

MATAGORDA COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2007

Prepared by
Ellen Dodd, Matagorda County Auditor



Matagorda County
 Comprehensive Annual Financial Report
 For The Year Ended December 31, 2007

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Introductory Section





ELLEN DODD
COUNTY AUDITOR
MATAGORDA COUNTY
1700 SEVENTH STREET, ROOM 326
BAY CITY, TEXAS 77414-5095
(409) 244-7611

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, 2007, 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 Texas 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 Reed & Associates, PC, 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, 2007, are free of material misstatement. The independent audit involves 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, 2007, 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.

As a recipient of federal and state financial assistance, the government also is subject to a “Single Audit”. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphases on internal controls and legal requirements involving the administration of federal awards.

Generally Accepted Accounting Principals 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.

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, Oxea and the Lyondell Plant. Matagorda County has strong agricultural ties in the production of cotton and rice and in aquaculture 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. Through a joint partnership with the South Texas Project and Wharton County Junior College, the South Texas Center for Energy Development opened its doors which will serve as a career center for staffing at STP and also offer classes focusing on process-technology and power-technology programs to train students for work at chemical, industrial and nuclear plants.

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, 2007 is 12.21 %. The employee member contribution is 7%.

In addition to providing retirement benefits, the County provides health insurance to its retirees who qualified under TCERS 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, 2006. 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 4 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 Auditor, Reed & Associates, P.C.

Respectfully submitted,



Ellen Dodd, County Auditor
Matagorda County, Texas
May 12, 2008

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, 2006

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



Charles S. Cox

President

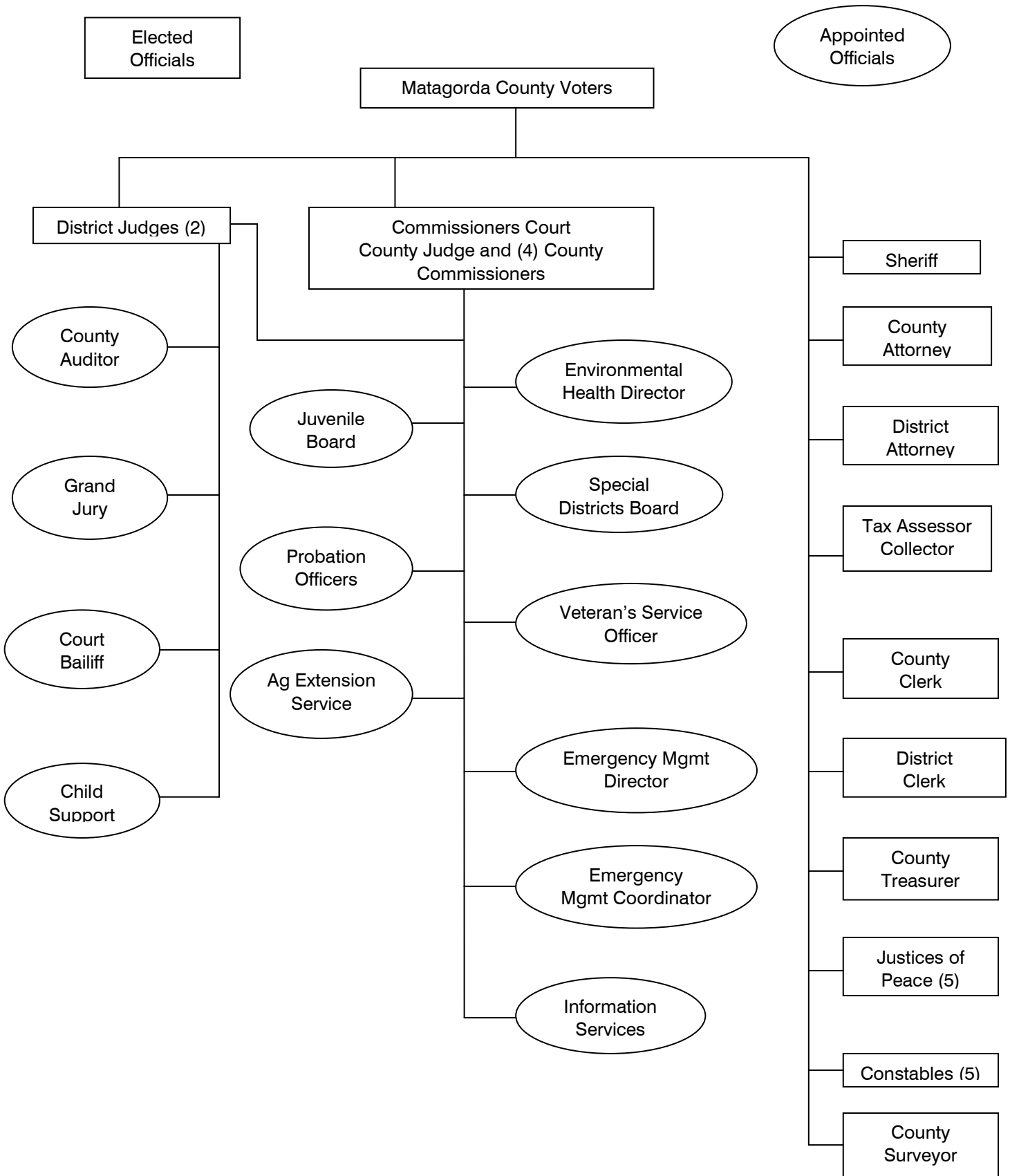
Jeffrey R. Emer

Executive Director



MATAGORDA COUNTY

Organization Chart



MATAGORDA COUNTY

*LIST OF ELECTED AND APPOINTED OFFICIAL
DECEMBER 31, 2007*

Elected Officials

Judge, 23rd Judicial District
Judge, 130th 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
Nate McDonald
Dan Pustka
George Deshotels
James Gibson
David J. Woodson
James Mitchell
Jill Cornelius
Steven Reis
Cristyn Hallmark
Gail Denn
Becky Denn
Amy Perez
Suzan Thompson
Jerry Purvis
Aaron Green
Robert Matthews
Ray Taggart
Frank Craft
Kenneth Smith
Pete Hale
Rudy Bonifay
Tom Ward
James Rother

Appointed Officials

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

Ellen Dodd
Bill Orton
Gwen Galloway
Brent Batchelor
Ruben Gonzales
Frank Osborne
Nate McDonald
Doug Matthes
Ken Eisman

Financial Section



REED & ASSOCIATES, 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, 2007, 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2008, 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 considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison 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 schedule of expenditures of federal awards required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the 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,

Reed & Associates, PC

Reed & Associates, PC
May 5, 2008

Management's Discussion and Analysis

This discussion and analysis of Matagorda County's financial performance provides a narrative overview of the County's financial activities for the fiscal year ended December 31, 2007. 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 \$31,524,961 (net assets). Of this amount, \$10,373,595 (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 \$ 8,477,342. 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 \$7,542,080 represents 44% of total general fund expenditures.
- During the current fiscal year, the County's debt decreased by \$181,466. This is the result of a scheduled payment on certificates of obligation and a \$26,466 final payment on a capital lease.

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 basic 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 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 \$31,524,961 at the close of the most recent fiscal year.

Sixty-seven percent (67%) of the County's net assets, \$21,151,366, 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 \$201,561. Of this \$201,561, the most significant areas were in the addition of jail construction of \$1,067,449, the addition of the sheriff administration building in the amount of \$1,710,844 and the recording of depreciation expense of \$3,678,226.

The County's net assets for the years ending December 31, 2007 and 2006 are summarized as follows:

MATAGORDA COUNTY'S NET ASSETS

| | <u>2007</u> | <u>2006</u> |
|--|----------------------|----------------------|
| Current and other assets | \$ 22,684,240 | \$ 23,703,100 |
| Capital Assets | <u>22,511,366</u> | <u>22,309,805</u> |
| Total assets | <u>45,195,606</u> | <u>46,012,905</u> |
| Current and other liabilities | 12,128,090 | 10,922,547 |
| Long-term liabilities | <u>1,542,555</u> | <u>1,700,310</u> |
| Total liabilities | <u>13,670,645</u> | <u>12,622,857</u> |
| NET ASSETS | | |
| Invested in Capital Assets, net of related debt | 21,151,366 | 20,768,339 |
| Restricted for debt service | 0 | 52 |
| Unrestricted | <u>10,373,595</u> | <u>12,621,657</u> |
| Total net assets | <u>\$ 31,524,961</u> | <u>\$ 33,390,048</u> |

Analysis of the County's Operations. Governmental activities decreased the County's net assets by \$1,865,087. Key elements of the decrease include the following:

- An increase in property tax revenues of \$1,020,216 (12.48 percent) during the year, a result of increases in assessed values of \$698 million.
- A net increase in internal service fund expenses of \$533,785 for medical and administrative costs.
- Grant revenue increased by \$854,000 last year due to Community Improvement Project and Homeland Security grants with a corresponding increase in expenditures for Public Safety and Community and Economic Development.
- Corrections and Rehabilitation increased by \$337,836 in inmate placement costs as a result of the jail expansion project not being completed by year end.
- An increase in the expenses for infrastructure and environmental services as a result of the change in the method of allocation of infrastructure depreciation to this function.

The following table provides a summary of the County's operations for the years ended December 31, 2007 and 2006.

MATAGORDA COUNTY'S CHANGES IN NET ASSETS

| | <u>2007</u> | <u>2006</u> |
|---|----------------------|----------------------|
| Revenues: | | |
| Program revenues: | | |
| Fees, fines and charges for services | \$ 6,572,279 | \$ 7,124,909 |
| Operating grants and contributions | 1,796,638 | 942,638 |
| Capital grants and contributions | 318,103 | 49,915 |
| General revenues: | | |
| Property taxes | 9,194,415 | 8,174,199 |
| Miscellaneous | 104,940 | 103,303 |
| Unrestricted Investment Earnings | <u>793,926</u> | <u>704,318</u> |
| Total revenues | <u>18,780,301</u> | <u>17,099,282</u> |
| Expenses: | | |
| General government | 2,374,168 | 2,591,435 |
| Justice system | 2,931,754 | 3,275,243 |
| Public Safety | 3,231,579 | 3,264,707 |
| Corrections & Rehabilitation | 2,638,771 | 2,477,072 |
| Health and Human Services | 1,180,040 | 1,281,386 |
| Community & Economic Development | 1,325,564 | 1,166,624 |
| Infrastructure and Environmental services | 6,896,776 | 3,823,861 |
| Interest on Debt | <u>66,736</u> | <u>23,980</u> |
| Total expenses | <u>20,645,388</u> | <u>17,904,308</u> |
| Increase (decrease) in net assets | (1,865,087) | (805,026) |
| Net assets – beginning | <u>33,390,048</u> | <u>34,195,074</u> |
| Net assets – ending | <u>\$ 31,524,961</u> | <u>\$ 33,390,048</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, Special Revenue, Debt Service and Capital Projects 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 \$ 8,477,342. This amount is unreserved or available for spending. Although not reserved, \$1,190,092 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 \$7,542,080 in contrast to \$10,063,575 in the prior year, a decrease of \$2,521,495. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. Unreserved fund balance represents 43.64 percent of total general fund expenditures. Key factors in the unreserved fund balance decrease from the prior year are as follows:

- Tax revenues were higher due to increases in assessed taxable valuations.
- Intergovernmental revenue increased as a result of additional federal grants with a corresponding increase in expenditures for Public Safety and Community and Economic Development.
- Charges to services decreased due to a decrease in the negotiated Emergency Response Fee.
- Transfers out to capital improvement fund increased to cover jail expansion costs.

In 2006 the County added a capital projects fund for the expansion of the existing jail facilities. As of December 31, 2007, \$4,577,449 has been completed on this project with an outstanding commitment remaining of \$452,094.

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 for 2007 had operating income of \$35,619 as compared to last year's \$595,062. The primary contributor to this decrease in operating income over the prior year was an increase in the claims expense of \$559,293. The contributions remained relatively unchanged as did the administrative and prescription expense.

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 and Community and Economic Development.
- Miscellaneous revenue budget was increased from original to final due to insurance recoveries and for reimbursement for road maintenance from petroleum companies, with a corresponding increase to Infrastructure & Environmental Services.
- Corrections and Rehabilitation increased due to out of county inmate placement.
- 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 homeland security grants.

- 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 balance as of December 31, 2007 is \$1,360,000.

Compensated absences experienced a net increase for the year of \$23,711.

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

Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2007 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, 2007

MATAGORDA COUNTY'S CAPITAL ASSETS Net of Accumulated Depreciation

| | Balances 12/31/2006 | Increases | Decreases | Balances 12/31/2007 |
|-------------------------------|------------------------|---------------------|---------------------|------------------------|
| Land | \$ 1,275,581 | \$ 35,150 | \$ | \$ 1,310,731 |
| Construction in progress | 2,402,289 | 2,671,874 | 1,604,425 | 3,469,738 |
| Infrastructure | 38,034,034 | 514,898 | 342,208 | 38,206,724 |
| Buildings and improvements | 8,543,673 | 1,710,844 | | 10,254,517 |
| Vehicles and equipment | 6,746,103 | 693,922 | 584,137 | 6,855,888 |
| Less accumulated depreciation | (34,691,875) | (3,678,226) | (783,876) | (37,586,225) |
| | <u>\$ 22,309,805</u> | <u>\$ 1,948,462</u> | <u>\$ 1,746,894</u> | <u>\$ 22,511,373</u> |

Key increases in capital assets are as follows:

- Additional cost of Jail Expansion project.
- Addition of sheriff department administration building of \$1,604,425.
- Purchase of several sheriff vehicles and equipment.

The main decrease in capital assets is \$3,563,854 in depreciation expense. Additional information on the County's capital assets can be found in note D 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 2008 budget was adopted on August 27, 2007 with General Fund expenditures of \$16,664,616, a decrease of \$539,839 over the actual FY 2007 expenditures.

The county experienced another increase in property values from industry, waterfront properties and oil and gas production although less than the previous years increase. The Commissioners' Court adopted a maintenance and operation tax rate of .26978 per \$100 assessed valuation which is a .007 cent increase over the previous year. The court also adopted an interest and sinking tax rate of .00615.

Factors affecting the 2008 Budget were as follows:

- An increase of 5.0% for employees, and elected and appointed officials of the county and an increase associated with changes to the pay grid for lower level pay grades.
- An Increase for insurance costs.
- Decrease to the courts from prior year capital murder trials.
- Increases for costs associated with the completion of the jail expansion project including utilities, groceries and medical costs with a related decrease for inmate placement costs as those inmates are held in the county.

These indicators were taken into account when adopting the General Fund appropriations for 2008, with \$16.2 million in estimated revenue and \$459 thousand 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 7th Street, Room 325, Bay City, Texas 77414, or call (979)244-7611.



Basic Financial Statements



MATAGORDA COUNTY

STATEMENT OF NET ASSETS

DECEMBER 31, 2007

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| <i>Cash and cash equivalents</i> | \$ 10,523,181 |
| Receivables (net of allowances for uncollectibles): | |
| <i>Taxes receivable</i> | 8,248,910 |
| <i>Other receivables</i> | 2,145,793 |
| <i>Prepaid items</i> | 240,118 |
| <i>Due from other funds</i> | 10,998 |
| <i>Inventories</i> | 9,302 |
| <i>Interest receivable</i> | 4,024 |
| <i>Investments</i> | 1,501,914 |
| Capital Assets (net of accumulated depreciation): | |
| <i>Land</i> | 1,310,732 |
| <i>Construction in progress</i> | 3,469,740 |
| <i>Buildings</i> | 5,313,192 |
| <i>Improvements</i> | 476,600 |
| <i>Infrastructure</i> | 9,810,640 |
| <i>Equipment</i> | 2,130,462 |
| Total Assets | <u>45,195,606</u> |
| LIABILITIES | |
| <i>Accounts payable</i> | 1,236,958 |
| <i>Claims payable</i> | 165,798 |
| <i>Due to other governments</i> | 170,347 |
| <i>Due to others</i> | 251,058 |
| <i>Accrued interest payable</i> | 18,750 |
| <i>Unearned revenue</i> | 10,259,386 |
| <i>Escrow reserves</i> | 25,793 |
| Noncurrent Liabilities: | |
| <i>Due within one year - compensated absences</i> | 21,821 |
| <i>Due within one year - certificates of obligation</i> | 125,000 |
| <i>Due in more than one year - comp absences</i> | 160,734 |
| <i>Due in more than one year - certificates of obligation</i> | 1,235,000 |
| Total Liabilities | <u>13,670,645</u> |
| NET ASSETS | |
| Invested in Capital Assets, Net of Related Debt | 21,151,366 |
| Unrestricted | 10,373,595 |
| Total Net Assets | <u>\$ 31,524,961</u> |

The accompanying notes are an integral part of this statement.

