

MATAGORDA COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2008

Prepared by
Ellen Dodd, Matagorda County Auditor



Matagorda County
Comprehensive Annual Financial Report
For The Year Ended December 31, 2008

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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, 2008, 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, 2008, 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, 2008, 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 continue to remain favorable for the future.

Matagorda County partners 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 serves as a career center for staffing at STP and also offers 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, 2008 is 12.27 %. The employee member contribution is 7%.

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

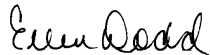
Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Matagorda County for its comprehensive annual financial report for the fiscal year ended December 31, 2007. 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 5 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,

A handwritten signature in cursive script, appearing to read "Ellen Dodd".

Ellen Dodd, County Auditor
Matagorda County, Texas
May 11, 2009

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, 2007

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

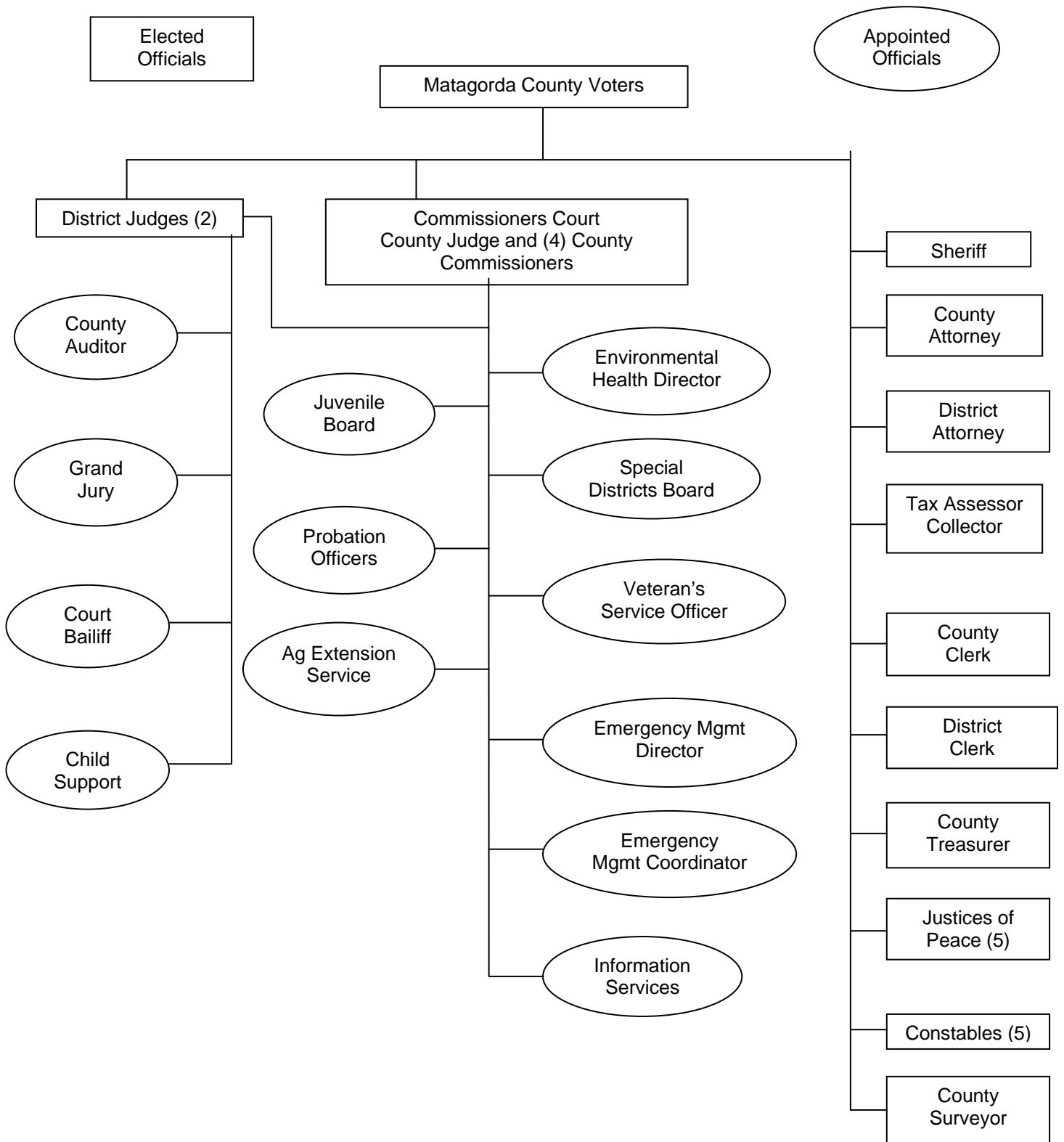


President

Executive Director



MATAGORDA COUNTY
Organization Chart



MATAGORDA COUNTY

*LIST OF ELECTED AND APPOINTED OFFICIAL
DECEMBER 31, 2008*

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
Chris Peikert

REED & ASSOCIATES, PC

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

Independent Auditor's Report on Financial Statements

Board of Commissioners
Matagorda County
1700 Seventh Street
Bay City, Texas 77414

Members of the Board of Commissioners:

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, 2008, 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, 2008, 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.

As discussed in Note N, the County adopted Government Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2009, 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, the schedule of funding progress for postretirement healthcare benefits 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 conducted for the purpose of forming opinions on the financial statements which collectively comprise the Matagorda County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations," and is also not a required part of the basic financial statements of Matagorda County. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

A handwritten signature in dark ink that reads "Reed & Associates, PC". The signature is written in a cursive, flowing style.

Reed & Associates, PC
April 30, 2009

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, 2008. 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 \$30,908,358 (net assets). Of this amount, \$ 10,395,793 (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 \$ 8,563,900. 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 \$7,496,109 represents 43% of total general fund expenditures as compared to \$7,542,080 for 2007, a decrease of only \$45,971.
- During the current fiscal year, the County's debt decreased by \$125,000. This is the result of a scheduled payment on certificates of obligation.

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 27 through 40 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 41 through 50 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 \$30,908,358 at the close of the most recent fiscal year.

Sixty-six percent (66%) of the County's net assets, \$20,506,971, 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.

The County's net assets for the years ending December 31, 2008 and 2007 are summarized as follows:

MATAGORDA COUNTY'S NET ASSETS

	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 23,842,695	\$ 22,684,240
Capital Assets	<u>21,741,971</u>	<u>22,511,366</u>
Total assets	<u>45,584,666</u>	<u>45,195,606</u>
Current and other liabilities	12,606,589	12,128,090
Long-term liabilities	<u>2,069,719</u>	<u>1,542,555</u>
Total liabilities	<u>14,676,308</u>	<u>13,670,645</u>
NET ASSETS		
Invested in Capital Assets, net of related debt	20,506,971	21,151,366
Restricted for debt service	5,594	0
Unrestricted	<u>10,395,793</u>	<u>10,373,595</u>
Total net assets	<u>\$ 30,908,358</u>	<u>\$ 31,524,961</u>

Analysis of the County's Operations. Governmental activities decreased the County's net assets by \$616,603 compared to a prior year reduction of \$1,865,087. The improvement of \$1,248,484 in the "change in net assets" is primarily due to a reduction in infrastructure depreciation as a result of significant assets reaching full depreciation in the prior year. Overall, expenses decreased by \$1,398,632.

Although revenue only decreased by a net of \$150,148 there were two large components. Tax revenue increased by \$727,491 (8%) while investment earnings decreased by \$413,753 or (52%).

The following table provides a summary of the County's operations for the years ended December 31, 2008 and 2007.

MATAGORDA COUNTY'S CHANGES IN NET ASSETS

	<u>2008</u>	<u>2007</u>
Revenues:		
Program revenues:		
Fees, fines and charges for services	\$ 6,596,121	\$ 6,572,279
Operating grants and contributions	1,661,296	1,796,638
Capital grants and contributions		318,103
General revenues:		
Property taxes	9,921,906	9,194,415
Miscellaneous	70,657	104,940
Unrestricted Investment Earnings	<u>380,173</u>	<u>793,926</u>
Total revenues	<u>18,630,153</u>	<u>18,780,301</u>
Expenses:		
General government	2,303,706	2,374,168
Justice system	2,965,507	2,931,754
Public Safety	3,245,747	3,231,579
Corrections & Rehabilitation	2,363,299	2,638,771
Health and Human Services	1,219,112	1,180,040
Community & Economic Development	1,167,753	1,325,564
Infrastructure and Environmental services	5,922,408	6,896,776
Interest on Debt	<u>59,224</u>	<u>66,736</u>
Total expenses	<u>19,246,756</u>	<u>20,645,388</u>
Increase (decrease) in net assets	(616,603)	(1,865,087)
Net assets – beginning	<u>31,524,961</u>	<u>33,390,048</u>
Net assets – ending	<u>\$ 30,908,358</u>	<u>\$ 31,524,961</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 \$ 8,563,900. Only \$817 of this amount is reserved for debt service. The remaining \$8,563,083 is unreserved or available for spending. Although not reserved, \$1,076,178 of the available 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 \$7,496,109 in contrast to \$7,542,081 in the prior year, a decrease of \$45,971. 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 43.49 percent of total general fund expenditures. Key factors in the unreserved fund balance decrease from the prior year are as follows:

- Tax revenues were \$726,100 higher than the prior year 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.
- Investment Income decreased by \$413,858 due to adverse market conditions.
- Corrections and rehabilitation expenditures decreased \$420,461 overall, with \$597,974 in reduced inmate placement costs.

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 2008 had operating income of \$302,920 as compared to last year's \$35,619. The primary contributor to this \$267,301 increase in operating income over the prior year was a decrease in the claims and prescriptions expense of \$321,846 and \$66,263 respectively. The contributions remained relatively unchanged.

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.
- Miscellaneous revenue budget was increased from original to final due to insurance recoveries for vehicles and for contributions for sheriff protection vests with a related increase to the repairs and supplies line item in public safety.
- 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 resulting in a positive budget to actual variance of \$1,161,731.

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.
- Investment Income actual was less than estimated calculations as market conditions were unfavorable and resulted in much lower returns.
- 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.
- A favorable variance in the Justice System is partly due to unfilled positions in the Juvenile Department and Child Support 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, 2008 is \$1,235,000.

Compensated absences experienced a net increase for the year of \$11,110.

The county implemented GASB Statement 45 which resulted in the creation of a Net OPEB obligation at December 31, 2008 in the amount of \$641,056.

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

Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2008 amounts to \$21,741,971 (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, 2008

MATAGORDA COUNTY'S CAPITAL ASSETS Net of Accumulated Depreciation

	Balances 12/31/2007	Increases	Decreases	Balances 12/31/2008
Land	\$ 1,310,731	\$	\$	\$ 1,310,731
Construction in progress	3,469,738	444,401	3,914,139	
Infrastructure	38,206,724	596,757	345,908	38,457,573
Buildings and improvements	10,254,517	4,892,495	1,761,041	13,385,959
Vehicles and equipment	6,855,888	648,720	33,733	7,470,875
Less accumulated depreciation	(37,586,225)	(2,380,192)	(1,083,250)	(38,883,167)
	<u>\$ 22,511,373</u>	<u>\$ 4,202,181</u>	<u>\$ 4,971,571</u>	<u>\$ 21,741,971</u>

Overall, the capital assets decreased by \$769,402. The main decrease in capital assets is \$2,380,192 in depreciation expense.

Key increases in capital assets are as follows:

- Reworking of existing roads and one new bridge.
- Purchase of several sheriff vehicles and emergency preparedness equipment.

Additional information on the County's capital assets can be found in note C on page 32 of this report.

Economic Factors and Next Year's Budgets and Rates

The annual budget is developed to provide efficient, effective and controlled use of the County's resources. Through the budget the County Commissioners set the direction of the County, allocate its resources and establish its priorities. The 2009 budget was adopted on August 25, 2008 with General Fund expenditures of \$17,897,173, an increase of \$660,365 over the actual FY 2008 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 .27055 per \$100 assessed valuation which is a .00077 cent increase over the previous year. The court also adopted an interest and sinking tax rate of .00463.

Factors affecting the 2009 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 similar to the adjustment made for 2008.
- An increase in health insurance premiums paid by the county for employees.
- An increase to various departments including public safety and commissioner precincts for increases in fuel costs.

- An increase for utility costs.
- Increase in the revenues in anticipation of housing inmates from other counties and an increase in the jail for groceries for those inmates.
- Decrease in budgeted interest revenue.

