uncollectibles):				
Ad valorem taxes	1,099,542	-	-	1,099,542
Sales tax	817,533	-	-	817,533
Fines, fees	30,557	-	-	30,557
Interest	36,133	-	-	36,133
Accounts	105,186	-	-	105,186
Adjudicated fines	238,183	-	-	238,183
Due from other funds	97,230	-	-	97,230
Due from other governments	1,317,282	-	66,331	1,383,613
Prepaid items	11,960	-	-	11,960
Total assets	<u>\$ 5,887,490</u>	<u>\$ 3,081,557</u>	<u>\$ 959,830</u>	<u>\$ 9,928,877</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,441,248	\$ -	\$ 56,538	\$ 1,497,786
Accrued liabilities	135,411	-	1,310	136,721
Due to other funds	-	-	97,230	97,230
Deferred revenue	1,573,953	-	-	1,573,953
Due to other governments	12,950	-	-	12,950
Total liabilities	<u>3,163,562</u>	<u>-</u>	<u>155,078</u>	<u>3,318,640</u>
Fund balances:				
Reserved for:				
Prepaid expenses	11,960	-	-	11,960
Unreserved, reported in:				
General fund	2,711,968	-	-	2,711,968
Special revenue funds	-	-	770,067	770,067
Capital projects funds	-	3,081,557	(30,899)	3,050,658
Debt service funds	-	-	17,364	17,364
Permanent fund	-	-	48,220	48,220
Total fund balances	<u>2,723,928</u>	<u>3,081,557</u>	<u>804,752</u>	<u>6,610,237</u>
Total liabilities and fund balances	<u>\$ 5,887,490</u>	<u>\$ 3,081,557</u>	<u>\$ 959,830</u>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				18,309,612
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				1,359,891
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.				(8,630,626)
Net assets of governmental activities				<u>\$ 17,649,114</u>

The accompanying notes are an integral part of these financial statements.

BOWIE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>General</u>	<u>Certificates of Obligation Series 2005</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 14,931,995	\$ -	\$ 979,645	\$ 15,911,640
Charges for services	12,132,665	-	94,849	12,227,514
Investment earnings	271,347	121,557	77,878	470,782
Intergovernmental	459,176	-	549,612	1,008,788
Miscellaneous	212,425	-	-	212,425
Total revenues	<u>28,007,608</u>	<u>121,557</u>	<u>1,701,984</u>	<u>29,831,149</u>
EXPENDITURES				
Current:				
General government	6,755,544	-	1,279	6,756,823
Public safety	16,724,536	-	222,946	16,947,482
Public works	2,979,374	-	-	2,979,374
Welfare	-	-	695,917	695,917
Capital outlay	540,361	740,000	433,430	1,713,791
Debt service:				
Principal	130,261	-	3,047,733	3,177,994
Interest and other charges	41,488	-	257,886	299,374
Total expenditures	<u>27,171,564</u>	<u>740,000</u>	<u>4,659,191</u>	<u>32,570,755</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>836,044</u>	<u>(618,443)</u>	<u>(2,957,207)</u>	<u>(2,739,606)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from debt issuance	2,287,341	-	-	2,287,341
Transfers in	-	-	2,984,025	2,984,025
Transfers out	(2,984,025)	-	-	(2,984,025)
Sale of capital assets and timber	275,750	-	22,505	298,255
Total other financing sources and uses	<u>(420,934)</u>	<u>-</u>	<u>3,006,530</u>	<u>2,585,596</u>
NET CHANGE IN FUND BALANCES	415,110	(618,443)	49,323	(154,010)
FUND BALANCES, BEGINNING	<u>2,308,818</u>	<u>3,700,000</u>	<u>755,429</u>	<u>6,764,247</u>
FUND BALANCES, ENDING	<u>\$ 2,723,928</u>	<u>\$ 3,081,557</u>	<u>\$ 804,752</u>	<u>\$ 6,610,237</u>

The accompanying notes are an integral part of these financial statements.

BOWIE COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2006

Net change in fund balances - total governmental funds:	\$(154,010)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(97,152)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(56,725)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	890,653
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(33,056)
Change in net assets of governmental activities	<u>\$ 549,710</u>

The accompanying notes are an integral part of these financial statements.