MATAGORDA COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

| 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> | \$ 2,374,168 | \$ 1,241,621 | \$ 20,975 | \$ -- | \$ (1,111,572) |
| <i>Justice system</i> | 2,931,754 | 1,209,619 | 680,889 | -- | (1,041,246) |
| <i>Public safety</i> | 3,231,579 | 3,786,690 | 575,580 | -- | 1,130,691 |
| <i>Corrections and rehabilitation</i> | 2,638,771 | 95,872 | 43,392 | -- | (2,499,507) |
| <i>Health and human services</i> | 1,180,040 | 50,937 | 24,007 | -- | (1,105,096) |
| <i>Community and economic development</i> | 1,325,564 | 116,050 | 418,388 | -- | (791,126) |
| <i>Infrastructure and environmental services</i> | 6,896,776 | 71,490 | 33,407 | 318,103 | (6,473,776) |
| <i>Interest on debt</i> | 66,736 | -- | -- | -- | (66,736) |
| Total governmental activities | <u>20,645,388</u> | <u>6,572,279</u> | <u>1,796,638</u> | <u>318,103</u> | <u>(11,958,368)</u> |
| Total Primary Government | <u>\$ 20,645,388</u> | <u>\$ 6,572,279</u> | <u>\$ 1,796,638</u> | <u>\$ 318,103</u> | <u>(11,958,368)</u> |
| General Revenues: | | | | | |
| <i>Property taxes</i> | | | | | 9,194,415 |
| <i>Miscellaneous</i> | | | | | 104,940 |
| <i>Unrestricted investment earnings</i> | | | | | 793,926 |
| Total General Revenues | | | | | <u>10,093,281</u> |
| Change in Net Assets | | | | | <u>(1,865,087)</u> |
| Net Assets - Beginning | | | | | 33,390,048 |
| Net Assets - Ending | | | | | <u>\$ 31,524,961</u> |

The accompanying notes are an integral part of this statement.

MATAGORDA COUNTY**BALANCE SHEET - GOVERNMENTAL FUNDS**

DECEMBER 31, 2007

| | General Fund | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|--------------------------------|--------------------------------|
| ASSETS | | | | |
| <i>Cash and cash equivalents</i> | \$ 7,851,743 | \$ 123,607 | \$ 1,278,030 | \$ 9,253,380 |
| Receivables (net of allowances for uncollectibles): | | | | |
| <i>Taxes</i> | 8,075,265 | -- | 173,645 | 8,248,910 |
| <i>Other receivables</i> | 2,101,238 | -- | 44,555 | 2,145,793 |
| <i>Prepaid items</i> | 240,118 | -- | -- | 240,118 |
| <i>Due from other funds</i> | 61,669 | 237,652 | -- | 299,321 |
| <i>Inventories</i> | 3,964 | -- | 5,338 | 9,302 |
| <i>Interest receivable</i> | 4,024 | -- | -- | 4,024 |
| <i>Investments</i> | 1,501,914 | -- | -- | 1,501,914 |
| Total Assets | \$ 19,839,935 | \$ 361,259 | \$ 1,501,568 | \$ 21,702,762 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| <i>Accounts payable</i> | \$ 810,607 | \$ 361,259 | \$ 25,194 | \$ 1,197,060 |
| <i>Due to other governments</i> | 170,346 | -- | 1 | 170,347 |
| <i>Due to other funds</i> | 237,652 | -- | 50,671 | 288,323 |
| <i>Due to others</i> | 205,067 | -- | 45,991 | 251,058 |
| <i>Deferred revenue</i> | 10,848,390 | -- | 444,449 | 11,292,839 |
| <i>Escrow reserves</i> | 25,793 | -- | -- | 25,793 |
| Total Liabilities | 12,297,855 | 361,259 | 566,306 | 13,225,420 |
| Fund Balances: | | | | |
| Unreserved: | | | | |
| <i>Designated for insurance</i> | 20,000 | -- | -- | 20,000 |
| <i>Designated for precincts</i> | 1,170,092 | -- | -- | 1,170,092 |
| <i>Undesignated:</i> | | | | |
| <i>General fund</i> | 6,351,988 | -- | -- | 6,351,988 |
| <i>Special revenue funds</i> | -- | -- | 968,729 | 968,729 |
| <i>Debt service fund</i> | -- | -- | (33,467) | (33,467) |
| Total Fund Balances | 7,542,080 | -- | 935,262 | 8,477,342 |
| Total Liabilities and Fund Balances | \$ 19,839,935 | \$ 361,259 | \$ 1,501,568 | \$ 21,702,762 |

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, 2007*

| | |
|---|----------------------|
| Total fund balances - governmental funds balance sheet | \$ 8,477,342 |
| 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. | 22,511,365 |
| Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds. | 584,510 |
| The assets and liabilities of internal service funds are included in governmental activities in the SNA. | 901,222 |
| Payables for certificate of obligation principal which are not due in the current period are not reported in the fund | (1,360,000) |
| Payables for certificate of obligation interest which are not due in the current period are not reported in the fund | (18,750) |
| Payables for compensated absences which are not due in the current period are not reported in the funds. | (182,555) |
| Court fines receivable unavailable to pay for current period expenditures are deferred in the funds. | 611,826 |
| Rounding difference | <u>1</u> |
| Net assets of governmental activities - statement of net assets | <u>\$ 31,524,961</u> |

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, 2007

| | General Fund | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|--------------------------------|--------------------------------|
| REVENUES | | | | |
| <i>Taxes</i> | \$ 8,959,399 | \$ -- | \$ 188,198 | \$ 9,147,597 |
| <i>Licenses and permits</i> | 833,238 | -- | -- | 833,238 |
| <i>Intergovernmental</i> | 1,044,366 | -- | 685,578 | 1,729,944 |
| <i>Charges for services</i> | 4,867,036 | -- | 231,872 | 5,098,908 |
| <i>Fines</i> | 340,318 | -- | -- | 340,318 |
| <i>Investment income</i> | 791,845 | 985 | 48,024 | 840,854 |
| <i>Miscellaneous</i> | 484,203 | -- | 72,808 | 557,011 |
| Total revenues | <u>17,320,405</u> | <u>985</u> | <u>1,226,480</u> | <u>18,547,870</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| <i>General government</i> | 2,313,977 | -- | 45,759 | 2,359,736 |
| <i>Justice system</i> | 2,381,076 | -- | 422,310 | 2,803,386 |
| <i>Public Safety</i> | 2,850,087 | -- | 31,264 | 2,881,351 |
| <i>Corrections and rehabilitation</i> | 2,507,669 | -- | 42,444 | 2,550,113 |
| <i>Health and human services</i> | 1,130,644 | -- | -- | 1,130,644 |
| <i>Community and economic development</i> | 956,331 | -- | 32,525 | 988,856 |
| <i>Infrastructure and environmental services</i> | 4,376,057 | -- | -- | 4,376,057 |
| Capital outlay | 660,740 | 2,709,834 | 320,971 | 3,691,545 |
| Debt service: | | | | |
| <i>Principal</i> | 26,466 | -- | 155,000 | 181,466 |
| <i>Interest and fiscal charges</i> | 1,408 | -- | 67,813 | 69,221 |
| Total expenditures | <u>17,204,455</u> | <u>2,709,834</u> | <u>1,118,086</u> | <u>21,032,375</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>115,950</u> | <u>(2,708,849)</u> | <u>108,394</u> | <u>(2,484,505)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| <i>Transfers in</i> | 78,470 | 2,708,849 | 7,065 | 2,794,384 |
| <i>Transfers out</i> | (2,715,914) | -- | (78,470) | (2,794,384) |
| Total other financing sources (uses) | <u>(2,637,444)</u> | <u>2,708,849</u> | <u>(71,405)</u> | <u>--</u> |
| Net change in fund balances | (2,521,494) | -- | 36,989 | (2,484,505) |
| Fund balances - beginning | 10,063,574 | -- | 898,273 | 10,961,847 |
| Fund balances - ending | <u>\$ 7,542,080</u> | <u>\$ --</u> | <u>\$ 935,262</u> | <u>\$ 8,477,342</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, 2007

| | |
|---|-----------------------|
| Net change in fund balances - total governmental funds | \$ (2,484,505) |
| Amounts reported for governmental activities in the statement of activities ("SOA") are different because: | |
| Capital outlays are not reported as expenses in the SOA. | 3,703,325 |
| The depreciation of capital assets used in governmental activities is not reported in the funds. | (3,563,853) |
| The gain or loss on the sale of capital assets is not reported in the funds. | (133,241) |
| Donations of capital assets increase net assets in the SOA but not in the funds. | 195,338 |
| Certain property tax revenues are deferred in the funds. This is the change in these amounts this year. | 46,818 |
| Repayment of certificate of obligation principal is an expenditure in the funds but is not an expense in the SOA. | 155,000 |
| Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA. | 26,466 |
| (Increase) decrease in accrued interest from beginning of period to end of period | 2,485 |
| The net revenue (expense) of internal service funds is reported with governmental activities. | 87,283 |
| Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds. | (23,719) |
| Court fine revenue not in funds | 123,515 |
| Rounding difference | <u>1</u> |
| Change in net assets of governmental activities - statement of activities | <u>\$ (1,865,087)</u> |

The accompanying notes are an integral part of this statement.

MATAGORDA COUNTY

STATEMENT OF NET ASSETS

INTERNAL SERVICE FUND

DECEMBER 31, 2007

| | Nonmajor Internal Service Fund |
|----------------------------------|--------------------------------------|
| | Insurance Fund |
| ASSETS | |
| Current assets: | |
| <i>Cash and cash equivalents</i> | \$ 1,269,801 |
| Total Assets | <u>\$ 1,269,801</u> |
| LIABILITIES | |
| Current liabilities: | |
| <i>Accounts payable</i> | \$ 39,898 |
| <i>Claims payable</i> | 165,798 |
| <i>Deferred revenue</i> | 162,883 |
| Total Liabilities | <u>368,579</u> |
| NET ASSETS | |
| <i>Unrestricted</i> | 901,222 |
| Total net assets | <u>\$ 901,222</u> |

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, 2007

| | Nonmajor Internal Service Fund |
|--|--------------------------------------|
| | Insurance Fund |
| OPERATING REVENUES | |
| <i>Employer contributions</i> | \$ 1,836,135 |
| <i>Employee contributions</i> | 184,157 |
| <i>Retiree/Cobra contributions</i> | 92,541 |
| <i>Special district contributions</i> | 198,760 |
| <i>Drug rebates</i> | 18,385 |
| <i>Miscellaneous</i> | 2,823 |
| Total Operating Revenues | <u>2,332,801</u> |
| OPERATING EXPENSES | |
| <i>Administrative claims</i> | 460,629 |
| <i>Claims expense</i> | 1,449,619 |
| <i>Prescriptions</i> | 386,934 |
| Total Operating Expenses | <u>2,297,182</u> |
| Operating Income (Loss) | <u>35,619</u> |
| NON-OPERATING REVENUES (EXPENSES) | |
| <i>Interest revenue</i> | 51,664 |
| Total Non-operating Revenues (Expenses) | <u>51,664</u> |
| Change in Net Assets | 87,283 |
| Total net assets - beginning | 813,939 |
| Total net assets - ending | <u>\$ 901,222</u> |

The accompanying notes are an integral part of this statement.

MATAGORDA COUNTY

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2007

| | Internal Service Fund |
|---|-----------------------------|
| Cash Flows from Operating Activities: | |
| <i>Cash received from interfund services provided</i> | \$ 2,024,280 |
| <i>Cash received from external users</i> | 312,510 |
| <i>Cash payments for administration</i> | (448,381) |
| <i>Cash payments for claims</i> | (1,670,755) |
| Net Cash Provided (Used) by Operating Activities | <u>217,654</u> |
| Cash Flows from Non-capital Financing Activities: | |
| <i>Transfers to general fund</i> | (46,337) |
| Net Cash Provided (Used) by Non-capital Financing Activities | <u>(46,337)</u> |
| Cash Flows from Capital and Related Financing Activities: | |
| Net Cash Provided (Used) for Capital & Related Financing Activities | <u>--</u> |
| Cash Flows from Investing Activities: | |
| <i>Interest and Dividends on Investments</i> | 51,664 |
| Net Cash Provided (Used) for Investing Activities | <u>51,664</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 222,981 |
| Cash and Cash Equivalents at Beginning of Year | 1,046,821 |
| Cash and Cash Equivalents at End of Year | <u>\$ 1,269,802</u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | |
| Operating Income (Loss) | \$ 35,619 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities | -- |
| Change in Assets and Liabilities: | |
| <i>Increase (Decrease) in Accounts Payable</i> | 12,249 |
| <i>Increase (Decrease) in Claims Payable</i> | 165,798 |
| <i>Increase (Decrease) in Deferred Revenue</i> | 3,988 |
| Total Adjustments | <u>182,035</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 217,654</u> |

The accompanying notes are an integral part of this statement.

MATAGORDA COUNTY
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 DECEMBER 31, 2007

| | Agency Funds |
|----------------------------------|---------------------|
| ASSETS | |
| <i>Cash and cash equivalents</i> | \$ 2,400,249 |
| Total Assets | <u>\$ 2,400,249</u> |
| LIABILITIES | |
| <i>Accounts payable</i> | \$ 191,313 |
| <i>Due to other funds</i> | 10,998 |
| <i>Due to others</i> | 2,197,938 |
| Total Liabilities | <u>2,400,249</u> |
| NET ASSETS | |
| <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, 2007

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 does not allocate indirect expenses in the statement of activities. 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, 2007

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 for the acquisition and construction of major capital facilities financed with long-term debt.

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. 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.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus, with the exception of agency funds which do not involve measurement of results of operations 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 with the exception of property taxes. Revenues from local sources consist primarily of property taxes. Property tax revenues and

MATAGORDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The County has chosen not to apply future FASB standards.

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 when they become due or past due and receivable within the current period.

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

Inventories on the balance sheet are stated at weighted average cost. Inventory items are recorded as expenditures when they are consumed.

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 capital 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, 2007

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

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

e. Receivable and Payable Balances

The County believes that sufficient detail of payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation.

There are no significant receivables which are not scheduled for collection within one year of year end.

f. 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.

g. 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.

h. Use of Estimates

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

i. 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.

MATAGORDA COUNTY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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 and District Clerk Records Management/Preservation. All annual budget appropriations lapse at fiscal year end, with the exception of the four precincts (see Note J).

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.

B. Compliance and Accountability

1. Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

| <u>Fund Name</u> | <u>Deficit Amount</u> | <u>Remarks</u> |
|------------------|---------------------------|--|
| Debt Service | 33,467 | Created by the timing difference in recognizing tax revenue. |

C. 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, 2007, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$3,553,666 and the bank balance was \$7,022,617. The County's cash deposits at December 31, 2007 and during the year ended December 31, 2007, 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 basic 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.

MATAGORDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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.

The County's investment at December 31, 2007 are shown below.

| <u>Investment or Investment Type</u> | <u>Maturity</u> | <u>Rating</u> | <u>Fair Value</u> |
|--|-----------------|---------------|---------------------|
| FHLB | < 1 year | Aaa | \$ 1,204,339 |
| AGFI | < 1 year | Aaa | 297,575 |
| Total Investments | | | <u>\$ 1,501,914</u> |
| ICT Government Securities (reported as cash) | N/A | Aaa | <u>\$ 9,366,820</u> |

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:

- a. 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, 2007 by investment type. It is County policy to diversify the investment portfolio, display prudence in selecting investments and never invest in anything that jeopardizes the total capital position of the overall portfolio.
- b. 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.
- c. 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.