These indicators were taken into account when adopting the General Fund appropriations for 2009, with \$17.9 million in estimated revenue.

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, 2008

	Governmental Activities
ASSETS	
<i>Cash and cash equivalents</i>	\$ 6,806,032
Receivables (net of allowances for uncollectibles):	
<i>Taxes receivable</i>	9,115,148
<i>Other receivables</i>	2,848,087
<i>Prepaid items</i>	268,556
<i>Inventories</i>	9,600
<i>Interest receivable</i>	41,382
<i>Investments</i>	4,753,890
Capital Assets (net of accumulated depreciation):	
<i>Land</i>	1,310,731
<i>Buildings</i>	9,013,135
<i>Improvements</i>	445,705
<i>Infrastructure</i>	8,732,790
<i>Equipment</i>	2,239,610
Total Assets	<u>45,584,666</u>
LIABILITIES	
<i>Accounts payable</i>	401,845
<i>Claims payable</i>	128,851
<i>Due to other governments</i>	137,787
<i>Due to others</i>	413,016
<i>Accrued interest payable</i>	17,121
<i>Unearned revenue</i>	11,485,559
<i>Escrow reserves</i>	22,410
Noncurrent Liabilities:	
<i>Due within one year - compensated absences</i>	32,471
<i>Due within one year - certificates of obligation</i>	130,000
<i>Due in more than one year - comp absences</i>	161,192
<i>Due in more than one year - OPEB</i>	641,056
<i>Due in more than one year - certificates of obligation</i>	1,105,000
Total Liabilities	<u>14,676,308</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	20,506,971
Restricted For:	
Debt Service	5,594
Unrestricted	10,395,793
Total Net Assets	<u>\$ 30,908,358</u>

The accompanying notes are an integral part of this statement.

MATAGORDA COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
Government Activities:				Governmental Activities
General government	\$ 2,303,706	\$ 1,363,971	\$ 17,607	\$ (922,128)
Justice system	2,965,507	1,422,866	520,136	(1,022,505)
Public safety	3,245,747	3,471,050	669,600	894,903
Corrections and rehabilitation	2,363,299	90,155	25,621	(2,247,523)
Health and human services	1,219,112	57,506	4,000	(1,157,606)
Community and economic development	1,167,753	124,171	182,287	(861,295)
Infrastructure and environmental services	5,922,408	66,402	242,045	(5,613,961)
Interest on debt	59,224	--	--	(59,224)
Total governmental activities	19,246,756	6,596,121	1,661,296	(10,989,339)
Total Primary Government	\$ 19,246,756	\$ 6,596,121	\$ 1,661,296	(10,989,339)
General Revenues:				
Property taxes				9,921,906
Miscellaneous				70,657
Unrestricted investment earnings				380,173
Total General Revenues				10,372,736
Change in Net Assets				(616,603)
Net Assets - Beginning				31,524,961
Net Assets - Ending				\$ 30,908,358

The accompanying notes are an integral part of this statement.

MATAGORDA COUNTY**BALANCE SHEET - GOVERNMENTAL FUNDS**

DECEMBER 31, 2008

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
<i>Cash and cash equivalents</i>	\$ 3,729,053	\$ 1,550,794	\$ 5,279,847
Receivables (net of allowances for uncollectibles):			
<i>Taxes</i>	8,966,957	148,191	9,115,148
<i>Other receivables</i>	2,791,968	35,373	2,827,341
<i>Prepaid items</i>	268,556	--	268,556
<i>Due from other funds</i>	64,885	2,063	66,948
<i>Inventories</i>	4,262	5,338	9,600
<i>Interest receivable</i>	41,382	--	41,382
<i>Investments</i>	4,753,890	--	4,753,890
Total Assets	\$ 20,620,953	\$ 1,741,759	\$ 22,362,712
LIABILITIES AND FUND BALANCES			
Liabilities:			
<i>Accounts payable</i>	\$ 386,779	\$ 14,809	\$ 401,588
<i>Due to other governments</i>	137,786	1	137,787
<i>Due to other funds</i>	2,063	52,159	54,222
<i>Due to others</i>	288,829	124,187	413,016
<i>Deferred revenue</i>	12,286,977	482,812	12,769,789
<i>Escrow reserves</i>	22,410	--	22,410
Total Liabilities	13,124,844	673,968	13,798,812
Fund Balances:			
Unreserved:			
<i>Designated for insurance</i>	20,000	--	20,000
<i>Designated for precincts</i>	1,056,178	--	1,056,178
Undesignated:			
<i>General fund</i>	6,419,931	--	6,419,931
<i>Special revenue funds</i>	--	1,066,974	1,066,974
<i>Reserved for debt service</i>	--	817	817
Total Fund Balances	7,496,109	1,067,791	8,563,900
Total Liabilities and Fund Balances	\$ 20,620,953	\$ 1,741,759	\$ 22,362,712

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, 2008**

Total fund balances - governmental funds balance sheet	\$ 8,563,900
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.	21,741,971
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	602,964
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	1,238,289
Payables for bond interest which are not due in the current period are not reported in the funds.	(17,121)
Payables for notes which are not due in the current period are not reported in the funds.	(1,235,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(193,663)
Payables for other post employment benefits which are not due in the current period are not reported in the funds.	(641,056)
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	<u>848,074</u>
Net assets of governmental activities - statement of net assets	\$ <u>30,908,358</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, 2008

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
<i>Taxes</i>	\$ 9,685,499	\$ 217,951	\$ 9,903,450
<i>Licenses and permits</i>	842,590	--	842,590
<i>Intergovernmental</i>	1,333,955	360,394	1,694,349
<i>Charges for services</i>	4,647,078	191,285	4,838,363
<i>Fines</i>	407,980	--	407,980
<i>Investment income</i>	377,987	33,279	411,266
<i>Miscellaneous</i>	297,590	49,503	347,093
Total revenues	<u>17,592,679</u>	<u>852,412</u>	<u>18,445,091</u>
EXPENDITURES			
Current:			
<i>General government</i>	2,408,662	31,143	2,439,805
<i>Justice system</i>	2,403,179	337,542	2,740,721
<i>Public Safety</i>	2,976,184	8,757	2,984,941
<i>Corrections and rehabilitation</i>	2,097,578	50,125	2,147,703
<i>Health and human services</i>	1,141,036	--	1,141,036
<i>Community and economic development</i>	1,039,942	53,107	1,093,049
<i>Infrastructure and environmental services</i>	4,541,745	--	4,541,745
Capital outlay	628,482	455,200	1,083,682
Debt service:			
<i>Principal</i>	--	125,000	125,000
<i>Interest and fiscal charges</i>	--	60,853	60,853
Total expenditures	<u>17,236,808</u>	<u>1,121,727</u>	<u>18,358,535</u>
Excess (deficiency) of revenues over (under) expenditures	<u>355,871</u>	<u>(269,315)</u>	<u>86,556</u>
OTHER FINANCING SOURCES (USES)			
<i>Transfers in</i>	43,636	445,479	489,115
<i>Transfers out</i>	(445,479)	(43,636)	(489,115)
Total other financing sources (uses)	<u>(401,843)</u>	<u>401,843</u>	<u>--</u>
Net change in fund balances	(45,972)	132,528	86,556
Fund balances - beginning	7,542,081	935,263	8,477,344
Fund balances - ending	<u>\$ 7,496,109</u>	<u>\$ 1,067,791</u>	<u>\$ 8,563,900</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, 2008*

Net change in fund balances - total governmental funds	\$ 86,556
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,680,439
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,380,192)
The gain or loss on the sale of capital assets is not reported in the funds.	(69,642)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	18,456
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	125,000
(Increase) decrease in accrued interest from beginning of period to end of period	1,629
The net revenue (expense) of internal service funds is reported with governmental activities.	337,067
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(11,108)
Other post employment benefits are reported as the amount earned in the SOA but as the amount paid in the f	(641,056)
Revenues in the SOA for court fines not providing current financial resources are not reported in the funds.	<u>236,248</u>
Change in net assets of governmental activities - statement of activities	\$ <u>(616,603)</u>

The accompanying notes are an integral part of this statement.

MATAGORDA COUNTY

STATEMENT OF NET ASSETS

INTERNAL SERVICE FUND

DECEMBER 31, 2008

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

\$ 1,526,184

Other receivables

8,021

Total Assets

\$ 1,534,205

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

\$ 257

Claims payable

128,851

Deferred revenue

166,808

Total Liabilities

295,916

NET ASSETS*Unrestricted*

1,238,289

Total net assets

\$ 1,238,289

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, 2008**

	Nonmajor Internal Service Fund
	Insurance Fund
OPERATING REVENUES	
<i>Employer contributions</i>	\$ 1,886,167
<i>Employee contributions</i>	177,744
<i>Retiree/Cobra contributions</i>	93,285
<i>Special district contributions</i>	188,660
<i>Drug rebates</i>	31,494
Total Operating Revenues	<u>2,377,350</u>
OPERATING EXPENSES	
<i>Administrative claims</i>	493,460
<i>Claims expense</i>	1,127,773
<i>Prescriptions</i>	453,197
Total Operating Expenses	<u>2,074,430</u>
Operating Income (Loss)	<u>302,920</u>
NON-OPERATING REVENUES (EXPENSES)	
<i>Interest revenue</i>	34,147
Total Non-operating Revenues (Expenses)	<u>34,147</u>
Change in Net Assets	337,067
Total net assets - beginning	901,222
Total net assets - ending	<u>\$ 1,238,289</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, 2008

	Internal Service Fund
Cash Flows from Operating Activities:	
<i>Cash received from interfund services provided</i>	\$ 2,067,836
<i>Cash received from external users</i>	305,419
<i>Cash payments for administration</i>	(533,102)
<i>Cash payments for claims</i>	(1,617,918)
Net Cash Provided (Used) by Operating Activities	<u>222,235</u>
Cash Flows from Non-capital Financing Activities:	
<i>Transfers to general fund</i>	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</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>	34,147
Net Cash Provided (Used) for Investing Activities	<u>34,147</u>
Net Increase (Decrease) in Cash and Cash Equivalents	256,382
Cash and Cash Equivalents at Beginning of Year	1,269,802
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,526,184</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ 302,920
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	--
Change in Assets and Liabilities:	
<i>(Increase) Decrease in Accounts Receivable</i>	(8,021)
<i>Increase (Decrease) in Accounts Payable</i>	(39,642)
<i>Increase (Decrease) in Claims Payable</i>	(36,947)
<i>Increase (Decrease) in Deferred Revenue</i>	3,925
Total Adjustments	<u>(80,685)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 222,235</u></u>

The accompanying notes are an integral part of this statement.

MATAGORDA COUNTY**STATEMENT OF FIDUCIARY NET ASSETS****FIDUCIARY FUNDS****DECEMBER 31, 2008**

	Agency Funds
ASSETS	
<i>Cash and cash equivalents</i>	\$ 2,008,725
Total Assets	<u>\$ 2,008,725</u>
LIABILITIES	
<i>Due to other governments</i>	\$ 151,546
<i>Due to other funds</i>	12,726
<i>Due to others</i>	1,844,453
Total Liabilities	<u>2,008,725</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, 2008

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'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".

- 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 have 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.

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.

MATAGORDA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

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 that are essential to the primary operations of the fund. All other expenses are reported as nonoperating.

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.

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 the 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. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

MATAGORDA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

Asset Class	Estimated Useful Lives
Infrastructure	15-40
Buildings	40-60
Improvements	10-20
Vehicles	3-8
Office Equipment	3-7
Other Equipment	5-20

MATAGORDA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

e. **Compensated Absences**

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

f. **Interfund Activity**

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

g. **Use of Estimates**

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

h. **Investment Policy**

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

4. **Budgetary Data**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, and the following special revenue funds: DA Legal Law, Sheriff & Jail Discretionary, County Clerk Preservation & Automation, Countywide Records Management/Preservation, Courthouse Security, Justice Court Technology 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.

