

BRAZOS COUNTY, TEXAS

Comprehensive Annual Financial Report For The Year Ended September 30, 2005

Prepared by:

**Katie Conner, C. P. A.
County Auditor**

BRAZOS COUNTY, TEXAS

Comprehensive Annual Financial Report

For The Year Ended September 30, 2005



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BASIC FINANCIAL STATEMENTS

BRAZOS COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE
AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General - The accompanying Schedule of Expenditures of Federal and State Awards presents all federal and state expenditures of Brazos County, Texas (the "County").

Basis of Accounting - The expenditures on the accompanying Schedule of Expenditures of Federal and State Awards are presented on the accrual basis.

Relationship to Financial Statements - Expenditures of federal and state awards are reported in the County's basic financial statements on the accrual basis.

Relationship to Federal Financial Reports - Amounts reported in the accompanying Schedule of Expenditures of Federal and State Awards agree with the amounts reported in the related federal and state financial reports in all significant respects.

SUMMARY OF NON-CASH ASSISTANCE

The County receives non-cash assistance in the form of commodities from the U.S. Department of Health and Human Services passed through the Texas Department of Human Services. In fiscal year ended September 30, 2005 the County received \$3,538 in commodities.

SUMMARY OF INSURANCE RELATED TO GRANT FUNDS

County employees responsible for or with authority to expend or disburse grant funds are covered by various insurance policies. The amounts of these policies vary from \$5,000 to \$10,000.

SUMMARY OF FEDERAL LOANS OR LOAN GUARANTEES

The County had no Federal loans or loan guarantees during this fiscal year.

CAPITAL ASSETS USED IN OPERATION OF
GOVERNMENTAL FUNDS

**BRAZOS COUNTY, TEXAS
CAPITAL PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
EXPOSITION CENTER FUND
For The Year Ended September 30, 2005**

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Interest	\$ 50,000	\$ 50,000	\$ 146,895
TOTAL REVENUES	<u>50,000</u>	<u>50,000</u>	<u>146,895</u>
EXPENDITURES			
General Government			
Professional Services	50,000	65,000	62,137
Capital Outlay	<u>10,330,000</u>	<u>20,815,000</u>	<u>15,400</u>
TOTAL EXPENDITURES	<u>10,380,000</u>	<u>20,880,000</u>	<u>77,537</u>
Excess (Deficiency) of Revenues Over (Under) Expendit	(10,330,000)	(20,830,000)	69,358
OTHER FINANCING SOURCES			
Transfers In	5,000,000	5,000,000	-
Proceeds from General Obligation Bond	-	10,500,000	10,500,000
TOTAL OTHER FINANCING SOURCES	<u>5,000,000</u>	<u>15,500,000</u>	<u>10,500,000</u>
Net Change in Fund Balance	(5,330,000)	(5,330,000)	10,569,358
FUND BALANCE, OCTOBER 1	<u>5,266,259</u>	<u>5,266,259</u>	<u>5,266,259</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ (63,741)</u>	<u>\$ (63,741)</u>	<u>\$ 15,835,617</u>

CAPITAL PROJECT FUNDS

NON MAJOR GOVERNMENTAL FUNDS

Capital Project Funds are used to account for the use of certificate of obligation proceeds and other financial resources that have been aggregated for the acquisition of major capital facilities and/or improvements of the County.

Judicial Software Fund – This fund is established to account for the expenditures for acquisition and installation of the criminal justice software system. The expenditures are financed through the issuance of Certificates of Obligation and other financial resources.

Capital Improvement Fund - This fund is established to provide funding for the construction and acquisition of fixed assets to support the County's general governmental, judicial, law enforcement, and public transportation functions. Resources for the fund have been provided by transfers from the General Fund.

Road and Bridge Infrastructure – Certificates of Obligation 2002 - This fund is established to account for expenditures for new construction and upgrading of the County's road and bridge infrastructure, financed through the issuance of Certificates of Obligation and related financial resources.

Certificates of Obligation 2004 – This fund is established to account for the expenditures for the purchase of land for the Sheriff's Administration building, to acquire real estate for other county growth needs, to purchase land and construct a new Justice of the Peace building, and to support various road and bridge capital improvement programs. The expenditures are financed through the issuance of \$5,000,000 in Certificates of Obligation in 2004.