D. Capital Assets

Capital asset activity for the year ended December 31, 2007, was as follows:

| | <u>Beginning Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balances</u> |
|--|---------------------------|------------------|------------------|------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,275,581 | \$ 35,150 | \$ | \$ 1,310,731 |
| Construction in progress | 2,402,289 | 2,671,874 | 1,604,425 | 3,469,738 |
| Total capital assets not being depreciated | <u>3,677,870</u> | <u>2,707,024</u> | <u>1,604,425</u> | <u>4,780,469</u> |
| Capital assets being depreciated: | | | | |
| Infrastructure | 38,034,034 | 514,898 | 342,208 | 38,206,724 |
| Buildings and improvements | 8,543,673 | 1,710,844 | | 10,254,517 |
| Vehicles and equipment | 6,746,103 | 693,922 | 584,137 | 6,855,888 |
| Total capital assets being depreciated | <u>53,323,810</u> | <u>2,919,664</u> | <u>926,345</u> | <u>55,317,129</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | (25,729,555) | (2,885,421) | (218,892) | (28,396,084) |
| Buildings and improvements | (4,201,752) | (262,963) | | (4,464,715) |

MATAGORDA COUNTY

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007*

| | | | | |
|---|----------------------|---------------------|---------------------|----------------------|
| Vehicles and equipment | (4,760,568) | (529,842) | (564,984) | (4,725,426) |
| Total accumulated depreciation | (34,691,875) | (3,678,226) | (783,876) | (37,586,225) |
| Total capital assets being depreciated, net | 18,631,935 | (758,562) | 142,469 | 17,730,904 |
| Governmental activities capital assets, net | <u>\$ 22,309,805</u> | <u>\$ 1,948,462</u> | <u>\$ 1,746,894</u> | <u>\$ 22,511,373</u> |

Depreciation was charged to functions as follows:

| | |
|--------------------|---------------------|
| General Government | \$ 98,330 |
| Justice | 124,276 |
| Public Safety | 123,877 |
| Corrections | 93,991 |
| Health | 48,621 |
| Community | 44,267 |
| Infrastructure | 3,030,492 |
| | <u>\$ 3,563,854</u> |

E. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at December 31, 2007, consisted of the following:

| Due To Fund | Due From Fund | Amount | Purpose |
|-----------------------|--------------------------|-------------------|------------------------|
| General Fund | Other Governmental Funds | \$ 50,621 | Short-term loans |
| General Fund | Other Governmental Funds | 50 | Imprest Cash |
| General Fund | Agency Funds | 10,998 | VIT Penalty & Interest |
| Capital Projects Fund | General Fund | 237,652 | Short-term loans |
| | Total | <u>\$ 299,321</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, 2007, consisted of the following:

| Transfers From | Transfers To | Amount | Reason |
|--------------------------|--------------------------|---------------------|--------------------------------|
| General fund | Other Governmental Funds | 7,065 | Supplement other funds sources |
| General fund | Capital Projects Fund | 2,708,849 | Supplement other funds sources |
| Other Governmental Funds | General fund | 78,470 | Reimbursement |
| | Total | <u>\$ 2,794,384</u> | |

F. 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, 2007, are as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|---------------------------------|---------------------|-------------------|-------------------|---------------------|-----------------------------|
| <u>Governmental activities:</u> | | | | | |
| Certificates of Obligation | \$ 1,515,000 | \$ -- | \$ 155,000 | \$ 1,360,000 | 125,000 |
| Capital leases | 26,466 | -- | 26,466 | -- | -- |
| Compensated absences * | 158,844 | 221,524 | 197,813 | 182,555 | 21,821 |
| Total governmental activities | <u>\$ 1,700,310</u> | <u>\$ 221,524</u> | <u>\$ 379,279</u> | <u>\$ 1,542,555</u> | <u>\$ 146,821</u> |

MATAGORDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

| <u>Liability</u> | <u>Activity Type</u> | <u>Fund</u> |
|----------------------|----------------------|-------------|
| Compensated absences | Governmental | General |

2. Debt Service Requirements

Debt service requirements on long-term debt at December 31, 2007, 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.

| <u>Year Ending December 31,</u> | <u>Governmental Activities</u> | | |
|---------------------------------|--------------------------------|-----------------|--------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 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 | 150,000 | 35,175 | 185,175 |
| 2013-2017 | 675,000 | 65,039 | 740,039 |
| Totals | \$ 1,360,000 | \$ 306,692 | \$ 1,666,692 |

G. 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 2007, 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.

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.

H. 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. TCERS was established in 1967 by an act of the Texas Legislature, and as of 2007 included 573 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.

MATAGORDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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, 2007 is 12.21% of annual covered payroll. The County's contributions to the TCDRS for the years ending December 31, 2007, 2006 and 2005 were \$665,421 \$644,611 and \$773,896, respectively, and were equal to the required contributions for each year.

3. Actuarial Information

The County's annual pension cost of \$665,421 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, 2005, the basis for determining the contribution rate for calendar year 2007.

| | | | |
|------------------------------|---------------|---------------|-----------------|
| Actuarial valuation date | 12/31/2004 | 12/31/2005 | 12/31/2006 |
| Actuarial cost method | entry age | entry age | entry age |
| Amortization method | level % of | level % of | level % of |
| | payroll, open | payroll, open | payroll, open |
| Amortization period in years | 20 | 20 | 15 |
| Asset valuation method | long-term | long-term | 10 yr smoothed |
| | appreciation | appreciation | ESF: Fund value |
| Assumptions: | | | |
| Investment return | 8.00% | 8.00% | 8.00% |
| Projected salary increases | 5.5% | 5.3% | 5.3% |
| Inflation | 3.5% | 3.5% | 3.5% |
| Cost of living adjustments | 0.0% | 0.0% | 0.0% |

4. Schedule of Funding Information

| | | | |
|---|---------------|---------------|---------------|
| Actuarial valuation date | 12/31/2004 | 12/31/2005 | 12/31/2006 |
| Actuarial value of assets | \$ 16,053,805 | \$ 17,579,421 | \$ 19,431,565 |
| Actuarial accrued liability (AAL) | \$ 20,521,043 | \$ 21,943,536 | \$ 23,160,720 |
| Unfunded or (overfunded) actuarial accrued liability (UAAL or OAAL) | \$ 4,467,238 | \$ 4,364,115 | \$ 3,729,155 |
| Funded ratio | 78.23% | 80.11% | 83.90% |
| Annual covered payroll (actuarial) | \$ 6,056,155 | \$ 6,157,422 | \$ 6,195,926 |
| UAAL or OAAL as percentage of covered payroll | 73.76% | 70.88% | 60.19% |

5. Trend Information for the Plan

| Fiscal Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|--------------------|---------------------------|-------------------------------|------------------------|
| December 31, 2005 | \$ 773,896 | 100% | \$ -- |
| December 31, 2006 | 644,611 | 100% | -- |
| December 31, 2007 | 665,421 | 100% | -- |

MATAGORDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

I. Health Care Coverage

During the year ended December 31, 2007, 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, 2008, 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, 2007, 2006 and 2005, are as follows:

| | 2005 | 2006 | 2007 |
|--------------------------|------------------|------------------|-------------------|
| Unpaid claims, beginning | \$ 168,492 | \$ 41,461 | \$ 27,650 |
| Claims incurred | 1,399,202 | 1,248,559 | 1,798,882 |
| Claims paid | (1,526,233) | (1,262,370) | (1,660,734) |
| Unpaid claims, ending | <u>\$ 41,461</u> | <u>\$ 27,650</u> | <u>\$ 165,798</u> |

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 officially closed in July, 2007. 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 | \$ 1,170,092 | unexpended budgeted amounts from each of the four precincts |

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, 2007 payments covered 64 individuals at a cost of \$399,110. The amount of future liability is indeterminable, therefore, nothing has been accrued in the financial statements. This plan is not funded.

MATAGORDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

M. Receivables and Deferred Revenue

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 | \$ 8,198,313 | \$ 173,850 | \$ 8,372,163 |
| Less allowance | (123,048) | (204) | (123,252) |
| | <u>\$ 8,075,265</u> | <u>\$ 173,646</u> | <u>\$ 8,248,911</u> |
| Other Receivables | \$ 95,911 | \$ 1,004 | \$ 96,915 |
| Taxes | 1,072,551 | 24,776 | 1,097,327 |
| Grants | 107,227 | 9,626 | 116,853 |
| Justice of Peace fines/fees | 1,222,368 | | 1,222,368 |
| Less allowance | (865,658) | | (865,658) |
| District Clerk fines/fees | 3,041,946 | | 3,041,946 |
| Less allowance | (2,743,541) | | (2,743,541) |
| Child Support fines/fees | 48,578 | | 48,578 |
| Less allowance | (44,273) | | (44,273) |
| County Clerk fines/fees | 2,102,181 | | 2,102,181 |
| Less allowance | (1,936,052) | | (1,936,052) |
| Juvenile Probation fines/fees | | 9,149 | 9,149 |
| | <u>\$ 2,101,238</u> | <u>\$ 44,555</u> | <u>\$ 2,145,793</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:

| | Government- Wide Totals Unearned | Unavailable | Governmental & Proprietary Fund Totals |
|--|---|---------------------|---|
| Delinquent property taxes receivable: | | | |
| General fund | \$ | \$ 581,807 | \$ 581,807 |
| All other nonmajor funds | | 2,703 | 2,703 |
| Current Property taxes: | | | |
| General fund | 9,596,567 | | 9,596,567 |
| All other nonmajor funds | 219,029 | | 219,029 |
| Fines/fees receivable: | | | |
| General fund | | 604,719 | 604,719 |
| All other non-major funds | | 7,107 | 7,107 |
| Health insurance premiums (internal service fund) | 162,883 | | 162,883 |
| Grant drawdowns prior to meeting all eligibility requirements: | | | |
| General fund | 65,297 | | 65,297 |
| All other non-major funds | 215,610 | | 215,610 |
| | <u>\$ 10,259,386</u> | <u>\$ 1,196,336</u> | <u>\$ 11,455,722</u> |

MATAGORDA COUNTY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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.

O. Commitments

1. Commitments

The County has entered into a contract for \$5,029,543 for expansion of the existing jail facilities. As of December 31, 2007, \$4,577,449 of this contract has been completed and the remaining \$452,094 is an outstanding commitment of the 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, 2007

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------|------------------|--------------|--------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| <i>Taxes</i> | \$ 8,973,592 | \$ 8,973,592 | \$ 8,959,399 | \$ (14,193) |
| <i>Licenses and permits</i> | 864,900 | 864,900 | 833,238 | (31,662) |
| <i>Intergovernmental</i> | 266,528 | 921,089 | 1,044,366 | 123,277 |
| <i>Charges for services</i> | 4,690,709 | 4,690,709 | 4,867,036 | 176,327 |
| <i>Fines</i> | 365,000 | 365,000 | 340,318 | (24,682) |
| <i>Investment income</i> | 500,000 | 500,000 | 791,845 | 291,845 |
| <i>Miscellaneous</i> | 111,501 | 478,018 | 484,203 | 6,185 |
| Total revenues | 15,772,230 | 16,793,308 | 17,320,405 | 527,097 |
| EXPENDITURES | | | | |
| GENERAL GOVERNMENT | | | | |
| County Judge: | | | | |
| <i>Personnel</i> | 139,227 | 136,527 | 134,499 | 2,028 |
| <i>Operating costs</i> | 7,200 | 9,900 | 8,121 | 1,779 |
| Total County Judge | 146,427 | 146,427 | 142,620 | 3,807 |
| Commissioners Court | | | | |
| <i>Operating costs</i> | 111,000 | 110,819 | 83,511 | 27,308 |
| Total Commissioners Court | 111,000 | 110,819 | 83,511 | 27,308 |
| Information Services: | | | | |
| <i>Personnel</i> | 104,487 | 104,487 | 104,448 | 39 |
| <i>Operating costs</i> | 165,000 | 159,000 | 149,750 | 9,250 |
| <i>Capital outlay</i> | -- | 6,000 | 5,347 | 653 |
| Total Information Services | 269,487 | 269,487 | 259,545 | 9,942 |
| County Courthouse: | | | | |
| <i>Personnel</i> | 57,631 | 62,281 | 62,280 | 1 |
| <i>Operating costs</i> | 276,285 | 271,635 | 251,857 | 19,778 |
| Total County Courthouse | 333,916 | 333,916 | 314,137 | 19,779 |
| County Office Building: | | | | |
| <i>Operating costs</i> | 108,854 | 114,854 | 99,366 | 15,488 |
| <i>Capital outlay</i> | 6,000 | -- | -- | -- |
| Total County Office Building | 114,854 | 114,854 | 99,366 | 15,488 |
| Unallocable by Department: | | | | |
| <i>Insurance</i> | 77,816 | 78,066 | 74,497 | 3,569 |
| <i>Appraisal fees</i> | 14,431 | 12,732 | 12,726 | 6 |
| <i>Retiree Insurance</i> | 105,336 | 109,725 | 109,140 | 585 |
| <i>Other costs</i> | 150,000 | 98,909 | -- | 98,909 |
| Total Unallocable by Department | 347,583 | 299,432 | 196,363 | 103,069 |
| County Clerk: | | | | |
| <i>Personnel</i> | 252,892 | 256,092 | 256,088 | 4 |
| <i>Operating costs</i> | 38,615 | 38,615 | 33,452 | 5,163 |
| Total County Clerk | 291,507 | 294,707 | 289,540 | 5,167 |

MATAGORDA COUNTY

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2007

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------|------------------|------------------|------------------|---|
| | Original | Final | | |
| County Auditor: | | | | |
| <i>Personnel</i> | 303,357 | 303,357 | 303,051 | 306 |
| <i>Operating costs</i> | 11,400 | 11,400 | 8,976 | 2,424 |
| Total County Auditor | 314,757 | 314,757 | 312,027 | 2,730 |
| County Treasurer: | | | | |
| <i>Personnel</i> | 152,872 | 152,272 | 146,273 | 5,999 |
| <i>Operating costs</i> | 25,375 | 25,975 | 23,794 | 2,181 |
| Total County Treasurer | 178,247 | 178,247 | 170,067 | 8,180 |
| Special Districts | | | | |
| <i>Personnel</i> | 34,082 | 33,082 | 20,102 | 12,980 |
| <i>Operating costs</i> | 4,050 | 5,050 | 4,351 | 699 |
| Total Special Districts | 38,132 | 38,132 | 24,453 | 13,679 |
| County Tax Assessor Collector: | | | | |
| <i>Personnel</i> | 371,508 | 356,478 | 355,823 | 655 |
| <i>Operating costs</i> | 68,750 | 85,350 | 48,636 | 36,714 |
| Total Tax Assessor Collector | 440,258 | 441,828 | 404,459 | 37,369 |
| Elections: | | | | |
| <i>Personnel</i> | 6,213 | 2,336 | 2,335 | 1 |
| <i>Operating costs</i> | 23,214 | 28,091 | 20,901 | 7,190 |
| Total Elections | 29,427 | 30,427 | 23,236 | 7,191 |
| TOTAL GENERAL GOVERNMENT | 2,615,595 | 2,573,033 | 2,319,324 | 253,709 |
| JUSTICE SYSTEM | | | | |
| District Court: | | | | |
| <i>Personnel</i> | 136,570 | 126,570 | 125,728 | 842 |
| <i>Operating costs</i> | 40,250 | 40,250 | 21,503 | 18,747 |
| Total District Court | 176,820 | 166,820 | 147,231 | 19,589 |
| County Court: | | | | |
| <i>Operating costs</i> | 13,500 | 13,500 | 14,337 | (837) |
| Total County Court | 13,500 | 13,500 | 14,337 | (837) |
| Court Expenses: | | | | |
| <i>Operating costs</i> | 220,800 | 236,200 | 241,037 | (4,837) |
| <i>Capital outlay</i> | 5,400 | -- | -- | -- |
| Total Court Expenses | 226,200 | 236,200 | 241,037 | (4,837) |
| Capital Trials | | | | |
| <i>Operating costs</i> | 100,000 | 100,000 | 65,027 | 34,973 |
| Total Capital Trials | 100,000 | 100,000 | 65,027 | 34,973 |
| District Clerk: | | | | |
| <i>Personnel</i> | 171,673 | 165,673 | 164,953 | 720 |
| <i>Operating costs</i> | 21,596 | 28,596 | 29,251 | (655) |
| Total District Clerk | 193,269 | 194,269 | 194,204 | 65 |