MATAGORDA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

B. Deposits and Investments

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

Cash Deposits:

At December 31, 2008, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$3,653,294 and the bank balance was \$7,815,059. The County's cash deposits at December 31, 2008 and during the year ended December 31, 2008, were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

Investments:

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

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

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

The County's investments at December 31, 2008 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Rating</u>	<u>Fair Value</u>
FHLB	< 1 year	Aaa	\$ 251,173
FHLMC	< 1 year	Aaa	1,712,785
FNMA	< 1 year	Aaa	301,156
USB Financial	< 1 year	Aa2	499,720
FICO	< 1 year	Aaa	124,982
FHLB	> 1 yr < 3 yrs	Aaa	101,281
FHLMC	> 1 yr < 3 yrs	Aaa	501,320
FNMA	> 1 yr < 3 yrs	Aaa	853,348
FFCB	> 1 yr < 3 yrs	Aaa	408,125
Total Investments			\$ <u>4,753,890</u>
CEF Samco Capital Markets (reported as cash)	N/A	Aaa	\$ <u>5,158,516</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:

MATAGORDA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

- 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, 2008 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.

Investment Accounting 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.

C. Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,310,731	\$ --	\$ --	\$ 1,310,731
Construction in progress	3,469,738	444,401	3,914,139	--
Total capital assets not being depreciated	4,780,469	444,401	3,914,139	1,310,731
<i>Capital assets being depreciated:</i>				
Infrastructure	38,206,724	596,757	345,908	38,457,573
Buildings and improvements	10,254,517	4,892,495	1,761,041	13,385,959
Vehicles & Equipment	6,855,888	648,720	33,733	7,470,875
Total capital assets being depreciated	55,317,129	6,137,972	2,140,682	59,314,407
Less accumulated depreciation for:				
Infrastructure	(28,396,084)	(1,604,383)	(275,684)	(29,724,783)
Buildings and improvements	(4,464,715)	(245,089)	(782,685)	(3,927,119)
Vehicles & Equipment	(4,725,426)	(530,720)	(24,881)	(5,231,265)
Total accumulated depreciation	(37,586,225)	(2,380,192)	(1,083,250)	(38,883,167)
Total capital assets being depreciated, net	17,730,904	3,757,780	1,057,432	20,431,240
Governmental activities capital assets, net	\$ 22,511,373	\$ 4,202,181	\$ 4,971,571	\$ 21,741,971

Depreciation was charged to functions as follows:

General Government	\$ 89,506
Justice	110,526

MATAGORDA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

Public Safety	121,830
Corrections	99,481
Health	44,487
Community	49,973
Infrastructure	1,864,389
	<u>\$ 2,380,192</u>

D. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at December 31, 2008, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 50	Imprest funds
General Fund	Other Governmental Funds	51,009	Short-term loans
General Fund	Agency Funds	12,726	Tax collections
General Fund	Other Governmental Funds	1,141	Reimburse for payroll
Other Governmental Funds	General Fund	2,022	Voided payroll check
	Total	<u>\$ 66,948</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, 2008, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Capital Projects Fund	\$ 444,400	Supplement jail construction
General fund	Other Governmental Funds	1,079	Supplement other funds sources
Other Governmental Funds	General	43,636	Reimburse expenditures
	Total	<u>\$ 489,115</u>	

E. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended December 31, 2008, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
Certificates of Obligation	\$ 1,360,000	\$ --	\$ 125,000	\$ 1,235,000	130,000
Compensated absences *	182,555	266,413	255,303	193,665	32,471
Net OPEB obligation *	--	641,056	--	641,056	--
Total governmental activities	<u>\$ 1,542,555</u>	<u>\$ 907,469</u>	<u>\$ 380,303</u>	<u>\$ 2,069,721</u>	<u>\$ 162,471</u>

* Other long-term liabilities

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

Liability	Activity Type	Fund
Compensated absences	Governmental	General
Net OPEB obligation	Governmental	General

MATAGORDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

2. Debt Service Requirements

Debt service requirements on long-term debt at December 31, 2008, are as follows:

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
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	155,000	28,023	183,023
2014-2018	520,000	37,286	557,286
Totals	<u>\$ 1,235,000</u>	<u>\$ 246,109</u>	<u>\$ 1,481,109</u>

F. Risk Management

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 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.

G. Pension Plan

Plan Description

The County's pension plan ("Plan") is a non-traditional, joint contributory, defined benefit plan which provides retirement, disability and death benefits to Plan members and beneficiaries through its affiliation with Texas County and District Retirement System ("TCDRS"), an agent multiple-employer public employee retirement system. TCDRS operates under the authority of Texas Government Code, Title 8, Subtitle G. 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. 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 and District Retirement System, P.O. Box 149153, Austin, TX 78714-9153 or calling (800) 924-8677. Additional nonauthoritative information is available at the TCDRS web site, <http://www.TCDRS.org>.

MATAGORDA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

Funding Policy

Plan members are required to contribute 7% of their annual covered salary. The County is required to contribute at an actuarially determined rate; the current rate is 12.27% of annual covered payroll. The County's contributions to the TCDRS for the years ended December 31, 2008, 2007 and 2006 were \$717,749, \$665,421 and \$644,611 respectively, and were equal to the required contributions for each year.

Annual Pension Cost

The County's annual pension cost of \$717,749 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 normal cost contribution rate finances the currently accruing monetary credits due to the County matching percent, which are the obligation of the County as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the County to each employee at the time his/her retirement becomes effective. Since the County needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2006 valuation is effective for rates beginning January 2008).

Actuarial Information

Actuarial valuation date	12/31/05	12/31/06	12/31/07
Actuarial cost method	entry age	entry age	entry age
Amortization method	Level % of	Level % of	Level % of
	payroll, open	payroll, closed	payroll, closed
Amortization period in years	20	15	15
Asset valuation method	long-term	SAF: 10yr	SAF: 10yr
	appreciation	smoothed value	smoothed value
	w/adjustment	ESF: fund value	ESF: fund value
Assumptions:			
Investment return	8.0%	8.0%	8.0%
Projected salary increases	5.3%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost of living adjustments	0.0%	0.0%	0.0%

Schedule of Funding Information

Actuarial value of assets	17,579,421	19,431,565	20,664,106
Actuarial accrued liability (AAL)	21,943,536	23,160,720	24,353,195
Unfunded or (overfunded) actuarial			
accrued liability (UAAL or OAAL)	4,364,115	3,729,155	3,689,089
Funded ratio	80.11%	83.90%	84.85%
Annual covered payroll (actuarial)	6,157,422	6,195,926	6,273,523
UAAL or OAAL as percentage of			
covered payroll	70.88%	60.19%	58.80%

Trend Information for the Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
December 31, 2006	\$ 644,611	\$ 100%	\$ --
December 31, 2007	665,421	100%	--
December 31, 2008	717,749	100%	--

MATAGORDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

H. Health Care Coverage

During the year ended December 31, 2008, 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, 2009, 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. Each member, to the extent its benefit plan is self-insured, remains responsible for the payment of benefits under the benefit plan in the event HEBP fails to make such payments. 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, 2008, 2007 and 2006, are as follows:

	2006	2007	2008
Unpaid claims, beginning	\$ 41,461	\$ 27,650	\$ 165,798
Claims incurred	1,248,559	1,798,882	1,580,971
Claims paid	(1,262,370)	(1,660,734)	(1,617,918)
Unpaid claims, ending	\$ 27,650	\$ 165,798	\$ 128,851

I. Commitments and Contingencies

1. Contingencies

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

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.

MATAGORDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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	\$	1,056,178	unexpended budgeted amounts from each of the four precincts

L. 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	\$ 9,081,160	\$ 148,452	\$ 9,229,612
Less allowance	(114,203)	(261)	(114,464)
	<u>\$ 8,966,957</u>	<u>\$ 148,191</u>	<u>\$ 9,115,148</u>
Other Receivables	\$ 97,807	\$ 8,533	\$ 106,340
Taxes and Tax Statements	1,290,386	21,286	1,311,672
Grants	280,247	13,575	293,822
Justice of Peace fines/fees	1,467,087		1,467,087
Less allowance	(948,188)		(948,188)
District Clerk fines/fees	3,225,490		3,225,490
Less allowance	(2,710,420)		(2,710,420)
Child Support fines/fees	50,348		50,348
Less allowance	(46,577)		(46,577)
County Clerk fines/fees	2,132,475		2,132,475
Less allowance	(2,033,962)		(2,033,962)
	<u>\$ 2,804,693</u>	<u>\$ 43,394</u>	<u>\$ 2,848,087</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
Property taxes:			
General fund	\$ 10,795,716	\$ 598,187	\$ 11,393,903
All other nonmajor funds	184,948	4,777	189,725
Fines/fees receivable:			
General fund		848,074	848,074
Grant drawdowns prior to meeting all eligibility requirements:			
General fund	46,335		46,335
All other non-major funds	291,752		291,752
		<u>\$ 1,451,038</u>	<u>\$ 12,769,789</u>

MATAGORDA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

Health insurance premiums (internal service fund)

166,808	\$	--	\$	166,808
<u>11,485,559</u>				

M. 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
Matagorda County Hospital District

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.

N. Postretirement Healthcare Benefits

Description

Effective January 1, 2008, the County adopted the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." In addition to the relevant disclosures within this note related to the implementation of GASB Statement No. 45, the financial statements reflect a long-term liability and related expenses of \$641,056 in governmental and activities resulting from the adoption.

The County, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a single-employer defined benefit plan to provide certain postretirement healthcare benefits to all former employees hired prior to January 1, 2000 who qualified under the Texas County District Retirement System and are currently receiving retirement (pension) income. Such benefits are not available to members' spouses or dependents; rather, only to former employees as previously described. Specific details of the Plan include the provision of certain hospitalization, major medical insurance and prescription drug coverage. These benefits are provided through insurance companies. The County is under no statutory or contractual obligation to provide these postretirement healthcare benefits. Because the Plan consists solely of the County's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

Funding Policy

Premiums under the Plan for post-employment healthcare benefits provided to the employees previously described are funded entirely by the County. The Plan is financed on a pay-as-you-go basis.

MATAGORDA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following table illustrates the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation:

Annual required contribution as of 1/1/09	\$ 1,067,986
Interest on net OPEB obligation	--
Adjustment to annual required contribution	--
Annual OPEB cost	1,067,986
Contributions made	(426,930)
Increase in net OPEB obligation	641,056
Net OPEB obligation - beginning of year	--
Net OPEB obligation - end of year	<u>\$ 641,056</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2008 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation End of Year
12/31/08 \$	1,067,986	39.98% \$	641,056

Because 2008 was the year of transition for GASB Statement No. 45, requirements of GASB Statement No. 45 have been implemented prospectively; therefore, the above illustration does not reflect similar information respective of the two preceding years.

Funding Status and Funding Progress

As of December 31, 2007, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits equaled \$14,648,697, resulting in an unfunded actuarial accrued liability (UAAL) of \$14,648,697. The total payroll equaled \$6,067,220, and the ratio of the UAAL to the covered payroll equaled 274.8%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as RSI following the notes to the financial statements, is to present multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, because the County maintains no Plan assets, information relative to Plan asset required disclosures is not applicable. Additionally, because 2008 was the year of transition for GASB Statement No. 45, requirements of GASB Statement No. 45 have been implemented prospectively; therefore, the RSI does not reflect similar information respective of the two preceding years.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the County and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and Plan members to that point. There are no legal or contractual funding limitations that would potentially affect the projection of benefits for financial accounting purposes. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

MATAGORDA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

In the actuarial valuation dated December 31, 2007, the projected unit credit cost actuarial method was used. Because the County funds its OPEB on a pay-as-you-go basis, the plan has no assets (investments) used specifically for paying the post-retirement medical benefits; therefore, the actuarial assumptions included a 4% discount rate, which approximates the expected rate of return on non-pension investments held by the County. Actuarial assumptions also included medical inflation taken at 10% for pre-medicare grading down to 5% in the ultimate. The UAAL is being amortized as a level dollar amount over thirty years on an open basis.

