

**MATAGORDA COUNTY**

*COMPREHENSIVE ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED DECEMBER 31, 2006*

Prepared by  
Ellen Dodd, Matagorda County Auditor



## *Introductory Section*



Matagorda County  
Comprehensive Annual Financial Report  
For The Year Ended December 31, 2006

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**ELLEN DODD**  
**COUNTY AUDITOR**  
MATAGORDA COUNTY  
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Honorable District Judges of Matagorda County and  
Honorable Members of the Matagorda County Commissioners Court:

The Comprehensive Annual Financial Report (CAFR) of Matagorda County, Texas, for the fiscal year ended December 31, 2006, is submitted herewith. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data as presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of Matagorda County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial activity have been included. The report was prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board, and is in compliance with Paragraph 114.025 Vernon's Teas Codes Annotated (V.T.C.A.) Local Government Code.

To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls 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.

The County's financial statements have been audited by Sliva & Reed, P.C., certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the year ended December 31, 2006, 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 statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended December 31, 2006, are presented in conformity with GAAP. The independent auditor's report is presented as the first item in the financial section of this report.

The audit was also performed in accordance with “Government Auditing Standards” in which the goal was to consider Matagorda County’s internal control over financial reporting and on compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The independent auditor noted no matters involving the internal control over financial reporting and its operation that were considered to be material weaknesses and no instances of noncompliance or other matters that are required to be reported under “Government Auditing Standards” were disclosed.

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 complement MD&A and should be read in conjunction with it. The Matagorda County’s MD&A can be found immediately following the report of the independent auditors.

The CAFR is divided into four sections. The Introductory section includes this transmittal letter, the County’s organizational chart and a list of principal officials both elected and appointed. The Financial section includes government-wide financial statements financial statements, fund financial statements, notes, required supplementary information and the combining and individual fund financial statements and schedules in addition to the report of the independent auditors on the financial statements and schedules. The Statistical section includes selected financial and demographic information, which is generally presented on a multi-year basis. The other supplementary information section contains information required by “Government Auditing Standards.”

#### Profile of the County

Matagorda County, created in 1836 is rich in history and tradition. The County is located between Galveston and Corpus Christi along the Gulf Coast and enjoys a diversity of geography from its wide expanse of prairies to the many creeks, rivers, lakes, bays and Gulf of Mexico. Birders have a wealth of places to choose from especially with the 34 acre Matagorda County Birding Nature Center along the Colorado River 1.7 miles west of Bay City on Texas 35. Matagorda offers some of the finest saltwater fishing on the entire Gulf Coast and its bays are filled with red fish, flounder, trout, crab and shrimp. The Lower Colorado River Authority has developed Matagorda Bay Nature Park, a 1,600 acre park and preserve at the mouth of the Colorado River on the Matagorda Peninsula. The park provides nature education, recreation and nature tourism opportunities for visitors. Matagorda County is home to the South Texas Nuclear Plant, Celanese and the Lyondell Plant. Matagorda County has strong agricultural ties in the production of cotton and rice and aquaculture has also grown with the production of crawfish and catfish.

The County is a political subdivision of the State of Texas. The elected Commissioners Court is the governing body of the County which is comprised of the County Judge and four County Commissioners. Commissioners serve four-year staggered terms, two members elected every two years. The County Judge is elected at large to serve a four-year term. The Commissioners Court has certain powers granted to it by the state legislature. Its duties include approval of the budget, determination of the tax rates, approval of contracts, calling elections, issuance of bonds, appointment of certain county officials and the oversight of all the funds and account groups of the County. Oversight responsibility is determined on the basis of financial independence, selection of government authority, designation of management, ability to significantly influence operation and accountability for fiscal matters. Based on the foregoing criteria, the operation of four drainage districts, two ports, two municipalities, five school districts, a hospital district, various water districts, CSCD and other non-profit organizations are not included in the Matagorda County, Texas Comprehensive Annual Financial Report.



The Commissioners Court of Matagorda County sets the tax rate, establishes policies for County operations, approves contracts for the County, and develops and adopts the County budget within the available resources as estimated by the County Auditor. The Commissioners Court shares the financial controls of the County with the County Auditor who is appointed according to Texas State statutes for two year terms by the District Judges. The County Auditor holds the basic responsibilities for establishing accounting policies and procedures, maintaining the records of all financial transactions of the County, and “examining and approving” disbursements from county funds prior to their submission to the Commissioners Court for payment.

Matagorda County provides many services not ordinarily provided by any other entity of government and provides additional services in cooperation with other local governmental units. These include volunteer fire departments, libraries and the museum. A primary service is the administration of justice, which includes the civil and criminal county and district courts, justices of the peace, constables, district attorney, clerks of the courts, sheriff, jail, security and emergency management, and bailiffs. Other functions performed by the County include the construction and maintenance of roads and bridges; provision of juvenile, health and environmental services as well as property tax collections for multiple agencies.

The annual budget serves as the foundation for the County’s planning and control. Budgetary control is maintained at the subtotal level of the County budget for the following categories: Personnel, Operating Costs, Inmate Placement, Capital Outlay and Debt. Expenditures for current operating funds may not exceed available cash balances in such funds at January 1, plus the estimate of revenues for the ensuing year. At any time during the year, Commissioners Court may increase the budget for unexpected revenues, expenditures, or actual beginning fund balances in excess of budgeted estimates, provided that Commissioners Court declares the existence of an emergency necessitating the increase. All annual budget appropriations lapse at year end with the exception of the commissioner’s budgets which carry forward into a reserve for precincts. The County also maintains an encumbrance accounting system for the general fund as one method of maintaining budgetary control.

#### Factors Affecting Financial Condition

An understanding of the financial condition of Matagorda County is enhanced through a perspective of the environment in which the County operates. Matagorda County’s primary economic bases include utilities, petrochemical processing, transmission, agriculture, commercial fishing and tourism. Matagorda County has outstanding opportunities for industry growth because of its location and proximity to the Gulf of Mexico, the Colorado River and the Gulf Intercoastal Canal waterway. Its strong oil and gas and petrochemical industry has kept the economy stable. Waterfront property sales have seen large increases and resort opportunities remain favorable for the future.

Matagorda County continues to partner with the South Texas Nuclear Project in providing Emergency Preparedness Training and Operations Drills for the safety of its citizens. This contract is not only financially favorable to the County, but has also provided invaluable emergency preparedness skills and a network of cooperation between the County leaders and departments and its industry neighbors.

Cash management. The County has adopted an investment policy in accordance with the laws of the State of Texas. The policy is revised annually and updated as necessary. The top three objectives of the policy are to comply with state laws, provide for the preservation and safety of principal, and provide sufficient funds to meet the cash needs of the operations of the County while achieving the maximum yield on funds invested and maximum levels of invested funds. All demand deposits are covered by pledged collateral and all

certificates of deposit, pledged securities and collateral are held in safekeeping by either the County or a third party financial institution, or with a Federal Reserve Bank. According to the investment policy, the County Treasurer is required to make monthly reports to the Commissioners Court and the County Auditor summarizing market conditions and trends and quarterly reports to the Commissioner's Court summarizing investment transactions for that period.

Risk management. The County provides for management of risks through a combination of self-insurance and pool participation. The County has insurance for flood and property coverage through a group purchasing cooperative. For all other coverage the County has joined with other governmental entities to form a risk pool. The County also participates in safety training for all employees on a regular basis which is provided by an outside consultant.

Retirement plan funding and post employment benefits. The County provides pension, disability and death benefits for all of its employees (half time or more) through a nontraditional, defined contribution plan in the State-wide Texas County and District Retirement System, (TCDRS). The contribution rate of the County at December 31, 2006 is 12 %. The employee member contribution is 7%.

In addition to providing retirement benefits, the County provides health insurance to its retirees who qualified under TCDRS rules and were hired prior to January 1, 2000. Any dependent coverage must be paid by the retiree.

#### Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Matagorda County for its comprehensive annual financial report for the fiscal year ended December 31, 2005. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The County has received a Certificate of Achievement for the last 3 consecutive years. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

I would like to express my appreciation to members of the Commissioners' Court and to the District Judges for their interest and support in planning and conducting the financial operations of the County in a responsible and professional manner. The timely completion of this report could not have been achieved without the dedicated efforts of the entire staff of the Office of County Auditor and the professional services provided by our independent auditors, Sliva & Reed, P.C.

Respectfully submitted,



Ellen Dodd, County Auditor  
Matagorda County, Texas  
May 7, 2007

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Matagorda County  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2005

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.



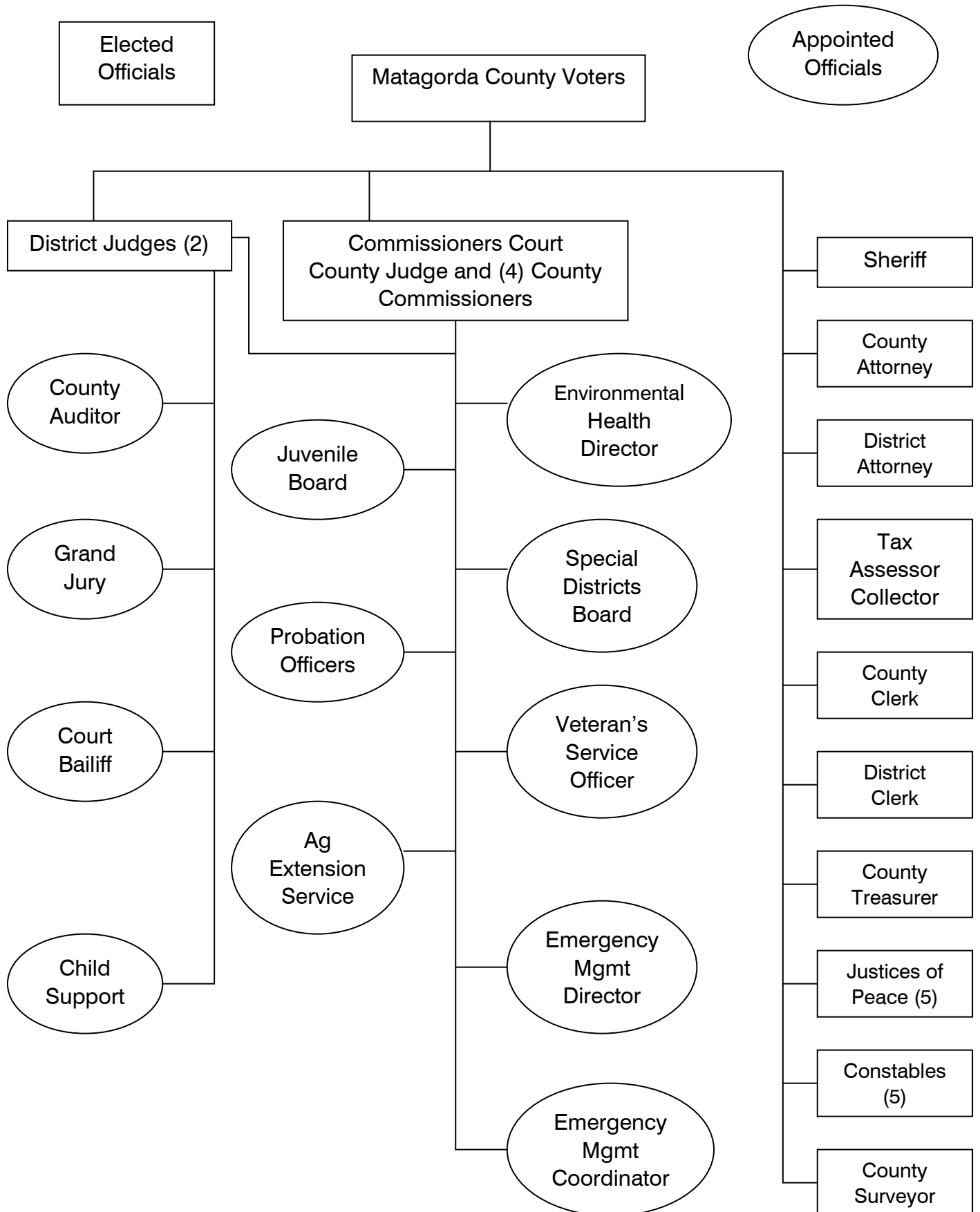
President

Executive Director



# MATAGORDA COUNTY

## Organization Chart



## **MATAGORDA COUNTY**

*LIST OF ELECTED AND APPOINTED OFFICIAL  
DECEMBER 31, 2006*

### Elected Officials

Judge, 23<sup>rd</sup> Judicial District  
Judge, 130<sup>th</sup> Judicial District  
County Judge  
Commissioner, Precinct #1  
Commissioner, Precinct #2  
Commissioner, Precinct #3  
Commissioner, Precinct #4  
County Sheriff  
County Attorney  
District Attorney  
County Tax Collector  
County Clerk  
District Clerk  
County Treasurer  
Justice of Peace, Precinct #2  
Justice of Peace, Precinct #3  
Justice of Peace, Precinct #4  
Justice of Peace, Precinct #5  
Justice of Peace, Precinct #6  
Constable, Precinct #2  
Constable, Precinct #3  
Constable, Precinct #4  
Constable, Precinct #5  
Constable, Precinct #6  
County Surveyor

Ben Hardin  
Craig Estlinbaum  
Greg B. Westmoreland  
Dan Pustka  
George Deshotels  
James Gibson  
Percy Carroll  
James Mitchell  
Jill Cornelius  
Steven Reis  
Cristyn Hallmark  
Gail Denn  
Becky Denn  
Suzanne Kucera  
Suzan Thompson  
Jerry Purvis  
Aaron Green  
Maurice Ashcraft  
Joe Knight  
Frank Craft  
Kenneth Smith  
Grady Quinney  
Rudy Bonifay  
Tom Ward  
James Rother

### Appointed Officials

County Auditor  
Court Bailiff  
Ag Extension Agent  
Environmental Health Director  
Veterans Service Officer  
Emergency Management Director  
Emergency Management Coordinator

Ellen Dodd  
Jack Matthews  
Brent Batchelor  
Ed Schulze  
Clarence Fenner  
Greg Westmoreland  
Bob Watts

## *Financial Section*





**SLIVA & REED, PC**  
1717 8th Street, Suite 5  
Bay City, Texas 77414

**Independent Auditor's Report on Financial Statements**

Commissioners Court  
Matagorda County  
1700 Seventh Street  
Bay City, Texas 77414

Members of the Commissioners Court:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Matagorda County as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Matagorda County's 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, and the aggregate remaining fund information of Matagorda County as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2007, on our consideration of Matagorda County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 performed for the purpose of forming opinions on the financial statements which collectively comprise the Matagorda County's basic financial statements. The accompanying combining and individual fund financial statements and supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sliva & Reed, PC".

Sliva & Reed, PC  
April 20, 2007

## Management's Discussion and Analysis

This discussion and analysis of the County of Matagorda (County's) financial statements provides a narrative overview of the County's financial activities for the fiscal year ended December 31, 2006. The information presented here should be read in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

### Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$33,390,048 (net assets). Of this amount, \$12,621,657 (unrestricted net assets) may be used to meet the County's ongoing obligations.
- At the close of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$ 10,961,847. This total amount is available for spending at the County's discretion (unreserved fund balance).
- The unreserved fund balance for the general fund at the end of the current fiscal year of \$10,063,575 represents 62% of total general fund expenditures.
- During the current fiscal year, the County's debt had a net increase of \$1,489,871. This consists of the issuance of new certificates of obligation in the amount of \$1,515,000 and a decrease as a result of scheduled capital lease payments.

### 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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required 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 Matagorda County's finances in a manner similar to private sector business. They present the financial picture of the County from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the County (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred in regards to interfund activity, payables and receivables.

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 Matagorda County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year using full accrual basis of accounting. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave and uncollected taxes).