MATAGORDA COUNTY

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2007

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------|------------------|---------|---------|---|
| | Original | Final | | |
| District Attorney: | | | | |
| <i>Personnel</i> | 339,006 | 385,686 | 374,582 | 11,104 |
| <i>Operating costs</i> | 69,678 | 79,957 | 55,938 | 24,019 |
| Total District Attorney | 408,684 | 465,643 | 430,520 | 35,123 |
| County Attorney: | | | | |
| <i>Personnel</i> | 178,629 | 173,829 | 173,699 | 130 |
| <i>Operating costs</i> | 22,925 | 27,725 | 18,296 | 9,429 |
| Total County Attorney | 201,554 | 201,554 | 191,995 | 9,559 |
| Justice of the Peace #1 | | | | |
| <i>Personnel</i> | 105,778 | 104,778 | 100,119 | 4,659 |
| <i>Operating costs</i> | 6,065 | 11,065 | 8,211 | 2,854 |
| Total Justice of the Peace #1 | 111,843 | 115,843 | 108,330 | 7,513 |
| Justice of the Peace #2 | | | | |
| <i>Personnel</i> | 108,488 | 104,988 | 104,887 | 101 |
| <i>Operating costs</i> | 20,442 | 23,942 | 20,463 | 3,479 |
| Total Justice of the Peace #2 | 128,930 | 128,930 | 125,350 | 3,580 |
| Justice of the Peace #3 | | | | |
| <i>Personnel</i> | 80,578 | 80,578 | 79,917 | 661 |
| <i>Operating costs</i> | 7,600 | 7,600 | 6,994 | 606 |
| Total Justice of the Peace #3 | 88,178 | 88,178 | 86,911 | 1,267 |
| Justice of the Peace #4 | | | | |
| <i>Personnel</i> | 86,550 | 88,769 | 88,096 | 673 |
| <i>Operating costs</i> | 8,778 | 6,559 | 5,577 | 982 |
| Total Justice of the Peace #4 | 95,328 | 95,328 | 93,673 | 1,655 |
| Justice of the Peace #6 | | | | |
| <i>Personnel</i> | 20,498 | 14,638 | 14,638 | -- |
| <i>Operating costs</i> | 3,935 | 10,995 | 9,487 | 1,508 |
| Total Justice of the Peace #6 | 24,433 | 25,633 | 24,125 | 1,508 |
| Law Library: | | | | |
| <i>Operating costs</i> | 15,000 | 16,000 | 15,705 | 295 |
| Total Law Library | 15,000 | 16,000 | 15,705 | 295 |
| Child Support: | | | | |
| <i>Personnel</i> | 71,093 | 71,093 | 47,282 | 23,811 |
| <i>Operating costs</i> | 7,550 | 7,550 | 1,882 | 5,668 |
| Total Child Support | 78,643 | 78,643 | 49,164 | 29,479 |
| Juvenile Probation Board: | | | | |
| <i>Personnel</i> | 28,437 | 28,437 | 28,431 | 6 |
| Total Juvenile Probation Board | 28,437 | 28,437 | 28,431 | 6 |
| Juvenile Probation: | | | | |
| <i>Personnel</i> | 130,197 | 132,745 | 132,745 | -- |
| <i>Operating costs</i> | 37,742 | 82,694 | 71,079 | 11,615 |
| Total Juvenile Probation | 167,939 | 215,439 | 203,824 | 11,615 |

MATAGORDA COUNTY
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|------------------------------------|------------------|------------------|------------------|---|
| | Original | Final | | |
| Juvenile Alternative School: | | | | |
| <i>Personnel</i> | 111,562 | 58,912 | 48,605 | 10,307 |
| <i>Operating costs</i> | 10,200 | 13,350 | 13,225 | 125 |
| Total Juvenile Alternative School | 121,762 | 72,262 | 61,830 | 10,432 |
| 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> | 98,350 | 98,666 | 98,666 | -- |
| <i>Appraisal fees</i> | 18,239 | 16,091 | 16,081 | 10 |
| <i>Autopsies</i> | 60,000 | 74,000 | 68,575 | 5,425 |
| <i>Retiree Insurance</i> | 59,897 | 62,393 | 62,060 | 333 |
| Total unallocable by Department | 236,486 | 251,150 | 245,382 | 5,768 |
| TOTAL JUSTICE SYSTEM | 2,472,006 | 2,548,829 | 2,381,076 | 167,753 |
| PUBLIC SAFETY | | | | |
| Constable Precinct #1: | | | | |
| <i>Personnel</i> | 14,795 | 14,795 | 14,798 | (3) |
| <i>Operating costs</i> | 5,950 | 5,950 | 5,950 | -- |
| Total Constable Precinct #1 | 20,745 | 20,745 | 20,748 | (3) |
| Constable Precinct #2: | | | | |
| <i>Personnel</i> | 17,377 | 17,377 | 17,346 | 31 |
| <i>Operating costs</i> | 5,950 | 7,089 | 7,089 | -- |
| Total Constable Precinct #2 | 23,327 | 24,466 | 24,435 | 31 |
| Constable Precinct #3: | | | | |
| <i>Personnel</i> | 14,797 | 14,797 | 14,798 | (1) |
| <i>Operating costs</i> | 3,730 | 3,730 | 3,727 | 3 |
| Total Constable Precinct #3 | 18,527 | 18,527 | 18,525 | 2 |
| Constable Precinct #4: | | | | |
| <i>Personnel</i> | 14,795 | 14,795 | 14,263 | 532 |
| <i>Operating costs</i> | 4,065 | 4,865 | 4,768 | 97 |
| Total Constable Precinct #4 | 18,860 | 19,660 | 19,031 | 629 |
| Constable Precinct #6: | | | | |
| <i>Personnel</i> | 14,797 | 14,797 | 14,800 | (3) |
| <i>Operating costs</i> | 3,900 | 4,563 | 3,948 | 615 |
| Total Constable Precinct #6 | 18,697 | 19,360 | 18,748 | 612 |
| County Sheriff: | | | | |
| <i>Personnel</i> | 1,827,232 | 1,813,430 | 1,813,313 | 117 |
| <i>Operating costs</i> | 380,820 | 447,541 | 441,040 | 6,501 |

MATAGORDA COUNTY

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2007

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|------------------|---|
| | Original | Final | | |
| <i>Capital outlay</i> | 100,000 | 120,739 | 120,739 | -- |
| Total County Sheriff | 2,308,052 | 2,381,710 | 2,375,092 | 6,618 |
| Department of Public Safety: | | | | |
| <i>Personnel</i> | 10,594 | 10,594 | 9,840 | 754 |
| <i>Operating costs</i> | 11,600 | 14,100 | 12,473 | 1,627 |
| Total Department of Public Safety | 22,194 | 24,694 | 22,313 | 2,381 |
| Game Wardens: | | | | |
| <i>Operating costs</i> | 27,428 | 27,428 | 27,424 | 4 |
| Total Game Wardens | 27,428 | 27,428 | 27,424 | 4 |
| Fire Protection: | | | | |
| <i>Operating costs</i> | 29,674 | 56,140 | 55,899 | 241 |
| Total Fire Protection | 29,674 | 56,140 | 55,899 | 241 |
| County Wide 911 Services: | | | | |
| <i>Personnel</i> | 60,155 | 60,155 | 59,449 | 706 |
| <i>Operating costs</i> | 9,500 | 9,500 | 3,489 | 6,011 |
| Total County Wide 911 Services | 69,655 | 69,655 | 62,938 | 6,717 |
| Emergency Management: | | | | |
| <i>Personnel</i> | -- | 1,000 | 1,027 | (27) |
| <i>Operating costs</i> | 55,400 | 154,527 | 152,488 | 2,039 |
| <i>Capital outlay</i> | -- | 330,502 | 330,504 | (2) |
| Total Emergency Management | 55,400 | 486,029 | 484,019 | 2,010 |
| Unallocable by department: | | | | |
| <i>Insurance</i> | 98,033 | 98,348 | 98,348 | -- |
| <i>Appraisal fees</i> | 18,181 | 16,040 | 16,030 | 10 |
| <i>Retiree insurance</i> | 55,766 | 58,090 | 57,780 | 310 |
| Total unallocable by department | 171,980 | 172,478 | 172,158 | 320 |
| TOTAL PUBLIC SAFETY | 2,784,539 | 3,320,892 | 3,301,330 | 19,562 |
| CORRECTIONS & REHABILITATION | | | | |
| County Jail: | | | | |
| <i>Personnel</i> | 1,307,596 | 1,132,429 | 1,128,980 | 3,449 |
| <i>Operating costs</i> | 345,732 | 484,188 | 401,788 | 82,400 |
| <i>Inmate Placement</i> | 200,000 | 850,837 | 862,582 | (11,745) |
| <i>Capital outlay</i> | -- | 10,370 | 10,370 | -- |
| Total County Jail | 1,853,328 | 2,477,824 | 2,403,720 | 74,104 |
| Adult Probation: | | | | |
| <i>Operating costs</i> | 2,400 | 4,400 | 1,856 | 2,544 |
| Total Adult Probation | 2,400 | 4,400 | 1,856 | 2,544 |
| Unallocable by department: | | | | |
| <i>Insurance</i> | 74,382 | 74,621 | 74,621 | -- |
| <i>Appraisal fees</i> | 13,794 | 12,170 | 12,162 | 8 |
| <i>Retiree insurance</i> | 24,785 | 25,818 | 25,680 | 138 |
| Total unallocable by department | 112,961 | 112,609 | 112,463 | 146 |

MATAGORDA COUNTY

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2007

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|------------------|---|
| | Original | Final | | |
| TOTAL CORRECTIONS & REHABILITATION | <u>1,968,689</u> | <u>2,594,833</u> | <u>2,518,039</u> | <u>76,794</u> |
| HEALTH & HUMAN SERVICES | | | | |
| Health Department: | | | | |
| <i>Personnel</i> | 211,622 | 199,122 | 198,750 | 372 |
| <i>Operating costs</i> | 27,450 | 111,912 | 91,937 | 19,975 |
| Total Health Department | <u>239,072</u> | <u>311,034</u> | <u>290,687</u> | <u>20,347</u> |
| Animal Control: | | | | |
| <i>Personnel</i> | 55,841 | 51,741 | 51,678 | 63 |
| <i>Operating costs</i> | 31,453 | 32,053 | 24,066 | 7,987 |
| <i>Capital outlay</i> | 12,500 | 12,500 | 12,416 | 84 |
| Total Animal Control | <u>99,794</u> | <u>96,294</u> | <u>88,160</u> | <u>8,134</u> |
| Mental Health: | | | | |
| <i>Operating costs</i> | 35,419 | 35,419 | 35,419 | -- |
| Total Mental Health | <u>35,419</u> | <u>35,419</u> | <u>35,419</u> | <u>--</u> |
| Ambulance Service: | | | | |
| <i>Operating costs</i> | 569,000 | 574,500 | 574,426 | 74 |
| Total Ambulance Service | <u>569,000</u> | <u>574,500</u> | <u>574,426</u> | <u>74</u> |
| Aid to Others: | | | | |
| <i>Economic Action Committee</i> | 4,000 | 4,000 | 4,000 | -- |
| <i>Edith Armstrong Center</i> | 8,400 | 8,400 | 8,400 | -- |
| <i>Friends of the Elderly</i> | 39,900 | 39,900 | 39,900 | -- |
| <i>Cemetery</i> | 3,000 | 3,000 | 3,000 | -- |
| <i>Indigent Burials</i> | 2,000 | 2,000 | 1,600 | 400 |
| Total Aid to Others | <u>57,300</u> | <u>57,300</u> | <u>56,900</u> | <u>400</u> |
| Veteran's Service Officer: | | | | |
| <i>Personnel</i> | 41,250 | 40,250 | 32,157 | 8,093 |
| <i>Operating costs</i> | 6,875 | 7,875 | 5,972 | 1,903 |
| Total Veteran's Service Officer | <u>48,125</u> | <u>48,125</u> | <u>38,129</u> | <u>9,996</u> |
| Unallocable by department: | | | | |
| <i>Insurance</i> | 38,478 | 38,602 | 38,602 | -- |
| <i>Appraisal fees</i> | 7,136 | 6,296 | 6,292 | 4 |
| <i>Retiree insurance</i> | 13,942 | 14,522 | 14,445 | 77 |
| Total unallocable by department | <u>59,556</u> | <u>59,420</u> | <u>59,339</u> | <u>81</u> |
| TOTAL HEALTH & HUMAN SERVICES | <u>1,108,266</u> | <u>1,182,092</u> | <u>1,143,060</u> | <u>39,032</u> |
| COMMUNITY & ECONOMIC DEVELOPMENT | | | | |
| 521 Park: | | | | |
| <i>Operating costs</i> | 3,800 | 6,800 | 5,449 | 1,351 |
| Total 521 Park | <u>3,800</u> | <u>6,800</u> | <u>5,449</u> | <u>1,351</u> |

MATAGORDA COUNTY
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|-----------|-----------|---|
| | Original | Final | | |
| Marine Department: | | | | |
| <i>Personnel</i> | 81,708 | 76,708 | 76,548 | 160 |
| <i>Operating costs</i> | 44,115 | 119,052 | 115,078 | 3,974 |
| Total Marine Department | 125,823 | 195,760 | 191,626 | 4,134 |
| Aid to Others: | | | | |
| <i>Economic Development</i> | 60,000 | 64,929 | 64,929 | -- |
| <i>Bay City Library</i> | 170,573 | 170,573 | 170,573 | -- |
| <i>Palacios Library</i> | 56,858 | 56,858 | 56,858 | -- |
| <i>Matagorda County Museum</i> | 45,486 | 45,486 | 45,486 | -- |
| <i>Historical Commission Markers</i> | 5,700 | 4,135 | 2,491 | 1,644 |
| <i>Service Center</i> | 3,591 | 3,591 | 3,591 | -- |
| Total Aid to Others | 342,208 | 345,572 | 343,928 | 1,644 |
| Agricultural Extension Service: | | | | |
| <i>Personnel</i> | 146,595 | 146,595 | 142,489 | 4,106 |
| <i>Operating costs</i> | 25,085 | 27,378 | 23,874 | 3,504 |
| Total Agricultural Extension Service | 171,680 | 173,973 | 166,363 | 7,610 |
| Home Economist Service: | | | | |
| <i>Personnel</i> | 97,678 | 97,678 | 96,865 | 813 |
| <i>Operating costs</i> | 7,893 | 5,600 | 4,396 | 1,204 |
| Total Home Economist Service | 105,571 | 103,278 | 101,261 | 2,017 |
| County Fairgrounds: | | | | |
| <i>Personnel</i> | 33,603 | 33,613 | 33,611 | 2 |
| <i>Operating costs</i> | 61,800 | 61,790 | 60,381 | 1,409 |
| Total County Fairgrounds | 95,403 | 95,403 | 93,992 | 1,411 |
| Unallocable by department: | | | | |
| <i>Insurance</i> | 35,032 | 35,144 | 35,144 | -- |
| <i>Appraisal fees</i> | 6,497 | 5,732 | 5,728 | 4 |
| <i>Retiree insurance</i> | 12,392 | 12,909 | 12,840 | 69 |
| Total unallocable by department | 53,921 | 53,785 | 53,712 | 73 |
| TOTAL COMMUNITY & ECONOMIC DEVELOPMENT | 898,406 | 974,571 | 956,331 | 18,240 |
| INFRASTRUCTURE & ENVIRONMENTAL SERVICES | | | | |
| Commissioner Precinct #1: | | | | |
| <i>Personnel</i> | 382,985 | 372,985 | 369,103 | 3,882 |
| <i>Operating costs</i> | 639,417 | 1,308,729 | 882,667 | 426,062 |
| <i>Capital outlay</i> | 25,000 | 25,000 | -- | 25,000 |
| Total Commissioner Precinct #1 | 1,047,402 | 1,706,714 | 1,251,770 | 454,944 |
| Commissioner Precinct #2: | | | | |
| <i>Personnel</i> | 405,902 | 380,902 | 379,164 | 1,738 |
| <i>Operating costs</i> | 566,498 | 802,564 | 698,781 | 103,783 |
| <i>Capital outlay</i> | 47,126 | 47,126 | 46,077 | 1,049 |
| <i>Debt</i> | 27,874 | 27,874 | 27,874 | -- |
| Total Commissioner Precinct #2 | 1,047,400 | 1,258,466 | 1,151,896 | 106,570 |