Certificates of Obligation 2005 – This fund is established to provide funding for various capital projects. Funds will be used to support capital road improvements, and to fund building improvements, replacement and modifications. The expenditures are financed through the issuance of \$2,750,000 in Certificates of Obligation.

CAPITAL PROJECT FUNDS (continued)

MAJOR GOVERNMENTAL FUNDS

Exposition Center Fund – This fund is established to account for the expenditures for the purchase of land and the construction of the Brazos County Exposition Center.

Certificates of Obligation 2003 – This fund is established to account for the expenditures for the construction of Sheriff's Administration building, to begin the design phase for a third jail expansion, to upgrade the mobile communication system used by the law enforcement and emergency response personnel, to perform various facility modifications, and to support various road and bridge capital improvement programs. The expenditures are financed through the issuance of \$10,000,000 in Certificates of Obligation in 2003.

BRAZOS COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended September 30, 2005

	Business - Type Activities - Enterprise Funds			Governmental Activities
	County Attorney	Jail Commissary	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 75,731	\$ 267,409	\$ 343,140	\$ 932,877
Receipts from interfund services provided	-	-	-	3,321,689
Payments to contractors and vendors	(219)	(173,258)	(173,477)	(839,316)
Claims paid	-	-	-	(3,994,746)
Payments to employees for services	(85,869)	(67,981)	(153,850)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(10,357)</u>	<u>26,170</u>	<u>15,813</u>	<u>(579,496)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer From General Fund	-	-	-	500,000
NET CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Capital Assets	3,850	-	3,850	-
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>3,850</u>	<u>-</u>	<u>3,850</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	-	3,007	3,007	20,023
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>3,007</u>	<u>3,007</u>	<u>20,023</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,507)	29,177	22,670	(59,473)
CASH AND CASH EQUIVALENTS, OCTOBER 1	30,723	111,884	142,607	1,135,696
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	<u>\$ 24,216</u>	<u>\$ 141,061</u>	<u>\$ 165,277</u>	<u>\$ 1,076,223</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (5,010)	\$ 22,969	\$ 17,959	\$ (53,690)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Decrease (Increase) in accounts receivable	4,519	(2,400)	2,119	(196,525)
Decrease (Increase) in due from other funds	(5,566)	-	(5,566)	370
(Increase) in inventory	-	(4,380)	(4,380)	-
(Decrease) Increase in accounts payable	(4,273)	12,008	7,735	(289,028)
(Decrease) in accrued salary and compensated leave	(27)	(2,027)	(2,054)	-
(Decrease) in deferred revenues	-	-	-	(40,623)
Total adjustments	<u>(5,347)</u>	<u>3,201</u>	<u>(2,146)</u>	<u>(525,806)</u>
Net cash provided by operating activities	<u>\$ (10,357)</u>	<u>\$ 26,170</u>	<u>\$ 15,813</u>	<u>\$ (579,496)</u>

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

BRAZOS COUNTY, TEXAS
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2005

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BRAZOS COUNTY, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2005

	Original and Final Budget	Actual
REVENUES		
Taxes	\$ 4,173,893	\$ 4,296,936
Interest	40,000	138,922
TOTAL REVENUES	4,213,893	4,435,858
EXPENDITURES		
Debt Service:		
Principal	2,390,000	2,390,000
Interest	2,076,893	1,785,488
Agent Fees	2,000	2,407
TOTAL EXPENDITURES	4,468,893	4,177,895
Excess (Deficiency) of Revenues Over (Under) Expenditures	(255,000)	257,963
OTHER FINANCING SOURCES (USES)		
Operating Transfers Out	(5,000,000)	-
Proceeds from General Obligation Bonds	5,000,000	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-
Net Change in Fund Balances	(255,000)	257,963
FUND BALANCE, OCTOBER 1	1,623,742	1,623,742
FUND BALANCE, SEPTEMBER 30	\$ 1,368,742	\$ 1,881,705

DEBT SERVICE FUND

The **Debt Service Fund** is used to account for the accumulation of resources for the payment of general long-term debt principal and interest related to general obligation bonds and certificates of obligation.