BOWIE COUNTY, TEXAS
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

	Budget Comparison		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 7,691,423	\$ 7,691,423	\$ 9,872,218	\$ 2,180,795
Sales tax	4,595,320	4,595,320	4,911,250	315,930
Other taxes	187,000	187,000	148,527	(38,473)
Total taxes	12,473,743	12,473,743	14,931,995	2,458,252
Intergovernmental revenue	152,050	199,074	459,176	260,102
Total intergovernmental	152,050	199,074	459,176	260,102
Charges for services:				
General government	2,194,825	2,194,825	2,546,376	351,551
Public safety	4,888,500	4,888,500	8,769,450	3,880,950
Public works	792,000	792,000	816,839	24,839
Total charges for services	7,875,325	7,875,325	12,132,665	4,257,340
Investment earnings	120,000	120,000	271,347	151,347
Miscellaneous	171,750	171,750	212,425	40,675
Total revenues	20,792,868	20,839,892	28,007,608	7,167,716
EXPENDITURES				
General government:				
Personnel services	1,661,367	1,765,666	1,826,826	(61,160)
Supplies and materials	266,050	192,535	189,589	2,946
Contractual services	4,008,265	4,490,342	4,739,129	(248,787)
Total general government	5,935,682	6,448,543	6,755,544	(307,001)
Public safety:				
Personnel services	7,257,295	6,864,913	6,940,145	(75,232)
Supplies and materials	1,106,945	1,243,328	1,240,221	3,107
Contractual services	3,708,415	3,961,583	8,543,170	(4,581,587)
Miscellaneous	-	1,000	1,000	-
Total public safety	12,072,655	12,070,824	16,724,536	(4,653,712)
Public works:				
Personnel services	1,950,059	1,543,143	1,541,581	1,562
Supplies and materials	601,170	759,838	759,823	15
Contractual services	668,843	1,174,361	677,970	496,391
Total public works	3,220,072	3,477,342	2,979,374	497,968
Debt service:				
General government	-	108,001	171,749	(63,748)
Total debt service	-	108,001	171,749	(63,748)
Capital outlay:				
General government	26,600	67,357	-	67,357
Public safety	92,600	22,011	21,987	24
Public works	195,100	573,375	518,374	55,001
Total capital outlay	314,300	662,743	540,361	122,382
Total expenditures	21,542,709	22,767,453	27,171,564	(4,404,111)
OTHER FINANCING SOURCES (USES)				
Proceeds from debt issuance	-	1,267,330	2,287,341	1,020,011
Transfers out	(678,514)	(1,989,953)	(2,984,025)	(994,072)
Sale of capital assets and timber	50,000	50,000	275,750	225,750
Total other financing sources (uses)	(628,514)	(672,623)	(420,934)	251,689
Net change in fund balance	\$(1,378,355)	\$(2,600,184)	\$ 415,110	\$ 3,015,294

The accompanying notes are an integral part of these financial statements.

BOWIE COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2006

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ <u>4,283,858</u>
Total assets	\$ <u><u>4,283,858</u></u>
LIABILITIES	
Due to others	\$ <u>4,283,858</u>
Total liabilities	\$ <u><u>4,283,858</u></u>

The accompanying notes are an integral part of these financial statements.

BOWIE COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Bowie County, Texas (the "County") was formed in 1841 and operates using a commission form of government under the laws and statutes of the Constitution of the State of Texas. The County provides various services to advance the welfare, health, comfort, safety and convenience of the County and its inhabitants.

The accounting and reporting policies of the County relating to the funds and account groups included in the accompanying financial statements conform to the generally accepted accounting principles (GAAP) applicable to state and local governments. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. As required by generally accepted accounting principles, these financial statements present Bowie County, Texas (the primary government) and its component units. There are no component units which meet the criteria for inclusion in the County's reporting entity.

Related Organizations

The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The Commissioners' court or specific committees of the Commissioners' Court appoint members of the following organizations: Bowie County Child Protective Services, Northeast Texas Mental Health Mental Retardation Center, Red River Redevelopment Authority and Ark-Tex Council of Governments. Positions on these boards are appointed in certain instances in entirety, partially, or with Commissioners' Court members.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Joint Ventures

Bi-State Justice Center – the County is a participant in a joint venture in the Bi-State Justice Center with the City of Texarkana, Arkansas and the City of Texarkana, Texas. The Bi-State Justice Center is jointly occupied by law enforcement and criminal justice agencies of Bowie County, Texas; the City of Texarkana, Texas; and the City of Texarkana, Arkansas. The facility is located on the state line, half in Texarkana, Texas and half in Texarkana, Arkansas. The Intergovernmental Advisory Committee is responsible for the operations of the Center. This seven-member committee is comprised of the Bowie County Judge, one Bowie County Commissioner, two members from the City of Texarkana, Texas City Council, two members from the Texarkana, Arkansas Board of Directors, and one independent member. The Center accounts only for the operations of its own law enforcement and criminal justice agencies. The annual budget is underwritten by the participating entities based on a formula which uses floor space occupied, number of 911 calls received by the Building Information Center and the number of prisoners in the detention facility for each entity.