Both of the government-wide statements distinguish between functions of Matagorda County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business activities). The governmental activities of the County include general government, justice, public safety, corrections and rehabilitation, health and human services, community and economic development, and infrastructure and environmental services.

The government-wide financial statements can be found on pages 17 and 18 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. Matagorda 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 statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general fund and for the jail construction fund. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor 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 19 through 22 of this report.

**Proprietary funds.** *Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. The Internal Service Fund (a type of proprietary fund) is used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for its self-funded health insurance program. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The Proprietary fund financial statements can be found on pages 23 through 25 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 statement because the resources of those funds are not available to support the County's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County uses

a private purpose trust fund to account for assets of the Adult Probation Department and agency funds to account for various assets held for the benefit of others.

The fiduciary fund financial statements can be found on page 26 of this report.

**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 27 through 38 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 39 through 47 of this report.

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Matagorda County, assets exceeded liabilities by \$33,390,048 at the close of the most recent fiscal year, December 31, 2006.

Sixty-two percent (62%) of the County's net assets, \$20,768,339, reflects its investment in capital assets less any debt used to acquire those assets that is still outstanding. The County uses capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Overall, capital assets increased by \$444,289. Of this \$444,289, the most significant areas were in the addition of jail construction of \$2,423,650, roads and bridges in the amount of \$1,233,291 and the recording of depreciation expense of \$3,344,862. Long-term liabilities increased significantly with the issuance during the year of certificates of obligation in the amount of \$1,515,000.

The County's net assets for the years ending December 31, 2006 and 2005 are summarized as follows:

#### **MATAGORDA COUNTY'S NET ASSETS**

	<u>2006</u>	<u>2005</u>
Current and other assets	\$ 23,703,100	\$ 21,924,658
Capital Assets	<u>22,309,805</u>	<u>21,865,517</u>
Total assets	<u>46,012,905</u>	<u>43,790,175</u>
Current and other liabilities	10,922,547	9,351,322
Long-term liabilities	<u>1,700,310</u>	<u>243,779</u>
Total liabilities	<u>12,622,857</u>	<u>9,595,101</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, net of related debt	20,768,339	21,813,922
Restricted for debt service	52	0
Unrestricted	<u>12,621,657</u>	<u>12,381,152</u>
Total net assets	<u>\$ 33,390,048</u>	<u>\$ 34,195,074</u>

**Analysis of the County's Operations.** Governmental activities decreased the County's net assets by \$805,026, as compared to the decrease of \$1,644,363 from 2005. Key elements of the improvement in the loss from the prior year are as follows:

- An increase in charges for services associated with the public safety fee from South Texas Project partners
- A decrease in grants as a result of higher numbers reported in 2005 from storm related grants
- An increase in interest earnings as a result of improved market conditions.
- Although grant revenue decreased there was a related decrease in public safety expenditures associated with those grants

The following table provides a summary of the County's operations for the years ended December 31, 2006 and 2005.

#### **MATAGORDA COUNTY'S CHANGES IN NET ASSETS**

	<u>2006</u>	<u>2005</u>
Revenues:		
Program revenues:		
Fees, fines and charges for services	\$ 7,124,909	\$ 5,944,527
Operating grants and contributions	942,638	1,794,005
Capital grants and contributions	49,915	0
General revenues:		
Property taxes	8,174,199	8,294,370
Miscellaneous	103,303	14,053
Unrestricted Investment Earnings	<u>704,318</u>	<u>456,110</u>
Total revenues	<u>17,099,282</u>	<u>16,503,065</u>
Expenses:		
General government	2,591,435	2,744,598
Justice system	3,275,243	3,032,205
Public Safety	3,264,707	3,722,659
Corrections & Rehabilitation	2,477,072	2,343,039
Health and Human Services	1,281,386	1,175,751
Community & Economic Development	1,166,624	1,132,587
Infrastructure and Environmental services	3,823,861	3,993,968
Interest on Debt	<u>23,980</u>	<u>2,621</u>
Total expenses	<u>17,904,308</u>	<u>18,147,428</u>
Increase (decrease) in net assets	(805,026)	(1,644,363)
Net assets – beginning	34,195,074	35,790,420
Prior Period Adjustment	<u>0</u>	<u>49,017</u>
Net assets – ending	<u>\$ 33,390,048</u>	<u>\$ 34,195,074</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. Fund accounting and budget controls has been the framework of the County's strong fiscal management and accountability.

**Governmental funds.** The general government functions are reported in the General and Special Revenue Funds. The focus of the County's *governmental funds* is to provide information on current sources, uses, and balances of *spendable* resources. Such information is useful in determining 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 \$ 10,961,847. With the exception of \$52 reserved for debt service, this remaining amount is unreserved or available for spending. Although not reserved, \$1,083,279 has been designated for other uses.

The General Fund is the chief operating fund of the County. The unreserved fund balance of the General Fund was \$10,063,575 in contrast to \$10,481,450 in the prior year, a decrease of \$417,875. Key factors in this decrease are as follows:

- As discussed above, revenue is increased due to the increase in the safety fee from the South Texas Project.
- An increase in Infrastructure and Environmental Services is noted as increased road and bridge improvements were carried out in the precincts.

The County added a capital projects fund during the year to account for the proceeds from the issuance of certificates of obligation in the amount of \$1,515,000. As of December 31, 2006, \$1,941,678 has been paid on a jail expansion contract of \$4,919,116.

**Proprietary funds.** The County has only one proprietary fund type which is an internal service fund. This internal service fund is used to account for a self-funded health insurance program. The fund experienced a good year with overall operating income of \$595,062 as compared to last year's loss of \$79,456. All contributions were slightly higher than for 2005 and in addition claims expense decreased over the previous year by \$508,876.

**General Fund Budgetary Highlights.** The Commissioners' Court approved several increases to budgeted revenues and appropriations. The following areas were affected:

- Intergovernmental revenue increased due to the approval of various local, state and federal grants, with a corresponding increase in appropriations for Public Safety, Health and Human Services, Justice System and Community and Economic Development.
- Miscellaneous revenue budget was increased from original to final due to an insurance recovery and for reimbursement for road maintenance from a petroleum drilling company, with a corresponding increase to Infrastructure & Environmental Services.
- In addition to the increase to Public Safety mentioned above, another increase was a result of fuel price allowances for the sheriff department patrol vehicles.
- Corrections and Rehabilitation increased due to rises in inmate placement and for equipment repair associated with the jail.
- In addition to the amendment mentioned above dealing with miscellaneous revenue, Infrastructure and Environmental Services increased as a result of re-appropriations of unused prior year budgets.

Actual Revenues exceeded budgetary estimates and actual expenditures were less than appropriations. The following areas are the more significant areas noted:

- Intergovernmental Revenue actual exceeded amended estimated revenue as a result of additional funds for hurricane related reimbursements.

- Actual Charges for Services were over estimated revenue due to increased collections of fines of the various courts
- Investment Income actual exceeded estimated calculations as market conditions were favorable and interest rates were higher than anticipated.
- As mentioned in our discussion of significant budget amendments, Infrastructure & Environmental Services expenditures were under spent as a result of re-appropriating unused prior year budgets.

## Debt Administration

In September of 2006 the county issued Certificates of Obligation in the amount of \$1,515,000 for the purpose of expansion of the jail facility. The obligation will be paid semiannually over a period of ten years at an interest rate of 4.69%.

The County's capital leases decreased with the regularly scheduled payments of \$25,129. At the end of the current fiscal year the County had a final balance due for 2006 in the amount of \$26,466.

Compensated absences experienced a net decrease for the year of \$33,340.

Additional information on the County's debt can be found in note E on page 33 of this report.

## Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2006 amounts to \$22,309,805 (net of accumulated depreciation). This investment in capital assets includes land; buildings and improvements; equipment and vehicles; and infrastructure for roads and bridges.

The following table lists the County's investment in capital assets as of December 31, 2006

### MATAGORDA COUNTY'S CAPITAL ASSETS Net of Accumulated Depreciation

	Balances 12/31/2005	Increases	Decreases	Balances 12/31/2006
Land	\$ 1,276,947	\$ -	\$ 1,366	\$ 1,275,581
Construction in progress	204,546	2,423,650	225,907	2,402,289
Infrastructure	37,207,752	1,233,291	404,009	38,034,034
Buildings and improvements	8,383,674	225,907	65,908	8,543,673
Vehicles and equipment	6,520,565	270,405	44,867	6,746,103
Less accumulated depreciation	(31,724,968)	(3,344,862)	(377,955)	(34,691,875)
	<u>\$ 21,865,516</u>	<u>\$ 808,391</u>	<u>\$ 364,102</u>	<u>\$ 22,309,805</u>

Key increases in capital assets are as follows:

- Jail Expansion project underway
- New road and bridge construction in infrastructure.



- Completion of new county precinct barn
- Purchase of several sheriff vehicles

The main decrease in capital assets is \$3,344,862 in depreciation expense. Additional information on the County's capital assets can be found in note C on page 32 of this report.

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

The annual budget is developed to provide efficient, effective and controlled use of the County's resources. Through the budget the County Commissioners set the direction of the County, allocate its resources and establish its priorities. The 2007 budget was adopted on August 28, 2006 with General Fund expenditures of \$17,801,286, an increase of \$1,660,064 over the actual FY 2006 expenditures.

The county experienced an increase in property values from industry, waterfront properties as well as oil and gas production. The commissioners' court adopted a maintenance and operation tax rate of .26 per \$100 assessed valuation which is a 4 ½ cent reduction from the previous year. The court also adopted an interest and sinking tax rate of .00565.

Factors affecting the 2007 Budget were as follows:

- A 2.5 % step increase for employees of the county with the exception of elected officials.
- An Increase in electricity costs, fuel, ambulance costs as well as 5% increases to county libraries, museum and other organizations.
- Increases to the courts for capital murder trials
- Additional personnel cost associated with the completion of the jail expansion project

These indicators were taken into account when adopting the General Fund appropriations for 2007, with \$15.8 million in estimated revenue and \$2 million from fund balance.

### **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 request for additional information should be addressed to the Office of the Matagorda County Auditor, 1700 7<sup>th</sup> Street, Room 325, Bay City, Texas 77414, or call (979)244-7611.



## *Basic Financial Statements*



**MATAGORDA COUNTY****STATEMENT OF NET ASSETS**

DECEMBER 31, 2006

	Governmental Activities
<b>ASSETS</b>	
<i>Cash and cash equivalents</i>	\$ 7,631,652
Receivables ( net of allowances for uncollectibles):	
<i>Taxes receivable</i>	5,309,606
<i>Other receivables</i>	3,921,797
<i>Prepaid items</i>	232,055
<i>Inventories</i>	10,522
<i>Interest receivable</i>	59,326
<i>Investments</i>	6,538,142
Capital Assets (net of accumulated depreciation):	
<i>Land</i>	1,275,582
<i>Construction in progress</i>	2,402,289
<i>Buildings</i>	3,834,426
<i>Improvements</i>	507,495
<i>Infrastructure</i>	12,304,479
<i>Equipment</i>	1,985,534
Total Assets	46,012,905
<b>LIABILITIES</b>	
<i>Accounts payable</i>	883,590
<i>Due to other governments</i>	158,840
<i>Due to others</i>	331,621
<i>Accrued interest payable</i>	21,235
<i>Unearned revenue</i>	9,502,308
<i>Escrow reserves</i>	24,953
Noncurrent Liabilities:	
<i>Due within one year - compensated absences</i>	18,243
<i>Due within one year - capital leases</i>	26,466
<i>Due within one year - certificates of obligation</i>	155,000
<i>Due in more than one year - comp absences</i>	140,601
<i>Due in more than one year - certificates of obligation</i>	1,360,000
Total Liabilities	12,622,857
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	20,768,339
Restricted For:	
Debt Service	52
Unrestricted	12,621,657
Total Net Assets	\$ 33,390,048

The accompanying notes are an integral part of this statement.

**MATAGORDA COUNTY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 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	
Government Activities:					Governmental Activities
<i>General government</i>	\$ 2,591,435	\$ 1,165,711	\$ 39,399	\$ --	\$ (1,386,325)
<i>Justice system</i>	3,275,243	1,287,277	503,610	--	(1,484,356)
<i>Public safety</i>	3,264,707	4,297,654	270,704	--	1,303,651
<i>Corrections and rehabilitation</i>	2,477,072	118,632	--	--	(2,358,440)
<i>Health and human services</i>	1,281,386	54,413	30,337	--	(1,196,636)
<i>Community and economic development</i>	1,166,624	107,775	70,290	--	(988,559)
<i>Infrastructure and environmental services</i>	3,823,861	93,447	28,298	49,915	(3,652,201)
<i>Interest on debt</i>	23,980	--	--	--	(23,980)
Total governmental activities	17,904,308	7,124,909	942,638	49,915	(9,786,846)
Total Primary Government	<u>\$ 17,904,308</u>	<u>\$ 7,124,909</u>	<u>\$ 942,638</u>	<u>\$ 49,915</u>	<u>(9,786,846)</u>
General Revenues:					
<i>Property taxes</i>					8,174,199
<i>Miscellaneous</i>					103,303
<i>Unrestricted investment earnings</i>					704,318
Total General Revenues					8,981,820
Change in Net Assets					(805,026)
Net Assets - Beginning					34,195,074
Net Assets - Restated					34,195,074
Net Assets - Ending					<u>\$ 33,390,048</u>

The accompanying notes are an integral part of this statement.

**MATAGORDA COUNTY****BALANCE SHEET - GOVERNMENTAL FUNDS**

DECEMBER 31, 2006

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
<i>Cash and cash equivalents</i>	\$ 4,956,119	\$ 347,123	\$ 1,281,590	\$ 6,584,832
Receivables ( net of allowances for uncollectibles):				
<i>Taxes</i>	5,209,745	--	99,861	5,309,606
<i>Other receivables</i>	3,844,098	--	77,699	3,921,797
<i>Prepaid items</i>	232,055	--	--	232,055
<i>Due from other funds</i>	46,387	--	--	46,387
<i>Inventories</i>	5,184	--	5,338	10,522
<i>Interest receivable</i>	59,326	--	--	59,326
<i>Investments</i>	6,538,142	--	--	6,538,142
<b>Total Assets</b>	<b>\$ 20,891,056</b>	<b>\$ 347,123</b>	<b>\$ 1,464,488</b>	<b>\$ 22,702,667</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
<i>Accounts payable</i>	\$ 492,149	\$ 347,123	\$ 16,668	\$ 855,940
<i>Due to other governments</i>	158,835	--	5	158,840
<i>Due to other funds</i>	--	--	50	50
<i>Due to others</i>	192,077	--	139,544	331,621
<i>Deferred revenue</i>	9,959,467	--	409,949	10,369,416
<i>Escrow reserves</i>	24,953	--	--	24,953
<b>Total Liabilities</b>	<b>10,827,481</b>	<b>347,123</b>	<b>566,216</b>	<b>11,740,820</b>
Fund Balances:				
Unreserved:				
<i>Designated for insurance</i>	20,000	--	--	20,000
<i>Designated for precincts</i>	1,063,279	--	--	1,063,279
Undesignated:				
<i>General fund</i>	8,980,296	--	--	8,980,296
<i>Special revenue funds</i>	--	--	898,220	898,220
<i>Reserved for debt service</i>	--	--	52	52
<b>Total Fund Balances</b>	<b>10,063,575</b>	<b>--</b>	<b>898,272</b>	<b>10,961,847</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 20,891,056</b>	<b>\$ 347,123</b>	<b>\$ 1,464,488</b>	<b>\$ 22,702,667</b>

The accompanying notes are an integral part of this statement.