BRAZOS COUNTY, TEXAS
Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor/State Number	Program/ Award Amount	Accounts Receivable (Payable) October 1, 2004	Receipts	Expenditures	Grant Funds Refunded in 2005	Accounts Receivable (Payable) September 30, 2005
<u>U. S. Department of Justice</u>								
Local Law Enforcement Block Grant	16.592	2003-LB-BX-2055 11/10/03-11/09/05	24,830	\$ (19,649)	\$ --	\$ 19,649	\$ --	\$ --
	16.592	2004-LB-BX-0913	8,386	--	8,386	975	--	(7,411)
State Criminal Alien Assistance Program	16.606	2005-AP-BX-0161 7/01/03-6/30/04	87,090	--	--	87,090	--	87,090
Gun Violence Prosecution Grant	16.609	2002-GP-CX-0172 3/01/02-2/28/05	120,000	2,980	2,980	--	--	--
				<u>(16,669)</u>	<u>11,366</u>	<u>107,714</u>	<u>--</u>	<u>79,679</u>
<u>Passed through the Texas Engineering Extension Service</u>								
Emergency Preparedness Grant	97.004	N/A	117,204	4,032	4,032	--	--	--
Emergency Preparedness Grant	97.004	2004 LETPP	45,001	--	55,248	89,748	--	34,500
Emergency Preparedness Grant	97.004	2004 SHSG	89,824	--	44,785	44,785	--	--
				<u>4,032</u>	<u>104,065</u>	<u>134,533</u>	<u>--</u>	<u>34,500</u>
<u>Passed through Office of the Governor of Texas, Criminal Justice Division</u>								
Narcotics Task Force	16.579	DB-04-A10-13867-06 06/01/04-09/30/05	650,000	103,813	685,187	741,057	--	159,683
Juvenile Accountability Incentive Block Grant	16.523	JB-02-J20-15463-04	43,745	31,385	31,385	--	--	--
				<u>135,198</u>	<u>716,572</u>	<u>741,057</u>	<u>--</u>	<u>159,683</u>
<u>U. S. Department of Transportation</u>								
<u>Passed through State Department of Highways and Public Transportation</u>								
Metropolitan Planning Organization	20.205	504XXF0024	264,932	39,967	39,967	--	--	--
Metropolitan Planning Organization	20.205	505XXF0024	260,052	--	206,196	232,425	--	26,229
Sale to Intoxicated Persons	20.600	581XXF5006	30,958	--	--	--	--	--
Comprehensive Underage Drinking Education Program	20.600	584XXF5009	46,204	9,233	9,233	--	--	--
Comprehensive Underage Drinking Education Program	20.600	585XXF5009	50,000	--	34,270	46,001	--	11,731
Local Rail Economic Feasibility & Location Study	20.205	2000-014	1,131,345	67,882	--	--	--	67,882
				<u>117,082</u>	<u>289,666</u>	<u>278,426</u>	<u>--</u>	<u>105,842</u>
<u>Federal Election Assistance Commission</u>								
<u>Passed through Secretary of State of Texas</u>								
Help America Vote Act - County Education Fund	39.011		9,000	--	--	922	--	922
Help America Vote Act - Voting System Accessibility	90.401		327,000	--	--	327,000	--	327,000
Help America Vote Act - Voting System Replacement	39.011		347,952	--	--	347,952	--	347,952
Help America Vote Act - General HAVA Compliance	90.401		1,132,036	--	--	416,673	--	416,673
				<u>--</u>	<u>--</u>	<u>1,092,547</u>	<u>--</u>	<u>1,092,547</u>