Bowie County, Texas' net investment, which consists of capital assets in the Bi-State Justice Center, is reported in the County's government-wide financial statements. The County's equity interest at September 30, 2006, was \$907,022 net of depreciation, based on the Bi-state Justice Center's audited financial statements at December 31, 2005, (the latest available). Complete financial statements for the Bi-State Justice Center can be obtained from the City of Texarkana, Arkansas Finance Department.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The government has no business-like activities, or component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenue*.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. 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*. Revenue is 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 revenue 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*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if 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.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

General Fund – This fund is established to account for resources devoted to financing the general services that the County performs for its citizens. General tax revenue and other sources of revenue used to finance the fundamental operations of the County are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Certificates of Obligation Series 2005 – This fund is used to account for the proceeds of the Certificates of Obligation Series 2005. These bonds were issued for the purpose of providing matching funds for state road projects in Bowie County.

Additionally, the County reports the following fund types:

Fiduciary Fund Types:

These funds account for assets held by the County as a trustee or agent for individuals, private organizations, and other units of government. These funds are as follows:

Agency Funds account for resources held for others in a custodial capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenue includes all taxes.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, government securities, mutual funds, repurchase agreements, and the Texas Local Government Investment Pool.

State statutes authorize the County to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

Deposits and Investments (Continued)

Investments for the government are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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 noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." There were no "advances to/from other funds" at September 30, 2006.

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 4% of the current year tax levy. Trade collectibility is defined by the following schedule:

0 – 30 days	85% Probability of Collection
31 – 60 days	65% Probability of Collection
61 – 90 days	45% Probability of Collection
91 – 120 days	25% Probability of Collection
121 – 180 days	10% Probability of Collection
181 + days	1% Probability of Collection

Property taxes are levied on October 1 and attach as an enforceable lien on property as of January 1. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g. roads, bridges, sidewalks and similar items), are reported in the governmental column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the County. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first required for the fiscal year ending in 2007. The County has implemented the general provisions of GASB Statement No. 34 and will implement the retroactive infrastructure provisions in the fiscal year ending September 30, 2007.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Improvements	5-50
Equipment	5-20
Infrastructure (streets and drainage)	35-50

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. 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.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

Long-term Obligations (Continued)

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 debt issued is reported as other financing sources. 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 difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$(97,152) difference are as follows:

Capital outlay	\$ 1,006,410
Depreciation expense	(816,922)
Retirement of fixed assets	(286,640)
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$(97,152)

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$(56,725) difference are as follows:

Property taxes	\$(294,908)
Court fines	238,183
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$(56,725)

Another element of that reconciliation states, “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$890,653 difference are as follows:

Issuance of certificates of obligation	\$(2,287,341)
Payment of certificates of obligation	3,177,994
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 890,653

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(33,056) difference are as follows:

Change in compensated absences	\$(19,640)
Accrued interest	(13,416)
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$(33,056)

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Encumbrances represent purchase orders, contracts and other commitments for the expenditure of funds. Encumbrances do not constitute expenditures or liabilities. The County does not employ encumbrance accounting. As it is the County's intention to honor all commitments, the subsequent year's appropriation will provide authority to complete these transactions. Generally, the County's commitments at year-end do not constitute a material amount.

The Commissioners' Court follow the general provisions outlined below in establishing the budgetary data reflected in the financial statements.

1. The County Judge, serving as the budget officer, submits to the Commissioners' Court a proposed budget for the fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them for governmental fund types.
2. Public hearings are conducted, at which all interested persons' comments concerning the budget are heard.
3. The budget is legally enacted by the Commissioners' Court, usually by the end of September.
4. The budget, as compared to actual, is reviewed on a monthly basis, and periodically, budget amendments are made.
5. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Commissioners' Court.
6. Appropriations lapse at year-end. Since the County intends to honor all commitments, subsequent year's appropriations provide authority to complete any transactions not completed in any year. Appropriations lapsing at September 30, 2006, were not material.

Excess of Expenditures Over Appropriations

For the year ended September 30, 2006, expenditures exceeded appropriations in the following functions (the legal level of budgetary control) of the General Fund:

General government	\$ 307,001
Public safety	4,653,712
Debt service	63,748

Deficit Fund Balances

The Indigent Health Care Special Revenue Fund and the Capital Projects Fund had deficit fund balances of \$55,064 and \$30,899, respectively, as of September 30, 2006. The County will fund these deficits with operating transfers from the General Fund.

4. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ <u>1,842,469</u>	34
Total portfolio	\$ <u><u>1,842,469</u></u>	
Portfolio weighted average maturity (days)		34

The County's investment pool is 2a7-like pool. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Interest Rate Risk. In accordance with its investment policy, the County manages its exposure to declines in fair market values by limiting the weighted average maturity of its investment portfolios to a maximum of 90 days.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2006, \$7,727,041 of the County's \$9,581,034 deposit balance was collateralized with securities held by the pledging financial institution. The remaining balance, \$1,853,993, was covered by FDIC insurance.