# MATAGORDA COUNTY

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS DECEMBER 31, 2006

Total fund balances - governmental funds balance sheet \$ 10,961,847

Amounts reported for governmental activities in the statement of net assets  
("SNA") are different because:

Capital assets used in governmental activities are not reported in the funds.	22,309,804
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	537,692
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	813,939
Payables for capital leases which are not due in the current period are not reported in the funds.	(26,466)
Payables for bond interest which are not due in the current period are not reported in the funds.	(21,235)
Payables for notes which are not due in the current period are not reported in the funds.	(1,515,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(158,844)
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	<u>488,311</u>

Net assets of governmental activities - statement of net assets \$ 33,390,048

The accompanying notes are an integral part of this statement.



# MATAGORDA COUNTY

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2006

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
<i>Taxes</i>	\$ 8,341,847	\$ --	\$ --	\$ 8,341,847
<i>Licenses and permits</i>	828,052	--	--	828,052
<i>Intergovernmental</i>	596,042	--	413,998	1,010,040
<i>Charges for services</i>	5,309,088	--	166,677	5,475,765
<i>Fines</i>	415,787	--	--	415,787
<i>Investment income</i>	685,735	18,182	40,724	744,641
<i>Miscellaneous</i>	268,310	--	63,172	331,482
Total revenues	<u>16,444,861</u>	<u>18,182</u>	<u>684,571</u>	<u>17,147,614</u>
<b>EXPENDITURES</b>				
Current:				
<i>General government</i>	2,168,091	--	50,142	2,218,233
<i>Justice system</i>	2,387,643	--	399,285	2,786,928
<i>Public Safety</i>	2,789,318	--	18,017	2,807,335
<i>Corrections and rehabilitation</i>	2,045,483	--	46,647	2,092,130
<i>Health and human services</i>	1,068,561	--	--	1,068,561
<i>Community and economic development</i>	916,190	--	61,832	978,022
<i>Infrastructure and environmental services</i>	4,293,688	--	--	4,293,688
Capital outlay	480,152	2,225,418	--	2,705,570
Debt service:				
<i>Principal</i>	25,129	--	--	25,129
<i>Interest and fiscal charges</i>	2,745	--	--	2,745
Total expenditures	<u>16,177,000</u>	<u>2,225,418</u>	<u>575,923</u>	<u>18,978,341</u>
Excess (deficiency) of revenues over (under) expenditures	<u>267,861</u>	<u>(2,207,236)</u>	<u>108,648</u>	<u>(1,830,727)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
<i>Transfers in</i>	6,500	692,236	--	698,736
<i>Transfers out</i>	(692,236)	--	(6,500)	(698,736)
<i>Certificates of obligation</i>	--	1,515,000	--	1,515,000
Total other financing sources (uses)	<u>(685,736)</u>	<u>2,207,236</u>	<u>(6,500)</u>	<u>1,515,000</u>
Net change in fund balances	(417,875)	--	102,148	(315,727)
Fund balances - beginning	10,481,450	--	796,124	11,277,574
Fund balances - ending	<u>\$ 10,063,575</u>	<u>\$ --</u>	<u>\$ 898,272</u>	<u>\$ 10,961,847</u>

The accompanying notes are an integral part of this statement.

## MATAGORDA COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2006

Net change in fund balances - total governmental funds \$ (315,727)

Amounts reported for governmental activities in the statement of activities  
("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	3,760,594
The depreciation of capital assets used in governmental activities is not reported in the funds.	(3,344,863)
Donations of capital assets increase net assets in the SOA but not in the funds.	28,557
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(167,647)
(Increase) decrease in accrued interest from beginning of period to end of period	(21,235)
The net revenue (expense) of internal service funds is reported with governmental activities.	621,068
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	58,469
Certain fine revenues are deferred in the funds. This is the change in these amounts this year.	90,759
Proceeds of long-term debt is recognized as other financial resources in the funds but not revenue in the SOA.	(1,515,000)
Rounding difference	(1)

Change in net assets of governmental activities - statement of activities \$ (805,026)

The accompanying notes are an integral part of this statement.

**MATAGORDA COUNTY**

## STATEMENT OF NET ASSETS

## INTERNAL SERVICE FUND

DECEMBER 31, 2006

Nonmajor  
Internal Service  
FundInsurance  
Fund**ASSETS****Current assets:***Cash and cash equivalents*

\$ 1,046,821

Total Assets

\$ 1,046,821

**LIABILITIES****Current liabilities:***Accounts payable*

\$ 27,650

*Due to other funds*

46,337

*Deferred revenue*

158,895

Total Liabilities

232,882

**NET ASSETS***Unrestricted*

813,939

Total net assets

\$ 813,939

The accompanying notes are an integral part of this statement.

**MATAGORDA COUNTY****STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS - INTERNAL SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Nonmajor Internal Service Fund
	Insurance Fund
<b>OPERATING REVENUES</b>	
<i>Employer contributions</i>	\$ 1,800,975
<i>Employee contributions</i>	189,463
<i>Retiree/Cobra contributions</i>	72,802
<i>Special district contributions</i>	200,790
<i>Drug rebates</i>	24,773
Total Operating Revenues	2,288,803
<b>OPERATING EXPENSES</b>	
<i>Administrative claims</i>	445,182
<i>Claims expense</i>	890,326
<i>Prescriptions</i>	358,233
Total Operating Expenses	1,693,741
Operating Income (Loss)	595,062
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
<i>Interest revenue</i>	26,006
Total Non-operating Revenues (Expenses)	26,006
Change in Net Assets	621,068
Total net assets - beginning	192,871
Total net assets - ending	\$ 813,939

The accompanying notes are an integral part of this statement.

**MATAGORDA COUNTY**

## STATEMENT OF CASH FLOWS

## PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2006

	Internal Service Fund
<b>Cash Flows from Operating Activities:</b>	
<i>Cash received from interfund services provided</i>	\$ 2,033,524
<i>Cash received from external users</i>	273,592
<i>Cash payments for administration and claims</i>	(1,707,552)
Net Cash Provided (Used) by Operating Activities	599,564
<b>Cash Flows from Investing Activities:</b>	
<i>Interest and Dividends on Investments</i>	26,005
Net Cash Provided (Used) for Investing Activities	26,005
Net Increase (Decrease) in Cash and Cash Equivalents	625,569
Cash and Cash Equivalents at Beginning of Year	421,252
Cash and Cash Equivalents at End of Year	\$ 1,046,821
<b>Reconciliation of Operating Income to Net Cash     Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ 595,062
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Change in Assets and Liabilities:	
<i>Increase (Decrease) in Accounts Payable</i>	(13,810)
<i>Increase (Decrease) in Unearned Revenue</i>	18,312
Total Adjustments	4,502
Net Cash Provided (Used) by Operating Activities	\$ 599,564

The accompanying notes are an integral part of this statement.

**MATAGORDA COUNTY****STATEMENT OF FIDUCIARY NET ASSETS****FIDUCIARY FUNDS****DECEMBER 31, 2006**

	Agency Funds
<b>ASSETS</b>	
<i>Cash and cash equivalents</i>	\$ 2,518,368
Total Assets	<u>\$ 2,518,368</u>
<b>LIABILITIES</b>	
<i>Accounts payable</i>	\$ 210,521
<i>Due to others</i>	2,307,847
Total Liabilities	<u>2,518,368</u>
<b>NET ASSETS</b>	
<i>Unrestricted</i>	--
Total Net Assets	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

# **MATAGORDA COUNTY**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

### **A. Summary of Significant Accounting Policies**

The combined financial statements of Matagorda County (the "County") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

#### **1. Reporting Entity**

The County of Matagorda operates under state statutes and was established in 1836 by the Republic of Texas. Commissioners elected from each precinct serve as the governing body with the elected County Judge as the head of this body. They oversee all the functions of general government applicable to the County as provided by state statutes.

The County's basic financial statements include the accounts of all its operations. The County evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the County's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County
- the exclusion of the organization would result in misleading or incomplete financial statements

The County also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the County to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the County, its component units or its constituents; and 2) The County or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the County.

Based on these criteria, the County has no component units. Additionally, the County is not a component unit of any other reporting entity as defined by the GASB Statement.

#### **2. Basis of Presentation, Basis of Accounting**

##### **a. Basis of Presentation**

Government-wide Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County allocates indirect expenses in the statement of activities based on functional totals at the government-wide level. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

## **MATAGORDA COUNTY**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

**Fund Financial Statements:** The fund financial statements provide information about the County's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

The County reports the following major governmental funds:

**General Fund.** This 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.

**Capital Projects Fund.** This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. For the County, this fund is comprised of Certificates of Obligation for the expansion of an existing jail facility.

In addition, the County reports the following fund types:

**Internal Service Funds:** These funds are used to account for revenues and expenses related to services provided to parties inside the County. These funds facilitate distribution of health insurance costs to the various departments of the County on a cost-reimbursement basis. Because the principal users of the internal services are the County's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support County programs, these funds are not included in the government-wide statements and are defined as follows:

**Agency Funds:** These funds are used to report resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Agency funds for Matagorda County include District Clerk, County Clerk and Inmate Trust funds held for the benefit of others and the Tax Assessor/Collector account used for the collection of taxes and remittance to various taxing entities.

**b. Measurement Focus, Basis of Accounting**

**Government-wide, Proprietary, and Fiduciary Fund Financial Statements:** These financial statements are reported using the economic resources measurement focus, with the exception of agency funds which do not involve measurement of results of operations. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.



## **MATAGORDA COUNTY**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the County incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the County's policy to use restricted resources first, then unrestricted resources.

#### **3. Financial Statement Amounts**

##### **a. Cash and Cash Equivalents**

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

##### **b. Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

##### **c. Inventories and Prepaid Items**

The County records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory at cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

##### **d. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

## MATAGORDA COUNTY

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	10-30
Buildings	30-60
Improvements	10-20
Vehicles	3-5
Office Equipment	3-7
Other Equipment	5-20

e. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation, sick pay and comp time benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay these amounts when employees separate from service. All vacation and comp time pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

h. Investment Policy

The County's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

4. Budgetary Data

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, and the following special revenue funds: DA Legal Law, Sheriff & Jail Discretionary, County Clerk Preservation & Automation, Countywide Records Management/Preservation, Courthouse Security, Justice Court Technology, District Clerk Records Management/Preservation and Law Enforcement. All annual budget appropriations lapse at fiscal year end, with the exception of the four precincts (see Note K).

## **MATAGORDA COUNTY**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

According to Chapter 111 of the Local Government Code, by July 31 the County Judge, assisted by the County Auditor shall prepare a budget to cover all proposed expenditures of the County government for the succeeding fiscal year. The proposed budget shall be filed with the County Clerk for inspection by any taxpayer. The Commissioners court shall hold a public hearing on the proposed budget after August 15th but before the date on which taxes are levied by the court. The final approved budget shall be filed with the County Clerk.

The appropriated budget is prepared by fund, department, and category (personnel, operating, capital outlay and debt service). Department heads may make transfers of appropriations within a category. Transfers of appropriations between categories requires the approval of Commissioners Court. The budget was amended throughout the year as needed for emergency expenditures.

#### **5. Encumbrance Accounting**

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at December 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

The County had no outstanding end-of-year encumbrances.

#### **B. Deposits and Investments**

The County's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County's agent bank approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

##### Cash Deposits:

At December 31, 2006, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$10,147,082 and the bank balance was \$14,938,831. The County's cash deposits at December 31, 2006 and during the year ended December 31, 2006, were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

##### Investments:

The County is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

# MATAGORDA COUNTY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

The County's investments at December 31, 2006 are shown below.

Investment	Fair Value	Maturity in Years		Credit Rating
		< 1 year	1-5 years	
Federal Home Loan Bank	\$ 2,607,172	\$ 1,357,172	\$ 1,250,000	Aaa
Federal National Discount Note	959,110	959,110		Not Rated
Federal Home Loan Mortgage Corporation	1,973,260	1,973,260		Aaa
Federal National Mortgage Association	998,600	998,600		Aaa
Total reported as investments	\$ 6,538,142	\$ 5,288,142	\$ 1,250,000	
ICT Government Securities - reported as cash	\$ 7,318,917	N/A	N/A	Aaa

### Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

- Credit Risk - the risk that an issuer or other counterparty to an investment will not fulfil its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The above table indicates the credit rating by Standard & Poor's at December 31, 2006 by investment type.
- Interest Rate Risk - the risk that changes in interest rates will adversely affect the fair value of an investment. The County limits its exposure to interest rate risk by diversifying its investments by security type and institution and restricting the maximum investment term to less than five years from the purchase date for all funds except debt service funds which are limited to ten years.
- Concentration of Credit Risk - the risk of loss attributed to the magnitude of a government's investment in a single user. While the County's policy places no limits on the amount that may be invested in any one issuer, it does stress diversity and safety. At year end, more than five percent of the County's investments were held in each of the investment types listed above.

### C. Capital Assets

Capital asset activity for the year ended December 31, 2006, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,276,947	\$ --	\$ 1,366	\$ 1,275,581
Construction in progress	204,546	2,423,650	225,907	2,402,289
Total capital assets not being depreciated	1,481,493	2,423,650	227,273	3,677,870
<i>Capital assets being depreciated:</i>				
Infrastructure	37,204,752	1,233,291	404,009	38,034,034
Buildings and improvements	8,383,674	225,907	65,908	8,543,673
Vehicles and equipment	6,520,565	270,405	44,867	6,746,103
Total capital assets being depreciated	52,108,991	1,729,603	514,784	53,323,810
Less accumulated depreciation for:				
Infrastructure	(23,331,894)	(2,700,830)	(303,169)	(25,729,555)
Buildings and improvements	(4,034,905)	(196,766)	(29,919)	(4,201,752)
Vehicles and equipment	(4,358,169)	(447,266)	(44,867)	(4,760,568)
Total accumulated depreciation	(31,724,968)	(3,344,862)	(377,955)	(34,691,875)
Total capital assets being depreciated, net	20,384,023	(1,615,259)	136,829	18,631,935
Governmental activities capital assets, net	\$ 21,865,516	\$ 808,391	\$ 364,102	\$ 22,309,805

# MATAGORDA COUNTY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

Depreciation was charged to functions as follows:

General Government	\$	479,346
Justice		605,409
Public Safety		625,186
Corrections		472,553
Health		239,658
Community		218,810
Infrastructure		703,900
	\$	<u>3,344,862</u>

### D. Interfund Balances and Activity

#### 1. Due To and From Other Funds

Balances due to and due from other funds at December 31, 2006, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Internal Service Fund	\$ 46,337	Start-up for health insurance
General Fund	Other Governmental Funds	50	Imprest cash
	Total	<u>\$ 46,387</u>	

All amounts due are scheduled to be repaid within one year.

#### 2. Transfers To and From Other Funds

Transfers to and from other funds at December 31, 2006, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Other Governmental Funds	\$ 6,500	Payment of state supplements
General fund	Capital Projects Fund	692,236	Funding for jail expansion
	Total	<u>\$ 698,736</u>	

### E. Long-Term Obligations

#### 1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended December 31, 2006, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
Certificates of Obligation	\$ --	\$ 1,515,000	\$ --	\$ 1,515,000	155,000
Capital leases	51,595	--	25,129	26,466	26,466
Compensated absences *	192,184	198,084	231,424	158,844	18,243
Total governmental activities	<u>\$ 243,779</u>	<u>\$ 1,713,084</u>	<u>\$ 256,553</u>	<u>\$ 1,700,310</u>	<u>\$ 199,709</u>

\* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated absences	General Fund	

## MATAGORDA COUNTY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

#### 2. Debt Service Requirements

Debt service requirements on long-term debt at December 31, 2006, are as follows:

Certificates of obligation of \$1,515,000, issued August 15, 2006 bearing interest of 4.69% and maturing March 15, 2016. Issued for the purpose of jail expansion.