MATAGORDA COUNTY
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|--------------|--------------|---|
| | Original | Final | | |
| Commissioner Precinct #3: | | | | |
| <i>Personnel</i> | 391,555 | 366,555 | 363,002 | 3,553 |
| <i>Operating costs</i> | 605,847 | 802,713 | 593,071 | 209,642 |
| <i>Capital outlay</i> | 50,000 | 95,176 | 95,175 | 1 |
| Total Commissioner Precinct #3 | 1,047,402 | 1,264,444 | 1,051,248 | 213,196 |
| Commissioner Precinct #4: | | | | |
| <i>Personnel</i> | 414,536 | 388,536 | 317,472 | 71,064 |
| <i>Operating costs</i> | 592,865 | 599,946 | 520,911 | 79,035 |
| <i>Capital outlay</i> | 40,000 | 44,200 | 40,112 | 4,088 |
| Total Commissioner Precinct #4 | 1,047,401 | 1,032,682 | 878,495 | 154,187 |
| Unallocable by department: | | | | |
| <i>Insurance</i> | 114,806 | 115,175 | 115,175 | -- |
| <i>Appraisal fees</i> | 21,291 | 18,784 | 18,772 | 12 |
| <i>Retiree insurance</i> | 113,082 | 117,793 | 117,165 | 628 |
| <i>Other costs</i> | 6,000 | 2,000 | 774 | 1,226 |
| Total unallocable by department | 255,179 | 253,752 | 251,886 | 1,866 |
| TOTAL INFRASTRUCTURE & ENVIRONMENTAL SVCS | 4,444,784 | 5,516,058 | 4,585,295 | 930,763 |
| Total Expenditures | 16,292,285 | 18,710,308 | 17,204,455 | 1,505,853 |
| Excess (deficiency) of revenues over (under) expenditures | (520,055) | (1,917,000) | 115,950 | 2,032,950 |
| <i>Transfers in</i> | -- | 20,279 | 78,470 | 58,191 |
| <i>Transfers out</i> | (1,515,000) | (3,088,585) | (2,715,914) | 372,671 |
| Total other financing sources (uses) | (1,515,000) | (3,068,306) | (2,637,444) | 430,862 |
| Net Change in Fund Balances | (2,035,055) | (4,985,306) | (2,521,494) | 2,463,812 |
| Fund balance - beginning | 10,063,574 | 10,063,574 | 10,063,574 | -- |
| Fund balance - ending | \$ 8,028,519 | \$ 5,078,268 | \$ 7,542,080 | \$ 2,463,812 |

MATAGORDA COUNTY

*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2007*

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

County Court and Court Expenses exceeded budget in total. 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. 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, 2007

| | Special Revenue Funds | Debt Service Fund | Total Nonmajor Governmental Funds |
|--|-----------------------------|-----------------------------|--|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | |
| <i>Cash and cash equivalents</i> | \$ 1,237,565 | \$ 40,465 | \$ 1,278,030 |
| Receivables (net of allowances for uncollectibles): | | | |
| <i>Taxes</i> | -- | 173,645 | 173,645 |
| <i>Other receivables</i> | 19,779 | 24,776 | 44,555 |
| <i>Inventories</i> | 5,338 | -- | 5,338 |
| Total Assets | <u>\$ 1,262,682</u> | <u>\$ 238,886</u> | <u>\$ 1,501,568</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| <i>Accounts payable</i> | \$ 25,194 | \$ -- | \$ 25,194 |
| <i>Due to other governments</i> | 1 | -- | 1 |
| <i>Due to other funds</i> | 50 | 50,621 | 50,671 |
| <i>Due to others</i> | 45,991 | -- | 45,991 |
| <i>Deferred revenue</i> | 222,717 | 221,732 | 444,449 |
| Total Liabilities | <u>293,953</u> | <u>272,353</u> | <u>566,306</u> |
| Fund Balances: | | | |
| Unreserved: | | | |
| <i>Undesignated:</i> | | | |
| <i>Special revenue funds</i> | 968,729 | -- | 968,729 |
| <i>Debt service fund</i> | -- | (33,467) | (33,467) |
| Total Fund Balances | <u>968,729</u> | <u>(33,467)</u> | <u>935,262</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,262,682</u> | <u>\$ 238,886</u> | <u>\$ 1,501,568</u> |



MATAGORDA COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

| | Special Revenue Funds | Debt Service Fund | Total Nonmajor Governmental Funds |
|--|-----------------------------|-------------------------|--|
| REVENUES | | | |
| <i>Taxes</i> | \$ -- | \$ 188,198 | \$ 188,198 |
| <i>Intergovernmental</i> | 685,578 | -- | 685,578 |
| <i>Charges for services</i> | 231,872 | -- | 231,872 |
| <i>Investment income</i> | 46,928 | 1,096 | 48,024 |
| <i>Miscellaneous</i> | 72,808 | -- | 72,808 |
| Total revenues | <u>1,037,186</u> | <u>189,294</u> | <u>1,226,480</u> |
| EXPENDITURES | | | |
| Current: | | | |
| <i>General government</i> | 45,759 | -- | 45,759 |
| <i>Justice system</i> | 422,310 | -- | 422,310 |
| <i>Public Safety</i> | 31,264 | -- | 31,264 |
| <i>Corrections and rehabilitation</i> | 42,444 | -- | 42,444 |
| <i>Community and economic development</i> | 32,525 | -- | 32,525 |
| Capital outlay | 320,971 | -- | 320,971 |
| Debt service: | | | |
| <i>Principal</i> | -- | 155,000 | 155,000 |
| <i>Interest and fiscal charges</i> | -- | 67,813 | 67,813 |
| Total expenditures | <u>895,273</u> | <u>222,813</u> | <u>1,118,086</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>141,913</u> | <u>(33,519)</u> | <u>108,394</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| <i>Transfers in</i> | 7,065 | -- | 7,065 |
| <i>Transfers out</i> | (78,470) | -- | (78,470) |
| Total other financing sources (uses) | <u>(71,405)</u> | <u>--</u> | <u>(71,405)</u> |
| Net change in fund balances | 70,508 | (33,519) | 36,989 |
| Fund balances - beginning | 898,221 | 52 | 898,273 |
| Fund balances - ending | <u>\$ 968,729</u> | <u>\$ (33,467)</u> | <u>\$ 935,262</u> |

MATAGORDA COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2007

| | District Attorney Legal/Law | Sheriff & Jail Discretionary | County Clerk Preservation & Automation | Countywide Records Mgmt Preservation |
|--|-----------------------------------|------------------------------------|--|--|
| ASSETS | | | | |
| <i>Cash and cash equivalents</i> | \$ 114,089 | \$ 64,666 | \$ 369,414 | \$ 159,875 |
| Receivables (net of allowances for uncollectibles): | | | | |
| <i>Other receivables</i> | -- | -- | 587 | 42 |
| <i>Inventories</i> | -- | 5,338 | -- | -- |
| Total Assets | \$ 114,089 | \$ 70,004 | \$ 370,001 | \$ 159,917 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| <i>Accounts payable</i> | \$ -- | \$ 3,756 | \$ -- | \$ -- |
| <i>Due to other governments</i> | -- | 1 | -- | -- |
| <i>Due to other funds</i> | -- | 50 | -- | -- |
| <i>Due to others</i> | 1,662 | 42,287 | -- | -- |
| <i>Deferred revenue</i> | -- | -- | -- | -- |
| Total Liabilities | 1,662 | 46,094 | -- | -- |
| Fund Balances: | | | | |
| Unreserved: | | | | |
| <i>Undesignated:</i> | | | | |
| <i>Special revenue funds</i> | 112,427 | 23,910 | 370,001 | 159,917 |
| Total Fund Balances | 112,427 | 23,910 | 370,001 | 159,917 |
| Total Liabilities and Fund Balances | \$ 114,089 | \$ 70,004 | \$ 370,001 | \$ 159,917 |

| Courthouse Security | Justice Court Technology | District Clerk Records Mgmt Preservation | Historical Commission Grant | Van Vleck Sewer |
|------------------------|--------------------------------|--|-----------------------------------|--------------------|
| \$ 215,888 | \$ 65,005 | \$ 11,342 | \$ 155 | \$ -- |
| 250 | 120 | 5 | 4,056 | 5,570 |
| -- | -- | -- | -- | -- |
| <u>\$ 216,138</u> | <u>\$ 65,125</u> | <u>\$ 11,347</u> | <u>\$ 4,211</u> | <u>\$ 5,570</u> |
| \$ -- | \$ -- | \$ -- | \$ -- | \$ 5,570 |
| -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- |
| -- | -- | -- | 4,211 | -- |
| -- | -- | -- | <u>4,211</u> | <u>5,570</u> |
| 216,138 | 65,125 | 11,347 | -- | -- |
| <u>216,138</u> | <u>65,125</u> | <u>11,347</u> | <u>--</u> | <u>--</u> |
| <u>\$ 216,138</u> | <u>\$ 65,125</u> | <u>\$ 11,347</u> | <u>\$ 4,211</u> | <u>\$ 5,570</u> |



MATAGORDA COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2007

| | Local Emergency Planning | Juvenile Probation Fund | Total Nonmajor Special Revenue Funds |
|--|--------------------------------|-------------------------------|--|
| ASSETS | | | |
| <i>Cash and cash equivalents</i> | \$ 9,864 | \$ 227,267 | \$ 1,237,565 |
| Receivables (net of allowances for uncollectibles): | | | |
| <i>Other receivables</i> | -- | 9,149 | 19,779 |
| <i>Inventories</i> | -- | -- | 5,338 |
| Total Assets | <u>\$ 9,864</u> | <u>\$ 236,416</u> | <u>\$ 1,262,682</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| <i>Accounts payable</i> | \$ -- | \$ 15,868 | \$ 25,194 |
| <i>Due to other governments</i> | -- | -- | 1 |
| <i>Due to other funds</i> | -- | -- | 50 |
| <i>Due to others</i> | -- | 2,042 | 45,991 |
| <i>Deferred revenue</i> | -- | 218,506 | 222,717 |
| Total Liabilities | <u>--</u> | <u>236,416</u> | <u>293,953</u> |
| Fund Balances: | | | |
| Unreserved: | | | |
| <i>Undesignated:</i> | | | |
| <i>Special revenue funds</i> | 9,864 | -- | 968,729 |
| Total Fund Balances | <u>9,864</u> | <u>--</u> | <u>968,729</u> |
| Total Liabilities and Fund Balances | <u>\$ 9,864</u> | <u>\$ 236,416</u> | <u>\$ 1,262,682</u> |

MATAGORDA COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

| | District Attorney Legal/Law | Sheriff & Jail Discretionary | County Clerk Preservation & Automation | Countywide Records Mgmt Preservation |
|--|-----------------------------------|------------------------------------|--|--|
| REVENUES | | | | |
| <i>Intergovernmental</i> | \$ -- | \$ -- | \$ -- | \$ -- |
| <i>Charges for services</i> | 118,406 | 5,737 | 59,978 | 9,784 |
| <i>Investment income</i> | 919 | 234 | 16,635 | 7,308 |
| <i>Miscellaneous</i> | -- | 48,867 | -- | -- |
| Total revenues | <u>119,325</u> | <u>54,838</u> | <u>76,613</u> | <u>17,092</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| <i>General government</i> | -- | -- | 25,643 | -- |
| <i>Justice system</i> | 13,027 | -- | -- | -- |
| <i>Public Safety</i> | -- | 20,970 | -- | -- |
| <i>Corrections and rehabilitation</i> | -- | 42,444 | -- | -- |
| <i>Community and economic development</i> | -- | -- | -- | -- |
| Capital outlay | -- | 28,253 | -- | -- |
| Debt service: | | | | |
| Total expenditures | <u>13,027</u> | <u>91,667</u> | <u>25,643</u> | <u>--</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>106,298</u> | <u>(36,829)</u> | <u>50,970</u> | <u>17,092</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| <i>Transfers in</i> | -- | 4,000 | -- | -- |
| <i>Transfers out</i> | (78,470) | -- | -- | -- |
| Total other financing sources (uses) | <u>(78,470)</u> | <u>4,000</u> | <u>--</u> | <u>--</u> |
| Net change in fund balances | 27,828 | (32,829) | 50,970 | 17,092 |
| Fund balances - beginning | 84,599 | 56,739 | 319,031 | 142,825 |
| Fund balances - ending | <u>\$ 112,427</u> | <u>\$ 23,910</u> | <u>\$ 370,001</u> | <u>\$ 159,917</u> |

| Courthouse Security | Justice Court Technology | District Clerk Records Mgmt Preservation | Historical Commission Grant | Van Vleck Sewer |
|---------------------|--------------------------|--|-----------------------------|-----------------|
| \$ -- | \$ 21,240 | \$ -- | \$ 4,056 | \$ 300,085 |
| 25,546 | 9,426 | 2,995 | -- | -- |
| 9,874 | 3,154 | 407 | -- | -- |
| -- | -- | -- | 19 | 18,018 |
| <u>35,420</u> | <u>33,820</u> | <u>3,402</u> | <u>4,075</u> | <u>318,103</u> |
| 20,116 | -- | -- | -- | -- |
| -- | 41,094 | -- | -- | -- |
| -- | -- | -- | -- | -- |
| -- | -- | -- | 7,140 | 25,385 |
| -- | -- | -- | -- | 292,718 |
| <u>20,116</u> | <u>41,094</u> | <u>--</u> | <u>7,140</u> | <u>318,103</u> |
| <u>15,304</u> | <u>(7,274)</u> | <u>3,402</u> | <u>(3,065)</u> | <u>--</u> |
| -- | -- | -- | 3,065 | -- |
| -- | -- | -- | -- | -- |
| <u>--</u> | <u>--</u> | <u>--</u> | <u>3,065</u> | <u>--</u> |
| 15,304 | (7,274) | 3,402 | -- | -- |
| 200,834 | 72,399 | 7,945 | -- | -- |
| <u>\$ 216,138</u> | <u>\$ 65,125</u> | <u>\$ 11,347</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, 2007

| | Local Emergency Planning | Juvenile Probation Fund | Total Nonmajor Special Revenue Funds |
|--|--------------------------------|-------------------------------|--|
| REVENUES | | | |
| <i>Intergovernmental</i> | \$ -- | \$ 360,197 | \$ 685,578 |
| <i>Charges for services</i> | -- | -- | 231,872 |
| <i>Investment income</i> | 415 | 7,982 | 46,928 |
| <i>Miscellaneous</i> | 5,894 | 10 | 72,808 |
| Total revenues | <u>6,309</u> | <u>368,189</u> | <u>1,037,186</u> |
| EXPENDITURES | | | |
| Current: | | | |
| <i>General government</i> | -- | -- | 45,759 |
| <i>Justice system</i> | -- | 368,189 | 422,310 |
| <i>Public Safety</i> | 10,294 | -- | 31,264 |
| <i>Corrections and rehabilitation</i> | -- | -- | 42,444 |
| <i>Community and economic development</i> | -- | -- | 32,525 |
| Capital outlay | -- | -- | 320,971 |
| Debt service: | | | |
| Total expenditures | <u>10,294</u> | <u>368,189</u> | <u>895,273</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,985)</u> | <u>--</u> | <u>141,913</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| <i>Transfers in</i> | -- | -- | 7,065 |
| <i>Transfers out</i> | -- | -- | (78,470) |
| Total other financing sources (uses) | <u>--</u> | <u>--</u> | <u>(71,405)</u> |
| Net change in fund balances | (3,985) | -- | 70,508 |
| Fund balances - beginning | 13,849 | -- | 898,221 |
| Fund balances - ending | <u>\$ 9,864</u> | <u>\$ --</u> | <u>\$ 968,729</u> |