Credit Risk. It is the County's policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The County's investment pool was rated AAAM by Standard and Poor's Investors Service.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Receivables

Receivables as of year-end for the County's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Nonmajor Governmental Funds
Receivables:		
Taxes	\$ 1,961,422	\$ -
Adjudicated fines	3,845,350	-
Accounts	511,292	-
Interest	36,133	-
Intergovernmental	1,317,282	66,331
Fines, fees	<u>30,557</u>	<u>-</u>
Gross receivables	7,702,036	66,331
Less: allowance for uncollectibles	<u>(4,057,620)</u>	<u>-</u>
Net Total Receivables	\$ <u>3,644,416</u>	\$ <u>66,331</u>

Deferred Revenue

Governmental funds report *deferred revenue* in connection with receivables for revenue that is not 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. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
General fund:		
Delinquent property taxes receivable	\$ 1,073,950	\$ -
Adjudicated fines	238,183	-
Intergovernmental	<u>-</u>	<u>261,820</u>
Governmental Funds	\$ <u>1,312,133</u>	\$ <u>261,820</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

Primary Government

Capital asset activity for the year ended September 30, 2006, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 484,044	\$ -	\$ -	\$ 484,044
Construction in progress	-	35,264	-	35,264
Total capital assets not being depreciated	484,044	35,264	-	519,308
Capital assets, being depreciated:				
Buildings and improvements	20,018,737	-	-	20,018,737
Machinery and equipment	6,092,485	971,146	338,267	6,725,364
Joint Venture	1,053,164	-	-	1,053,164
Total capital assets being depreciated	27,164,386	971,146	338,267	27,797,265
Less accumulated depreciation:				
Buildings and improvements	5,987,125	391,559	-	6,378,684
Machinery and equipment	3,129,462	404,300	51,627	3,482,135
Joint Venture	125,079	21,063	-	146,142
Total accumulated depreciation	9,241,666	816,922	51,627	10,006,961
Total capital assets, being depreciated, net	17,922,720	154,224	286,640	17,790,304
Governmental activities capital assets, net	\$ 18,406,764	\$ 189,488	\$ 286,640	\$ 18,309,612

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 191,905
Public safety	324,585
Public works	300,432
Total depreciation expense - governmental activities	\$ 816,922

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2006, is as follows:

Due to/from Other Funds:

Project	Payable Fund	Amount
General fund	Nonmajor governmental	\$ 97,230

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures, 2) transactions are recorded in the accounting system, and 3) payment between funds are made.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Receivables, Payables and Transfers (Continued)

Interfund Transfers:

	<u>Transfers In</u> <u>Nonmajor</u> <u>Governmental</u>
Transfers Out: General	\$ <u>2,984,025</u>

Transfers are used to (1) use unrestricted revenues in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (2) transfer funds out of a nonmajor fund to help finance the General Fund.

Long-term Debt

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued in prior years was \$11,110,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 15 to 10-year serial bonds with increasing amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Government activities	2.9 - 5.25%	\$ 4,535,000
Government activities - refunding	4.0 - 4.9%	<u>610,000</u>
		\$ <u>5,145,000</u>

Installment Loans

The County annually issues various installment loans in the form of time warrants that are used to purchase equipment. These loans vary in amounts monthly and annually and have interest rates ranging from 1.86% to 4.19%. This debt is considered long-term because the County has the intention and ability to refinance the notes each year, thus extending the due date beyond 2006. The total amount of time warrants outstanding at September 30, 2006, is \$2,287,341.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt (Continued)

Installment Loans (Continued)

In 2005, an installment loan in the amount of \$1,139,948 was issued to finance a project to make various County offices more energy efficient. The loan will be paid over seven years with equal monthly payments. The total amount of the loan outstanding at September 30, 2006, is \$1,009,687.

Annual debt service requirements to maturity for general obligation bonds and installment loans are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2007	\$ 3,222,692	\$ 312,608
2008	955,640	184,237
2009	676,135	150,581
2010	706,845	123,121
2011	737,778	94,217
2012 - 2016	<u>2,142,938</u>	<u>130,517</u>
Totals	<u>\$ 8,442,028</u>	<u>\$ 995,281</u>

Compensated Absences

County employees earn annual leave up to a maximum of 15 days per year based on months of service. Fulltime regular employees earn 10 days of sick leave per year. Employees who have been employed for six or more months are eligible to be paid for all unused annual leave at their regular rate of pay upon termination of employment. Unused sick leave is not paid upon termination of employment.

At September 30, 2006, the County had accrued compensated absences in the amount of \$175,182.