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2007	\$ 155,000	\$ 67,813	\$ 222,813
2008	125,000	60,853	185,853
2009	130,000	54,873	184,873
2010	135,000	48,659	183,659
2011	145,000	42,093	187,093
2012-2016	825,000	100,484	925,484
Totals	<u>\$ 1,515,000</u>	<u>\$ 374,775</u>	<u>\$ 1,889,775</u>

#### 2. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of December 31, 2006, as follows:

<u>Year Ending December 31:</u>	
2007	\$ 27,874
Total Minimum Rentals	27,874
Less amount representing interest	(1,408)
Net capital lease payable	<u>\$ 26,466</u>

The effective interest rate on capital leases is 5.32%

The County has entered into a lease agreement as lessee for financing the acquisition of an asphalt zipper for use in road maintenance. This lease qualifies as capital leases for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date. The asset acquired through capital lease is as follows:

	Governmental
	Activities
Equipment	\$ 79,119
Less: Accumulated Depreciation	(3,956)
	<u>\$ 75,163</u>

#### F. Risk Management

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2006, the County obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities via interlocal agreement and forming a risk pool ("Pool"). The Pool is a legally separate entity operating as a common risk management and insurance program and is administered by TriStar Risk Management. The Pool provides third party liability, public officials liability, automobile liability, workers compensation, blanket crime coverage and property coverage. The County pays an annually determined premium to the pool for its share of the above insurance coverage. The agreement for the formation of the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. Latest audited financial statements for the self-insured pool can be obtained by contacting PO Box 1744, Bay City, Tx 77404-1744.

**MATAGORDA COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

The County continues to carry insurance for other risks of loss through a group purchasing cooperative. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

**G. Pension Plan**

**1. Plan Description**

The County's pension plan ("Plan") is a nontraditional defined benefit pension plan which provides retirement, disability, death and withdrawal benefits to Plan members and beneficiaries through its affiliation with Texas County District Retirement System ("TCDRS"), an agent multiple-employer public employee retirement system. TCDRS was established in 1967 by an act of the Texas Legislature, and as of 2006 included 575 participating subdivisions.

The Texas legislature has the authority to establish or amend benefit provisions and the governing body of the County adopts the plan provisions within the options and constraints established by the legislature. Members can retire at age 60 with eight years of service, at any age with 30 years of service or when the sum of their age and years of service equals 75.

TCDRS issues a publicly available financial report that includes financial statements and required supplementary information for TCDRS. That report may be obtained by writing to Texas County District Retirement System, P.O. Box 2034, Austin, TX 78768-2034 or calling (800) 823-7782. Additional nonauthoritative information is available at the TCDRS web site, <http://www.tcdrs.org>.

**2. Calculation Information**

Plan members are required to contribute 7% of their annual covered salary. The County is required to contribute at an actuarially determined rate; the rate at December 31, 2006 is 12.00% of annual covered payroll. The County's contributions to the TCDRS for the years ending December 31, 2006, 2005 and 2004 were \$673,619, \$773,896 and \$678,035, respectively, and were equal to the required contributions for each year.

**3. Actuarial Information**

The County's annual pension cost of \$673,619 for the Plan was equal to the County's required and actual contributions. Under the state law governing TCDRS, the actuary annually determines the County's contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. 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 valuation as of December 31, 2004, the basis for determining the contribution rate for calendar year 2006.

Actuarial valuation date	12/31/2003	12/31/2004	12/31/2005
Actuarial cost method	entry age	entry age	entry age
Amortization method	level % of payroll, open	level % of payroll, open	level % of payroll, open
Amortization period in years	20	20	20
Asset valuation method	long-term appreciation	long-term appreciation	long-term appreciation
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%

**MATAGORDA COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

4. Schedule of Funding Information

	12/31/2003	12/31/2004	12/31/2005
Actuarial valuation date			
Actuarial value of assets	\$ 15,679,965	\$ 16,053,805	\$ 17,579,421
Actuarial accrued liability (AAL)	\$ 20,110,470	\$ 20,521,043	\$ 21,943,536
Unfunded or (overfunded) actuarial accrued liability (UAAL or OAAL)	\$ 4,430,505	\$ 4,467,238	\$ 4,364,115
Funded ratio	77.97%	78.23%	80.11%
Annual covered payroll (actuarial)	\$ 6,032,617	\$ 6,056,155	\$ 6,157,422
UAAL or OAAL as percentage of covered payroll	73.44%	73.76%	70.88%

H. Health Care Coverage

During the year ended December 31, 2006, employees of the County were covered by a health insurance plan (the Plan). The County contributed \$535 per month per employee and \$215 for dependents to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions for dependents not contributed by the employer. All claims were paid by a third party administrator, acting on behalf of the self-funded pool. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the County and the third party administrator is renewable October 1, 2007, and terms of coverage and contribution costs are included in the contractual provisions.

Other governmental entities and/or their employees contributed to the self-insurance pool via an Interlocal agreement in accordance with Local Government Code Chapter 172. The risk of the pool is shared by all participating entities. In accordance with state statute, the Pool was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Texas Association of Counties Health Employee Benefit Program and Blue Cross Blue Shield of Texas, commercial insurers licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$100,000 and for aggregate loss.

Liabilities are reported when it is probable that a claim has occurred and the amount of the claim can be reasonably estimated. Claim liabilities are based upon the estimated ultimate cost of settling the claim, including claim adjustments and subrogation. The liability for claims and judgments is reported in the insurance fund, an internal service fund of the County.

Changes in the balances of claims liabilities during the years ended December 31, 2006, 2005 and 2004, are as follows:

	2004	2005	2006
Unpaid claims, beginning	\$ 224,885	\$ 168,492	\$ 41,461
Claims incurred	1,540,605	1,399,202	1,248,559
Claims paid	(1,596,998)	(1,526,233)	(1,262,370)
Unpaid claims, ending	\$ 168,492	\$ 41,461	\$ 27,650

I. Commitments and Contingencies

1. Commitments

The County has entered into a contract for \$4,919,116 for expansion of the existing jail facilities. As of December 31, 2006, \$1,941,678 of this contract has been completed and the remaining \$2,977,438 is an outstanding commitment of the County.

J. Closure and Postclosure Care Cost

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions. The County stopped receiving waste prior to October 9, 1993 at over 90% capacity used and is still in the process of officially closing the site. The



# MATAGORDA COUNTY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

estimated costs of closure for 2007 are approximately \$5,000. Post-closure costs are subject to change resulting from inflation, deflation, technology and/or changes in applicable laws and regulations and are expected to be nominal for the next five years after certification of the completion of closure.

### K. Reserved and Designated Fund Balances

The County Commissioners Court has designated funds to be set aside for specific purposes as outlined below:

Insurance	\$	20,000	for physical property damage to autos
Precincts	\$	1,063,279	unexpended budgeted amounts from each of the four precincts

The fund balance for the debt service fund is legally restricted for the purpose of servicing debt.

### L. Post Retirement Health Insurance

The County provides retirees hired prior to January 1, 2000, who qualified under the TCDRS rules, with individual coverage for hospitalization insurance for their lifetime pursuant to Local Government Code 172.004. Any dependent coverage must be paid by the retiree. The County records amounts paid as expenditures for the current period, and at December 31, 2006 payments covered 60 individuals at a cost of \$372,895. The amount of future liability is indeterminable, therefore, nothing has been accrued in the financial statements. This plan is not funded.

### M. Receivables and Deferred Revenues

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

	General	Non-Major and Other Funds	Totals
Taxes	\$ 5,376,119	\$ 99,994	\$ 5,476,113
Less allowance	(166,374)	(133)	(166,507)
	<u>\$ 5,209,745</u>	<u>\$ 99,861</u>	<u>\$ 5,309,606</u>
Other Receivables	\$ 76,187	\$ 1,080	\$ 77,267
Taxes	3,041,219	65,105	3,106,324
Grants	90,725		90,725
Justice of Peace fines/fees	1,375,904		1,375,904
Less allowance	(1,116,535)		(1,116,535)
District Clerk fines/fees	2,847,062		2,847,062
Less allowance	(2,562,728)		(2,562,728)
Child Support fines/fees	47,194		47,194
Less allowance	(42,068)		(42,068)
County Clerk fines/fees	1,907,058		1,907,058
Less allowance	(1,819,920)		(1,819,920)
Juvenile Probation fines/fees		11,514	11,514
	<u>\$ 3,844,098</u>	<u>\$ 77,699</u>	<u>\$ 3,921,797</u>

While allowances have been estimated for the above receivables, it is possible that some may not be collected within one year.

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period and for amounts that have not yet been earned. Government-wide statements report only the unearned revenues as deferred and recognize the unavailable as revenue. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds and government-wide statements were as follows:

# MATAGORDA COUNTY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

	Unavailable	Gov't-Wide Unearned	Gov't'l Fund Totals
Delinquent property taxes receivable (general fund)	\$ 537,692	\$	\$ 537,692
2006 Property taxes:			
General fund		8,845,741	8,845,741
All other nonmajor funds		189,646	189,646
Fines/fees receivable:			
General fund	484,519		484,519
All other non-major funds	3,792		3,792
Health insurance premiums (internal service fund)		158,895	158,895
Grant drawdowns prior to meeting all eligibility requirements:			
General fund		91,515	91,515
All other non-major funds		216,511	216,511
	<u>\$ 1,026,003</u>	<u>\$ 9,502,308</u>	<u>\$ 10,528,311</u>

### N. Jointly Governed and Related Organizations

1. The County is accountable for the following related organizations in that they appoint the commissioners:

Matagorda County Drainage District No. 1  
Matagorda County Drainage District No. 2  
Matagorda County Drainage District No. 3  
Matagorda County Drainage District No. 4  
Matagorda County Conservaton & Reclamation District  
Palacios Seawall

The County is not financially accountable for the above organizations nor does the County's accountability for these organizations extend significantly beyond making the appointments. Accordingly, financial information for these entities is excluded from the County's financial statements.

Latest audited financial statements for these entities may be obtained by writing 1700 7th Street, Room 302, Bay City, Tx 77414-5091.

2. The Adult Probation division is operated as a multi-county department doing business as 23rd Judicial District Community Supervision and Correction Department (CSCD) Matagorda and Wharton Counties. The CSCD services both Matagorda and Wharton Counties with each county providing required office space for the operations of the Department and substantially all of the Department's funding provided by the State.

The Department's board consists of the two district judges for Matagorda and Wharton Counties. Matagorda County is not able to appoint a voting majority to the Department's board or otherwise impose its will. The Department is not fiscally dependent on Matagorda County since the County's role is ministerial in nature. As a result, the Department is considered to be legally separate from Matagorda County and thus not a part of the reporting entity of Matagorda County.

### *Required Supplementary Information*

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

### *General Fund*

The general fund is used to account for all financial resources of the general government except those required to be accounted for in another fund.

**MATAGORDA COUNTY**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

Page 1 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
<i>Taxes</i>	\$ 8,310,802	\$ 8,310,802	\$ 8,341,847	\$ 31,045
<i>Licenses and permits</i>	853,100	853,100	828,052	(25,048)
<i>Intergovernmental</i>	243,503	468,832	596,042	127,210
<i>Charges for services</i>	5,110,299	5,110,299	5,309,088	198,789
<i>Fines</i>	330,050	330,050	415,787	85,737
<i>Investment income</i>	210,000	210,000	685,735	475,735
<i>Miscellaneous</i>	99,500	249,816	268,310	18,494
Total revenues	15,157,254	15,532,899	16,444,861	911,962
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
County Judge:				
<i>Personnel</i>	138,241	138,241	136,570	1,671
<i>Operating costs</i>	7,200	7,200	5,076	2,124
Total County Judge	145,441	145,441	141,646	3,795
Commissioners Court				
<i>Operating costs</i>	111,000	101,650	67,171	34,479
Total Commissioners Court	111,000	101,650	67,171	34,479
Information Services:				
<i>Personnel</i>	102,157	102,157	102,118	39
<i>Operating costs</i>	149,488	135,571	120,704	14,867
<i>Capital outlay</i>	--	13,917	13,917	--
Total Information Services	251,645	251,645	236,739	14,906
County Courthouse:				
<i>Personnel</i>	61,757	61,757	57,752	4,005
<i>Operating costs</i>	232,864	232,864	182,056	50,808
Total County Courthouse	294,621	294,621	239,808	54,813
County Office Building:				
<i>Operating costs</i>	91,000	94,000	92,631	1,369
<i>Capital outlay</i>	--	9,140	9,140	--
Total County Office Building	91,000	103,140	101,771	1,369
Unallocable by Department:				
<i>Insurance</i>	41,519	41,519	76,678	(35,159)
<i>Appraisal fees</i>	12,910	12,910	11,434	1,476
<i>Retiree Insurance</i>	95,763	95,763	109,140	(13,377)
<i>Other costs</i>	157,000	65,752	--	65,752
Total Unallocable by Department	307,192	215,944	197,252	18,692
County Clerk:				
<i>Personnel</i>	253,619	253,619	248,338	5,281
<i>Operating costs</i>	37,340	38,030	35,330	2,700
Total County Clerk	290,959	291,649	283,668	7,981

**MATAGORDA COUNTY**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
County Auditor:				
<i>Personnel</i>	298,525	301,600	297,984	3,616
<i>Operating costs</i>	11,400	11,400	7,857	3,543
Total County Auditor	309,925	313,000	305,841	7,159
County Treasurer:				
<i>Personnel</i>	144,534	144,534	144,193	341
<i>Operating costs</i>	25,370	25,370	14,359	11,011
Total County Treasurer	169,904	169,904	158,552	11,352
Special Districts				
<i>Personnel</i>	40,724	40,724	22,982	17,742
<i>Operating costs</i>	8,550	8,550	2,405	6,145
Total Special Districts	49,274	49,274	25,387	23,887
County Tax Assessor Collector:				
<i>Personnel</i>	356,290	356,290	344,717	11,573
<i>Operating costs</i>	61,300	66,945	54,864	12,081
Total Tax Assessor Collector	417,590	423,235	399,581	23,654
Elections:				
<i>Personnel</i>	6,213	6,213	5,757	456
<i>Operating costs</i>	23,214	24,599	27,975	(3,376)
Total Elections	29,427	30,812	33,732	(2,920)
<b>TOTAL GENERAL GOVERNMENT</b>	<b>2,467,978</b>	<b>2,390,315</b>	<b>2,191,148</b>	<b>199,167</b>
<b>JUSTICE SYSTEM</b>				
District Court:				
<i>Personnel</i>	133,694	133,694	133,081	613
<i>Operating costs</i>	40,250	40,250	30,636	9,614
Total District Court	173,944	173,944	163,717	10,227
County Court:				
<i>Operating costs</i>	13,500	13,500	11,099	2,401
Total County Court	13,500	13,500	11,099	2,401
Court Expenses:				
<i>Operating costs</i>	420,800	303,700	282,804	20,896
<i>Capital outlay</i>	5,400	--	--	--
Total Court Expenses	426,200	303,700	282,804	20,896
Capital Trials				
<i>Operating costs</i>	--	77,500	76,350	1,150
Total Capital Trials	--	77,500	76,350	1,150
District Clerk:				
<i>Personnel</i>	165,732	167,707	165,342	2,365
<i>Operating costs</i>	20,850	20,850	20,822	28
Total District Clerk	186,582	188,557	186,164	2,393