MATAGORDA COUNTY

DA LEGAL LAW

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2007

| | Budget | Actual | Variance Positive (Negative) |
|---|------------------|-------------------|------------------------------------|
| REVENUES | | | |
| Charges for services | \$ 69,750 | \$ 118,406 | \$ 48,656 |
| Investment income | 450 | 919 | 469 |
| Total revenues | <u>70,200</u> | <u>119,325</u> | <u>49,125</u> |
| EXPENDITURES | | | |
| JUSTICE SYSTEM | | | |
| District Attorney: | | | |
| Operating costs | 52,200 | 13,027 | 39,173 |
| Capital outlay | 18,000 | -- | 18,000 |
| Total District Attorney | <u>70,200</u> | <u>13,027</u> | <u>57,173</u> |
| TOTAL JUSTICE SYSTEM | <u>70,200</u> | <u>13,027</u> | <u>57,173</u> |
| Total Expenditures | <u>70,200</u> | <u>13,027</u> | <u>57,173</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>--</u> | <u>106,298</u> | <u>106,298</u> |
| Transfers out | <u>--</u> | <u>(78,470)</u> | <u>(78,470)</u> |
| Total other financing sources (uses) | <u>--</u> | <u>(78,470)</u> | <u>(78,470)</u> |
| Net Change in Fund Balances | <u>--</u> | <u>27,828</u> | <u>27,828</u> |
| Fund balance - beginning | 84,599 | 84,599 | -- |
| Fund balance - ending | <u>\$ 84,599</u> | <u>\$ 112,427</u> | <u>\$ 27,828</u> |

MATAGORDA COUNTY
 SHERIFF & JAIL DISCRETIONARY
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2007

| | Budget | Actual | Variance Positive (Negative) |
|---|-----------|-----------|------------------------------------|
| REVENUES | | | |
| Charges for services | \$ 7,300 | \$ 5,737 | \$ (1,563) |
| Investment income | 50 | 234 | 184 |
| Miscellaneous | 42,025 | 48,867 | 6,842 |
| Total revenues | 49,375 | 54,838 | 5,463 |
| EXPENDITURES | | | |
| PUBLIC SAFETY | | | |
| County Sheriff: | | | |
| Operating costs | 21,706 | 20,970 | 736 |
| Capital outlay | 3,569 | -- | 3,569 |
| Total County Sheriff | 25,275 | 20,970 | 4,305 |
| TOTAL PUBLIC SAFETY | 25,275 | 20,970 | 4,305 |
| CORRECTIONS & REHABILITATION | | | |
| County Jail: | | | |
| Operating costs | 42,650 | 42,444 | 206 |
| Capital outlay | 28,253 | 28,253 | -- |
| Total County Jail | 70,903 | 70,697 | 206 |
| TOTAL CORRECTIONS & REHABILITATION | 70,903 | 70,697 | 206 |
| Total Expenditures | 96,178 | 91,667 | 4,511 |
| Excess (deficiency) of revenues over (under) expenditures | (46,803) | (36,829) | 9,974 |
| Transfers in | 7,569 | 4,000 | (3,569) |
| Total other financing sources (uses) | 7,569 | 4,000 | (3,569) |
| Net Change in Fund Balances | (39,234) | (32,829) | 6,405 |
| Fund balance - beginning | 56,739 | 56,739 | -- |
| Fund balance - ending | \$ 17,505 | \$ 23,910 | \$ 6,405 |

MATAGORDA COUNTY

COUNTY CLERK PRESERVATION & AUTOMATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007

| | Budget | Actual | Variance Positive (Negative) |
|---|------------|------------|------------------------------------|
| REVENUES | | | |
| Charges for services | \$ 53,750 | \$ 59,978 | \$ 6,228 |
| Investment income | 2,750 | 16,635 | 13,885 |
| Total revenues | 56,500 | 76,613 | 20,113 |
| EXPENDITURES | | | |
| GENERAL GOVERNMENT | | | |
| County Clerk: | | | |
| Personnel | 2,155 | -- | 2,155 |
| Operating costs | 33,342 | 25,643 | 7,699 |
| Capital outlay | 21,003 | -- | 21,003 |
| Total County Clerk | 56,500 | 25,643 | 30,857 |
| TOTAL GENERAL GOVERNMENT | 56,500 | 25,643 | 30,857 |
| Total Expenditures | 56,500 | 25,643 | 30,857 |
| Excess (deficiency) of revenues over (under) expenditures | -- | 50,970 | 50,970 |
| Net Change in Fund Balances | -- | 50,970 | 50,970 |
| Fund balance - beginning | 319,031 | 319,031 | -- |
| Fund balance - ending | \$ 319,031 | \$ 370,001 | \$ 50,970 |

MATAGORDA COUNTY

COUNTYWIDE RECORDS MANAGEMENT/PRESERVATION

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2007

| | Budget | Actual | Variance Positive (Negative) |
|--|------------|------------|------------------------------------|
| REVENUES | | | |
| Charges for services | \$ 13,000 | \$ 9,784 | \$ (3,216) |
| Investment income | 1,300 | 7,308 | 6,008 |
| Total revenues | 14,300 | 17,092 | 2,792 |
| EXPENDITURES | | | |
| GENERAL GOVERNMENT | | | |
| County Courthouse: | | | |
| Operating costs | 14,300 | -- | 14,300 |
| Total County Courthouse | 14,300 | -- | 14,300 |
| TOTAL GENERAL GOVERNMENT | 14,300 | -- | 14,300 |
| Total Expenditures | 14,300 | -- | 14,300 |
| Excess (deficiency) of revenues over (under) expenditures | -- | 17,092 | 17,092 |
| Net Change in Fund Balances | -- | 17,092 | 17,092 |
| Fund balance - beginning | 142,825 | 142,825 | -- |
| Fund balance - ending | \$ 142,825 | \$ 159,917 | \$ 17,092 |

MATAGORDA COUNTY
 COURTHOUSE SECURITY
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2007

| | Budget | Actual | Variance Positive (Negative) |
|---|------------|------------|------------------------------------|
| REVENUES | | | |
| Charges for services | \$ 26,525 | \$ 25,546 | \$ (979) |
| Investment income | 1,750 | 9,874 | 8,124 |
| Total revenues | 28,275 | 35,420 | 7,145 |
| EXPENDITURES | | | |
| GENERAL GOVERNMENT | | | |
| County Courthouse: | | | |
| Personnel | 11,844 | 18,304 | (6,460) |
| Operating costs | 1,110 | 1,812 | (702) |
| Capital outlay | 15,321 | -- | 15,321 |
| Total County Courthouse | 28,275 | 20,116 | 8,159 |
| TOTAL GENERAL GOVERNMENT | 28,275 | 20,116 | 8,159 |
| Total Expenditures | 28,275 | 20,116 | 8,159 |
| Excess (deficiency) of revenues over (under) expenditures | -- | 15,304 | 15,304 |
| Net Change in Fund Balances | -- | 15,304 | 15,304 |
| Fund balance - beginning | 200,834 | 200,834 | -- |
| Fund balance - ending | \$ 200,834 | \$ 216,138 | \$ 15,304 |

MATAGORDA COUNTY
JUSTICE COURT TECHNOLOGY
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007

| | Budget | Actual | Variance Positive (Negative) |
|---|------------------|------------------|------------------------------------|
| REVENUES | | | |
| <i>Intergovernmental</i> | \$ -- | \$ 21,240 | \$ 21,240 |
| <i>Charges for services</i> | 12,000 | 9,426 | (2,574) |
| <i>Investment income</i> | 550 | 3,154 | 2,604 |
| | | | |
| Total revenues | <u>12,550</u> | <u>33,820</u> | <u>21,270</u> |
| | | | |
| EXPENDITURES | | | |
| | | | |
| JUSTICE SYSTEM | | | |
| Justice Court Technology: | | | |
| <i>Operating costs</i> | <u>43,050</u> | <u>41,094</u> | <u>1,956</u> |
| Total Justice Court Technology | <u>43,050</u> | <u>41,094</u> | <u>1,956</u> |
| | | | |
| TOTAL JUSTICE SYSTEM | <u>43,050</u> | <u>41,094</u> | <u>1,956</u> |
| | | | |
| Total Expenditures | <u>43,050</u> | <u>41,094</u> | <u>1,956</u> |
| | | | |
| Excess (deficiency) of revenues over (under) expenditures | <u>(30,500)</u> | <u>(7,274)</u> | <u>23,226</u> |
| | | | |
| Net Change in Fund Balances | (30,500) | (7,274) | 23,226 |
| | | | |
| Fund balance - beginning | 72,399 | 72,399 | -- |
| Fund balance - ending | <u>\$ 41,899</u> | <u>\$ 65,125</u> | <u>\$ 23,226</u> |

MATAGORDA COUNTY

DISTRICT CLERK RECORDS MGMT/PRESERVATION

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2007

| | Budget | Actual | Variance Positive (Negative) |
|--|----------|-----------|------------------------------------|
| REVENUES | | | |
| Charges for services | \$ 2,250 | \$ 2,995 | \$ 745 |
| Investment income | 50 | 407 | 357 |
| Total revenues | 2,300 | 3,402 | 1,102 |
| EXPENDITURES | | | |
| JUSTICE SYSTEM | | | |
| District Clerk: | | | |
| Operating costs | 2,300 | -- | 2,300 |
| Total District Clerk | 2,300 | -- | 2,300 |
| TOTAL JUSTICE SYSTEM | 2,300 | -- | 2,300 |
| Total Expenditures | 2,300 | -- | 2,300 |
| Excess (deficiency) of revenues over (under) expenditures | -- | 3,402 | 3,402 |
| Net Change in Fund Balances | -- | 3,402 | 3,402 |
| Fund balance - beginning | 7,945 | 7,945 | -- |
| Fund balance - ending | \$ 7,945 | \$ 11,347 | \$ 3,402 |



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, 2007

| | County Clerk Trust | District Clerk Trust |
|----------------------------------|--------------------------|----------------------------|
| ASSETS | | |
| <i>Cash and cash equivalents</i> | \$ 255,657 | \$ 1,893,972 |
| Total Assets | <u>\$ 255,657</u> | <u>\$ 1,893,972</u> |
| LIABILITIES | | |
| <i>Accounts payable</i> | \$ -- | \$ -- |
| <i>Due to other funds</i> | -- | -- |
| <i>Due to others</i> | 255,657 | 1,893,972 |
| Total Liabilities | <u>255,657</u> | <u>1,893,972</u> |
| NET ASSETS | | |
| <i>Unrestricted</i> | -- | -- |
| Total Net Assets | <u>\$ --</u> | <u>\$ --</u> |

| Inmate Trust Fund | Tax Assessor Collector | Total Agency Funds |
|----------------------|------------------------------|--------------------------|
| \$ 8,450 | \$ 242,170 | \$ 2,400,249 |
| <u>\$ 8,450</u> | <u>\$ 242,170</u> | <u>\$ 2,400,249</u> |
| \$ -- | \$ 191,313 | \$ 191,313 |
| -- | 10,998 | 10,998 |
| 8,450 | 39,859 | 2,197,938 |
| <u>8,450</u> | <u>242,170</u> | <u>2,400,249</u> |
| -- | -- | -- |
| <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> |

MATAGORDA COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

YEAR ENDED DECEMBER 31, 2007

| | Balance December 31 2006 | Additions | Deductions | Balance December 31 2007 |
|-----------------------------------|--------------------------------|----------------------|----------------------|--------------------------------|
| COUNTY CLERK TRUST FUNDS | | | | |
| ASSETS | | | | |
| <i>Cash & investments</i> | \$ 451,006 | \$ 9,445 | \$ 204,794 | \$ 255,657 |
| Total Assets | <u>\$ 451,006</u> | <u>\$ 9,445</u> | <u>\$ 204,794</u> | <u>\$ 255,657</u> |
| LIABILITIES | | | | |
| <i>Due to others</i> | \$ 451,006 | \$ 9,445 | \$ 204,794 | \$ 255,657 |
| Total Liabilities | <u>\$ 451,006</u> | <u>\$ 9,445</u> | <u>\$ 204,794</u> | <u>\$ 255,657</u> |
| DISTRICT CLERK TRUST FUNDS | | | | |
| ASSETS | | | | |
| <i>Cash & investments</i> | \$ 1,815,018 | \$ 315,367 | \$ 236,413 | \$ 1,893,972 |
| Total Assets | <u>\$ 1,815,018</u> | <u>\$ 315,367</u> | <u>\$ 236,413</u> | <u>\$ 1,893,972</u> |
| LIABILITIES | | | | |
| <i>Due to others</i> | \$ 1,815,018 | \$ 315,367 | \$ 236,413 | \$ 1,893,972 |
| Total Liabilities | <u>\$ 1,815,018</u> | <u>\$ 315,367</u> | <u>\$ 236,413</u> | <u>\$ 1,893,972</u> |
| INMATE TRUST FUND | | | | |
| ASSETS | | | | |
| <i>Cash & investments</i> | \$ 9,294 | \$ 189,970 | \$ 190,814 | \$ 8,450 |
| Total Assets | <u>\$ 9,294</u> | <u>\$ 189,970</u> | <u>\$ 190,814</u> | <u>\$ 8,450</u> |
| LIABILITIES | | | | |
| <i>Due to others</i> | \$ 9,294 | \$ 189,970 | \$ 190,814 | \$ 8,450 |
| Total Liabilities | <u>\$ 9,294</u> | <u>\$ 189,970</u> | <u>\$ 190,814</u> | <u>\$ 8,450</u> |
| TAX ASSESSOR COLLECTOR | | | | |
| ASSETS | | | | |
| <i>Cash & investments</i> | \$ 243,050 | \$ 52,963,729 | \$ 52,964,609 | \$ 242,170 |
| Total Assets | <u>\$ 243,050</u> | <u>\$ 52,963,729</u> | <u>\$ 52,964,609</u> | <u>\$ 242,170</u> |
| LIABILITIES | | | | |
| <i>Due to other governments</i> | \$ 210,521 | \$ 52,945,071 | \$ 52,953,281 | \$ 202,311 |
| <i>Due to others</i> | 32,529 | 18,658 | 11,328 | 39,859 |
| Total Liabilities | <u>\$ 243,050</u> | <u>\$ 52,963,729</u> | <u>\$ 52,964,609</u> | <u>\$ 242,170</u> |
| TOTAL AGENCY FUNDS: | | | | |
| ASSETS | | | | |
| <i>Cash & investments</i> | \$ 2,518,368 | \$ 53,478,511 | \$ 53,596,630 | \$ 2,400,249 |
| Total Assets | <u>\$ 2,518,368</u> | <u>\$ 53,478,511</u> | <u>\$ 53,596,630</u> | <u>\$ 2,400,249</u> |
| LIABILITIES | | | | |
| <i>Due to other governments</i> | \$ 210,521 | \$ 52,945,071 | \$ 52,953,281 | \$ 202,311 |
| <i>Due to others</i> | 2,307,847 | 533,440 | 643,349 | 2,197,938 |
| Total Liabilities | <u>\$ 2,518,368</u> | <u>\$ 53,478,511</u> | <u>\$ 53,596,630</u> | <u>\$ 2,400,249</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.

| Contents | Page |
|---|-------------|
| 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 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 is derived from the comprehensive annual financial reports for the relevant year.