BRAZOS COUNTY, TEXAS
Schedule of Expenditures of Federal and State Awards (Continued)
For the Year Ended September 30, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor/State Number	Program/Award Amount	Accounts Receivable (Payable) October 1, 2004	Receipts	Expenditures	Grant Funds Refunded in 2005	Accounts Receivable (Payable) September 30, 2005
<u>U. S. Federal Emergency Management Agency</u>								
<u>Passed through Texas Department of Public Safety</u>								
Division of Emergency Management	97.042	EMT-2004-GR-0105	43,492	\$ 10,873	\$ 10,873	\$ --	\$ --	\$ --
Division of Emergency Management	97.042	EMT-2005-GR-0105	39,795	--	19,898	39,795	--	19,897
<u>Passed through Office of the Governor</u>								
Division of Emergency Management	97.036	Rita	--	--	--	40,742	--	40,742
Division of Emergency Management	97.036	Katrina	--	--	--	12,738	--	12,738
Division of Emergency Management	97.036	PW-55	--	--	--	292,239	--	292,239
				10,873	30,771	385,514	--	365,616
<u>U. S. Department of Health and Human Services</u>								
<u>Passed through the Texas Department of Protective and Regulatory Services</u>								
Title IV-E-Legal(CPS)	93.658	09/01/03-08/31/04	--	12,732	12,732	--	--	--
	93.658	09/1/04-08/31/05	--	4,580	--	35,918	--	40,498
	93.658	09/01/05-08/31/06	--	--	--	3,630	--	3,630
Title IV-E-Foster Care Maintenance	93.658	09/01/03-08/31/04	--	4,442	4,728	286	--	--
	93.658	09/01/04-08/31/05	--	--	9,369	9,369	--	--
	93.658	09/01/05-08/31/06	--	--	--	--	--	--
				21,754	26,829	49,203	--	44,128
<u>Passed through the Texas Juvenile Probation Commission</u>								
Title IV- E- Administration	93.658	09/01/03-08/31/04	--	178,787	178,787	--	--	--
	93.658	09/01/04-08/31/05	--	--	263,932	460,651	--	196,719
	93.658	09/01/05-08/31/06	--	--	--	--	--	--
Title IV-E - Maintenance - Juvenile	93.658	TJPC-E-2003-021	--	(3,233)	(1,289)	1,944	--	--
	93.658	TJPC-E-2004-021	--	38,441	60,916	11,636	13,012	2,173
	93.658	TJPC-E-2005-021	--	2,904	35,850	43,863	--	10,917
	93.658	TJPC-E-2006-021	--	--	--	--	--	--
				216,899	538,196	518,094	13,012	209,809
<u>Passed through the Texas Department of Human Services</u>								
National School Lunch Program	10.555	07/01/04-06/30/05	--	3,309	12,536	9,227	--	--
	10.555	07/01/05-06/30/06	--	--	--	2,752	--	2,752
School Breakfast Program	10.553	07/01/04-06/30/05	--	2,099	8,126	6,027	--	--
	10.553	07/01/05-06/30/06	--	--	--	1,832	--	1,832
Food Services Division Commodities	10.550	07/01/04-06/30/05	--	--	3,538	3,538	--	--
	10.550	07/01/05-06/30/06	--	--	--	--	--	--
				5,408	24,200	23,376	--	4,584
<u>U. S. Department of Housing and Urban Development</u>								
<u>Passed through the Office of Rural and Community Affairs</u>								
Texas Community Development Program	14.228	2003 CD Contract No. 723069	240,170	92,804	206,567	113,763	--	--
				92,804	206,567	113,763	--	--
Total Federal Assistance				\$ 587,381	\$ 1,948,232	\$ 3,444,227	\$ 13,012	\$ 2,096,388

BRAZOS COUNTY, TEXAS
Schedule of Expenditures of Federal and State Awards (Continued)
For the Year Ended September 30, 2005