**MATAGORDA COUNTY**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
District Attorney:				
<i>Personnel</i>	334,439	373,901	373,614	287
<i>Operating costs</i>	29,678	78,178	55,550	22,628
Total District Attorney	364,117	452,079	429,164	22,915
County Attorney:				
<i>Personnel</i>	177,020	177,020	171,884	5,136
<i>Operating costs</i>	22,925	22,925	21,102	1,823
Total County Attorney	199,945	199,945	192,986	6,959
Justice of the Peace #1				
<i>Personnel</i>	104,549	104,549	97,324	7,225
<i>Operating costs</i>	6,065	7,365	6,801	564
Total Justice of the Peace #1	110,614	111,914	104,125	7,789
Justice of the Peace #2				
<i>Personnel</i>	107,227	111,053	111,204	(151)
<i>Operating costs</i>	14,223	19,123	18,673	450
Total Justice of the Peace #2	121,450	130,176	129,877	299
Justice of the Peace #3				
<i>Personnel</i>	79,917	79,917	78,952	965
<i>Operating costs</i>	7,600	7,600	7,577	23
Total Justice of the Peace #3	87,517	87,517	86,529	988
Justice of the Peace #4				
<i>Personnel</i>	85,188	85,865	84,548	1,317
<i>Operating costs</i>	8,343	8,343	5,871	2,472
Total Justice of the Peace #4	93,531	94,208	90,419	3,789
Justice of the Peace #6				
<i>Personnel</i>	20,472	20,472	20,454	18
<i>Operating costs</i>	3,935	3,935	3,167	768
Total Justice of the Peace #6	24,407	24,407	23,621	786
Law Library:				
<i>Operating costs</i>	15,000	15,000	13,059	1,941
Total Law Library	15,000	15,000	13,059	1,941
Child Support:				
<i>Personnel</i>	70,207	70,207	42,031	28,176
<i>Operating costs</i>	7,550	7,550	3,360	4,190
Total Child Support	77,757	77,757	45,391	32,366
Juvenile Probation Board:				
<i>Personnel</i>	29,053	29,053	27,509	1,544
Total Juvenile Probation Board	29,053	29,053	27,509	1,544
Juvenile Probation:				
<i>Personnel</i>	127,430	128,310	128,094	216
<i>Operating costs</i>	37,742	57,722	55,324	2,398
Total Juvenile Probation	165,172	186,032	183,418	2,614

**MATAGORDA COUNTY**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Juvenile Alternative School:				
<i>Personnel</i>	111,369	91,369	50,145	41,224
<i>Operating costs</i>	10,200	10,200	10,913	(713)
Total Juvenile Alternative School	121,569	101,569	61,058	40,511
Juvenile Alert Program:				
<i>Operating costs</i>	1,000	1,000	--	1,000
Total Juvenile Alternative Program	1,000	1,000	--	1,000
Child Protective Services:				
<i>Operating costs</i>	54,000	54,000	54,000	--
Total Child Protective Services	54,000	54,000	54,000	--
Unallocable by Department:				
<i>Insurance</i>	96,842	96,842	96,842	--
<i>Appraisal fees</i>	16,306	16,306	14,441	1,865
<i>Autopsies</i>	75,000	75,000	59,430	15,570
<i>Retiree Insurance</i>	55,640	55,640	55,640	--
Total unallocable by Department	243,788	243,788	226,353	17,435
<b>TOTAL JUSTICE SYSTEM</b>	<b>2,509,146</b>	<b>2,565,646</b>	<b>2,387,643</b>	<b>178,003</b>
<b>PUBLIC SAFETY</b>				
Constable Precinct #1:				
<i>Personnel</i>	14,780	14,780	14,782	(2)
<i>Operating costs</i>	5,950	6,950	6,819	131
Total Constable Precinct #1	20,730	21,730	21,601	129
Constable Precinct #2:				
<i>Personnel</i>	17,362	17,362	17,331	31
<i>Operating costs</i>	5,950	6,950	6,949	1
Total Constable Precinct #2	23,312	24,312	24,280	32
Constable Precinct #3:				
<i>Personnel</i>	14,782	14,782	14,782	--
<i>Operating costs</i>	3,730	4,730	4,730	--
Total Constable Precinct #3	18,512	19,512	19,512	--
Constable Precinct #4:				
<i>Personnel</i>	14,780	14,780	14,783	(3)
<i>Operating costs</i>	4,065	5,765	5,196	569
Total Constable Precinct #4	18,845	20,545	19,979	566
Constable Precinct #6:				
<i>Personnel</i>	17,362	17,362	14,785	2,577
<i>Operating costs</i>	3,900	5,570	5,102	468
Total Constable Precinct #6	21,262	22,932	19,887	3,045
County Sheriff:				
<i>Personnel</i>	1,791,484	1,785,484	1,777,756	7,728
<i>Operating costs</i>	315,825	382,694	365,570	17,124



**MATAGORDA COUNTY**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Capital outlay</i>	100,000	99,026	99,025	1
Total County Sheriff	2,207,309	2,267,204	2,242,351	24,853
Department of Public Safety:				
<i>Personnel</i>	9,450	10,575	9,683	892
<i>Operating costs</i>	11,600	11,600	10,773	827
Total Department of Public Safety	21,050	22,175	20,456	1,719
Game Wardens:				
<i>Operating costs</i>	27,428	27,428	27,571	(143)
Total Game Wardens	27,428	27,428	27,571	(143)
Fire Protection:				
<i>Operating costs</i>	28,174	39,074	40,036	(962)
Total Fire Protection	28,174	39,074	40,036	(962)
County Wide 911 Services:				
<i>Personnel</i>	55,486	57,088	57,301	(213)
<i>Operating costs</i>	9,500	7,898	6,784	1,114
Total County Wide 911 Services	64,986	64,986	64,085	901
Emergency Management:				
<i>Personnel</i>	--	5,000	4,715	285
<i>Operating costs</i>	47,400	195,370	224,011	(28,641)
Total Emergency Management	47,400	200,370	228,726	(28,356)
Unallocable by department:				
<i>Insurance</i>	100,006	100,006	100,006	--
<i>Appraisal fees</i>	16,838	16,838	14,913	1,925
<i>Retiree insurance</i>	44,940	44,940	44,940	--
Total unallocable by department	161,784	161,784	159,859	1,925
<b>TOTAL PUBLIC SAFETY</b>	<b>2,660,792</b>	<b>2,892,052</b>	<b>2,888,343</b>	<b>3,709</b>
<b>CORRECTIONS &amp; REHABILITATION</b>				
County Jail:				
<i>Personnel</i>	1,140,661	1,120,661	1,111,411	9,250
<i>Operating costs</i>	280,732	329,273	303,321	25,952
<i>Inmate Placement</i>	350,000	507,181	524,746	(17,565)
Total County Jail	1,771,393	1,957,115	1,939,478	17,637
Adult Probation:				
<i>Operating costs</i>	2,400	2,400	2,022	378
Total Adult Probation	2,400	2,400	2,022	378
Unallocable by department:				
<i>Insurance</i>	75,591	75,591	75,591	--
<i>Appraisal fees</i>	12,728	12,728	11,272	1,456
<i>Retiree insurance</i>	17,120	17,120	17,120	--
Total unallocable by department	105,439	105,439	103,983	1,456
<b>TOTAL CORRECTIONS &amp; REHABILITATION</b>	<b>1,879,232</b>	<b>2,064,954</b>	<b>2,045,483</b>	<b>19,471</b>

**MATAGORDA COUNTY**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
HEALTH & HUMAN SERVICES				
Health Department:				
Personnel	207,058	207,573	207,569	4
Operating costs	27,300	103,548	55,145	48,403
Total Health Department	234,358	311,121	262,714	48,407
Animal Control:				
Personnel	57,297	54,717	54,718	(1)
Operating costs	16,800	61,535	62,495	(960)
Total Animal Control	74,097	116,252	117,213	(961)
Mental Health:				
Operating costs	33,732	33,732	33,732	--
Total Mental Health	33,732	33,732	33,732	--
Ambulance Service:				
Operating costs	494,500	499,500	497,640	1,860
Total Ambulance Service	494,500	499,500	497,640	1,860
Aid to Others:				
Economic Action Committee	4,000	4,000	4,000	--
Edith Armstrong Center	8,400	8,400	8,400	--
Friends of the Elderly	38,000	38,000	38,000	--
Cemetery	3,000	3,000	3,000	--
Indigent Burials	2,000	2,000	1,600	400
Total Aid to Others	55,400	55,400	55,000	400
Veteran's Service Officer:				
Personnel	37,301	41,273	41,128	145
Operating costs	6,875	6,275	4,241	2,034
Total Veteran's Service Officer	44,176	47,548	45,369	2,179
Unallocable by department:				
Insurance	38,336	38,336	38,336	--
Appraisal fees	6,455	6,455	5,717	738
Retiree insurance	12,840	12,840	12,840	--
Total unallocable by department	57,631	57,631	56,893	738
TOTAL HEALTH & HUMAN SERVICES	993,894	1,121,184	1,068,561	52,623
COMMUNITY & ECONOMIC DEVELOPMENT				
521 Park:				
Operating costs	3,800	4,800	5,365	(565)
Total 521 Park	3,800	4,800	5,365	(565)
Marine Department:				
Personnel	80,909	95,909	90,671	5,238
Operating costs	44,115	44,115	43,141	974
Total Marine Department	125,024	140,024	133,812	6,212

**MATAGORDA COUNTY**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Aid to Others:				
<i>Economic Development</i>	60,000	118,278	118,279	(1)
<i>Bay City Library</i>	162,450	162,450	162,450	--
<i>Palacios Library</i>	54,150	54,150	54,150	--
<i>Matagorda County Museum</i>	43,320	43,320	43,320	--
<i>Historical Commission Markers</i>	5,700	5,700	5,694	6
<i>Service Center</i>	3,420	3,420	3,420	--
Total Aid to Others	329,040	387,318	387,313	5
Agricultural Extension Service:				
<i>Personnel</i>	144,687	136,380	134,453	1,927
<i>Operating costs</i>	24,037	23,204	21,293	1,911
Total Agricultural Extension Service	168,724	159,584	155,746	3,838
Home Economist Service:				
<i>Personnel</i>	95,715	95,715	94,824	891
<i>Operating costs</i>	7,886	7,886	4,701	3,185
Total Home Economist Service	103,601	103,601	99,525	4,076
County Fairgrounds:				
<i>Personnel</i>	32,891	32,901	32,900	1
<i>Operating costs</i>	55,800	55,790	48,469	7,321
Total County Fairgrounds	88,691	88,691	81,369	7,322
Unallocable by department:				
<i>Insurance</i>	35,001	35,001	35,001	--
<i>Appraisal fees</i>	5,893	5,893	5,219	674
<i>Retiree insurance</i>	12,840	12,840	12,840	--
Total unallocable by department	53,734	53,734	53,060	674
<b>TOTAL COMMUNITY &amp; ECONOMIC DEVELOPMENT</b>	<b>872,614</b>	<b>937,752</b>	<b>916,190</b>	<b>21,562</b>
<b>INFRASTRUCTURE &amp; ENVIRONMENTAL SERVICES</b>				
Commissioner Precinct #1:				
<i>Personnel</i>	403,760	403,760	317,787	85,973
<i>Operating costs</i>	619,440	741,786	534,503	207,283
<i>Capital outlay</i>	25,000	75,504	70,629	4,875
Total Commissioner Precinct #1	1,048,200	1,221,050	922,919	298,131
Commissioner Precinct #2:				
<i>Personnel</i>	418,134	354,434	351,044	3,390
<i>Operating costs</i>	555,065	752,907	708,375	44,532
<i>Capital outlay</i>	75,000	28,035	28,034	1
<i>Debt</i>	--	27,875	27,874	1
Total Commissioner Precinct #2	1,048,199	1,163,251	1,115,327	47,924
Commissioner Precinct #3:				
<i>Personnel</i>	392,691	392,691	372,372	20,319
<i>Operating costs</i>	605,510	833,911	732,959	100,952
<i>Capital outlay</i>	50,000	50,000	36,037	13,963
Total Commissioner Precinct #3	1,048,201	1,276,602	1,141,368	135,234

**MATAGORDA COUNTY**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

Page 8 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Commissioner Precinct #4:				
<i>Personnel</i>	423,589	423,589	305,716	117,873
<i>Operating costs</i>	584,611	806,430	720,238	86,192
<i>Capital outlay</i>	40,000	260,500	223,370	37,130
Total Commissioner Precinct #4	1,048,200	1,490,519	1,249,324	241,195
Unallocable by department:				
<i>Insurance</i>	112,597	112,597	112,597	--
<i>Appraisal fees</i>	18,959	18,959	16,791	2,168
<i>Retiree insurance</i>	120,375	120,375	120,375	--
<i>Other costs</i>	6,000	6,000	931	5,069
Total unallocable by department	257,931	257,931	250,694	7,237
<b>TOTAL INFRASTRUCTURE &amp; ENVIRONMENTAL SVCS</b>	4,450,731	5,409,353	4,679,632	729,721
Total Expenditures	15,834,387	17,381,256	16,177,000	1,204,256
Excess (deficiency) of revenues over (under) expenditures	(677,133)	(1,848,357)	267,861	2,116,218
<b>OTHER FINANCING SOURCES (USES)</b>				
<i>Transfers in</i>	--	6,500	6,500	--
<i>Transfers out</i>	--	(2,080,328)	(692,236)	1,388,092
<i>Certificates of obligation</i>	3,000,000	3,000,000	--	(3,000,000)
Total other financing sources (uses)	3,000,000	926,172	(685,736)	(1,611,908)
Net Change in Fund Balances	2,322,867	(922,185)	(417,875)	504,310
Fund balance - beginning	10,481,450	10,481,450	10,481,450	--
Fund balance - ending	\$ 12,804,317	\$ 9,559,265	\$ 10,063,575	\$ 504,310

**MATAGORDA COUNTY*****NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2006***

The County annually adopts budgets that are prepared using the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

Elections, Game Wardens, Fire Protection, Emergency Management, Animal Control and 521 Park all exceeded their budgets in total, with the most significant being the Emergency Management at \$28,356 due to the purchase of emergency equipment directly by HGAC through a grant. Other departments exceeded budget in individual categories, but not overall.



*Combining Statements and Budget Comparisons  
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

## ***Special Revenue Funds***

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

### District Attorney Legal/Law

This fund is used to account for the transactions related to hot check fees of the district attorney's office, funds awarded to the County from forfeitures and state funds for the district attorney.

### Sheriff & Jail Discretionary

This fund is used to account for the transactions related to forfeited funds and inmate commissary sales.

### County Clerk Preservation & Automation

This fund is used to account for the fees collected by the County Clerk for preservation and automation.

### Countywide Records Management & Preservation

This fund is used to account for fees collected by the County Clerk for records management and preservation.

### Courthouse Security

This fund is used to account for fees collected by the County Court, District Court and JP Court for courthouse security.

### Justice Court Technology

This fund is used to account for fees collected by the District Clerk for justice court technology.

### District Clerk Records Management & Preservation

This fund is used to account for fees collected by the District Clerk for records management and preservation.

### Historical Commission Grant

This fund is used to account for grant proceeds and local match for the purpose of conducting an historic resource survey in Matagorda County.

### Van Vleck Sewer

This fund is used to account for the receipts and disbursements related to the Texas Community Development Grant for the purpose of wastewater system improvements within the Matagorda County WCID #6 in Van Vleck, Texas.

### Local Emergency Planning

This fund was created to account for the activities of the Matagorda County Local Emergency Planning Committee (LEPC) which is to carry out those responsibilities specified by Public Law (PL) 99-499 and to implement other emergency plans or strategies as deemed appropriate.

### Juvenile Probation Fund

This fund is used to account for Texas Juvenile Probation Commission grant funds for administering the juvenile probation program.