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, 2008

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
<i>Taxes</i>	\$ 9,676,245	\$ 9,676,245	\$ 9,685,499	\$ 9,254
<i>Licenses and permits</i>	874,900	874,900	842,590	(32,310)
<i>Intergovernmental</i>	308,104	1,053,480	1,333,955	280,475
<i>Charges for services</i>	4,361,467	4,361,467	4,647,078	285,611
<i>Fines</i>	323,000	323,000	407,980	84,980
<i>Investment income</i>	575,000	575,000	377,987	(197,013)
<i>Miscellaneous</i>	86,501	151,788	297,590	145,802
Total revenues	16,205,217	17,015,880	17,592,679	576,799
EXPENDITURES				
GENERAL GOVERNMENT				
County Judge:				
<i>Personnel</i>	150,524	152,190	150,986	1,204
<i>Operating costs</i>	8,300	8,300	7,507	793
Total County Judge	158,824	160,490	158,493	1,997
Commissioners Court				
<i>Operating costs</i>	114,500	114,500	88,858	25,642
Total Commissioners Court	114,500	114,500	88,858	25,642
Information Services:				
<i>Personnel</i>	109,018	104,018	102,780	1,238
<i>Operating costs</i>	165,016	170,016	163,433	6,583
Total Information Services	274,034	274,034	266,213	7,821
County Courthouse:				
<i>Personnel</i>	62,952	65,452	64,724	728
<i>Operating costs</i>	279,285	276,785	226,049	50,736
Total County Courthouse	342,237	342,237	290,773	51,464
County Office Building:				
<i>Operating costs</i>	110,454	120,454	103,690	16,764
<i>Capital outlay</i>	27,500	17,500	--	17,500
Total County Office Building	137,954	137,954	103,690	34,264
Unallocable by Department:				
<i>Insurance</i>	69,070	69,290	66,016	3,274
<i>Appraisal fees</i>	12,285	12,285	12,606	(321)
<i>Retiree Insurance</i>	114,693	114,693	115,560	(867)
<i>Other costs</i>	174,000	19,923	--	19,923
Total Unallocable by Department	370,048	216,191	194,182	22,009
County Clerk:				
<i>Personnel</i>	274,842	279,042	278,496	546
<i>Operating costs</i>	42,200	38,000	35,896	2,104
Total County Clerk	317,042	317,042	314,392	2,650
County Auditor:				
<i>Personnel</i>	316,169	315,169	314,903	266

MATAGORDA COUNTY

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2008

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Operating costs</i>	11,400	12,400	8,856	3,544
Total County Auditor	327,569	327,569	323,759	3,810
County Treasurer:				
<i>Personnel</i>	154,602	155,157	153,551	1,606
<i>Operating costs</i>	24,975	24,420	14,722	9,698
Total County Treasurer	179,577	179,577	168,273	11,304
Special Districts				
<i>Personnel</i>	27,242	28,892	26,944	1,948
<i>Operating costs</i>	4,050	2,400	2,192	208
Total Special Districts	31,292	31,292	29,136	2,156
County Tax Assessor Collector:				
<i>Personnel</i>	396,624	382,324	379,527	2,797
<i>Operating costs</i>	68,750	83,750	61,556	22,194
Total Tax Assessor Collector	465,374	466,074	441,083	24,991
Elections:				
<i>Personnel</i>	6,213	8,560	8,560	--
<i>Operating costs</i>	31,000	30,853	21,250	9,603
Total Elections	37,213	39,413	29,810	9,603
TOTAL GENERAL GOVERNMENT	2,755,664	2,606,373	2,408,662	197,711
JUSTICE SYSTEM				
District Court:				
<i>Personnel</i>	142,161	142,161	135,449	6,712
<i>Operating costs</i>	40,250	43,750	41,054	2,696
Total District Court	182,411	185,911	176,503	9,408
County Court:				
<i>Operating costs</i>	13,500	21,750	24,038	(2,288)
Total County Court	13,500	21,750	24,038	(2,288)
Court Expenses:				
<i>Operating costs</i>	220,800	284,104	262,370	21,734
<i>Capital outlay</i>	5,400	--	--	--
Total Court Expenses	226,200	284,104	262,370	21,734
Capital Trials				
<i>Operating costs</i>	50,000	23,152	23,152	--
Total Capital Trials	50,000	23,152	23,152	--
District Clerk:				
<i>Personnel</i>	176,355	183,125	181,967	1,158
<i>Operating costs</i>	21,200	25,200	15,121	10,079
Total District Clerk	197,555	208,325	197,088	11,237
District Attorney:				
<i>Personnel</i>	331,132	428,346	427,964	382
<i>Operating costs</i>	70,750	69,536	54,525	15,011

MATAGORDA COUNTY
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2008

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Total District Attorney	401,882	497,882	482,489	15,393
County Attorney:				
<i>Personnel</i>	187,200	187,200	185,727	1,473
<i>Operating costs</i>	17,925	17,925	11,653	6,272
Total County Attorney	205,125	205,125	197,380	7,745
Justice of the Peace #1				
<i>Personnel</i>	109,023	109,023	106,974	2,049
<i>Operating costs</i>	6,065	7,509	7,387	122
Total Justice of the Peace #1	115,088	116,532	114,361	2,171
Justice of the Peace #2				
<i>Personnel</i>	115,809	112,109	111,967	142
<i>Operating costs</i>	20,442	24,142	22,686	1,456
Total Justice of the Peace #2	136,251	136,251	134,653	1,598
Justice of the Peace #3				
<i>Personnel</i>	84,071	85,363	85,334	29
<i>Operating costs</i>	8,725	7,433	7,029	404
Total Justice of the Peace #3	92,796	92,796	92,363	433
Justice of the Peace #4				
<i>Personnel</i>	93,191	97,812	97,069	743
<i>Operating costs</i>	8,778	5,357	5,131	226
Total Justice of the Peace #4	101,969	103,169	102,200	969
Justice of the Peace #6				
<i>Personnel</i>	20,694	21,819	21,795	24
<i>Operating costs</i>	5,476	5,476	5,296	180
Total Justice of the Peace #6	26,170	27,295	27,091	204
Law Library:				
<i>Operating costs</i>	15,000	15,000	15,566	(566)
Total Law Library	15,000	15,000	15,566	(566)
Child Support:				
<i>Personnel</i>	76,953	76,953	45,110	31,843
<i>Operating costs</i>	7,550	7,550	1,866	5,684
Total Child Support	84,503	84,503	46,976	37,527
Juvenile Probation Board:				
<i>Personnel</i>	29,556	29,556	29,551	5
Total Juvenile Probation Board	29,556	29,556	29,551	5
Juvenile Probation:				
<i>Personnel</i>	138,157	138,157	137,580	577
<i>Operating costs</i>	37,742	37,742	42,313	(4,571)
Total Juvenile Probation	175,899	175,899	179,893	(3,994)
Juvenile Alternative School:				
<i>Personnel</i>	75,461	75,461	36,943	38,518
<i>Operating costs</i>	39,498	39,498	13,654	25,844

MATAGORDA COUNTY
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2008

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Total Juvenile Alternative School	114,959	114,959	50,597	64,362
Juvenile Alert Program:				
<i>Operating costs</i>	1,000	6,000	2,682	3,318
Total Juvenile Alternative Program	1,000	6,000	2,682	3,318
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>	85,291	85,563	81,521	4,042
<i>Appraisal fees</i>	15,171	15,171	15,565	(394)
<i>Autopsies</i>	60,000	60,000	22,520	37,480
<i>Retiree Insurance</i>	70,089	70,089	70,620	(531)
Total unallocable by Department	230,551	230,823	190,226	40,597
TOTAL JUSTICE SYSTEM	2,454,415	2,613,032	2,403,179	209,853
PUBLIC SAFETY				
Constable Precinct #1:				
<i>Personnel</i>	15,221	15,221	15,223	(2)
<i>Operating costs</i>	5,950	5,950	5,950	--
Total Constable Precinct #1	21,171	21,171	21,173	(2)
Constable Precinct #2:				
<i>Personnel</i>	17,803	17,803	17,772	31
<i>Operating costs</i>	5,950	5,950	5,947	3
Total Constable Precinct #2	23,753	23,753	23,719	34
Constable Precinct #3:				
<i>Personnel</i>	15,223	15,223	15,224	(1)
<i>Operating costs</i>	3,730	3,730	3,730	--
Total Constable Precinct #3	18,953	18,953	18,954	(1)
Constable Precinct #4:				
<i>Personnel</i>	15,221	15,221	15,223	(2)
<i>Operating costs</i>	4,065	4,065	3,507	558
Total Constable Precinct #4	19,286	19,286	18,730	556
Constable Precinct #6:				
<i>Personnel</i>	15,223	15,223	15,221	2
<i>Operating costs</i>	3,900	4,983	3,854	1,129
Total Constable Precinct #6	19,123	20,206	19,075	1,131
County Sheriff:				
<i>Personnel</i>	1,885,988	1,879,988	1,878,366	1,622
<i>Operating costs</i>	380,825	500,238	419,141	81,097
<i>Capital outlay</i>	100,000	94,255	94,255	--
Total County Sheriff	2,366,813	2,474,481	2,391,762	82,719
Department of Public Safety:				

MATAGORDA COUNTY
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2008

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Personnel</i>	10,603	10,603	10,270	333
<i>Operating costs</i>	11,600	11,600	11,904	(304)
Total Department of Public Safety	22,203	22,203	22,174	29
Game Wardens:				
<i>Operating costs</i>	27,429	27,429	27,343	86
Total Game Wardens	27,429	27,429	27,343	86
Fire Protection:				
<i>Operating costs</i>	31,848	68,086	54,441	13,645
Total Fire Protection	31,848	68,086	54,441	13,645
Emergency Management:				
<i>Personnel</i>	--	78,301	78,343	(42)
<i>Operating costs</i>	55,400	229,248	226,186	3,062
<i>Capital outlay</i>	--	400,000	400,000	--
Total Emergency Management	55,400	707,549	704,529	3,020
Unallocable by department:				
<i>Insurance</i>	94,014	94,313	89,857	4,456
<i>Appraisal fees</i>	16,722	16,722	17,157	(435)
<i>Retiree insurance</i>	61,062	61,062	61,525	(463)
Total unallocable by department	171,798	172,097	168,539	3,558
TOTAL PUBLIC SAFETY	2,777,777	3,575,214	3,470,439	104,775
CORRECTIONS & REHABILITATION				
County Jail:				
<i>Personnel</i>	1,396,933	1,267,533	1,265,422	2,111
<i>Operating costs</i>	426,731	505,320	452,728	52,592
<i>Inmate Placement</i>	--	264,608	264,608	--
Total County Jail	1,823,664	2,037,461	1,982,758	54,703
Adult Probation:				
<i>Operating costs</i>	2,400	2,400	1,757	643
Total Adult Probation	2,400	2,400	1,757	643
Unallocable by department:				
<i>Insurance</i>	76,767	77,011	73,374	3,637
<i>Appraisal fees</i>	13,655	13,655	14,009	(354)
<i>Retiree insurance</i>	25,487	25,487	25,680	(193)
Total unallocable by department	115,909	116,153	113,063	3,090
TOTAL CORRECTIONS & REHABILITATION	1,941,973	2,156,014	2,097,578	58,436
HEALTH & HUMAN SERVICES				
Health Department:				
<i>Personnel</i>	207,750	205,982	205,962	20
<i>Operating costs</i>	35,250	65,847	60,335	5,512
Total Health Department	243,000	271,829	266,297	5,532

MATAGORDA COUNTY

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2008

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Animal Control:				
<i>Personnel</i>	59,730	57,230	56,309	921
<i>Operating costs</i>	32,654	53,914	46,961	6,953
Total Animal Control	92,384	111,144	103,270	7,874
Mental Health:				
<i>Operating costs</i>	35,419	35,419	35,419	--
Total Mental Health	35,419	35,419	35,419	--
Ambulance Service:				
<i>Operating costs</i>	569,000	574,000	572,758	1,242
Total Ambulance Service	569,000	574,000	572,758	1,242
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	57,300	57,300	56,900	400
Veteran's Service Officer:				
<i>Personnel</i>	41,451	41,651	41,447	204
<i>Operating costs</i>	7,600	7,400	6,608	792
Total Veteran's Service Officer	49,051	49,051	48,055	996
Unallocable by department:				
<i>Insurance</i>	34,330	34,439	32,812	1,627
<i>Appraisal fees</i>	6,106	6,106	6,265	(159)
<i>Retiree insurance</i>	19,115	19,115	19,260	(145)
Total unallocable by department	59,551	59,660	58,337	1,323
TOTAL HEALTH & HUMAN SERVICES	1,105,705	1,158,403	1,141,036	17,367
COMMUNITY & ECONOMIC DEVELOPMENT				
521 Park:				
<i>Operating costs</i>	5,400	5,400	4,964	436
Total 521 Park	5,400	5,400	4,964	436
Marine Department:				
<i>Personnel</i>	83,499	69,499	69,184	315
<i>Operating costs</i>	44,115	173,499	185,932	(12,433)
Total Marine Department	127,614	242,998	255,116	(12,118)
Aid to Others:				
<i>Economic Development</i>	60,000	60,000	60,000	--
<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	4,700	4,598	102
<i>Service Center</i>	3,591	3,591	3,591	--
Total Aid to Others	342,208	341,208	341,106	102