State Grant or Program Title	Federal CFDA Number	Pass-Through Grantor/State Number	Program/ Award Amount	Accounts Receivable (Payable) October 1, 2004	Receipts	Expenditures	Grant Funds Refunded in 2005	Accounts Receivable (Payable) September 30, 2005
<u>Texas Juvenile Probation Commission</u>								
State Aid	N/A	TJPC-A-2005-021 09/01/04-08/31/05	119,859	\$ 8,517	\$ 119,859	\$ 111,342	\$ -	\$ --
State Aid	N/A	TJPC-A-2006-021 09/01/05-08/31/06	119,859	--	--	7,529	--	7,529
Community Corrections Assistance Program	N/A	TJPC-Y-2004-021 09/01/03-08/31/04	198,024	(4,033)	--	--	4,033	--
Community Corrections Assistance Program	N/A	TJPC-Y-2005-021 09/01/04-08/31/05	198,024	16,287	198,024	181,737	--	--
Community Corrections Assistance Program	N/A	TJPC-Y-2006-021 09/01/05-08/31/06	198,024	--	--	13,321	--	13,321
State Supplement	N/A	TJPC-Z-2004-021 09/01/03-08/31/04	123,975	(31,611)	--	--	31,611	--
State Supplement	N/A	TJPC-Z-2005-021 09/01/04-08/31/05	123,975	7,603	123,975	101,663	--	(14,709)
State Supplement	N/A	TJPC-Z-2006-021 09/01/05-08/31/06	123,975	--	--	8,631	--	8,631
Progressive Sanctions Level 5 Placement	N/A	N/A	14,726	--	--	--	--	--
JJAEP	N/A	TJPC - P - 2004 - 021	11,146	(3,009)	--	--	3,009	--
JJAEP	N/A	TJPC - P - 2005 - 021	11,146	--	30,379	30,379	--	--
JJAEP	N/A	TJPC - P - 2006 - 021	11,146	--	--	4,838	--	4,838
Progressive Sanctions Juvenile Probation Officers	N/A	TJPC-F-2005-021 09/01/04-08/31/05	94,104	11,997	94,104	82,107	--	--
Progressive Sanctions Juvenile Probation Officers	N/A	TJPC-F-2006-021 09/01/05-08/31/06	94,104	--	--	10,247	--	10,247
Progressive Sanctions Level 1-2-3 Program	N/A	TJPC-G-2005-021 09/01/04-08/31/05	38,525	1,824	38,525	36,580	--	(121)
Progressive Sanctions Level 1-2-3 Program	N/A	TJPC-G-2006-021 09/01/05-08/31/06	38,525	--	--	1,358	--	1,358
Progressive Sanctions ISJPO	N/A	TJPC-O-2005-021 09/01/04-08/31/05	27,240	2,861	27,240	24,379	--	--
Progressive Sanctions ISJPO	N/A	TJPC-O-2006-021 09/01/05-08/31/06	27,240	--	--	2,603	--	2,603
<u>Texas Task Force on Indigent Defense</u>	N/A	212-04-021	34,769	--	34,769	34,769	--	--
Indigent Defense Formula Grant		10/01/03-09/30/04						
<u>Office of Attorney General</u>								
VINE Program	N/A	04-04642 4/1/05 - 8/31/05	10,783	--	10,783	10,783	--	--
Total State Assistance				<u>10,436</u>	<u>677,658</u>	<u>662,266</u>	<u>38,653</u>	<u>33,697</u>
Total Federal and State Assistance				<u>\$ 597,817</u>	<u>\$ 2,625,890</u>	<u>\$ 4,106,493</u>	<u>\$ 51,665</u>	<u>\$ 2,130,085</u>

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BRAZOS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended September 30, 2005

	Major Funds		
	General	Debt Service	Exposition Center
REVENUES			
Taxes	\$ 36,708,602	\$ 4,296,936	\$ -
Charges for Services	7,498,833	-	-
Intergovernmental	1,636,563	-	-
Interest	889,583	138,922	146,895
Other Revenue	931,107	-	-
TOTAL REVENUES	47,664,688	4,435,858	146,895
EXPENDITURES			
Current			
General Government	9,195,282	-	62,137
Justice System	9,430,945	-	-
Law Enforcement	10,430,258	-	-
Juvenile Services	3,037,662	-	-
Public Transportation	4,248,681	-	-
Public Health	1,673,525	-	-
Human Services	1,941,358	-	-
Capital Outlay	85,370	-	15,400
Debt Service			
Principal Retirement	-	2,390,000	-
Interest and Fiscal Agent Fees	-	1,787,895	-
TOTAL EXPENDITURES	40,043,081	4,177,895	77,537
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,621,607</u>	<u>257,963</u>	<u>69,358</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(844,010)	-	-
Proceeds From Sale of Capital Assets	16,111	-	-
Proceeds From Debt Obligations	-	-	10,500,000
TOTAL OTHER FINANCING SOURCES (USES)	(827,899)	-	10,500,000
Net Change in Fund Balances	6,793,708	257,963	10,569,358
FUND BALANCES, OCTOBER 1	19,644,359	1,623,742	5,266,259
FUND BALANCES, SEPTEMBER 30	\$ 26,438,067	\$ 1,881,705	\$ 15,835,617

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

<u>Major Funds</u> <u>C.O.</u> <u>Issue 2003</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
\$ -	\$ -	\$ 41,005,538
-	518,035	8,016,868
-	3,317,042	4,953,605
204,795	191,697	1,571,892
-	-	931,107
<u>204,795</u>	<u>4,026,774</u>	<u>56,479,010</u>
87,535	114,195	9,459,149
-	227,316	9,658,261
-	1,114,318	11,544,576
-	679,522	3,717,184
-	232,425	4,481,106
-	-	1,673,525
-	147,902	2,089,260
1,647,175	3,832,835	5,580,780
-	-	2,390,000
-	-	1,787,895
<u>1,734,710</u>	<u>6,348,513</u>	<u>52,381,736</u>
<u>(1,529,915)</u>	<u>(2,321,739)</u>	<u>4,097,274</u>
-	345,969	345,969
-	(1,959)	(845,969)
-	-	16,111
-	2,750,000	13,250,000
-	3,094,010	12,766,111
(1,529,915)	772,271	16,863,385
7,867,905	7,604,256	42,006,521
<u>\$ 6,337,990</u>	<u>\$ 8,376,527</u>	<u>\$ 58,869,906</u>