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

| | Fiscal Year | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| Governmental Activities | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 20,094,284 | \$ 23,302,072 | \$ 23,813,922 | \$ 20,768,339 | \$ 21,151,366 |
| Restricted | 20,000 | -- | -- | 52 | -- |
| Unrestricted | 19,975,813 | 12,488,348 | 12,381,152 | 12,621,657 | 10,373,595 |
| 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> | <u>\$ 31,524,961</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 FIVE FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | | |
|--|-----------------|-----------------|-----------------|----------------|-----------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 3,046,439 | \$ 2,307,507 | \$ 2,744,598 | \$ 2,591,435 | \$ 2,374,168 |
| Justice system | 2,975,523 | 2,684,216 | 3,032,205 | 3,275,243 | 2,931,754 |
| Public safety | 2,694,246 | 2,683,984 | 3,722,659 | 3,264,707 | 3,231,579 |
| Corrections and rehabilitation | 1,809,524 | 1,794,043 | 2,343,039 | 2,477,072 | 2,638,771 |
| Health and human services | 1,214,145 | 1,025,635 | 1,175,751 | 1,281,386 | 1,180,040 |
| Community and economic development | 1,277,447 | 1,008,691 | 1,132,587 | 1,166,624 | 1,325,564 |
| Infrastructure and environmental services | 3,476,672 | 6,114,484 | 3,993,968 | 3,823,861 | 6,896,776 |
| Interest on Long-Term Debt | -- | 6,292 | 2,621 | 23,980 | 66,736 |
| Total governmental activities expenses | \$ 16,493,996 | \$ 17,624,852 | \$ 18,147,428 | \$ 17,904,308 | \$ 20,645,388 |
| Program Revenues | | | | | |
| Governmental Activities: | | | | | |
| Charges for Services: | | | | | |
| General government | \$ 228,965 | \$ 1,216,743 | \$ 1,201,970 | \$ 1,165,711 | \$ 1,241,621 |
| Justice system | 655,762 | 998,948 | 904,122 | 1,287,277 | 1,209,619 |
| Public safety | 3,269,249 | 3,349,454 | 3,487,489 | 4,297,654 | 3,786,690 |
| Corrections and rehabilitation | 42,647 | 116,600 | 118,305 | 118,632 | 95,872 |
| Health and human services | | 48,897 | 47,560 | 54,413 | 50,937 |
| Community and economic development | 92,277 | 111,369 | 109,702 | 107,775 | 116,050 |
| Infrastructure and environmental services | 7,167 | 72,744 | 75,379 | 93,447 | 71,490 |
| Operating Grants and Contributions | 1,399,241 | 1,004,400 | 1,794,005 | 942,638 | 1,796,638 |
| Capital Grants and Contributions | 422,173 | 188,098 | -- | 49,915 | 318,103 |
| Total Governmental Activities Program Revenues | \$ 6,117,481 | \$ 7,107,253 | \$ 7,738,532 | \$ 8,117,462 | \$ 8,687,020 |
| Net (Expense)/Revenue | | | | | |
| Governmental Activities | \$ (10,376,515) | \$ (10,517,599) | \$ (10,408,896) | \$ (9,786,846) | \$ (11,958,368) |

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 FIVE FISCAL YEARS**(ACCRUAL BASIS OF ACCOUNTING)*

| | Fiscal Year | | | | |
|---|-----------------|-----------------|-----------------|----------------|-----------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| Net (Expense)/Revenue | | | | | |
| Governmental Activities | \$ (10,376,515) | \$ (10,517,599) | \$ (10,408,896) | \$ (9,786,846) | \$ (11,958,368) |
| General Revenues and Other Changes in Net Assets | | | | | |
| Governmental Activities: | | | | | |
| Property taxes | \$ 8,472,638 | \$ 8,384,447 | \$ 8,294,370 | \$ 8,174,199 | \$ 9,194,415 |
| Licenses and permits | 970,331 | -- | -- | -- | -- |
| Fines | 397,679 | -- | -- | -- | -- |
| Rents | 42,880 | -- | -- | -- | -- |
| Mineral Leases | 155,762 | -- | -- | -- | -- |
| Miscellaneous | 93,542 | 473,856 | 14,053 | 103,303 | 104,940 |
| Unrestricted investment earnings | 195,782 | 247,964 | 456,110 | 704,318 | 793,926 |
| 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 | \$ 10,093,281 |
| Change in Net Assets | | | | | |
| Governmental Activities | \$ (20,821) | \$ (1,411,332) | \$ (1,644,363) | \$ (805,026) | \$ (1,865,087) |

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 | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| General Fund | | | | | | | | | | |
| Reserved | \$ 576,859 | \$ 586,957 | \$ 869,904 | \$ 400,480 | \$ 1,028,742 | \$ 20,000 | \$ -- | \$ -- | \$ -- | \$ -- |
| Unreserved | 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 | 7,542,080 |
| Total General Fund | \$ 6,993,682 | \$ 7,948,927 | \$ 9,873,130 | \$ 9,898,199 | \$ 10,560,549 | \$ 10,352,639 | \$ 10,653,266 | \$ 10,481,450 | \$ 10,063,575 | \$ 7,542,080 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ 52 | \$ -- |
| Unreserved, Reported In: | | | | | | | | | | |
| Special Revenue Funds | 264,282 | 393,885 | 602,660 | 475,384 | 560,886 | 641,263 | 699,870 | 796,122 | 898,220 | 968,729 |
| Capital Projects Funds | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Debt Service Funds | -- | -- | -- | -- | -- | -- | -- | -- | -- | (33,467) |
| Total All Other Governmental Funds | \$ 264,282 | \$ 393,885 | \$ 602,660 | \$ 475,384 | \$ 560,886 | \$ 641,263 | \$ 699,870 | \$ 796,122 | \$ 898,272 | \$ 935,262 |

MATAGORDA COUNTY

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | | | | | | | |
|---|-------------------|---------------------|---------------------|-------------------|-------------------|---------------------|-------------------|--------------------|---------------------|-----------------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| Revenues | | | | | | | | | | |
| Taxes | \$ 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 | \$ 9,147,597 |
| Licenses and permits | 780,370 | 781,182 | 819,959 | 821,646 | 808,192 | 970,331 | 833,355 | 830,979 | 828,052 | 833,238 |
| Intergovernmental | 810,551 | 1,341,525 | 956,777 | 903,618 | 1,316,796 | 1,710,510 | 1,020,701 | 1,794,052 | 1,010,040 | 1,729,944 |
| Charges for services | 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 | 5,098,908 |
| Fines | 290,875 | 317,091 | 273,470 | 342,666 | 353,815 | 385,380 | 359,315 | 313,281 | 415,787 | 340,318 |
| Investment income | 575,433 | 704,384 | 951,474 | 796,880 | 311,127 | 195,099 | 256,591 | 480,942 | 744,641 | 840,854 |
| Miscellaneous | 287,026 | 535,053 | 233,560 | 251,412 | 489,581 | 480,764 | 871,912 | 220,429 | 331,482 | 557,011 |
| Total Revenues | 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 | 18,547,870 |
| Expenditures | | | | | | | | | | |
| General administration | 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 | 2,359,736 |
| Justice | 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 | 2,803,386 |
| Public safety | 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 | 2,881,351 |
| Corrections and rehabilitation | -- | -- | -- | -- | -- | 1,546,588 | 1,709,487 | 1,988,531 | 2,092,130 | 2,550,113 |
| Environmental protection | 355,483 | 380,176 | 2,806 | -- | -- | -- | -- | -- | -- | -- |
| Health and human services | 325,652 | 328,521 | 351,345 | 376,638 | 507,745 | 1,040,808 | 977,663 | 998,854 | 1,068,561 | 1,130,644 |
| Community and economic development | 862,187 | 784,542 | 849,634 | 1,108,951 | 782,190 | 853,060 | 961,982 | 982,734 | 978,022 | 988,856 |
| Infrastructure and environmental | 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 | 4,376,057 |
| Capital outlay | | | | | 511,853 | 1,105,468 | 632,931 | 1,342,358 | 2,705,570 | 3,691,545 |
| Debt service: | | | | | | | | | | |
| Interest | -- | -- | -- | -- | 121,898 | 66,187 | 65,199 | 96,744 | 25,129 | 181,466 |
| Principal | -- | -- | -- | -- | 14,112 | 10,194 | 6,292 | 2,621 | 2,745 | 69,221 |
| Total Expenditures | 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 | 21,032,375 |
| Excess of Revenues | | | | | | | | | | |
| Over (Under) Expenditures | (108,762) | 1,061,604 | 1,430,330 | (69,557) | 747,852 | (137,501) | 359,233 | (154,682) | (1,830,727) | (2,484,505) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| 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 | 44,637 | 22,429 | 31,637 | 33,641 | 26,638 | 26,537 | 38,127 | 7,000 | 698,736 | 2,794,384 |
| Transfers Out | (44,637) | (22,429) | (31,637) | (33,641) | (26,638) | (26,537) | (38,127) | (7,000) | (698,736) | (2,794,384) |
| Total Other Financing Sources (Uses) | 165,190 | 23,244 | -- | 116,000 | -- | -- | -- | 79,119 | 1,515,000 | -- |
| Net Change in Fund Balances | \$ 56,428 | \$ 1,084,848 | \$ 1,430,330 | \$ 46,443 | \$ 747,852 | \$ (137,501) | \$ 359,233 | \$ (75,563) | \$ (315,727) | \$ (2,484,505) |
| Debt Service As A Percentage | | | | | | | | | | |
| Of Noncapital Expenditures | -- | -- | -- | -- | 0.96% | 0.50% | 0.47% | 0.65% | 0.17% | 1.45% |

MATAGORDA COUNTY

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| Fiscal Year | Property Tax |
|--------------------------------|-----------------|
| 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 |
| 2007 | 9,147,597 |
| Percent Change 1997-2007 | -7.5% |

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 |
|-------------|---------------|-------------------|---------------------|------------------------------|-----------------------|--------------------------------|--|
| 1997/98 | \$ * | \$ * | \$ * | \$ 3,589,129,564 | 0.27500 | \$ 3,589,129,564 | 100.000% |
| 1998/99 | * | * | * | 3,483,796,359 | 0.30700 | 3,483,796,359 | 100.000% |
| 1999/00 | * | * | * | 3,419,949,662 | 0.30700 | 3,419,949,662 | 100.000% |
| 2000/01 | * | * | * | 2,420,131,758 | 0.30700 | 2,420,131,758 | 100.000% |
| 2001/02 | * | * | * | 2,788,104,359 | 0.29300 | 2,788,104,359 | 100.000% |
| 2002/03 | 1,327,058,095 | 1,622,221,157 | (382,827,307) | 2,566,451,945 | 0.32200 | 2,566,451,945 | 100.000% |
| 2003/04 | 2,656,745,852 | 327,878,186 | (404,313,434) | 2,580,310,604 | 0.31800 | 2,580,310,604 | 100.000% |
| 2004/05 | 1,528,321,761 | 1,423,438,755 | (400,342,742) | 2,551,417,774 | 0.31800 | 2,551,417,774 | 100.000% |
| 2005/06 | 2,717,106,070 | 459,670,380 | (511,752,684) | 2,665,023,766 | 0.30900 | 2,665,023,766 | 100.000% |
| 2006/07 | 3,276,215,172 | 551,077,039 | (463,734,746) | 3,363,557,465 | 0.26829 | 3,363,557,465 | 100.000% |

Source: Matagorda County Appraisal District

* Breakdown 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 | |
| 1997/98 | \$ 0.27500 | \$ -- | \$ 0.598 | \$ -- | \$ 0.325 | \$ 0.326 | \$ 0.095 | \$ -- | \$ 1.280 | \$ 0.121 | \$ 3.020 |
| 1998/99 | 0.30700 | -- | 0.605 | -- | 0.321 | 0.286 | 0.098 | -- | 1.320 | 0.326 | 3.263 |
| 1999/00 | 0.30700 | -- | 0.605 | -- | 0.317 | 0.276 | 0.103 | -- | 1.390 | 0.187 | 3.185 |
| 2000/01 | 0.30700 | -- | 0.605 | -- | 0.376 | 0.238 | 0.117 | -- | 1.395 | 0.148 | 3.186 |
| 2001/02 | 0.29300 | -- | 0.625 | -- | 0.353 | 0.172 | 0.078 | 0.030 | 1.394 | 0.150 | 3.095 |
| 2002/03 | 0.32200 | -- | 0.628 | -- | 0.361 | 0.193 | 0.088 | 0.030 | 1.455 | 0.150 | 3.227 |
| 2003/04 | 0.31800 | -- | 0.605 | 0.045 | 0.143 | 0.139 | 0.090 | 0.030 | 1.407 | 0.100 | 2.877 |
| 2004/05 | 0.31800 | -- | 0.620 | 0.043 | 0.141 | 0.130 | 0.091 | 0.030 | 1.415 | 0.110 | 2.898 |
| 2005/06 | 0.30900 | -- | 0.605 | 0.046 | 0.136 | 0.104 | 0.083 | 0.030 | 1.455 | 0.095 | 2.863 |
| 2006/07 | 0.26264 | 0.00565 | 0.605 | 0.043 | 0.127 | 0.058 | 0.071 | 0.030 | 1.280 | 0.098 | 2.580 |

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 | 2006/2007 | | | 1997/1998 | | |
|-----------------------------------|------------------------|------|---|------------------------|------|---|
| | 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 | \$ 905,818,120 | 1 | 63.43% | \$ -- | -- | -- |
| Equistar Chemicals LP | 192,621,510 | 2 | 13.49% | 154,016,910 | 3 | 5.93% |
| Celanese LTD Chemical | 73,702,710 | 3 | 5.16% | 125,056,600 | 4 | 4.82% |
| BP America Production Co. | 48,725,960 | 4 | 3.41% | -- | -- | -- |
| Flint Hills Resources Inv. | 46,499,480 | 5 | 3.26% | -- | -- | -- |
| Equistar Chemicals LP UGS | 39,300,610 | 6 | 2.75% | -- | -- | -- |
| Williams Fld Svcs - Gulf Coast Co | 34,553,712 | 7 | 2.42% | -- | -- | -- |
| Midtex Gas Storage Company | 30,111,710 | 8 | 2.11% | 31,084,750 | 8 | 1.20% |
| AEP Texas Central Company | 29,618,970 | 9 | 2.07% | 911,305,744 | 2 | 35.11% |
| BP America Inc UGS | 27,142,930 | 10 | 1.90% | -- | -- | -- |
| Houston Lighting & Power | -- | -- | -- | 1,224,396,180 | 1 | 47.17% |
| Amoco Production Company | -- | -- | -- | 35,147,400 | 5 | 1.35% |
| Oxy Petrochem Inc. | -- | -- | -- | 33,496,850 | 6 | 1.29% |
| Seadrift Pipeline Corporation | -- | -- | -- | 32,011,810 | 7 | 1.23% |
| Molten Metals Tech Inc. | -- | -- | -- | 25,000,000 | 9 | 0.96% |
| Transcontinental Gas Pipeline | -- | -- | -- | 24,147,290 | 10 | 0.93% |
| Total | \$ 1,428,095,712 | | 100.00% | \$ 2,595,663,534 | | 100.00% |

Source: Matagorda County Tax Assessor

MATAGORDA COUNTY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

| Fiscal Year | Taxes Levied for the Fiscal Year | Adjustments | 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 |
| 1998 | \$ 9,850,592 | \$ (1,396) | \$ 9,849,196 | \$ 9,609,589 | 97.55% | \$ 169,691 | \$ 9,779,280 | 99.29% |
| 1999 | 10,695,672 | (4,384) | 10,691,288 | 10,415,333 | 97.38% | 154,615 | 10,569,948 | 98.87% |
| 2000 | 10,501,474 | 1,813 | 10,503,287 | 10,229,122 | 97.41% | 222,588 | 10,451,710 | 99.51% |
| 2001 | 7,436,857 | 89,498 | 7,526,355 | 7,248,452 | 97.47% | 165,000 | 7,413,452 | 98.50% |
| 2002 | 8,180,299 | 171,581 | 8,351,880 | 8,096,089 | 98.97% | 223,660 | 8,319,749 | 99.62% |
| 2003 | 8,253,713 | (86,983) | 8,166,730 | 7,979,552 | 96.68% | 138,426 | 8,117,978 | 99.40% |
| 2004 | 8,213,576 | (15,142) | 8,198,434 | 7,946,142 | 96.74% | 192,358 | 8,138,500 | 99.27% |
| 2005 | 8,123,105 | 75,683 | 8,198,788 | 8,015,644 | 98.68% | 110,667 | 8,126,311 | 99.12% |
| 2006 | 8,178,222 | (7,519) | 8,170,703 | 8,047,767 | 98.40% | 54,281 | 8,102,048 | 99.16% |
| 2007 | 9,039,485 | (12,753) | 9,026,732 | 8,895,062 | 98.40% | -- | 8,895,062 | 98.54% |