**MATAGORDA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2006**

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
<i>Cash and cash equivalents</i>	\$ 1,256,858	\$ 24,732	\$ 1,281,590
Receivables ( net of allowances for uncollectibles):			
<i>Taxes</i>	--	99,861	99,861
<i>Other receivables</i>	12,594	65,105	77,699
<i>Inventories</i>	5,338	--	5,338
<b>Total Assets</b>	<b>\$ 1,274,790</b>	<b>\$ 189,698</b>	<b>\$ 1,464,488</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
<i>Accounts payable</i>	\$ 16,668	\$ --	\$ 16,668
<i>Due to other governments</i>	5	--	5
<i>Due to other funds</i>	50	--	50
<i>Due to others</i>	139,544	--	139,544
<i>Deferred revenue</i>	220,303	189,646	409,949
<b>Total Liabilities</b>	<b>376,570</b>	<b>189,646</b>	<b>566,216</b>
Fund Balances:			
Unreserved:			
<i>Undesignated:</i>			
<i>Special revenue funds</i>	898,220	--	898,220
<i>Reserved for debt service</i>	--	52	52
<b>Total Fund Balances</b>	<b>898,220</b>	<b>52</b>	<b>898,272</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,274,790</b>	<b>\$ 189,698</b>	<b>\$ 1,464,488</b>



**MATAGORDA COUNTY**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
<i>Intergovernmental</i>	\$ 413,998	\$ --	\$ 413,998
<i>Charges for services</i>	166,677	--	166,677
<i>Investment income</i>	40,672	52	40,724
<i>Miscellaneous</i>	63,172	--	63,172
Total revenues	<u>684,519</u>	<u>52</u>	<u>684,571</u>
<b>EXPENDITURES</b>			
Current:			
<i>General government</i>	50,142	--	50,142
<i>Justice system</i>	399,285	--	399,285
<i>Public Safety</i>	18,017	--	18,017
<i>Corrections and rehabilitation</i>	46,647	--	46,647
<i>Community and economic development</i>	61,832	--	61,832
Debt service:			
Total expenditures	<u>575,923</u>	<u>--</u>	<u>575,923</u>
Excess (deficiency) of revenues over (under) expenditures	<u>108,596</u>	<u>52</u>	<u>108,648</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
<i>Transfers out</i>	(6,500)	--	(6,500)
Total other financing sources (uses)	<u>(6,500)</u>	<u>--</u>	<u>(6,500)</u>
Net change in fund balances	102,096	52	102,148
Fund balances - beginning	796,124	--	796,124
Fund balances - ending	<u>\$ 898,220</u>	<u>\$ 52</u>	<u>\$ 898,272</u>

**MATAGORDA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2006**

	District Attorney Legal/Law	Sheriff & Jail Discretionary	County Clerk Preservation & Automation
<b>ASSETS</b>			
<i>Cash and cash equivalents</i>	\$ 85,093	\$ 182,783	\$ 327,544
Receivables ( net of allowances for uncollectibles):			
<i>Other receivables</i>	--	--	313
<i>Inventories</i>	--	5,338	--
Total Assets	<u>\$ 85,093</u>	<u>\$ 188,121</u>	<u>\$ 327,857</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
<i>Accounts payable</i>	\$ --	\$ --	\$ 8,826
<i>Due to other governments</i>	--	5	--
<i>Due to other funds</i>	--	50	--
<i>Due to others</i>	494	131,328	--
<i>Deferred revenue</i>	--	--	--
Total Liabilities	<u>494</u>	<u>131,383</u>	<u>8,826</u>
Fund Balances:			
Unreserved:			
<i>Undesignated:</i>			
<i>Special revenue funds</i>	<u>84,599</u>	<u>56,738</u>	<u>319,031</u>
Total Fund Balances	<u>84,599</u>	<u>56,738</u>	<u>319,031</u>
Total Liabilities and Fund Balances	<u>\$ 85,093</u>	<u>\$ 188,121</u>	<u>\$ 327,857</u>

Countywide Records Mgmt Preservation	Courthouse Security	Justice Court Technology	District Clerk Records Mgmt Preservation	Historical Commission Grant
\$ 142,782	\$ 200,444	\$ 72,121	\$ 7,930	\$ 1,730
43	390	278	15	--
--	--	--	--	--
<u>\$ 142,825</u>	<u>\$ 200,834</u>	<u>\$ 72,399</u>	<u>\$ 7,945</u>	<u>\$ 1,730</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	1,730
--	--	--	--	<u>1,730</u>
142,825	200,834	72,399	7,945	--
<u>142,825</u>	<u>200,834</u>	<u>72,399</u>	<u>7,945</u>	<u>--</u>
<u>\$ 142,825</u>	<u>\$ 200,834</u>	<u>\$ 72,399</u>	<u>\$ 7,945</u>	<u>\$ 1,730</u>



**MATAGORDA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2006**

Page 2 of 2

	Local Emergency Planning	Juvenile Probation Fund	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>			
<i>Cash and cash equivalents</i>	\$ 13,849	\$ 222,582	\$ 1,256,858
Receivables ( net of allowances for uncollectibles):			
<i>Other receivables</i>	--	11,555	12,594
<i>Inventories</i>	--	--	5,338
Total Assets	<u>\$ 13,849</u>	<u>\$ 234,137</u>	<u>\$ 1,274,790</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
<i>Accounts payable</i>	\$ --	\$ 7,842	\$ 16,668
<i>Due to other governments</i>	--	--	5
<i>Due to other funds</i>	--	--	50
<i>Due to others</i>	--	7,722	139,544
<i>Deferred revenue</i>	--	218,573	220,303
Total Liabilities	<u>--</u>	<u>234,137</u>	<u>376,570</u>
Fund Balances:			
Unreserved:			
<i>Undesignated:</i>			
<i>Special revenue funds</i>	13,849	--	898,220
Total Fund Balances	<u>13,849</u>	<u>--</u>	<u>898,220</u>
Total Liabilities and Fund Balances	<u>\$ 13,849</u>	<u>\$ 234,137</u>	<u>\$ 1,274,790</u>

# MATAGORDA COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	District Attorney Legal/Law	Sheriff & Jail Discretionary	County Clerk Preservation & Automation	Countywide Records Mgmt Preservation
<b>REVENUES</b>				
<i>Intergovernmental</i>	\$ --	\$ --	\$ --	\$ --
<i>Charges for services</i>	35,645	17,765	55,879	9,982
<i>Investment income</i>	875	703	14,233	6,275
<i>Miscellaneous</i>	--	52,779	--	--
Total revenues	<u>36,520</u>	<u>71,247</u>	<u>70,112</u>	<u>16,257</u>
<b>EXPENDITURES</b>				
Current:				
<i>General government</i>	--	--	43,035	--
<i>Justice system</i>	33,833	--	--	--
<i>Public Safety</i>	--	14,904	--	--
<i>Corrections and rehabilitation</i>	--	46,647	--	--
<i>Community and economic development</i>	--	--	--	--
Debt service:				
Total expenditures	<u>33,833</u>	<u>61,551</u>	<u>43,035</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,687</u>	<u>9,696</u>	<u>27,077</u>	<u>16,257</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
<i>Transfers out</i>	(6,500)	--	--	--
Total other financing sources (uses)	<u>(6,500)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	(3,813)	9,696	27,077	16,257
Fund balances - beginning	88,412	47,042	291,954	126,568
Fund balances - ending	<u>\$ 84,599</u>	<u>\$ 56,738</u>	<u>\$ 319,031</u>	<u>\$ 142,825</u>



Courthouse Security	Justice Court Technology	District Clerk Records Mgmt Preservation	Historical Commission Grant	Van Vleck Sewer
\$ --	\$ --	\$ --	\$ 7,146	\$ 49,915
29,965	14,581	2,860	--	--
8,449	2,864	257	--	--
--	--	--	4,771	--
<u>38,414</u>	<u>17,445</u>	<u>3,117</u>	<u>11,917</u>	<u>49,915</u>
7,107	--	--	--	--
--	1,628	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	11,917	49,915
<u>7,107</u>	<u>1,628</u>	<u>--</u>	<u>11,917</u>	<u>49,915</u>
<u>31,307</u>	<u>15,817</u>	<u>3,117</u>	<u>--</u>	<u>--</u>
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
31,307	15,817	3,117	--	--
169,527	56,582	4,828	--	--
<u>\$ 200,834</u>	<u>\$ 72,399</u>	<u>\$ 7,945</u>	<u>\$ --</u>	<u>\$ --</u>

**MATAGORDA COUNTY**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Local Emergency Planning	Juvenile Probation Fund	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>			
<i>Intergovernmental</i>	\$ --	\$ 356,937	\$ 413,998
<i>Charges for services</i>	--	--	166,677
<i>Investment income</i>	349	6,667	40,672
<i>Miscellaneous</i>	5,402	220	63,172
Total revenues	<u>5,751</u>	<u>363,824</u>	<u>684,519</u>
<b>EXPENDITURES</b>			
Current:			
<i>General government</i>	--	--	50,142
<i>Justice system</i>	--	363,824	399,285
<i>Public Safety</i>	3,113	--	18,017
<i>Corrections and rehabilitation</i>	--	--	46,647
<i>Community and economic development</i>	--	--	61,832
Debt service:			
Total expenditures	<u>3,113</u>	<u>363,824</u>	<u>575,923</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,638</u>	<u>--</u>	<u>108,596</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
<i>Transfers out</i>	--	--	(6,500)
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>(6,500)</u>
Net change in fund balances	2,638	--	102,096
Fund balances - beginning	11,211	--	796,124
Fund balances - ending	<u>\$ 13,849</u>	<u>\$ --</u>	<u>\$ 898,220</u>

**MATAGORDA COUNTY**

DA LEGAL LAW

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2006

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 69,750	\$ 35,645	\$ (34,105)
Investment income	450	875	425
Total revenues	70,200	36,520	(33,680)
<b>EXPENDITURES</b>			
<b>JUSTICE SYSTEM</b>			
District Attorney:			
Operating costs	52,200	33,833	18,367
Capital outlay	18,000	--	18,000
Total District Attorney	70,200	33,833	36,367
<b>TOTAL JUSTICE SYSTEM</b>	70,200	33,833	36,367
Total Expenditures	70,200	33,833	36,367
Excess (deficiency) of revenues over (under) expenditures	--	2,687	2,687
Transfers out	--	(6,500)	(6,500)
Total other financing sources (uses)	--	(6,500)	(6,500)
Net Change in Fund Balances	--	(3,813)	(3,813)
Fund balance - beginning	88,412	88,412	--
Fund balance - ending	\$ 88,412	\$ 84,599	\$ (3,813)

**MATAGORDA COUNTY**  
**SHERIFF & JAIL DISCRETIONARY**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 17,175	\$ 17,765	\$ 590
Investment income	50	703	653
Miscellaneous	45,025	52,779	7,754
Total revenues	62,250	71,247	8,997
<b>EXPENDITURES</b>			
<b>PUBLIC SAFETY</b>			
County Sheriff:			
Operating costs	23,002	14,904	8,098
Total County Sheriff	23,002	14,904	8,098
<b>TOTAL PUBLIC SAFETY</b>	23,002	14,904	8,098
<b>CORRECTIONS &amp; REHABILITATION</b>			
County Jail:			
Operating costs	42,650	46,647	(3,997)
Total County Jail	42,650	46,647	(3,997)
<b>TOTAL CORRECTIONS &amp; REHABILITATION</b>	42,650	46,647	(3,997)
Total Expenditures	65,652	61,551	4,101
Excess (deficiency) of revenues over (under) expenditures	(3,402)	9,696	13,098
Net Change in Fund Balances	(3,402)	9,696	13,098
Fund balance - beginning	47,042	47,042	--
Fund balance - ending	\$ 43,640	\$ 56,738	\$ 13,098

**MATAGORDA COUNTY**

COUNTY CLERK PRESERVATION &amp; AUTOMATION

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2006

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 53,750	\$ 55,879	\$ 2,129
Investment income	2,750	14,233	11,483
Total revenues	56,500	70,112	13,612
<b>EXPENDITURES</b>			
<b>GENERAL GOVERNMENT</b>			
County Clerk:			
Personnel	5,843	2,928	2,915
Operating costs	50,657	40,107	10,550
Total County Clerk	56,500	43,035	13,465
<b>TOTAL GENERAL GOVERNMENT</b>	56,500	43,035	13,465
Total Expenditures	56,500	43,035	13,465
Excess (deficiency) of revenues over (under) expenditures	--	27,077	27,077
Net Change in Fund Balances	--	27,077	27,077
Fund balance - beginning	291,954	291,954	--
Fund balance - ending	\$ 291,954	\$ 319,031	\$ 27,077

**MATAGORDA COUNTY**

COUNTYWIDE RECORDS MANAGEMENT/PRESERVATION

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2006

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 13,000	\$ 9,982	\$ (3,018)
Investment income	1,300	6,275	4,975
Total revenues	14,300	16,257	1,957
<b>EXPENDITURES</b>			
<b>GENERAL GOVERNMENT</b>			
County Courthouse:			
Operating costs	14,300	--	14,300
Total County Courthouse	14,300	--	14,300
<b>TOTAL GENERAL GOVERNMENT</b>	14,300	--	14,300
Total Expenditures	14,300	--	14,300
Excess (deficiency) of revenues over (under) expenditures	--	16,257	16,257
Net Change in Fund Balances	--	16,257	16,257
Fund balance - beginning	126,568	126,568	--
Fund balance - ending	\$ 126,568	\$ 142,825	\$ 16,257

**MATAGORDA COUNTY**  
**COURTHOUSE SECURITY**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 26,525	\$ 29,965	\$ 3,440
Investment income	1,750	8,449	6,699
Total revenues	28,275	38,414	10,139
<b>EXPENDITURES</b>			
<b>GENERAL GOVERNMENT</b>			
County Courthouse:			
Personnel	11,844	6,416	5,428
Operating costs	1,802	691	1,111
Capital outlay	14,629	--	14,629
Total County Courthouse	28,275	7,107	21,168
<b>TOTAL GENERAL GOVERNMENT</b>	28,275	7,107	21,168
Total Expenditures	28,275	7,107	21,168
Excess (deficiency) of revenues over (under) expenditures	--	31,307	31,307
Net Change in Fund Balances	--	31,307	31,307
Fund balance - beginning	169,527	169,527	--
Fund balance - ending	\$ 169,527	\$ 200,834	\$ 31,307

**MATAGORDA COUNTY**  
**JUSTICE COURT TECHNOLOGY**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 12,000	\$ 14,581	\$ 2,581
Investment income	550	2,864	2,314
Total revenues	12,550	17,445	4,895
<b>EXPENDITURES</b>			
<b>JUSTICE SYSTEM</b>			
Justice Court Technology:			
Operating costs	12,550	1,628	10,922
Total Justice Court Technology	12,550	1,628	10,922
<b>TOTAL JUSTICE SYSTEM</b>	12,550	1,628	10,922
Total Expenditures	12,550	1,628	10,922
Excess (deficiency) of revenues over (under) expenditures	--	15,817	15,817
Net Change in Fund Balances	--	15,817	15,817
Fund balance - beginning	56,582	56,582	--
Fund balance - ending	\$ 56,582	\$ 72,399	\$ 15,817



**MATAGORDA COUNTY**

DISTRICT CLERK RECORDS MGMT/PRESERVATION

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2006

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 2,250	\$ 2,860	\$ 610
Investment income	50	257	207
Total revenues	2,300	3,117	817
<b>EXPENDITURES</b>			
<b>JUSTICE SYSTEM</b>			
District Clerk:			
Operating costs	2,300	--	2,300
Total District Clerk	2,300	--	2,300
<b>TOTAL JUSTICE SYSTEM</b>	2,300	--	2,300
Total Expenditures	2,300	--	2,300
Excess (deficiency) of revenues over (under) expenditures	--	3,117	3,117
Net Change in Fund Balances	--	3,117	3,117
Fund balance - beginning	4,828	4,828	--
Fund balance - ending	\$ 4,828	\$ 7,945	\$ 3,117



## ***Fiduciary Funds***

Fiduciary funds are used to account for funds held in a trustee or agency capacity for the benefit of others and therefore cannot be used to support the government's own programs. Fiduciary funds include pension trust funds, investment funds, private-purpose trust funds and agency funds. The County is only combining agency funds as defined below.

### County Clerk Trust Fund

This fund is used to account for County Court awards for the benefit of minors or others considered by the County Court to be incapable of handling the award individually.

### District Clerk Trust Fund

This fund is used to account for District Court awards for the benefit of minors or others considered by the District Court to be incapable of handling the award individually.