MATAGORDA COUNTY

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2008

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Agricultural Extension Service:				
<i>Personnel</i>	152,750	152,950	151,557	1,393
<i>Operating costs</i>	25,086	24,102	19,592	4,510
Total Agricultural Extension Service	177,836	177,052	171,149	5,903
Home Economist Service:				
<i>Personnel</i>	101,549	102,721	100,762	1,959
<i>Operating costs</i>	7,893	7,705	4,928	2,777
Total Home Economist Service	109,442	110,426	105,690	4,736
County Fairgrounds:				
<i>Personnel</i>	34,985	35,335	35,283	52
<i>Operating costs</i>	61,800	85,416	69,897	15,519
Total County Fairgrounds	96,785	120,751	105,180	15,571
Unallocable by department:				
<i>Insurance</i>	38,563	38,686	36,860	1,826
<i>Appraisal fees</i>	6,859	6,859	7,037	(178)
<i>Retiree insurance</i>	12,743	12,743	12,840	(97)
Total unallocable by department	58,165	58,288	56,737	1,551
TOTAL COMMUNITY & ECONOMIC DEVELOPMENT	917,450	1,056,123	1,039,942	16,181
INFRASTRUCTURE & ENVIRONMENTAL SERVICES				
Commissioner Precinct #1:				
<i>Personnel</i>	403,624	363,624	361,563	2,061
<i>Operating costs</i>	640,153	1,141,611	855,959	285,652
<i>Capital outlay</i>	25,000	25,000	25,088	(88)
Total Commissioner Precinct #1	1,068,777	1,530,235	1,242,610	287,625
Commissioner Precinct #2:				
<i>Personnel</i>	425,544	412,312	410,091	2,221
<i>Operating costs</i>	643,232	682,187	589,004	93,183
<i>Capital outlay</i>	--	36,600	35,857	743
Total Commissioner Precinct #2	1,068,776	1,131,099	1,034,952	96,147
Commissioner Precinct #3:				
<i>Personnel</i>	411,820	356,820	351,030	5,790
<i>Operating costs</i>	606,957	876,781	516,332	360,449
<i>Capital outlay</i>	50,000	23,948	21,179	2,769
Total Commissioner Precinct #3	1,068,777	1,257,549	888,541	369,008
Commissioner Precinct #4:				
<i>Personnel</i>	434,961	365,961	352,764	13,197
<i>Operating costs</i>	593,815	1,043,241	754,637	288,604
<i>Capital outlay</i>	40,000	53,700	52,103	1,597
Total Commissioner Precinct #4	1,068,776	1,462,902	1,159,504	303,398
Unallocable by department:				
<i>Insurance</i>	200,642	201,281	191,774	9,507
<i>Appraisal fees</i>	35,688	35,688	36,615	(927)

MATAGORDA COUNTY

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2008

Page 8 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Retiree insurance</i>	120,532	120,532	121,445	(913)
<i>Other costs</i>	6,000	4,094	531	3,563
Total unallocable by department	362,862	361,595	350,365	11,230
TOTAL INFRASTRUCTURE & ENVIRONMENTAL SVCS	4,637,968	5,743,380	4,675,972	1,067,408
Total Expenditures	16,590,952	18,908,539	17,236,808	1,671,731
Excess (deficiency) of revenues over (under) expenditures	(385,735)	(1,892,659)	355,871	2,248,530
<i>Transfers in</i>	--	43,636	43,636	--
<i>Transfers out</i>	--	(432,729)	(445,479)	(12,750)
Total other financing sources (uses)	--	(389,093)	(401,843)	(12,750)
Net Change in Fund Balances	(385,735)	(2,281,752)	(45,972)	2,235,780
Fund balance - beginning	7,542,081	7,542,081	7,542,081	--
Fund balance - ending	<u>\$ 7,156,346</u>	<u>\$ 5,260,329</u>	<u>\$ 7,496,109</u>	<u>\$ 2,235,780</u>

MATAGORDA COUNTY*REQUIRED SUPPLEMENTARY INFORMATION**SCHEDULE OF FUNDING PROGRESS**POST EMPLOYMENT HEALTHCARE BENEFITS**YEAR ENDED DECEMBER 31, 2008*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Total Payroll (c)	UAAL as a Percentage of Total Payroll ((b-a)/c)
12/31/07	\$ --	\$ 14,648,697	\$ 14,648,697	--	\$ 6,067,220	241.4%

Because 2008 was the year of transition for GASB Statement No.45, requirements of GASB Statement No.45 have been implemented prospectively; therefore, the above illustration does not reflect similar information respective of the two preceding years.

MATAGORDA COUNTY***NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2008***

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, Law Library, Juvenile Probation and Marine Department 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.

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.

Blessing 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 #5 in Blessing, 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, 2008

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds (See
			Capital Projects	
ASSETS				
<i>Cash and cash equivalents</i>	\$ 1,478,720	\$ 72,074	\$ --	\$ 1,550,794
<i>Receivables (net of allowances for uncollectibles):</i>				
<i>Taxes</i>	--	148,191	--	148,191
<i>Other receivables</i>	14,087	21,286	--	35,373
<i>Due from other funds</i>	2,063	--	--	2,063
<i>Inventories</i>	5,338	--	--	5,338
Total Assets	\$ 1,500,208	\$ 241,551	\$ --	\$ 1,741,759
LIABILITIES AND FUND BALANCES				
<i>Liabilities:</i>				
<i>Accounts payable</i>	\$ 14,809	\$ --	\$ --	\$ 14,809
<i>Due to other governments</i>	1	--	--	1
<i>Due to other funds</i>	1,150	51,009	--	52,159
<i>Due to others</i>	124,187	--	--	124,187
<i>Deferred revenue</i>	293,087	189,725	--	482,812
Total Liabilities	433,234	240,734	--	673,968
<i>Fund Balances:</i>				
<i>Unreserved:</i>				
<i>Undesignated:</i>				
<i>Special revenue funds</i>	1,066,974	--	--	1,066,974
<i>Reserved for debt service</i>	--	817	--	817
Total Fund Balances	1,066,974	817	--	1,067,791
Total Liabilities and Fund Balances	\$ 1,500,208	\$ 241,551	\$ --	\$ 1,741,759



MATAGORDA COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds (See
REVENUES			Capital Projects	
<i>Taxes</i>	\$ --	\$ 217,951	\$ --	\$ 217,951
<i>Intergovernmental</i>	360,394	--	--	360,394
<i>Charges for services</i>	191,285	--	--	191,285
<i>Investment income</i>	31,093	2,186	--	33,279
<i>Miscellaneous</i>	49,503	--	--	49,503
Total revenues	632,275	220,137	--	852,412
EXPENDITURES				
Current:				
<i>General government</i>	31,143	--	--	31,143
<i>Justice system</i>	337,542	--	--	337,542
<i>Public Safety</i>	8,757	--	--	8,757
<i>Corrections and rehabilitation</i>	50,125	--	--	50,125
<i>Community and economic development</i>	53,107	--	--	53,107
Capital outlay	10,800	--	444,400	455,200
Debt service:				
<i>Principal</i>	--	125,000	--	125,000
<i>Interest and fiscal charges</i>	--	60,853	--	60,853
Total expenditures	491,474	185,853	444,400	1,121,727
Excess (deficiency) of revenues over (under) expenditures	140,801	34,284	(444,400)	(269,315)
OTHER FINANCING SOURCES (USES)				
<i>Transfers in</i>	1,079	--	444,400	445,479
<i>Transfers out</i>	(43,636)	--	--	(43,636)
Total other financing sources (uses)	(42,557)	--	444,400	401,843
Net change in fund balances	98,244	34,284	--	132,528
Fund balances - beginning	968,730	(33,467)	--	935,263
Fund balances - ending	\$ 1,066,974	\$ 817	\$ --	\$ 1,067,791

MATAGORDA COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2008

	District Attorney Legal/Law	Sheriff & Jail Discretionary	County Clerk Preservation & Automation	Countywide Records Mgmt Preservation
ASSETS				
<i>Cash and cash equivalents</i>	\$ 127,412	\$ 148,583	\$ 416,834	\$ 174,394
Receivables (net of allowances for uncollectibles):				
<i>Other receivables</i>	--	--	217	14
<i>Due from other funds</i>	--	--	--	--
<i>Inventories</i>	--	5,338	--	--
Total Assets	<u>\$ 127,412</u>	<u>\$ 153,921</u>	<u>\$ 417,051</u>	<u>\$ 174,408</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
<i>Accounts payable</i>	\$ --	\$ --	\$ --	\$ --
<i>Due to other governments</i>	--	1	--	--
<i>Due to other funds</i>	--	50	--	--
<i>Due to others</i>	87	124,100	--	--
<i>Deferred revenue</i>	--	--	--	--
Total Liabilities	<u>87</u>	<u>124,151</u>	<u>--</u>	<u>--</u>
Fund Balances:				
Unreserved:				
<i>Undesignated:</i>				
<i>Special revenue funds</i>	127,325	29,770	417,051	174,408
Total Fund Balances	<u>127,325</u>	<u>29,770</u>	<u>417,051</u>	<u>174,408</u>
Total Liabilities and Fund Balances	<u>\$ 127,412</u>	<u>\$ 153,921</u>	<u>\$ 417,051</u>	<u>\$ 174,408</u>

Courthouse Security	Justice Court Technology	District Clerk Records Mgmt Preservation	Historical Commission Grant	Blessing Sewer Grant
\$ 223,321	\$ 68,797	\$ 14,484	\$ 1,335	\$ --
86	35	10	--	13,575
2,022	--	--	--	--
--	--	--	--	--
<u>\$ 225,429</u>	<u>\$ 68,832</u>	<u>\$ 14,494</u>	<u>\$ 1,335</u>	<u>\$ 13,575</u>
\$ --	\$ --	\$ --	\$ --	\$ 13,575
--	--	--	--	--
1,100	--	--	--	--
--	--	--	--	--
--	--	--	1,335	--
<u>1,100</u>	<u>--</u>	<u>--</u>	<u>1,335</u>	<u>13,575</u>
224,329	68,832	14,494	--	--
<u>224,329</u>	<u>68,832</u>	<u>14,494</u>	<u>--</u>	<u>--</u>
<u>\$ 225,429</u>	<u>\$ 68,832</u>	<u>\$ 14,494</u>	<u>\$ 1,335</u>	<u>\$ 13,575</u>



MATAGORDA COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2008

Page 2 of 2

	Local Emergency Planning	Juvenile Probation Fund	Total Nonmajor Special Revenue Funds
ASSETS			
<i>Cash and cash equivalents</i>	\$ 10,615	\$ 292,945	\$ 1,478,720
Receivables (net of allowances for uncollectibles):			
<i>Other receivables</i>	150	--	14,087
<i>Due from other funds</i>	--	41	2,063
<i>Inventories</i>	--	--	5,338
Total Assets	<u>\$ 10,765</u>	<u>\$ 292,986</u>	<u>\$ 1,500,208</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
<i>Accounts payable</i>	\$ --	\$ 1,234	\$ 14,809
<i>Due to other governments</i>	--	--	1
<i>Due to other funds</i>	--	--	1,150
<i>Due to others</i>	--	--	124,187
<i>Deferred revenue</i>	--	291,752	293,087
Total Liabilities	<u>--</u>	<u>292,986</u>	<u>433,234</u>
Fund Balances:			
Unreserved:			
<i>Undesignated:</i>			
<i>Special revenue funds</i>	10,765	--	1,066,974
Total Fund Balances	<u>10,765</u>	<u>--</u>	<u>1,066,974</u>
Total Liabilities and Fund Balances	<u>\$ 10,765</u>	<u>\$ 292,986</u>	<u>\$ 1,500,208</u>