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 | | |
| 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 |
| 2007 | 1,360,000 | -- | 1,360,000 | 0.16% | 37 |

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 personal 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> |
|--------------------|---|---|--------------------------|
| 1998 | \$ -- | -- | \$ -- |
| 1999 | -- | -- | -- |
| 2000 | -- | -- | -- |
| 2001 | -- | -- | -- |
| 2002 | -- | -- | -- |
| 2003 | -- | -- | -- |
| 2004 | -- | -- | -- |
| 2005 | -- | -- | -- |
| 2006 | 1,515,000 | 0.06% | 38 |
| 2007 | 1,360,000 | 0.04% | 37 |

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 | 80,080 | 100.000% | 80,080 |
| Palacios Independent School District | 5,240,000 | 94.076% | 4,929,575 |
| Bay City Independent School District | 25,322,906 | 100.000% | 25,322,906 |
| Van Vleck Independent School District | 1,125,000 | 100.000% | 1,125,000 |
| Matagorda County Navigation District #1 | 6,295,000 | 100.000% | 6,295,000 |
| Caney Creek Municipal Utility District | 3,972,000 | 100.000% | 3,972,000 |
| Beach Road Municipal Utility District | 451,000 | 100.000% | 451,000 |
| Other Debt | | | |
| Bay City Independent School District Capital Lease | 2,919,864 | 100.000% | 2,919,864 |
| Bay City Independent School District Notes Payable | 429,296 | 100.000% | 429,296 |
| Subtotal, Overlapping Debt | | | <u>45,524,721</u> |
| County Direct Debt: | | | |
| Certificates of Obligation | | | <u>1,360,000</u> |
| Total Direct and Overlapping Debt | | | <u>\$ 46,884,721</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 | | | | | | | | | |
|---|-------------|-------|-------|-------|-------|-------|-------|-------|----------------|----------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| Debt Limit | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ 399,753,565 | \$ 504,533,620 |
| Total Net Debt Applicable to Limit | -- | -- | -- | -- | -- | -- | -- | -- | 1,514,948 | 1,360,000 |
| Legal Debt Margin | -- | -- | -- | -- | -- | -- | -- | -- | 398,238,617 | 503,173,620 |
| Total Net Debt Applicable to the Limit As a Percentage of Debt Limit | -- | -- | -- | -- | -- | -- | -- | -- | 0.38% | 0.27% |

Legal Debt Margin Calculation for the Current Fiscal Year

| | |
|--|-----------------------|
| Assessed Value | \$ 3,363,557,465 |
| Debt Limit (15% of Assessed Value) | 504,533,620 |
| Debt Applicable to Limit: | |
| General Obligation Bonds | 1,360,000 |
| Less: Amount Set Aside for Repayment of General Obligation Debt | -- |
| Total Net Debt Applicable to Limit | <u>1,360,000</u> |
| Legal Debt Margin | \$ <u>503,173,620</u> |

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

MATAGORDA COUNTY
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|---------|
| Population | 37,852 | 37,987 | 37,828 | 37,958 | 38,027 | 37,954 | 38,290 | 39,205 | 39,529 | 37,122 |
| Personal Income (thousands) \$ | 703,365 \$ | 736,868 \$ | 758,881 \$ | 779,947 \$ | 814,220 \$ | 807,057 \$ | 817,708 \$ | 850,375 \$ | 858,520 \$ | 926,647 |
| Per Capita Personal Income \$ | 18,582 \$ | 19,398 \$ | 20,061 \$ | 20,548 \$ | 21,412 \$ | 21,264 \$ | 21,356 \$ | 21,690 \$ | 21,719 \$ | 24,962 |
| School Enrollment | 8,572 | 8,543 | 8,243 | 8,206 | 8,073 | 7,884 | 7,952 | 7,934 | 7,884 | 7,685 |
| Unemployment | 13.5% | 11.5% | 10.3% | 10.0% | 11.1% | 12.6% | 14.2% | 14.0% | 8.2% | 7.2% |

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 provided by Texas Workforce Commission 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

| | 2007 | 1998 |
|--|--|--|
| <u>Employer by Industry with Top Employers</u> | <u>Percentage of Total County Employment</u> | <u>Percentage of Total County Employment</u> |
| Trade, Transportation & Utilities | 28.00% | 20.95% |
| Celanese Chemical Co | | |
| STP Nuclear Operating Company | | |
| Government | 24.00% | 21.73% |
| Bay City, City of | | |
| Bay City ISD | | |
| Matagorda County | | |
| Palcios ISD | | |
| Tidehaven ISD | | |
| Van Vleck ISD | | |
| Leisure & Hospitality | 10.00% | -- |
| Education & Health Services | 9.00% | -- |
| Matagorda Hospital District | | |
| Natural Resource & Mining | 7.00% | 7.26% |
| Professional & Business | 5.00% | -- |
| HE Butt Grocery | | |
| Wal-Mart Associates, Inc. | | |
| Financial Activities | 4.00% | 2.46% |
| Manufacturing | 4.00% | 9.32% |
| Construction | 4.00% | 3.95% |
| Other Services | 4.00% | 34.34% |
| Information | 1.00% | -- |
| Total | <u>100.00%</u> | <u>100.00%</u> |

Total County Employment

Sources:

The Texas Worksource, www.theworksource.org

MATAGORDA COUNTY

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

| Function | Full-Time-Equivalent Employees as of Year End | | | | | | | | | |
|---|---|------|------|------|------|------|------|------|------|------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| General government | 35 | 33 | 32 | 33 | 32 | 31 | 32 | 33 | 33 | 33 |
| Justice system | 33 | 34 | 32 | 33 | 34 | 38 | 35 | 35 | 35 | 34 |
| Public safety | 43 | 43 | 43 | 44 | 45 | 45 | 45 | 45 | 46 | 47 |
| Corrections and rehabilitation | 32 | 30 | 31 | 31 | 28 | 31 | 31 | 31 | 30 | 32 |
| Community & economic development | 11 | 10 | 14 | 13 | 13 | 14 | 9 | 10 | 10 | 10 |
| Health & human services | 11 | 11 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Infrastructure & environmental services | 37 | 37 | 38 | 35 | 35 | 33 | 34 | 34 | 33 | 34 |
| Total | 202 | 198 | 197 | 196 | 194 | 199 | 193 | 195 | 194 | 197 |

Source: County Treasurer and Auditor Office

MATAGORDA COUNTY

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

| Function/Program | Fiscal Year | | | | | | | | | |
|---------------------------------------|-------------|------|------|------|------|--------|--------|--------|--------|--------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| General Government | | | | | | | | | | |
| Births filed | * | * | * | * | * | 281 | 342 | 310 | 291 | 322 |
| Deaths filed | * | * | * | * | * | 284 | 251 | 258 | 239 | 290 |
| Marriage license applications | * | * | * | * | * | 311 | 289 | | 251 | 300 |
| Registered voters | * | * | * | * | * | 20,380 | 21,398 | 20,746 | 21,049 | 20,818 |
| Auto titles | * | * | * | * | * | 7,714 | 6,399 | 6,115 | 6,103 | 5,934 |
| Justice | | | | | | | | | | |
| District Court | | | | | | | | | | |
| civil cases filed | * | * | * | * | * | 937 | 823 | 978 | 984 | 951 |
| civil case dispositions | * | * | * | * | * | 1,030 | 1,051 | 1,021 | 1,023 | 961 |
| criminal cases filed | * | * | * | * | * | 485 | 413 | 446 | 557 | 540 |
| criminal case dispositions | * | * | * | * | * | 478 | 451 | 423 | 517 | 514 |
| County court | | | | | | | | | | |
| civil cases filed | * | * | * | * | * | 85 | 60 | 77 | 94 | 63 |
| civil case dispositions | * | * | * | * | * | 40 | 34 | 55 | 31 | 50 |
| criminal cases filed | * | * | * | * | * | 1,391 | 1,234 | 1,362 | 1,323 | 1,371 |
| criminal case dispositions | * | * | * | * | * | 1,602 | 1,433 | 1,455 | 1,467 | 1,594 |
| Justice of the Peace | | | | | | | | | | |
| civil cases filed | * | * | * | * | * | 377 | 150 | 413 | 328 | 328 |
| civil case dispositions | * | * | * | * | * | 85 | 203 | 126 | 127 | 176 |
| criminal cases filed | * | * | * | * | * | 9,318 | 7,417 | 7,082 | 8,426 | 5,878 |
| criminal case dispositions | * | * | * | * | * | 7,411 | 5,765 | 4,600 | 6,241 | 4,450 |
| Public Safety | | | | | | | | | | |
| Total calls for service | * | * | * | * | * | 7,206 | 7,809 | 8,043 | 7,847 | 8,235 |
| Total arrests | | | | | | 1,073 | 928 | 695 | 588 | 775 |
| Corrections and Rehabilitation | | | | | | | | | | |
| Number of inmates per year | * | * | * | * | * | 2,987 | 2,906 | 2,901 | 2,852 | 2,472 |
| Health and Human Services | | | | | | | | | | |
| food permits issued | * | * | * | * | * | 256 | 260 | 278 | 274 | 260 |
| food inspections | * | * | * | * | * | 802 | 567 | 685 | 606 | 443 |
| septic permits issued | * | * | * | * | * | 117 | 136 | 121 | 138 | 134 |
| septic on-site visits | * | * | * | * | * | 377 | 484 | 451 | 447 | 321 |
| building permits issued | * | * | * | * | * | 295 | 346 | 338 | 436 | 368 |
| electrical permits issued | * | * | * | * | * | 322 | 291 | 306 | 510 | 510 |

* Information not available

Source: County records

MATAGORDA COUNTY

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

| Function/Program | Fiscal Year | | | | | | | | | |
|------------------------------------|-------------|------|------|------|------|------|------|------|-------|-------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| General Government | | | | | | | | | | |
| County buildings | * | * | * | * | * | 40 | 40 | 40 | 40 | 42 |
| Public Safety | | | | | | | | | | |
| Sheriff Vehicles | * | * | * | * | * | 42 | 42 | 43 | 48 | 43 |
| Fire and Ambulance | * | * | * | * | * | 40 | 40 | 39 | 39 | 48 |
| Infrastructure and Env. Svcs | | | | | | | | | | |
| County roads (miles) | * | * | * | * | * | * | * | * | 1,126 | 1,126 |
| County bridges | * | * | * | * | * | * | * | * | 87 | 87 |
| Community and Economic Development | | | | | | | | | | |
| Number of county parks | * | * | * | * | * | 7 | 7 | 8 | 9 | 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.



REED & ASSOCIATES, 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, 2007, which collectively comprise the Matagorda County's basic financial statements and have issued our report thereon dated May 5, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Matagorda County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Matagorda County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Matagorda County's internal control over financial reporting. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Matagorda County's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Matagorda County's financial statements that is more than inconsequential will not be prevented by the Matagorda County's internal control.

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

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

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,

Reed & Associates, PC

Reed & Associates, PC
May 5, 2008

REED & ASSOCIATES, PC

1717 8th Street, Suite 5
Bay City, Texas 77414

Independent Auditor's Report

Report on Compliance with Requirements Applicable
To each Major Program and Internal Control over Compliance
In Accordance With OMB Circular A-133

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

Members of the Commissioners Court:

Compliance

We have audited the compliance of Matagorda County with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. Matagorda County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Matagorda County's management. Our responsibility is to express an opinion on Matagorda County's compliance based on our audit.

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

In our opinion, Matagorda County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of Matagorda County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Matagorda County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Matagorda County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that

adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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,

Reed & Associates, PC

Reed & Associates, PC
May 5, 2008

MATAGORDA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|--|
| 97.073 | State Homeland Security Program |
| 97.074 | Law Enforcement Terrorism Prevention Program |
| 14.228 | Community Development Block Grant |

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

MATAGORDA COUNTY
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2007*

| <u>Finding/Recommendation</u> | <u>Current Status</u> | <u>Management's Explanation If Not Implemented</u> |
|-------------------------------|-----------------------|--|
| None | | |

MATAGORDA COUNTY
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2007

N/A



MATAGORDA COUNTY

*SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007*

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---------------------------|--|-------------------------|
| <u>U. S. DEPARTMENT OF THE INTERIOR</u> | | | |
| Passed Through Texas Historical Commission: | | | |
| National Register of Historic Places | 15.914 | Unknown | \$ 4,056 |
| Passed Through Texas Parks & Wildlife: | | | |
| Sport Fish Restoration * | 15.605 | F-188-B | 50,901 |
| Total U. S. Department of the Interior | | | <u>54,957</u> |
| <u>U. S. DEPARTMENT OF JUSTICE</u> | | | |
| Direct Program: | | | |
| Federal Surplus Program | 16.578 | N/A | 2,057 |
| Passed Through Bureau of Justice Assistance: | | | |
| State Criminal Alien Assistance Program | 16.606 | 2007APBX0744 | 19,491 |
| State Criminal Alien Assistance Program | 16.606 | 2008APBX0120 | 23,901 |
| Total Passed Through Bureau of Justice Assistance | | | <u>43,392</u> |
| Total U. S. Department of Justice | | | <u>45,449</u> |
| <u>U. S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u> | | | |
| Passed Through Office of Rural Community Affairs: | | | |
| Community Development Block Grant | 14.228 | 725571 | 300,085 |
| Total U. S. Department of Housing & Urban Development | | | <u>300,085</u> |
| <u>U. S. DEPARTMENT OF HOMELAND SECURITY</u> | | | |
| Passed Through Texas Department of Public Safety: | | | |
| Emergency Management Performance Grant | 97.042 | 07TX-EMPG-0528 | 19,628 |
| State Homeland Security Program | 97.073 | 2005-GE-T5-4025 | 110,180 |
| State Homeland Security Program | 97.073 | 2006-GE-T6-0068 | 56,333 |
| Law Enforcement Terrorism Prevention Program | 97.074 | 2005-GE-T5-4025 | 99,820 |
| Law Enforcement Terrorism Prevention Program | 97.074 | 2006-GE-T6-0068 | 13,667 |
| Buffer Zone Protection Program | 97.078 | 2005-BZPP-45321 | 150,630 |
| Total Passed Through Texas Department of Public Safety | | | <u>450,258</u> |
| Total U. S. Department of Homeland Security | | | <u>450,258</u> |
| <u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | |
| Passed Through Office of Texas Attorney General: | | | |
| Title IV-D Child Support Enforcement | 93.563 | 04-C0241 | 307 |
| Passed Through Texas Department of Family & Protective Services: | | | |
| Title IV-E Foster Care Assistance | 93.658 | 23357183 | 15,991 |
| Title IV-E Foster Care Assistance | 93.658 | 23357179 | 4,288 |
| Title IV-E Foster Care Assistance | 93.658 | E-2005-161 | 82,498 |
| Total Passed Through Texas Department of Family & Protective Services | | | <u>102,777</u> |
| Total U. S. Department of Health and Human Services | | | <u>103,084</u> |
| <u>ELECTION ASSISTANCE COMMISSION</u> | | | |
| Passed Through Texas Secretary of State: | | | |
| Help America Vote | 90.401 | 78003 | 3,600 |
| Help America Vote | 90.401 | 77453 | 770 |
| Total Passed Through Texas Secretary of State | | | <u>4,370</u> |
| Total Election Assistance Commission | | | <u>4,370</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ 958,203 |

* Indicates clustered program under OMB Circular A-133 Compliance Supplement

The accompanying notes are an integral part of this schedule.

MATAGORDA COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2007

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Matagorda County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.