Changes in Long-term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 5,935,000	\$ -	\$ 790,000	\$ 5,145,000	\$ 800,000
Installment loans	3,397,681	2,287,341	2,387,994	3,297,028	2,422,692
Compensated absences	<u>155,542</u>	<u>184,811</u>	<u>165,171</u>	<u>175,182</u>	<u>17,518</u>
Governmental activity long-term liabilities	<u>\$ 9,488,223</u>	<u>\$ 2,472,152</u>	<u>\$ 3,343,165</u>	<u>\$ 8,617,210</u>	<u>\$ 3,240,210</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Other Information

Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County participates in a risk management program through Texas Association of Counties for workers' compensation coverage. The County currently provides health benefits for its employees.

The County has not had any significant reductions in insurance coverage from coverage in the prior year. The amount of settlements has not exceeded insurance coverage in any of the previous three years.

Commitments and Contingencies

On January 1, 2004, the County entered into a contract with Civigenics for the operation and management of the bi-state jail and detention center. The agreement allows for cancellation without cause after 90 days prior written notice with no penalty incurred by the County. Otherwise, the agreement is for three consecutive years with three one-year options for renewal. The County is responsible for payment of Civigenics of an operating management fee of \$19.00 per inmate per day. This excludes any inmates housed in the 720-bed facility under third-party contracts or being housed under the authority of jurisdictions outside of the County. A \$10 per inmate fee is credited to the County's monthly bill based on these third-party housing agreements. Charges from third-party contracts will be billed and payable by those entities to Civigenics. Civigenics will be responsible for providing monthly financial information to the County as support for payment requested or remitted. The contract with Civigenics expires in December 2006.

The County is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the management the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

The County participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at September 30, 2006, may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Pension Plans – Primary Government

Defined Benefit Plan – Texas County and District Retirement System (TCDRS)

Plan Description

The County provides retirement, disability, and death benefits for all of its fulltime 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 10 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 10 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 (variable-rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 7.18% for the months of the accounting year in 2006, and 7.78% for the months of the accounting year in 2005.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Pension Plans – Primary Government (Continued)

Defined Benefit Plan – Texas County and District Retirement System (TCDRS) (Continued)

The contribution rate payable by the employee members for calendar year 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 TCERS Act.

For the employer's accounting year ended September 30, 2006, the annual pension cost for the TCERS plan for its employees was \$607,357, and the actual contributions were \$607,357.

Annual Pension Cost

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2002 and December 31, 2003, the basis for determining the contribution rates for calendar years 2005 and 2006. The December 31, 2005, actuarial valuation is the most recent valuation.

Actuarial Valuation Date	12/31/03	12/31/04	12/31/05
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, open	level percentage of payroll, open	level percentage of payroll, open
Amortization period	20	20	20
Asset valuation method	long-term appreciation with adjustment	long-term appreciation with adjustment	long-term appreciation with adjustment
Actuarial Assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.5%	5.5%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Pension Plans – Primary Government (Continued)

Defined Benefit Plan – Texas County and District Retirement System (TCDRS) (Continued)

Annual Pension Cost (Continued)

Trend Information for the Retirement Plan for the Employees of Bowie County

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/04	\$ 527,058	100%	\$ -
09/30/05	654,860	100%	-
09/30/06	607,357	100%	-

Schedule of Funding Progress for the Retirement Plan For the Employees of Bowie County

Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2003	\$ 23,653,197	\$ 25,133,358	\$ 1,480,161	94.11%	\$ 7,282,509	20.32%
2004	24,646,093	25,863,976	1,217,883	95.29%	8,188,147	14.87%
2005	25,977,416	27,150,020	1,172,604	95.68%	8,210,508	14.28%

- 1) The annual covered payroll is based on the employee contributions received by TCERS for the year ending with the valuation date.
- 2) Revised economic and demographic assumptions due to an experience review were reflected in this valuation.

**COMBINING
FUND STATEMENTS**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account primarily for revenue from specific taxes and federal grant revenue which by law are designated to finance particular functions or activities of government and which, therefore, cannot be diverted to other uses.

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

Debt Service Funds are used to account for the accumulation of resources and payment of debt for governmental funds.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the County's programs.

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account primarily for revenue from specific taxes and federal grant revenue which by law are designated to finance particular functions or activities of government and which, therefore, cannot be diverted to other uses.

Federal Emergency Management Agency (FEMA) Grant – This fund is used to account for the revenue and expenditures associated with the ice storm disaster which occurred in December 2000. This disaster was funded with federal grant monies received from FEMA. In addition to reimbursement of actual outlays, federal assistance was received for administrative expenditures as well as use of the county personnel and equipment.

Inmate Benefit – This fund is used to account for the County's share of commissary proceeds which may be used to develop a program addressing the social needs of the County prisoners; supply prisoners with certain supplies; establish, staff and equip the commissary operations; or fund, staff and equip a library for the educational use of County prisoners.