MATAGORDA COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	District Attorney Legal/Law	Sheriff & Jail Discretionary	County Clerk Preservation & Automation	Countywide Records Mgmt Preservation
REVENUES				
<i>Intergovernmental</i>	\$ --	\$ --	\$ --	\$ --
<i>Charges for services</i>	67,024	28,578	45,383	10,421
<i>Investment income</i>	1,892	765	9,713	4,070
<i>Miscellaneous</i>	--	41,072	--	--
Total revenues	<u>68,916</u>	<u>70,415</u>	<u>55,096</u>	<u>14,491</u>
EXPENDITURES				
Current:				
<i>General government</i>	--	--	8,046	--
<i>Justice system</i>	10,382	--	--	--
<i>Public Safety</i>	--	3,630	--	--
<i>Corrections and rehabilitation</i>	--	50,125	--	--
<i>Community and economic development</i>	--	--	--	--
Capital outlay	--	10,800	--	--
Debt service:				
Total expenditures	<u>10,382</u>	<u>64,555</u>	<u>8,046</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	<u>58,534</u>	<u>5,860</u>	<u>47,050</u>	<u>14,491</u>
OTHER FINANCING SOURCES (USES)				
<i>Transfers in</i>	--	--	--	--
<i>Transfers out</i>	(43,636)	--	--	--
Total other financing sources (uses)	<u>(43,636)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	14,898	5,860	47,050	14,491
Fund balances - beginning	112,427	23,910	370,001	159,917
Fund balances - ending	<u>\$ 127,325</u>	<u>\$ 29,770</u>	<u>\$ 417,051</u>	<u>\$ 174,408</u>

Courthouse Security	Justice Court Technology	District Clerk Records Mgmt Preservation	Historical Commission Grant	Blessing Sewer Grant
\$ --	\$ --	\$ --	\$ 5,332	\$ 44,020
25,913	11,153	2,813	--	--
5,375	1,673	333	--	--
--	--	--	2,676	--
<u>31,288</u>	<u>12,826</u>	<u>3,146</u>	<u>8,008</u>	<u>44,020</u>
23,097	--	--	--	--
--	9,119	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	9,087	44,020
--	--	--	--	--
<u>23,097</u>	<u>9,119</u>	<u>--</u>	<u>9,087</u>	<u>44,020</u>
8,191	3,707	3,146	(1,079)	--
--	--	--	1,079	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>1,079</u>	<u>--</u>
8,191	3,707	3,146	--	--
216,138	65,125	11,348	--	--
<u>\$ 224,329</u>	<u>\$ 68,832</u>	<u>\$ 14,494</u>	<u>\$ --</u>	<u>\$ --</u>

MATAGORDA COUNTY

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COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Local Emergency Planning	Juvenile Probation Fund	Total Nonmajor Special Revenue Funds
REVENUES			
<i>Intergovernmental</i>	\$ --	\$ 311,042	\$ 360,394
<i>Charges for services</i>	--	--	191,285
<i>Investment income</i>	273	6,999	31,093
<i>Miscellaneous</i>	5,755	--	49,503
Total revenues	<u>6,028</u>	<u>318,041</u>	<u>632,275</u>
EXPENDITURES			
Current:			
<i>General government</i>	--	--	31,143
<i>Justice system</i>	--	318,041	337,542
<i>Public Safety</i>	5,127	--	8,757
<i>Corrections and rehabilitation</i>	--	--	50,125
<i>Community and economic development</i>	--	--	53,107
Capital outlay	--	--	10,800
Debt service:			
Total expenditures	<u>5,127</u>	<u>318,041</u>	<u>491,474</u>
Excess (deficiency) of revenues over (under) expenditures	<u>901</u>	<u>--</u>	<u>140,801</u>
OTHER FINANCING SOURCES (USES)			
<i>Transfers in</i>	--	--	1,079
<i>Transfers out</i>	--	--	(43,636)
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>(42,557)</u>
Net change in fund balances	901	--	98,244
Fund balances - beginning	9,864	--	968,730
Fund balances - ending	<u>\$ 10,765</u>	<u>\$ --</u>	<u>\$ 1,066,974</u>

MATAGORDA COUNTY

DA LEGAL LAW

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 61,250	\$ 67,024	\$ 5,774
Investment income	500	1,892	1,392
Total revenues	61,750	68,916	7,166
EXPENDITURES			
JUSTICE SYSTEM			
District Attorney:			
Operating costs	51,750	10,382	41,368
Capital outlay	10,000	--	10,000
Total District Attorney	61,750	10,382	51,368
TOTAL JUSTICE SYSTEM	61,750	10,382	51,368
Total Expenditures	61,750	10,382	51,368
Excess (deficiency) of revenues over (under) expenditures	--	58,534	58,534
Transfers out	(43,636)	(43,636)	--
Total other financing sources (uses)	(43,636)	(43,636)	--
Net Change in Fund Balances	(43,636)	14,898	58,534
Fund balance - beginning	112,427	112,427	--
Fund balance - ending	\$ 68,791	\$ 127,325	\$ 58,534

MATAGORDA COUNTY

SHERIFF & JAIL DISCRETIONARY

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 18,000	\$ 28,578	\$ 10,578
Investment income	800	765	(35)
Miscellaneous	53,025	41,072	(11,953)
Total revenues	71,825	70,415	(1,410)
EXPENDITURES			
PUBLIC SAFETY			
County Sheriff:			
Operating costs	7,558	3,630	3,928
Capital outlay	11,242	10,800	442
Total County Sheriff	18,800	14,430	4,370
TOTAL PUBLIC SAFETY	18,800	14,430	4,370
CORRECTIONS & REHABILITATION			
County Jail:			
Operating costs	53,025	50,125	2,900
Total County Jail	53,025	50,125	2,900
TOTAL CORRECTIONS & REHABILITATION	53,025	50,125	2,900
Total Expenditures	71,825	64,555	7,270
Excess (deficiency) of revenues over (under) expenditures	--	5,860	5,860
Net Change in Fund Balances	--	5,860	5,860
Fund balance - beginning	23,910	23,910	--
Fund balance - ending	\$ 23,910	\$ 29,770	\$ 5,860

MATAGORDA COUNTY

COUNTY CLERK PRESERVATION & AUTOMATION

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 55,500	\$ 45,383	\$ (10,117)
Investment income	14,500	9,713	(4,787)
Total revenues	70,000	55,096	(14,904)
EXPENDITURES			
GENERAL GOVERNMENT			
County Clerk:			
Personnel	2,929	--	2,929
Operating costs	42,071	8,046	34,025
Capital outlay	25,000	--	25,000
Total County Clerk	70,000	8,046	61,954
TOTAL GENERAL GOVERNMENT	70,000	8,046	61,954
Total Expenditures	70,000	8,046	61,954
Excess (deficiency) of revenues over (under) expenditures	--	47,050	47,050
Net Change in Fund Balances	--	47,050	47,050
Fund balance - beginning	370,001	370,001	--
Fund balance - ending	\$ 370,001	\$ 417,051	\$ 47,050

MATAGORDA COUNTY

COUNTYWIDE RECORDS MANAGEMENT/PRESERVATION

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 10,000	\$ 10,421	\$ 421
Investment income	6,500	4,070	(2,430)
Total revenues	16,500	14,491	(2,009)
EXPENDITURES			
GENERAL GOVERNMENT			
County Courthouse:			
Operating costs	16,500	--	16,500
Total County Courthouse	16,500	--	16,500
TOTAL GENERAL GOVERNMENT	16,500	--	16,500
Total Expenditures	16,500	--	16,500
Excess (deficiency) of revenues over (under) expenditures	--	14,491	14,491
Net Change in Fund Balances	--	14,491	14,491
Fund balance - beginning	159,917	159,917	--
Fund balance - ending	\$ 159,917	\$ 174,408	\$ 14,491

MATAGORDA COUNTY
COURTHOUSE SECURITY
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 30,400	\$ 25,913	\$ (4,487)
Investment income	8,500	5,375	(3,125)
Total revenues	38,900	31,288	(7,612)
EXPENDITURES			
GENERAL GOVERNMENT			
County Courthouse:			
Personnel	11,826	20,655	(8,829)
Operating costs	3,250	2,442	808
Capital outlay	23,824	--	23,824
Total County Courthouse	38,900	23,097	15,803
TOTAL GENERAL GOVERNMENT	38,900	23,097	15,803
Total Expenditures	38,900	23,097	15,803
Excess (deficiency) of revenues over (under) expenditures	--	8,191	8,191
Net Change in Fund Balances	--	8,191	8,191
Fund balance - beginning	216,138	216,138	--
Fund balance - ending	\$ 216,138	\$ 224,329	\$ 8,191

MATAGORDA COUNTY
JUSTICE COURT TECHNOLOGY
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 15,000	\$ 11,153	\$ (3,847)
Investment income	3,000	1,673	(1,327)
Total revenues	18,000	12,826	(5,174)
EXPENDITURES			
JUSTICE SYSTEM			
Justice Court Technology:			
Operating costs	18,000	9,119	8,881
Total Justice Court Technology	18,000	9,119	8,881
TOTAL JUSTICE SYSTEM	18,000	9,119	8,881
Total Expenditures	18,000	9,119	8,881
Excess (deficiency) of revenues over (under) expenditures	--	3,707	3,707
Net Change in Fund Balances	--	3,707	3,707
Fund balance - beginning	65,125	65,125	--
Fund balance - ending	\$ 65,125	\$ 68,832	\$ 3,707

MATAGORDA COUNTY

DISTRICT CLERK RECORDS MGMT/PRESERVATION

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 2,900	\$ 2,813	\$ (87)
Investment income	300	333	33
Total revenues	3,200	3,146	(54)
EXPENDITURES			
JUSTICE SYSTEM			
District Clerk:			
Operating costs	3,200	--	3,200
Total District Clerk	3,200	--	3,200
TOTAL JUSTICE SYSTEM	3,200	--	3,200
Total Expenditures	3,200	--	3,200
Excess (deficiency) of revenues over (under) expenditures	--	3,146	3,146
Net Change in Fund Balances	--	3,146	3,146
Fund balance - beginning	11,348	11,348	--
Fund balance - ending	\$ 11,348	\$ 14,494	\$ 3,146



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, 2008**

	County Clerk Trust	District Clerk Trust
ASSETS		
<i>Cash and cash equivalents</i>	\$ 179,873	\$ 1,648,060
Total Assets	<u>\$ 179,873</u>	<u>\$ 1,648,060</u>
LIABILITIES		
<i>Due to other governments</i>	\$ --	\$ --
<i>Due to other funds</i>	--	--
<i>Due to others</i>	179,873	1,648,060
Total Liabilities	<u>179,873</u>	<u>1,648,060</u>
NET ASSETS		
<i>Unrestricted</i>	--	--
Total Net Assets	<u>\$ --</u>	<u>\$ --</u>

Inmate Trust Fund	Tax Assessor Collector	Total Agency Funds
\$ 9,793	\$ 170,999	\$ 2,008,725
\$ 9,793	\$ 170,999	\$ 2,008,725
\$ --	\$ 151,546	\$ 151,546
--	12,726	12,726
9,793	6,727	1,844,453
9,793	170,999	2,008,725
--	--	--
\$ --	\$ --	\$ --

MATAGORDA COUNTY**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES****ALL AGENCY FUNDS**