### Inmate Trust Fund

This fund is used to account for money held on behalf of inmates booked into the County jail.

### Tax Assessor Collector

This fund is used as a clearing account for the receipt and disbursement of tax collected by the County Tax Assessor Collector on behalf of other governmental entities.

**MATAGORDA COUNTY****COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES****AGENCY FUNDS****DECEMBER 31, 2006**

	County Clerk Trust	District Clerk Trust
<b>ASSETS</b>		
<i>Cash and cash equivalents</i>	\$ 451,006	\$ 1,815,018
Total Assets	<u>\$ 451,006</u>	<u>\$ 1,815,018</u>
<b>LIABILITIES</b>		
<i>Accounts payable</i>	\$ --	\$ --
<i>Due to others</i>	451,006	1,815,018
Total Liabilities	<u>451,006</u>	<u>1,815,018</u>
<b>NET ASSETS</b>		
<i>Unrestricted</i>	--	--
Total Net Assets	<u>\$ --</u>	<u>\$ --</u>

Inmate Trust Fund	Tax Assessor Collector	Total Agency Funds
\$ 9,294	\$ 243,050	\$ 2,518,368
\$ 9,294	\$ 243,050	\$ 2,518,368
\$ --	\$ 210,521	\$ 210,521
9,294	32,529	2,307,847
9,294	243,050	2,518,368
--	--	--
\$ --	\$ --	\$ --

# MATAGORDA COUNTY

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

### ALL AGENCY FUNDS

YEAR ENDED DECEMBER 31, 2006

	Balance December 31 2005	Additions	Deductions	Balance December 31, 2006
<b>COUNTY CLERK TRUST FUNDS</b>				
<b>ASSETS</b>				
<i>Cash &amp; investments</i>	\$ 329,412	\$ 159,788	\$ 38,194	\$ 451,006
Total Assets	<u>\$ 329,412</u>	<u>\$ 159,788</u>	<u>\$ 38,194</u>	<u>\$ 451,006</u>
<b>LIABILITIES</b>				
<i>Due to others</i>	\$ 329,412	\$ 159,788	\$ 38,194	\$ 451,006
Total Liabilities	<u>\$ 329,412</u>	<u>\$ 159,788</u>	<u>\$ 38,194</u>	<u>\$ 451,006</u>
<b>DISTRICT CLERK TRUST FUNDS</b>				
<b>ASSETS</b>				
<i>Cash &amp; investments</i>	\$ 1,917,116	\$ 1,620,574	\$ 1,722,672	\$ 1,815,018
Total Assets	<u>\$ 1,917,116</u>	<u>\$ 1,620,574</u>	<u>\$ 1,722,672</u>	<u>\$ 1,815,018</u>
<b>LIABILITIES</b>				
<i>Due to others</i>	\$ 1,917,116	\$ 1,620,574	\$ 1,722,672	\$ 1,815,018
Total Liabilities	<u>\$ 1,917,116</u>	<u>\$ 1,620,574</u>	<u>\$ 1,722,672</u>	<u>\$ 1,815,018</u>
<b>INMATE TRUST FUND</b>				
<b>ASSETS</b>				
<i>Cash &amp; investments</i>	\$ 7,612	\$ 232,785	\$ 231,103	\$ 9,294
Total Assets	<u>\$ 7,612</u>	<u>\$ 232,785</u>	<u>\$ 231,103</u>	<u>\$ 9,294</u>
<b>LIABILITIES</b>				
<i>Due to others</i>	\$ 7,612	\$ 232,785	\$ 231,103	\$ 9,294
Total Liabilities	<u>\$ 7,612</u>	<u>\$ 232,785</u>	<u>\$ 231,103</u>	<u>\$ 9,294</u>
<b>TAX ASSESSOR COLLECTOR</b>				
<b>ASSETS</b>				
<i>Cash &amp; investments</i>	\$ 1,476,651	\$ 57,221,998	\$ 58,455,599	\$ 243,050
Total Assets	<u>\$ 1,476,651</u>	<u>\$ 57,221,998</u>	<u>\$ 58,455,599</u>	<u>\$ 243,050</u>
<b>LIABILITIES</b>				
<i>Due to other governments</i>	\$ 1,473,542	\$ 57,192,578	\$ 58,455,599	\$ 210,521
<i>Due to others</i>	3,109	29,420	--	32,529
Total Liabilities	<u>\$ 1,476,651</u>	<u>\$ 57,221,998</u>	<u>\$ 58,455,599</u>	<u>\$ 243,050</u>
<b>TOTAL AGENCY FUNDS:</b>				
<b>ASSETS</b>				
<i>Cash &amp; investments</i>	\$ 3,730,791	\$ 59,235,145	\$ 60,447,568	\$ 2,518,368
Total Assets	<u>\$ 3,730,791</u>	<u>\$ 59,235,145</u>	<u>\$ 60,447,568</u>	<u>\$ 2,518,368</u>
<b>LIABILITIES</b>				
<i>Due to other governments</i>	\$ 1,473,542	\$ 57,192,578	\$ 58,455,599	\$ 210,521
<i>Due to others</i>	2,257,249	2,042,567	1,991,969	2,307,847
Total Liabilities	<u>\$ 3,730,791</u>	<u>\$ 59,235,145</u>	<u>\$ 60,447,568</u>	<u>\$ 2,518,368</u>

# STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends	66-70
<i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i>	
Revenue Capacity	71-75
<i>These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.</i>	
Debt Capacity	76-79
<i>These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	80-82
<i>These schedules offer demographic and economic indicators to help the reader understand how the County's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	83-84
<i>These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules are derived from the comprehensive annual financial reports for the relevant year.





**MATAGORDA COUNTY***NET ASSETS BY COMPONENT**LAST FOUR FISCAL YEARS**(ACCRUAL BASIS OF ACCOUNTING)*

	Fiscal Year			
	2003	2004	2005	2006
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$ 20,094,284	\$ 23,302,072	\$ 23,813,922	\$ 20,768,339
Restricted	20,000	--	--	52
Unrestricted	19,975,813	12,488,348	12,381,152	12,621,657
Total Governmental Activities Net Assets	<u>\$ 40,090,097</u>	<u>\$ 35,790,420</u>	<u>\$ 36,195,074</u>	<u>\$ 33,390,048</u>

Note: The County began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

# MATAGORDA COUNTY

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE

LAST FOUR FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental activities:				
General government	\$ 3,046,439	\$ 2,307,507	\$ 2,744,598	\$ 2,591,435
Justice system	2,975,523	2,684,216	3,032,205	3,275,243
Public safety	2,694,246	2,683,984	3,722,659	3,264,707
Corrections and rehabilitation	1,809,524	1,794,043	2,343,039	2,477,072
Health and human services	1,214,145	1,025,635	1,175,751	1,281,386
Community and economic development	1,277,447	1,008,691	1,132,587	1,166,624
Infrastructure and environmental services	3,476,672	6,114,484	3,993,968	3,823,861
Interest on Long-Term Debt	--	6,292	2,621	23,980
Total governmental activities expenses	\$ 16,493,996	\$ 17,624,852	\$ 18,147,428	\$ 17,904,308
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
General government	\$ 228,965	\$ 1,216,743	\$ 1,201,970	\$ 1,165,711
Justice system	655,762	998,948	904,122	1,287,277
Public safety	3,269,249	3,349,454	3,487,489	4,297,654
Corrections and rehabilitation	42,647	116,600	118,305	118,632
Health and human services		48,897	47,560	54,413
Community and economic development	92,277	111,369	109,702	107,775
Infrastructure and environmental services	7,167	72,744	75,379	93,447
Operating Grants and Contributions	1,399,241	1,004,400	1,794,005	942,638
Capital Grants and Contributions	422,173	188,098	--	49,915
Total Governmental Activities Program Revenues	\$ 6,117,481	\$ 7,107,253	\$ 7,738,532	\$ 8,117,462
<b>Net (Expense)/Revenue</b>				
Governmental Activities	\$ (10,376,515)	\$ (10,517,599)	\$ (10,408,896)	\$ (9,786,846)

Note: The County began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

**MATAGORDA COUNTY****GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS****LAST FOUR FISCAL YEARS****(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year		Fiscal Year	
	2003	2004	2005	2006
<b>Net (Expense)/Revenue</b>				
Governmental Activities	\$ (10,376,515)	\$ (10,517,599)	\$ (10,408,896)	\$ (9,786,846)
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities:				
Property taxes	\$ 8,472,638	\$ 8,384,447	\$ 8,294,370	\$ 8,174,199
Licenses and permits	970,331	--	--	--
Fines	397,679	--	--	--
Rents	42,880	--	--	--
Mineral Leases	155,762	--	--	--
Miscellaneous	93,542	473,856	14,053	103,303
Unrestricted investment earnings	195,782	247,964	456,110	704,318
Gain on sale of capital assets	4,309	--	--	--
Insurance recoveries	22,771	--	--	--
Total Governmental Activities	\$ 10,355,694	\$ 9,106,267	\$ 8,764,533	\$ 8,981,820
<b>Change in Net Assets</b>				
Governmental Activities	\$ (20,821)	\$ (1,411,332)	\$ (1,644,363)	\$ (805,026)

Note: The County began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

# MATAGORDA COUNTY

## FUND BALANCES OF GOVERNMENTAL FUNDS

### LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ 825,965	\$ 576,859	\$ 586,957	\$ 869,904	\$ 400,480	\$ 1,028,742	\$ 20,000	\$ --	\$ --	\$ --
Unreserved	6,121,721	6,416,823	7,361,970	9,003,226	9,497,719	9,531,807	10,332,639	10,653,266	10,481,450	10,063,575
Total General Fund	<u>\$ 6,947,686</u>	<u>\$ 6,993,682</u>	<u>\$ 7,948,927</u>	<u>\$ 9,873,130</u>	<u>\$ 9,898,199</u>	<u>\$ 10,560,549</u>	<u>\$ 10,352,639</u>	<u>\$ 10,653,266</u>	<u>\$ 10,481,450</u>	<u>\$ 10,063,575</u>
All Other Governmental Funds										
Reserved	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 52
Unreserved, Reported In:										
Special Revenue Funds	182,546	264,282	393,885	602,660	475,384	560,886	641,263	699,870	796,122	898,220
Capital Projects Funds	--	--	--	--	--	--	--	--	--	--
Debt Service Funds	--	--	--	--	--	--	--	--	--	--
Total All Other Governmental Funds	<u>\$ 182,546</u>	<u>\$ 264,282</u>	<u>\$ 393,885</u>	<u>\$ 602,660</u>	<u>\$ 475,384</u>	<u>\$ 560,886</u>	<u>\$ 641,263</u>	<u>\$ 699,870</u>	<u>\$ 796,122</u>	<u>\$ 898,272</u>

# MATAGORDA COUNTY

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

### LAST TEN FISCAL YEARS

#### (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Revenues</b>										
Taxes	\$ 10,000,061	\$ 9,884,526	\$ 10,628,736	\$ 10,487,143	\$ 7,468,767	\$ 8,445,748	\$ 8,357,402	\$ 8,313,120	\$ 8,330,557	\$ 8,341,847
Licenses and permits	759,672	780,370	781,182	819,959	821,646	808,192	970,331	833,355	830,979	828,052
Intergovernmental	649,801	810,551	1,341,525	956,777	903,618	1,316,796	1,710,510	1,020,701	1,794,052	1,010,040
Charges for services	1,097,810	1,185,974	1,271,545	1,100,942	4,031,211	3,740,359	4,177,998	4,441,197	4,541,652	5,475,765
Fines	290,091	290,875	317,091	273,470	342,666	353,815	385,380	359,315	313,281	415,787
Investment income	658,927	575,433	704,384	951,474	796,880	311,127	195,099	256,591	480,942	744,641
Miscellaneous	300,554	287,026	535,053	233,560	251,412	489,581	480,764	871,912	220,429	331,482
Total Revenues	13,756,916	13,814,755	15,579,516	14,823,325	14,616,200	15,465,618	16,277,484	16,096,191	16,511,892	17,147,614
<b>Expenditures</b>										
General administration	2,623,581	2,463,488	2,633,924	2,549,840	2,821,921	3,211,119	2,620,415	2,379,815	2,169,018	2,218,233
Justice	1,268,630	1,349,403	1,568,800	1,467,412	1,455,419	1,502,076	2,539,135	2,556,715	2,571,259	2,786,928
Public safety	4,145,757	4,215,628	4,250,171	4,606,325	4,404,999	4,627,452	2,304,868	2,416,017	2,878,613	2,807,335
Corrections and rehabilitation	--	--	--	--	--	--	1,546,588	1,709,487	1,988,531	2,092,130
Environmental protection	410,044	355,483	380,176	2,806	--	--	--	--	--	--
Health and human services	296,342	325,652	328,521	351,345	376,638	507,745	1,040,808	977,663	998,854	1,068,561
Community and economic development	1,082,528	862,187	784,542	849,634	1,108,951	782,190	853,060	961,982	982,734	978,022
Infrastructure and environmental	4,158,612	4,351,676	4,571,778	3,565,633	4,517,829	3,439,321	4,328,262	4,030,857	3,635,842	4,293,688
Capital outlay						511,853	1,105,468	632,931	1,342,358	2,705,570
Debt service:										
Interest	--	--	--	--	--	121,898	66,187	65,199	96,744	25,129
Principal	--	--	--	--	--	14,112	10,194	6,292	2,621	2,745
Total Expenditures	13,985,494	13,923,517	14,517,912	13,392,995	14,685,757	14,717,766	16,414,985	15,736,958	16,666,574	18,978,341
Excess of Revenues										
Over (Under) Expenditures	(228,578)	(108,762)	1,061,604	1,430,330	(69,557)	747,852	(137,501)	359,233	(154,682)	(1,830,727)
<b>Other Financing Sources (Uses)</b>										
Flow thru in	--	90,224	1,000	90,000	116,607	--	47,711	--	12,297	--
Flow thru out	--	(90,224)	(1,000)	(90,000)	(116,607)	--	(47,711)	--	(12,297)	--
Certificates of obligation	--	--	--	--	--	--	--	--	--	1,515,000
Capital lease proceeds	--	165,190	23,244	--	116,000	--	--	--	79,119	--
Transfers In	54,009	44,637	22,429	31,637	33,641	26,638	26,537	38,127	7,000	698,736
Transfers Out	(54,009)	(44,637)	(22,429)	(31,637)	(33,641)	(26,638)	(26,537)	(38,127)	(7,000)	(698,736)
Total Other Financing Sources (Uses)	--	165,190	23,244	--	116,000	--	--	--	79,119	1,515,000
Net Change in Fund Balances	\$ (228,578)	\$ 56,428	\$ 1,084,848	\$ 1,430,330	\$ 46,443	\$ 747,852	\$ (137,501)	\$ 359,233	\$ (75,563)	\$ (315,727)
Debt Service As A Percentage Of Noncapital Expenditures	--	--	--	--	--	1.0%	0.5%	0.5%	0.6%	0.2%

**MATAGORDA COUNTY**

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property Tax
1997	\$ 10,000,061
1998	9,884,526
1999	10,628,736
2000	10,487,143
2001	7,468,767
2002	8,445,148
2003	8,357,402
2004	8,313,120
2005	8,330,557
2006	8,341,847
Percent Change 1997-2006	-16.6%

# **MATAGORDA COUNTY**

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

Fiscal Year	Real Property	Personal Property	Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
1996/97	\$ *	\$ *	\$ *	\$ 3,690,297,216	\$ *	\$ 3,690,297,216	100.000%
1997/98	*	*	*	3,589,129,564	0.275	3,589,129,564	100.000%
1998/99	*	*	*	3,483,796,359	0.307	3,483,796,359	100.000%
1999/00	*	*	*	3,419,949,662	0.307	3,419,949,662	100.000%
2000/01	*	*	*	2,420,131,758	0.307	2,420,131,758	100.000%
2001/02	*	*	*	2,788,104,359	0.293	2,788,104,359	100.000%
2002/03	1,327,058,095	1,622,221,157	(382,827,307)	2,566,451,945	0.322	2,566,451,945	100.000%
2003/04	2,656,745,852	327,878,186	(404,313,434)	2,580,310,604	0.318	2,580,310,604	100.000%
2004/05	1,528,321,761	1,423,438,755	(400,342,742)	2,551,417,774	0.318	2,551,417,774	100.000%
2005/06	2,717,106,070	459,670,380	(511,752,684)	2,665,023,766	0.309	2,665,023,766	100.000%

Source: Matagorda County Appraisal District

\* Breakdwn between real and personal not available for these years.