Red River Redevelopment Authority EDA Grant – This fund is used to account for the revenue and expenditures of federal and state monies received from the Economic Development Administration of the U. S. Department of Commerce and the Department of Economic Development of the State of Texas, respectively. These grant funds are obtained by the County in its name and passed through to the subrecipient, Red River Redevelopment Authority, a separate legal entity recognized by the State of Texas. These grants are designed to provide funds to be used for site access and infrastructure improvements to the Red River Army Depot.

Indigent Health Care – This fund is used to account for revenue and expenditures related to the County's indigent health care program mandated by the Texas Indigent Health Care and Treatment Act of 1985. Revenue consists of operating transfers from the General Fund. Currently, no state assistance is being received.

Right-of-Way Work – This fund is used to account for revenue and expenditures related to acquisition of right-of-way property in the County.

Road and Bridge Lateral – This fund is used to account for receipts of state gasoline taxes allocated by the State of Texas. The monies are transferred to the General Fund as costs are accumulated for the maintenance of certain County roads. Since revenue is generally matched in a short time period by expenditures, this fund normally does not have any assets, liabilities or fund balance.

Law Library – This fund is used to account for the cost of maintaining the County's law library for public use. Financing is provided through fees charged as a part of court costs for cases processed through the Justice and District Courts.

Texas VINE – This fund is used to account for grant monies received from the State of Texas Office of the Attorney General.

Homeland Security – This fund is used to account for grant monies received from Ark-Tex Council of Governments, which receives a grant from the U. S. Department of Homeland Security.

Title IV-E – This fund is used to account for grant monies received to reimburse the County for expenditures associated with administering Title IV-E child support payments.

Crimes Against Women – This fund is used to account for grant monies received from the State of Texas.

Help America Vote Act – This fund is used to account for grant monies received from the U. S. Elections Assistance Commission.

NONMAJOR CAPITAL PROJECTS FUNDS

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

Capital Projects – This fund is used to account for the proceeds of General Obligation Certificates of Obligation Debt. These bonds were issued for the purpose of providing funds to purchase right-of-ways, macadamize, gravel, or pave roads.

NONMAJOR DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources and payment of debt for governmental funds.

Certificates of Obligation, Series 1996 – This fund is used to account for the payment of principal, interest, and fiscal charges on the outstanding long-term debt of the Certificates of Obligation and General Obligation Refunding Bonds, Series 1996. Financing is to be provided by ad valorem taxes.

Certificates of Obligation, Series 2005 Debt Service – This fund is used to account for the payment of principal, interest, and fiscal charges on the outstanding long-term debt of the Certificates of Obligation, Series 2005. Financing is to be provided by ad valorem taxes.

Installment Loans – This fund is used to accumulate monies for payment of various installment loan contracts entered into by Bowie County. Financing is provided by transfers from the General Fund.

NONMAJOR PERMANENT FUNDS

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the County's programs.

Permanent School – This fund is used to account for the distribution of the resulting income to school districts in the County.

BOWIE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2006

	Special Revenue			
	<u>Fema Grant</u>	<u>Inmate Benefit</u>	<u>Indigent Health Care</u>	<u>ROW Work</u>
ASSETS				
Cash and investments	\$ 590,250	\$ 136,436	\$ -	\$ 926
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 590,250</u>	<u>\$ 136,436</u>	<u>\$ -</u>	<u>\$ 926</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 53,999	\$ -
Accrued liabilities	-	-	1,065	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>55,064</u>	<u>-</u>
Fund equity:				
Fund balances:				
Unreserved, reported in:				
Special revenue funds	590,250	136,436	(55,064)	926
Capital project funds	-	-	-	-
Permanent fund	-	-	-	-
Debt service fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund equity	<u>590,250</u>	<u>136,436</u>	<u>(55,064)</u>	<u>926</u>
Total liabilities and fund balances	<u>\$ 590,250</u>	<u>\$ 136,436</u>	<u>\$ -</u>	<u>\$ 926</u>

Special Revenue						Capital Projects
Road and Bridge Lateral	Law Library	Texas VINE	Homeland Security	Crime Against Women	Help America Vote Act	Capital Projects
\$ 86,531	\$ 13,527	\$ -	\$ -	\$ 245	\$ -	\$ -
-	-	12,940	53,391	-	-	-
<u>\$ 86,531</u>	<u>\$ 13,527</u>	<u>\$ 12,940</u>	<u>\$ 53,391</u>	<u>\$ 245</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 2,539	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	245	-	-
-	-	12,940	53,391	-	-	30,899
-	2,539	12,940	53,391	245	-	30,899
86,531	10,988	-	-	-	-	-
-	-	-	-	-	-	(30,899)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>86,531</u>	<u>10,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,899)</u>
<u>\$ 86,531</u>	<u>\$ 13,527</u>	<u>\$ 12,940</u>	<u>\$ 53,391</u>	<u>\$ 245</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