YEAR ENDED DECEMBER 31, 2008

	Balance December 31 2007	Additions	Deductions	Balance December 31 2008
COUNTY CLERK TRUST FUNDS				
ASSETS				
<i>Cash & investments</i>	\$ 255,657	\$ 59,903	\$ 135,687	\$ 179,873
Total Assets	<u>\$ 255,657</u>	<u>\$ 59,903</u>	<u>\$ 135,687</u>	<u>\$ 179,873</u>
LIABILITIES				
<i>Due to others</i>	\$ 255,657	\$ 59,903	\$ 135,687	\$ 179,873
Total Liabilities	<u>\$ 255,657</u>	<u>\$ 59,903</u>	<u>\$ 135,687</u>	<u>\$ 179,873</u>
DISTRICT CLERK TRUST FUNDS				
ASSETS				
<i>Cash & investments</i>	\$ 1,893,972	\$ 182,448	\$ 428,360	\$ 1,648,060
Total Assets	<u>\$ 1,893,972</u>	<u>\$ 182,448</u>	<u>\$ 428,360</u>	<u>\$ 1,648,060</u>
LIABILITIES				
<i>Due to others</i>	\$ 1,893,972	\$ 182,448	\$ 428,360	\$ 1,648,060
Total Liabilities	<u>\$ 1,893,972</u>	<u>\$ 182,448</u>	<u>\$ 428,360</u>	<u>\$ 1,648,060</u>
INMATE TRUST FUND				
ASSETS				
<i>Cash & investments</i>	\$ 8,450	\$ 226,853	\$ 225,510	\$ 9,793
Total Assets	<u>\$ 8,450</u>	<u>\$ 226,853</u>	<u>\$ 225,510</u>	<u>\$ 9,793</u>
LIABILITIES				
<i>Due to others</i>	\$ 8,450	\$ 226,853	\$ 225,510	\$ 9,793
Total Liabilities	<u>\$ 8,450</u>	<u>\$ 226,853</u>	<u>\$ 225,510</u>	<u>\$ 9,793</u>
TAX ASSESSOR COLLECTOR				
ASSETS				
<i>Cash & investments</i>	\$ 242,170	\$ 57,161,990	\$ 57,233,161	\$ 170,999
Total Assets	<u>\$ 242,170</u>	<u>\$ 57,161,990</u>	<u>\$ 57,233,161</u>	<u>\$ 170,999</u>
LIABILITIES				
<i>Due to other governments</i>	\$ 191,313	\$ 57,147,898	\$ 57,187,665	\$ 151,546
<i>Due to other funds</i>	10,998	2,187	459	12,726
<i>Due to others</i>	39,859	11,905	45,037	6,727
Total Liabilities	<u>\$ 242,170</u>	<u>\$ 57,161,990</u>	<u>\$ 57,233,161</u>	<u>\$ 170,999</u>
TOTAL AGENCY FUNDS:				
ASSETS				
<i>Cash & investments</i>	\$ 2,400,249	\$ 57,631,194	\$ 58,022,718	\$ 2,008,725
Total Assets	<u>\$ 2,400,249</u>	<u>\$ 57,631,194</u>	<u>\$ 58,022,718</u>	<u>\$ 2,008,725</u>
LIABILITIES				
<i>Due to other governments</i>	\$ 191,313	\$ 57,147,898	\$ 57,187,665	\$ 151,546
<i>Due to other funds</i>	10,998	2,187	459	12,726
<i>Due to others</i>	2,197,938	481,109	834,594	1,844,453
Total Liabilities	<u>\$ 2,400,249</u>	<u>\$ 57,631,194</u>	<u>\$ 58,022,718</u>	<u>\$ 2,008,725</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	69-73
<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	74-78
<i>These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.</i>	
Debt Capacity	79-81
<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	84-85
<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	86-87
<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				
	2004	2005	2006	2007	2008
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$ 23,302,072	\$ 23,813,922	\$ 20,768,339	\$ 21,151,366	\$ 20,506,971
Restricted	--	--	52	--	5,594
Unrestricted	12,488,348	12,381,152	12,621,657	10,373,595	10,395,793
Total Governmental Activities Net Assets	<u>\$ 35,790,420</u>	<u>\$ 36,195,074</u>	<u>\$ 33,390,048</u>	<u>\$ 31,524,961</u>	<u>\$ 30,908,358</u>

MATAGORDA COUNTY

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

LAST FIVE FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2004	2005	2006	2007	2008
Expenses					
Governmental activities:					
General government	\$ 2,307,507	\$ 2,744,598	\$ 2,591,435	\$ 2,374,168	\$ 2,303,706
Justice system	2,684,216	3,032,205	3,275,243	2,931,754	2,965,507
Public safety	2,683,984	3,722,659	3,264,707	3,231,579	3,245,747
Corrections and rehabilitation	1,794,043	2,343,039	2,477,072	2,638,771	2,363,299
Health and human services	1,025,635	1,175,751	1,281,386	1,180,040	1,219,112
Community and economic development	1,008,691	1,132,587	1,166,624	1,325,564	1,167,753
Infrastructure and environmental services	6,114,484	3,993,968	3,823,861	6,896,776	5,922,408
Interest on Long-Term Debt	6,292	2,621	23,980	66,736	59,224
Total governmental activities expenses	\$ 17,624,852	\$ 18,147,428	\$ 17,904,308	\$ 20,645,388	\$ 19,246,756
Program Revenues					
Governmental Activities:					
Charges for Services:					
General government	\$ 1,216,743	\$ 1,201,970	\$ 1,165,711	\$ 1,241,621	\$ 1,363,971
Justice system	998,948	904,122	1,287,277	1,209,619	1,422,866
Public safety	3,349,454	3,487,489	4,297,654	3,786,690	3,471,050
Corrections and rehabilitation	116,600	118,305	118,632	95,872	90,155
Health and human services	48,897	47,560	54,413	50,937	57,506
Community and economic development	111,369	109,702	107,775	116,050	124,171
Infrastructure and environmental services	72,744	75,379	93,447	71,490	66,402
Operating Grants and Contributions	1,004,400	1,794,005	942,638	1,796,638	1,661,296
Capital Grants and Contributions	188,098	--	49,915	318,103	--
Total Governmental Activities Program Revenues	\$ 7,107,253	\$ 7,738,532	\$ 8,117,462	\$ 8,687,020	\$ 8,257,417
Net (Expense)/Revenue					
Governmental Activities	\$ (10,517,599)	\$ (10,408,896)	\$ (9,786,846)	\$ (11,958,368)	\$ (10,989,339)

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				
	2004	2005	2006	2007	2008
Net (Expense)/Revenue					
Governmental Activities	\$ (10,517,599)	\$ (10,408,896)	\$ (9,786,846)	\$ (11,958,368)	\$ (10,989,339)
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Property taxes	\$ 8,384,447	\$ 8,294,370	\$ 8,174,199	\$ 9,194,415	\$ 9,921,906
Miscellaneous	473,856	14,053	103,303	104,940	70,657
Unrestricted investment earnings	247,964	456,110	704,318	793,926	380,173
Total Governmental Activities	\$ 9,106,267	\$ 8,764,533	\$ 8,981,820	\$ 10,093,281	\$ 10,372,736
Change in Net Assets					
Governmental Activities	\$ (1,411,332)	\$ (1,644,363)	\$ (805,026)	\$ (1,865,087)	\$ (616,603)

MATAGORDA COUNTY

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 586,957	\$ 869,904	\$ 400,480	\$ 1,028,742	\$ 20,000	\$ --	\$ --	\$ --	\$ --	\$ --
Unreserved	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	7,496,109
Total General Fund	<u>\$ 7,948,927</u>	<u>\$ 9,873,130</u>	<u>\$ 9,898,199</u>	<u>\$ 10,560,549</u>	<u>\$ 10,352,639</u>	<u>\$ 10,653,266</u>	<u>\$ 10,481,450</u>	<u>\$ 10,063,575</u>	<u>\$ 7,542,080</u>	<u>\$ 7,496,109</u>
All Other Governmental Funds										
Reserved	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 52	\$ --	\$ 817
Unreserved, Reported In:										
Special Revenue Funds	393,885	602,660	475,384	560,886	641,263	699,870	796,122	898,220	968,729	1,066,974
Capital Projects Funds	--	--	--	--	--	--	--	--	--	--
Debt Service Funds	--	--	--	--	--	--	--	--	(33,467)	--
Total All Other Governmental Funds	<u>\$ 393,885</u>	<u>\$ 602,660</u>	<u>\$ 475,384</u>	<u>\$ 560,886</u>	<u>\$ 641,263</u>	<u>\$ 699,870</u>	<u>\$ 796,122</u>	<u>\$ 898,272</u>	<u>\$ 935,262</u>	<u>\$ 1,067,791</u>

MATAGORDA COUNTY

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	\$ 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	\$ 9,903,450
Licenses and permits	781,182	819,959	821,646	808,192	970,331	833,355	830,979	828,052	833,238	842,590
Intergovernmental	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	1,694,349
Charges for services	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	4,838,363
Fines	317,091	273,470	342,666	353,815	385,380	359,315	313,281	415,787	340,318	407,980
Investment income	704,384	951,474	796,880	311,127	195,099	256,591	480,942	744,641	840,854	411,266
Miscellaneous	535,053	233,560	251,412	489,581	480,764	871,912	220,429	331,482	557,011	347,093
Total Revenues	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	18,445,091
Expenditures										
General administration	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	2,439,805
Justice	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	2,740,721
Public safety	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	2,984,941
Corrections and rehabilitation	--	--	--	--	1,546,588	1,709,487	1,988,531	2,092,130	2,550,113	2,147,703
Environmental protection	380,176	2,806	--	--	--	--	--	--	--	--
Health and human services	328,521	351,345	376,638	507,745	1,040,808	977,663	998,854	1,068,561	1,130,644	1,141,036
Community and economic development	784,542	849,634	1,108,951	782,190	853,060	961,982	982,734	978,022	988,856	1,093,049
Infrastructure and environmental	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	4,541,745
Capital outlay	--	--	--	511,853	1,105,468	632,931	1,342,358	2,705,570	3,691,545	1,083,682
Debt service:										
Interest	--	--	--	121,898	66,187	65,199	96,744	25,129	181,466	125,000
Principal	--	--	--	14,112	10,194	6,292	2,621	2,745	69,221	60,853
Total Expenditures	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	18,358,535
Excess of Revenues										
Over (Under) Expenditures	1,061,604	1,430,330	(69,557)	747,852	(137,501)	359,233	(154,682)	(1,830,727)	(2,484,505)	86,556
Other Financing Sources (Uses)										
Flow thru in	1,000	90,000	116,607	--	47,711	--	12,297	--	--	--
Flow thru out	(1,000)	(90,000)	(116,607)	--	(47,711)	--	(12,297)	--	--	--
Certificates of obligation	--	--	--	--	--	--	--	1,515,000	--	--
Capital lease proceeds	23,244	--	116,000	--	--	--	79,119	--	--	--
Transfers In	22,429	31,637	33,641	26,638	26,537	38,127	7,000	698,736	2,794,384	489,115
Transfers Out	(22,429)	(31,637)	(33,641)	(26,638)	(26,537)	(38,127)	(7,000)	(698,736)	(2,794,384)	(489,115)
Total Other Financing Sources (Uses)	23,244	--	116,000	--	--	--	79,119	1,515,000	--	--
Net Change in Fund Balances	\$ 1,084,848	\$ 1,430,330	\$ 46,443	\$ 747,852	\$ (137,501)	\$ 359,233	\$ (75,563)	\$ (315,727)	\$ (2,484,505)	\$ 86,556
Debt Service As A Percentage Of Noncapital Expenditures	--	--	--	0.96%	0.50%	0.47%	0.65%	0.17%	1.45%	1.08%

MATAGORDA COUNTY*TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS**LAST TEN FISCAL YEARS**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)*

Fiscal Year	Property Tax
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
2008	9,903,450
Percent Change 1999-2008	-6.8%

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
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%
2007/08	3,580,834,451	426,262,334	(461,540,256)	3,545,556,529	0.27593	3,545,556,529	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	
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
2007/08	0.26978	0.00615	0.605	0.043	0.119	0.077	0.071	0.030	1.008	0.162	2.390

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	2007/2008			1998/1999		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
NRG	\$ 1,007,130,824	1	28.41%	\$ --	--	--
Equistar Chemicals LP	194,926,130	2	5.50%	150,750,600	3	4.33%
Celanese LTD Chemical	80,835,900	3	2.28%	--	--	--
Flint Hills Resources Inv	66,475,760	4	1.87%	--	--	--
Equistar Chemicals LP UGS	41,109,530	5	1.16%	--	--	--
Williams Fld Svcs - Gulf Coast Co	35,071,320	6	0.99%	--	--	--
Midtex Gas Storage Company	32,536,430	7	0.92%	30,698,000	7	0.88%
Devon Energy Production	31,531,840	8	0.89%	--	--	--
Enterprise GC LP	29,893,340	9	0.84%	--	--	--
Apache Corp	26,241,360	10	0.74%	--	--	--
Houston Lighting & Power	--	--	--	1,148,818,250	1	32.98%
Central Power & Light Co. STP	--	--	--	882,908,940	2	25.34%
Hoechst Celanese Chemical Inc.	--	--	--	122,566,250	4	3.52%
El Paso Offshort Gathering	--	--	--	42,458,150	5	1.22%
Amoco Production Company	--	--	--	41,455,740	6	1.19%
Oxy Petrochem Inc.	--	--	--	28,603,810	8	0.82%
Transcontinental Gas Pipeline	--	--	--	23,558,660	9	0.68%
Seadrift Pipeline Corporation	--	--	--	23,137,680	10	0.66%
Total	<u>\$ 1,545,752,434</u>		<u>43.60%</u>	<u>\$ 2,471,818,400</u>		<u>70.95%</u>