# **MATAGORDA COUNTY**

## *DIRECT AND OVERLAPPING PROPERTY TAX RATES*

### *LAST TEN FISCAL YEARS*

Fiscal Year	County		City		Utility Districts		Special Districts		Schools		Total
	Operating	Debt	Operating	Debt	Operating	Debt	Operating	Debt	Operating	Debt	
1996/97	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	--
1997/98	0.275	--	0.598	--	0.325	0.326	0.095	--	1.280	0.121	3.020
1998/99	0.307	--	0.605	--	0.321	0.286	0.098	--	1.320	0.326	3.263
1999/00	0.307	--	0.605	--	0.317	0.276	0.103	--	1.390	0.187	3.185
2000/01	0.307	--	0.605	--	0.376	0.238	0.117	--	1.395	0.148	3.186
2001/02	0.293	--	0.625	--	0.353	0.172	0.078	0.030	1.394	0.150	3.095
2002/03	0.322	--	0.628	--	0.361	0.193	0.088	0.030	1.455	0.150	3.227
2003/04	0.318	--	0.605	0.045	0.143	0.139	0.090	0.030	1.407	0.100	2.877
2004/05	0.318	--	0.620	0.043	0.141	0.130	0.091	0.030	1.415	0.110	2.898
2005/06	0.309	--	0.605	0.046	0.136	0.104	0.083	0.030	1.455	0.095	2.863

Source: County Tax Assessor and Palacios ISD Tax Assessor

\* Information not available for these years.



# MATAGORDA COUNTY

PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2005/2006			1996/1997		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Texas Genco LP (FKA Reliant)	\$ 408,112,146	1	15.31%	\$ --	--	--
Equistar (formerly Lyondell)	183,812,490	2	6.90%	154,016,910	3	4.29%
Texas Genco Holding, Inc.	160,504,531	3	6.02%	--	--	--
Celanese LTD Chemical	71,459,100	4	2.68%	125,056,600	4	3.48%
AEP Central Power & Light (STP)	58,106,126	5	2.18%	911,305,744	2	25.39%
AEP Texas Central Company	37,115,780	6	1.39%	--	--	--
Flint Hills Resources Inv.	29,554,760	7	1.11%	--	--	--
BP America Production Co.	29,538,710	8	1.11%	--	--	--
Williams Fld Svcs - Gulf Coast Co	28,481,372	9	1.07%	--	--	--
Transcontinental Gas Pipeline	21,424,840	10	0.80%	24,147,290	10	0.67%
Houston Lighting & Power	--	--	--	1,224,396,180	1	34.11%
Amoco Production Company	--	--	--	35,147,400	5	0.98%
Oxy Petrochem Inc.	--	--	--	33,496,850	6	0.93%
Seadrift Pipeline Corporation	--	--	--	32,011,810	7	0.89%
Midtex Gas Storage Company	--	--	--	31,084,750	8	0.87%
Molten Metals Tech Inc.	--	--	--	25,000,000	9	0.70%
Total	\$ 1,028,109,855		38.58%	\$ 2,595,663,534		72.32%

Source: Matagorda County Tax Assessor

**MATAGORDA COUNTY**  
*PROPERTY TAX LEVIES AND COLLECTIONS*  
*LAST TEN FISCAL YEARS*

Fiscal Year	Taxes Levied for the Fiscal Year		Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$	10,140,174	\$ 35,388	\$ 10,175,562	\$ 9,953,988	98.16%	\$ 201,337	\$ 10,155,325 99.80%
1998		9,850,592	(1,396)	9,849,196	9,609,589	97.55%	168,267	9,777,856 99.28%
1999		10,695,672	(4,384)	10,691,288	10,415,333	97.38%	152,516	10,567,849 98.85%
2000		10,501,474	1,813	10,503,287	10,229,122	97.41%	220,312	10,449,434 99.49%
2001		7,436,857	89,498	7,526,355	7,248,452	97.47%	160,722	7,409,174 98.44%
2002		8,180,299	171,581	8,351,880	8,096,089	98.97%	218,976	8,315,065 99.56%
2003		8,253,713	(86,983)	8,166,730	7,979,552	96.68%	130,775	8,110,327 99.31%
2004		8,213,576	(15,142)	8,198,434	7,946,142	96.74%	178,210	8,124,352 99.10%
2005		8,123,105	75,683	8,198,788	8,015,644	98.68%	87,757	8,103,401 98.84%
2006		8,178,222	(7,519)	8,170,703	8,047,767	98.40%	--	8,047,767 98.50%

Sources: Matagorda County Tax Assessor

# **MATAGORDA COUNTY**

## *RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS*

Fiscal Year	Governmental Activities			* Percentage of Personal Income	* Per Capita Total Debt
	Certificates of Obligation	Capital Leases	Total Governmental Activities		
1997	\$ --	545,432	545,432	N/A	\$ N/A
1998	--	526,515	526,515	0.07%	14
1999	--	401,599	401,599	0.05%	11
2000	--	324,704	324,704	0.04%	9
2001	--	322,504	322,504	0.04%	8
2002	--	200,606	200,606	0.02%	5
2003	--	134,420	134,420	0.02%	4
2004	--	69,221	69,221	0.01%	2
2005	--	51,595	51,595	0.01%	1
2006	1,515,000	26,466	1,541,466	0.18%	39

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

\* See demographic and economic statistics on page 80. These ratios are calculated using peronal income and population for the prior calendar year.

**MATAGORDA COUNTY****RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Bonded Debt Outstanding General Obligation Bonds</u>	<u>* Percentage of Actual Taxable Value of Property</u>	<u>** Per Capita</u>
1997	\$ --	--	\$ --
1998	--	--	--
1999	--	--	--
2000	--	--	--
2001	--	--	--
2002	--	--	--
2003	--	--	--
2004	--	--	--
2005	--	--	--
2006	1,515,000	0.06%	38

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

\* See page 72 for property value data.

\*\* Population can be found on page 80 and is based on the prior calendar year.

**MATAGORDA COUNTY****DIRECT AND OVERLAPPING****GOVERNMENTAL ACTIVITIES DEBT**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid With Property Taxes			
City of Palacios	118,976	100.000%	118,976
Palacios Independent School District	3,765,000	94.076%	3,541,956
Bay City Independent School District	26,328,788	100.000%	26,328,788
Van Vleck Independent School District	1,440,000	100.000%	1,440,000
Matagorda County Navigation District #1	6,600,000	100.000%	6,600,000
Caney Creek Municipal Utility District	4,063,000	100.000%	4,063,000
Beach Road Municipal Utility District	458,000	100.000%	458,000
Other Debt			
Bay City Independent School District Capital Lease	2,806,597	100.000%	2,806,597
Bay City Independent School District Notes Payable	706,295	100.000%	706,295
Van Vleck Independent School District Capital Lease	102,400	100.000%	102,400
City of Palacios Capital Lease	19,023	100.000%	19,023
Subtotal, Overlapping Debt			<u>46,185,035</u>
County Direct Debt:			
Certificates of Obligation			1,515,000
Capital Lease			<u>26,466</u>
Total Direct and Overlapping Debt			<u>\$ 47,726,501</u>

Sources: Assessed value data used to estimate applicable percentages provided by Matagorda County Appraisal District  
Debt outstanding data provided by each governmental unit.

**MATAGORDA COUNTY**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 399,753,565
Total Net Debt Applicable to Limit	--	--	--	--	--	--	--	--	--	1,514,948
Legal Debt Margin	--	--	--	--	--	--	--	--	--	398,238,617
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	--	--	--	--	--	--	--	--	--	0.38%

**Legal Debt Margin Calculation for the Current Fiscal Year**

Assessed Value	\$ 2,665,023,766
Debt Limit (15% of Assessed Value)	399,753,565
Debt Applicable to Limit:	
General Obligation Bonds	1,515,000
Less: Amount Set Aside for Repayment of General Obligation Debt	(52)
Total Net Debt Applicable to Limit	1,514,948
Legal Debt Margin	\$ 398,238,617

Sources: Matagorda County Appraisal District and County annual audit report.

**MATAGORDA COUNTY**  
*DEMOGRAPHIC AND ECONOMIC STATISTICS*  
*LAST TEN CALENDAR YEARS*

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Population	*	37,852	37,987	37,828	37,958	38,027	37,954	38,290	39,205	39,529
Personal Income (thousands)	* \$	703,365 \$	736,868 \$	758,881 \$	779,947 \$	814,220 \$	807,057 \$	817,708 \$	850,375 \$	858,520
Per Capita Personal Income	* \$	18,582 \$	19,398 \$	20,061 \$	20,548 \$	21,412 \$	21,264 \$	21,356 \$	21,690 \$	21,719
School Enrollment	*	8,572	8,543	8,243	8,206	8,073	7,884	7,952	7,934	7,884
Unemployment	*	13.5%	11.5%	10.3%	10.0%	11.1%	12.6%	14.2%	14.0%	8.2%

Note: This schedule represents a one year lag from the fiscal year end as this type of information is never available for the current year under audit.

Sources: Personal income provded by Texas Workforce Comission website; school enrollment provided by Texas Education Agency website to include five independent school districts located within the county.

\* Information not available for this year

**MATAGORDA COUNTY**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Employer	2006			1997		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
STP Nuclear Operating Company	1,289	1	8.63%	1,426	1	9.85%
Bay City Independent School District	617	2	4.13%	667	2	4.61%
Palacios Independent School District	244	3	1.63%	260	7	1.80%
HEB	228	4	1.53%	261	6	1.80%
Matagorda Hospital District	217	5	1.45%	450	3	3.11%
County of Matagorda	216	6	1.45%	259	8	1.79%
Lyondell Petrochemical (formerly Equistar)	184	7	1.23%	200	9	1.38%
Wal-Mart	170	8	1.14%	300	5	2.07%
Celanese Chemical	160	9	1.07%	330	4	2.28%
Van Vleck Independent School District	150	10	1.00%	145	11	1.00%
City of Bay City	145	11	0.97%	150	10	1.04%
Total	<u>3,620</u>		<u>24.24%</u>	<u>4,448</u>		<u>30.74%</u>
Total County Employment			14,935			14,470

Sources:

The 2006 employment number for Matagorda County is from the Texas Workforce Commission: <http://www.tracer2.com/>.  
The 1997 data is from the U.S. Department of Labor, BLS: <http://www.bls.gov/lau/hom.htm#data>.



## MATAGORDA COUNTY

FULL-TIME-EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS

Function	Full-Time-Equivalent Employees as of Year End									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government	34	35	33	32	33	32	31	32	33	33
Justice system	32	33	34	32	33	34	38	35	35	35
Public safety	43	43	43	43	44	45	45	45	45	46
Corrections and rehabilitation	29	32	30	31	31	28	31	31	31	30
Community & economic development	11	11	10	14	13	13	14	9	10	10
Health & human services	12	11	11	7	7	7	7	7	7	7
Infrastructure & environmental services	39	37	37	38	35	35	33	34	34	33
Total	200	202	198	197	196	194	199	193	195	194

Source: County Treasurer and Auditor Office

# MATAGORDA COUNTY

## OPERATING INDICATORS BY FUNCTION/PROGRAM

### LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Births filed	*	*	*	*	*	*	281	342	310	291
Deaths filed	*	*	*	*	*	*	284	251	258	239
Marriage license applications	*	*	*	*	*	*	311	289		251
Registered voters	*	*	*	*	*	*	20,380	21,398	20,746	21,049
Auto titles	*	*	*	*	*	*	7,714	6,399	6,115	6,103
Justice										
District Court										
civil cases filed	*	*	*	*	*	*	937	823	978	984
civil case dispositions	*	*	*	*	*	*	1,030	1,051	1,021	1,023
criminal cases filed	*	*	*	*	*	*	485	413	446	557
criminal case dispositions	*	*	*	*	*	*	478	451	423	517
County court										
civil cases filed	*	*	*	*	*	*	85	60	77	94
civil case dispositions	*	*	*	*	*	*	40	34	55	31
criminal cases filed	*	*	*	*	*	*	1,391	1,234	1,362	1,323
criminal case dispositions	*	*	*	*	*	*	1,602	1,433	1,455	1,467
Justice of the Peace										
civil cases filed	*	*	*	*	*	*	377	150	413	328
civil case dispositions	*	*	*	*	*	*	85	203	126	127
criminal cases filed	*	*	*	*	*	*	9,318	7,417	7,082	8,426
criminal case dispositions	*	*	*	*	*	*	7,411	5,765	4,600	6,241
Public Safety										
Total calls for service	*	*	*	*	*	*	7,206	7,809	8,043	7,847
Total arrests							1,073	928	695	588
Corrections and Rehabilitation										
Number of inmates per year	*	*	*	*	*	*	2,987	2,906	2,901	2,852
Health and Human Services										
food permits issued	*	*	*	*	*	*	256	260	278	274
food inspections	*	*	*	*	*	*	802	567	685	606
septic permits issued	*	*	*	*	*	*	117	136	121	138
septic on-site visits	*	*	*	*	*	*	377	484	451	447
building permits issued	*	*	*	*	*	*	295	346	338	436
electrical permits issued	*	*	*	*	*	*	322	291	306	510

\* Information not available

Source: County records

# MATAGORDA COUNTY

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

### LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
County buildings	*	*	*	*	*	*	40	40	40	40
Public Safety										
Sheriff Vehicles	*	*	*	*	*	*	42	42	43	48
Fire and Ambulance	*	*	*	*	*	*	40	40	39	39
Infrastructure and Env. Svcs										
County roads (miles)	*	*	*	*	*	*	*	*	*	1,126
County bridges	*	*	*	*	*	*	*	*	*	87
Community and Economic Development										
Number of county parks	*	*	*	*	*	*	7	7	8	9

\* Information not available.

Sources: HGAC & TxDot and County Commissioner inventory report.



### *Other Supplementary Information*

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.



**SLIVA & REED, PC**  
1717 8th Street, Suite 5  
Bay City, Texas 77414

**Independent Auditor's Report**

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

Commissioners Court  
Matagorda County  
1700 Seventh Street  
Bay City, Texas 77414

Members of the Commissioners Court:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Matagorda County as of and for the year ended December 31, 2006, which collectively comprise the Matagorda County's basic financial statements and have issued our report thereon dated April 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Matagorda County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Matagorda 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*.

This report is intended solely for the information and use of management, others within the organization, the Commissioners Court, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Sliva & Reed, PC  
April 20, 2007





# **MATAGORDA COUNTY**

## ***SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2006***

### **A. Summary of Auditor's Results**

#### **1. Financial Statements**

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes      X No

Reportable condition(s) identified that are  
not considered to be material weaknesses?

\_\_\_\_\_ Yes      X None Reported

Noncompliance material to financial  
statements noted?

\_\_\_\_\_ Yes      X No

### **B. Financial Statement Findings**

NONE

**MATAGORDA COUNTY****SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
05-1 Condition: Bank reconciliations were not prepared timely on all accounts at various times during the year.  Recommendation: A reasonable date should be established for all departments to submit or have bank reconciliations available for the Auditors office to review	Implemented	
05-2 Condition: Not all departments are depositing funds timely.  Recommendation: Internal controls should be established and monitored for all departments to deposit funds in a timely manner.	Implemented	