BOWIE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
SEPTEMBER 30, 2006

	<u>Debt Service</u>			<u>Permanent</u>	
	<u>Certificates</u>	<u>Certificates</u>			
	<u>of Obligation</u>	<u>of Obligation</u>	<u>Installment</u>	<u>Permanent</u>	<u>Total</u>
	<u>Series 1996</u>	<u>Series 2005</u>	<u>Loans</u>	<u>School</u>	<u>Governmental</u>
		<u>Debt Service</u>			<u>Funds</u>
ASSETS					
Cash and investments	\$ -	\$ 17,364	\$ -	\$ 48,220	\$ 893,499
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,331</u>
Total assets	<u>\$ -</u>	<u>\$ 17,364</u>	<u>\$ -</u>	<u>\$ 48,220</u>	<u>\$ 959,830</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 56,538
Accrued liabilities	-	-	-	-	1,310
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,230</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,078</u>
Fund equity:					
Fund balances:					
Unreserved, reported in:					
Special revenue funds	-	-	-	-	770,067
Capital project funds	-	-	-	-	(30,899)
Permanent fund	-	-	-	48,220	48,220
Debt service fund	<u>-</u>	<u>17,364</u>	<u>-</u>	<u>-</u>	<u>17,364</u>
Total fund equity	<u>-</u>	<u>17,364</u>	<u>-</u>	<u>48,220</u>	<u>804,752</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 17,364</u>	<u>\$ -</u>	<u>\$ 48,220</u>	<u>\$ 959,830</u>

BOWIE COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Special Revenue			
	<u>Fema Grant</u>	<u>Inmate Benefit</u>	<u>Indigent Health Care</u>	<u>ROW Work</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	67,831	-	-
Investment earnings	-	-	-	-
Intergovernmental	-	-	-	-
Total revenues	<u>-</u>	<u>67,831</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	30,439	-	-
Welfare	-	-	695,917	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>30,439</u>	<u>695,917</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>37,392</u>	<u>(695,917)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	668,041	-
Sale of capital assets	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>668,041</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	37,392	(27,876)	-
FUND BALANCES, BEGINNING	<u>590,250</u>	<u>99,044</u>	<u>(27,188)</u>	<u>926</u>
FUND BALANCES, ENDING	<u>\$ 590,250</u>	<u>\$ 136,436</u>	<u>\$ (55,064)</u>	<u>\$ 926</u>

Special Revenue						Capital Projects
Road and Bridge Lateral	Law Library	Texas VINE	Homeland Security	Crime Against Women	Help America Vote Act	Capital Projects
\$ 43,302	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	27,018	-	-	-	-	-
-	-	-	-	-	-	5,738
-	-	25,880	52,216	38,086	433,430	-
<u>43,302</u>	<u>27,018</u>	<u>25,880</u>	<u>52,216</u>	<u>38,086</u>	<u>433,430</u>	<u>5,738</u>
-	-	-	-	-	-	-
-	44,500	25,880	52,216	34,033	-	35,878
-	-	-	-	-	-	-
-	-	-	-	-	433,430	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>44,500</u>	<u>25,880</u>	<u>52,216</u>	<u>34,033</u>	<u>433,430</u>	<u>35,878</u>
<u>43,302</u>	<u>(17,482)</u>	<u>-</u>	<u>-</u>	<u>4,053</u>	<u>-</u>	<u>(30,140)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	22,505
-	-	-	-	-	-	22,505
43,302	(17,482)	-	-	4,053	-	(7,635)
<u>43,229</u>	<u>28,470</u>	<u>-</u>	<u>-</u>	<u>(4,053)</u>	<u>-</u>	<u>(23,264)</u>
<u>\$ 86,531</u>	<u>\$ 10,988</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,899)</u>

(continued)

BOWIE COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS (Continued) FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Debt Service			Permanent	
	Certificates of Obligation Series 1996	Certificates of Obligation Series 2005 Debt Service	Installment Loans	Permanent School	Total Governmental Funds
REVENUES					
Taxes	\$ 488,527	\$ 447,816	\$ -	\$ -	\$ 979,645
Charges for services	-	-	-	-	94,849
Investment earnings	53,291	17,365	-	1,484	77,878
Intergovernmental	-	-	-	-	549,612
Total revenues	<u>541,818</u>	<u>465,181</u>	<u>-</u>	<u>1,484</u>	<u>1,701,984</u>
EXPENDITURES					
Current:					
General government	-	-	-	1,279	1,279
Public safety	-	-	-	-	222,946
Welfare	-	-	-	-	695,917
Capital outlay	-	-	-	-	433,430
Debt service:					
Principal retirement	445,000	345,000	2,257,733	-	3,047,733
Interest and fiscal charges	96,818	102,817	58,251	-	257,886
Total expenditures	<u>541,818</u>	<u>447,817</u>	<u>2,315,984</u>	<u>1,279</u>	<u>4,659,191</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>17,364</u>	<u>(2,315,984)</u>	<u>205</u>	<u>(2,957,207)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	2,315,984	-	2,984,025
Sale of capital assets	-	-	-	-	22,505
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>2,315,984</u>	<u>-</u>	<u>3,006,530</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>17,364</u>	<u>-</u>	<u>205</u>	<u>49,323</u>
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,015</u>	<u>755,429</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ 17,364</u>	<u>\$ -</u>	<u>\$ 48,220</u>	<u>\$ 804,752</u>