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
1999	\$	10,695,672	\$ (4,384)	\$ 10,691,288	\$ 10,415,333	97.42%	\$ 154,615	\$ 10,569,948	98.87%
2000		10,501,474	1,813	10,503,287	10,229,122	97.39%	222,588	10,451,710	99.51%
2001		7,436,857	89,498	7,526,355	7,248,452	96.31%	165,000	7,413,452	98.50%
2002		8,180,299	171,581	8,351,880	8,096,089	96.94%	226,776	8,322,865	99.65%
2003		8,253,713	(86,983)	8,166,730	7,979,552	97.71%	145,391	8,124,943	99.49%
2004		8,213,576	(15,142)	8,198,434	7,946,142	96.92%	203,909	8,150,051	99.41%
2005		8,123,105	75,683	8,198,788	8,015,644	97.77%	123,588	8,139,232	99.27%
2006		8,178,222	(7,519)	8,170,703	8,047,767	98.50%	85,617	8,133,384	99.54%
2007		9,039,485	(12,753)	9,026,732	8,895,062	98.54%	53,237	8,948,299	99.13%
2008		9,783,727	26,599	9,810,326	9,653,410	98.40%	--	9,653,410	98.40%

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		
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	0.15%	37
2008	1,235,000	--	1,235,000	0.13%	34

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>
1999	\$ --	--	\$ --
2000	--	--	--
2001	--	--	--
2002	--	--	--
2003	--	--	--
2004	--	--	--
2005	--	--	--
2006	1,515,000	0.06%	38
2007	1,360,000	0.04%	37
2009	1,235,000	0.04%	33

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	1,040,000	100.000%	1,040,000
City of Bay City	5,155,000	100.000%	5,155,000
Palacios Independent School District	4,268,000	94.076%	4,015,157
Bay City Independent School District	24,274,058	100.000%	24,274,058
Matagorda Independent School District	5,525,000	100.000%	5,525,000
Matagorda County Navigation District #1	5,970,000	100.000%	5,970,000
Caney Creek Municipal Utility District	3,756,000	100.000%	3,756,000
Beach Road Municipal Utility District	444,000	100.000%	444,000
Other Debt			
Bay City Independent School District Capital Lease	2,680,845	100.000%	2,680,845
Bay City Independent School District Notes Payable	135,129	100.000%	135,129
Van Vleck Independent School District Notes Payable	1,000,000	100.000%	1,000,000
City of Bay City Capital Lease	221,134	100.000%	221,134
City of Bay City Notes Payable	4,434,167	100.000%	4,434,167
Subtotal, Overlapping Debt			<u>52,995,189</u>
County Direct Debt:			
Certificates of Obligation			<u>1,235,000</u>
Total Direct and Overlapping Debt			<u>\$ 54,230,189</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	2006	2007	2008
Debt Limit	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 399,753,565	\$ 504,533,620	\$ 531,833,479
Total Net Debt Applicable to Limit	--	--	--	--	--	--	--	1,514,948	1,360,000	1,234,183
Legal Debt Margin	--	--	--	--	--	--	--	398,238,617	503,173,620	530,599,296
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	--	--	--	--	--	--	--	0.38%	0.27%	0.23%

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 3,545,556,529
Debt Limit (15% of Assessed Value)	531,833,479
Debt Applicable to Limit:	
General Obligation Bonds	1,235,000
Less: Amount Set Aside for Repayment of General Obligation Debt	(817)
Total Net Debt Applicable to Limit	1,234,183
Legal Debt Margin	\$ 530,599,296

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

MATAGORDA COUNTY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Population	37,987	37,828	37,958	38,027	37,954	38,290	39,205	39,529	37,122	36,860
Personal Income (thousands)	\$ 736,868	\$ 758,881	\$ 779,947	\$ 814,220	\$ 807,057	\$ 817,708	\$ 850,375	\$ 858,520	\$ 926,647	\$ 959,353
Per Capita Personal Income	\$ 19,398	\$ 20,061	\$ 20,548	\$ 21,412	\$ 21,264	\$ 21,356	\$ 21,690	\$ 21,719	\$ 24,962	\$ 26,027
School Enrollment	8,543	8,243	8,206	8,073	7,884	7,952	7,934	7,884	7,685	7,453
Unemployment	11.5%	10.3%	10.0%	11.1%	12.6%	14.2%	14.0%	8.2%	7.2%	6.0%

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 Comission website; school enrollment provided by Texas Education Agency website to include five independent school districts located within the county. Population provided by Texas LMCI Tracer 2.

MATAGORDA COUNTY

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

	2008	2008	1999	1999
	Employment	Percentage of Total County Employment	Employment	Percentage of Total County Employment
<u>Top Employers</u>				
South Texas Project	1,200	7.57%	*	*
Bay City ISD	829	5.23%	*	*
Palacios ISD	304	1.92%	*	*
Matagorda Hostpial	298	1.88%	*	*
Wal-Mart	294	1.86%	*	*
Matagorda County	216	1.36%	*	*
HEB	200	1.26%	*	*
Van Vleck ISD	194	1.22%	*	*
Lyondell	182	1.15%	*	*
City of Bay City	181	1.14%	*	*
Tidehaven ISD	180	1.14%	*	*
Oxea	140	0.88%	*	*
Celanese	45	0.28%	*	*
Total	4,263	26.90%	--	--
Total County Employment		15,846		

Sources:

The Texas Worksource, www.wrksolutions.com

Texas LMCI Tracer - Total County employment for 2008

Labor Force - Total County employment for 1999

* data not available

MATAGORDA COUNTY

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

	Full-Time-Equivalent Employees as of Year End									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<u>Function</u>										
General government	33	32	33	32	31	32	33	33	33	34
Justice system	34	32	33	34	38	35	35	35	34	37
Public safety	43	43	44	45	45	45	45	46	47	47
Corrections and rehabilitation	30	31	31	28	31	31	31	30	32	34
Community & economic development	10	14	13	13	14	9	10	10	10	10
Health & human services	11	7	7	7	7	7	7	7	7	7
Infrastructure & environmental services	37	38	35	35	33	34	34	33	34	34
Total	198	197	196	194	199	193	195	194	197	203

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	2003	2004	2005	2006	2007	2008
General Government										
Births filed	*	*	*	*	281	342	310	291	322	420
Deaths filed	*	*	*	*	284	251	258	239	290	261
Marriage license applications	*	*	*	*	311	289		251	300	261
Registered voters	*	*	*	*	20,380	21,398	20,746	21,049	20,818	21,725
Auto titles	*	*	*	*	7,714	6,399	6,115	6,103	5,934	5,833
Justice										
District Court										
civil cases filed	*	*	*	*	937	823	978	984	951	848
civil case dispositions	*	*	*	*	1,030	1,051	1,021	1,023	961	994
criminal cases filed	*	*	*	*	485	413	446	557	540	526
criminal case dispositions	*	*	*	*	478	451	423	517	514	518
County court										
civil cases filed	*	*	*	*	85	60	77	94	63	73
civil case dispositions	*	*	*	*	40	34	55	31	50	59
criminal cases filed	*	*	*	*	1,391	1,234	1,362	1,323	1,371	983
criminal case dispositions	*	*	*	*	1,602	1,433	1,455	1,467	1,594	1,085
Justice of the Peace										
civil cases filed	*	*	*	*	377	150	413	328	328	592
civil case dispositions	*	*	*	*	85	203	126	127	176	244
criminal cases filed	*	*	*	*	9,318	7,417	7,082	8,426	5,878	6,591
criminal case dispositions	*	*	*	*	7,411	5,765	4,600	6,241	4,450	4,450
Public Safety										
Total calls for service	*	*	*	*	7,206	7,809	8,043	7,847	8,235	7,957
Total arrests					1,073	928	695	588	775	890
Corrections and Rehabilitation										
Number of inmates per year	*	*	*	*	2,987	2,906	2,901	2,852	2,472	1,553
Health and Human Services										
food permits issued	*	*	*	*	256	260	278	274	260	245
food inspections	*	*	*	*	802	567	685	606	443	333
septic permits issued	*	*	*	*	117	136	121	138	134	160
septic on-site visits	*	*	*	*	377	484	451	447	321	203
building permits issued	*	*	*	*	295	346	338	436	368	449
electrical permits issued	*	*	*	*	322	291	306	510	510	496

* 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	2003	2004	2005	2006	2007	2008
General Government										
County buildings	*	*	*	*	40	40	40	40	42	42
Public Safety										
Sheriff Vehicles	*	*	*	*	42	42	43	48	43	47
Fire and Ambulance	*	*	*	*	40	40	39	39	48	48
Infrastructure and Env. Svcs										
County roads (miles)	*	*	*	*	*	*	*	1,126	1,126	1,126
County bridges	*	*	*	*	*	*	*	87	87	87
Community and Economic Development										
Number of county parks	*	*	*	*	7	7	8	9	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

Board of Commissioners
Matagorda County
1700 Seventh Street
Bay City, Texas 77414

Members of the Board of Commissioners:

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, 2008, which collectively comprise the Matagorda County's basic financial statements and have issued our report thereon dated April 30, 2009. 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 entity, the Board of Commissioners, 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,

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

Reed & Associates, PC
April 30, 2009

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 on Internal Control over Compliance
In Accordance With OMB Circular A-133

Board of Commissioners
Matagorda County
1700 Seventh Street
Bay City, Texas 77414

Members of the Board of Commissioners:

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, 2008. 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, 2008.

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 over compliance that we considered to be material weaknesses.

This report is intended solely for the information and use of management, others within the entity, the Board of Commissioners, 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,

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

Reed & Associates, PC
April 30, 2009

MATAGORDA COUNTY**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008****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 X NoOne or more significant deficiencies identified that
are not considered to be material weaknesses? Yes X None ReportedNoncompliance material to financial
statements noted? Yes X No**2. Federal Awards**

Internal control over major programs:

One or more material weaknesses identified? Yes X NoOne or more significant deficiencies identified that
are not considered to be material weaknesses? Yes X None ReportedType of auditor's report issued on compliance for
major programs: UnqualifiedAny audit findings disclosed that are required
to be reported in accordance with section 510(a)
of Circular A-133? Yes X No

Identification of major programs:

CFDA Number(s)

97.074

97.078

Name of Federal Program or Cluster

Law Enforcement Terrorism Prevention Program

Buffer Zone Protection Program

Dollar threshold used to distinguish between
type A and type B programs: \$300,000Auditee qualified as low-risk auditee? Yes X 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, 2008***

<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, 2008

N/A

MATAGORDA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2008

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed Through Governor's Division of Emergency Management:			
Disaster Grants - Public Assistance	97.036	FEMA-1791-DR-T	\$ 200,734
Emergency Management Performance Grant	97.042	08TX-EMPG-528	21,916
Law Enforcement Terrorism Prevention Program	97.074	2007-GE-T7-0024	400,000
Buffer Zone Protection Grant	97.078	2006-BZ-T6-0032	178,485
Total Passed Through Governor's Division of Emergency Management			801,135
Total U.S. Department of Homeland Security			801,135
<u>U. S. DEPARTMENT OF THE INTERIOR</u>			
Passed Through Texas Parks & Wildlife:			
Sport Fish Restoration *	15.605	F-188-B	40,301
Passed Through Texas Historical Commission:			
National Register of Historic Places	15.914	TX-07-030	4,053
National Register of Historic Places	15.914	TX-07-025	1,079
Total Passed Through Texas Historical Commission			5,132
Total U. S. Department of the Interior			45,433
<u>U. S. DEPARTMENT OF JUSTICE</u>			
Passed Through Bureau of Justice Assistance:			
State Criminal Alien Assistance Program	16.605	2008-AP-BX-1225	25,621
Total U. S. Department of Justice			25,621
<u>U. S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>			
Passed Through Office of Rural Community Affairs:			
Texas Community Development Block Grant	14.228	728271	44,020
Total U. S. Department of Housing & Urban Development			44,020
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through Texas Department of Family & Protective Services:			
Title IV-E Foster Care Assistance	93.658	E-200X-161	8,515
Title IV-E Foster Care Assistance	93.658	23379424	12,368
Title IV-E Foster Care Assistance	93.658	23379423	2,751
Total Passed Through Texas Department of Family & Protective Services			23,634
Passed Through Office of Attorney General:			
Title IV-D Child Support Enforcement	93.563	08-C0241	256
Total U. S. Department of Health and Human Services			23,890
<u>ELECTION ASSISTANCE COMMISSION</u>			
Passed Through Secretary of State:			
Polling Place Accessibility	90.401	78003	1,401
Total Election Assistance Commission			1,401
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 941,500

* 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, 2008***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.