FIDUCIARY FUNDS

State of Texas – This fund is used to account for the collection and payment of auto registration fees, sales taxes on automobiles, and court costs included in the collection of fines assessed by the courts for misdemeanors and felonies on behalf of the State of Texas.

Levee and Drainage – This fund is used to account for earnings on a time deposit of the Bowie County Levee and Drainage Fund and to periodically pay expenditures authorized by the Levee and Drainage Board.

District Attorney Evidence – This fund is used to account for evidence money obtained by the County and held until disposition as directed by the Courts.

Inmate Escrow – This fund is used to account for monies of County inmates held in escrow on their behalf. The monies are disbursed to the jail commissary and other parties upon direction from the inmates.

Food Service – This fund is used to account for the County's collection of food service permit fees on behalf of the Texarkana-Bowie County Family Health Center.

County Clerk Guardianship – This fund is used to account for interest earnings and principal cash established by the Court for various minors within the Court's jurisdiction. Upon attainment of the age of majority, the funds are remitted to the individuals.

District Clerk "Trust" – These funds are used to account for monies of various individuals or firms in connection with litigation in progress in the District Courts. Although entitled "trusts" funds, the County acts only as a custodian of these funds.

Other Agency – This fund is used to account for various monies collected or deposited with the County associated with activities such as bail bonds of individuals, restitution and attorneys' fees awarded by the Courts, and miscellaneous fees collected by the County Sheriff for various other local governments. The monies are disbursed to the parties for whom the assets are held by order of the Courts.

Tax Office Clearing – This fund is used to account for funds held by the Tax office prior to submission to the County Treasurer.

Adult Probation – This fund is used to account for monies held by the County for the Bowie County Community Supervision and Corrections Department.

Juvenile Probation – This fund is used to account for monies held by the County for the Bowie County Juvenile Probation Department.

BOWIE COUNTY, TEXAS

FIDUCIARY FUNDS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

SEPTEMBER 30, 2006

	<u>Agency Funds</u>			
	<u>State of Texas</u>	<u>Levee and Drainage</u>	<u>District Attorney Evidence</u>	<u>Inmate Escrow</u>
ASSETS				
Cash and investments	\$ <u>217,773</u>	\$ <u>34,559</u>	\$ <u>153,359</u>	\$ <u>68,979</u>
Total assets	\$ <u>217,773</u>	\$ <u>34,559</u>	\$ <u>153,359</u>	\$ <u>68,979</u>
LIABILITIES				
Liabilities:				
Due to others	\$ <u>217,773</u>	\$ <u>34,559</u>	\$ <u>153,359</u>	\$ <u>68,979</u>
Total liabilities	\$ <u>217,773</u>	\$ <u>34,559</u>	\$ <u>153,359</u>	\$ <u>68,979</u>

<u>Agency Funds</u>							<u>Totals</u>
<u>Food Service</u>	<u>County Clerk Guardianship</u>	<u>District Clerk Trust</u>	<u>Other Agency</u>	<u>Tax Office Clearing</u>	<u>Adult Probation</u>	<u>Juvenile Probation</u>	<u>2006</u>
\$ <u>30,001</u>	\$ <u>411,064</u>	\$ <u>1,662,547</u>	\$ <u>235,315</u>	\$ <u>370,867</u>	\$ <u>812,969</u>	\$ <u>286,425</u>	\$ <u>4,283,858</u>
\$ <u>30,001</u>	\$ <u>411,064</u>	\$ <u>1,662,547</u>	\$ <u>235,315</u>	\$ <u>370,867</u>	\$ <u>812,969</u>	\$ <u>286,425</u>	\$ <u>4,283,858</u>
\$ <u>30,001</u>	\$ <u>411,064</u>	\$ <u>1,662,547</u>	\$ <u>235,315</u>	\$ <u>370,867</u>	\$ <u>812,969</u>	\$ <u>286,425</u>	\$ <u>4,283,858</u>
\$ <u>30,001</u>	\$ <u>411,064</u>	\$ <u>1,662,547</u>	\$ <u>235,315</u>	\$ <u>370,867</u>	\$ <u>812,969</u>	\$ <u>286,425</u>	\$ <u>4,283,858</u>