**BRAZOS COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2005**

	Major Funds		
	General	Debt Service	Exposition Center
ASSETS			
Cash and Cash Equivalents	\$ 25,462,741	\$ 1,805,643	\$ 3,340,161
Investments	-	-	2,055,354
Prepaid Expenditures	97,600	-	-
Receivables:			
Taxes	1,294,501	145,790	-
Officials	228,119	2,170	-
Interest	80,107	5,229	9,239
Accounts	126,356	-	-
State	1,299,261	-	-
Federal	416,866	-	-
Debt Proceeds	-	62,414	10,437,863
Due From Other Funds	38,746	-	-
Inventories	507,234	-	-
TOTAL ASSETS	\$ 29,551,531	\$ 2,021,246	\$15,842,617
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 1,326,630	\$ 300	\$ -
Accrued Salary and Compensated Leave	507,028	-	-
Unclaimed Funds	-	-	-
Due To Other Funds	5,604	-	7,000
Deferred Revenues	1,274,202	139,241	-
Total Liabilities	3,113,464	139,541	7,000
Fund Balances:			
Reserved			
For Debt Service	-	1,881,705	-
For Prepaid Expenditures	97,600	-	-
For Inventories	507,234	-	-
For Boonville Cemetery	6,332	-	-
For Title IV-E	1,188,199	-	-
For Indigent Health Care	904,141	-	-
For Special Purpose Programs	-	-	-
Unreserved			
Designated for Capital Project Funds	-	-	15,835,617
Designated for Health Endowment Fund	2,378,061	-	-
Undesignated	21,356,500	-	-
Total Fund Balances	26,438,067	1,881,705	15,835,617
TOTAL LIABILITIES AND FUND BALANCES	\$ 29,551,531	\$ 2,021,246	\$15,842,617

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

<u>Major Funds</u> <u>C.O.</u> <u>Issue 2003</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
\$ 3,237,641	\$ 4,750,253	\$ 38,596,439
3,137,764	82,100	5,275,218
-	-	97,600
-	-	1,440,291
-	-	230,289
8,955	14,603	118,133
-	47,990	174,346
-	1,445,262	2,744,523
-	-	416,866
-	2,730,749	13,231,026
-	7,038	45,784
-	-	507,234
<u>\$ 6,384,360</u>	<u>\$ 9,077,995</u>	<u>\$ 62,877,749</u>
\$ 46,370	\$ 441,873	\$ 1,815,173
-	29,006	536,034
-	141,699	141,699
-	38,746	51,350
-	50,144	1,463,587
<u>46,370</u>	<u>701,468</u>	<u>4,007,843</u>
-	-	1,881,705
-	-	97,600
-	-	507,234
-	-	6,332
-	-	1,188,199
-	-	904,141
-	3,109,950	3,109,950
6,337,990	5,266,577	27,440,184
-	-	2,378,061
-	-	21,356,500
<u>6,337,990</u>	<u>8,376,527</u>	<u>58,869,906</u>
<u>\$ 6,384,360</u>	<u>\$ 9,077,995</u>	<u>\$ 62,877,749</u>

BRAZOS COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
For The Year Ended September 30, 2005

FUNCTION AND ACTIVITY	Governmental Funds Capital Assets 10/01/04	Additions	Retirements	Adjustments And Transfers	Governmental Funds Capital Assets 9/30/05
General Government					
County Judge	\$ 60,144	\$ 219	\$ -	\$ -	\$ 60,363
Commissioners' Court	433,435	20,983	-	(107,290)	347,128
Community Support	87,500	-	-	-	87,500
County Treasurer	223,723	767	-	-	224,490
Risk Management	74,783	219	-	-	75,002
Tax Assessor-Collector	683,227	7,595	-	-	690,822
Information Technology	4,208,160	59,156	-	39,962	4,307,278
Human Resources	120,285	436	-	-	120,721
County Auditor	367,673	1,311	-	-	368,984
Purchasing Administration	133,361	436	-	-	133,797
Building Maintenance	548,054	21,166	-	-	569,220
Total General Government	6,940,345	112,288	-	(67,328)	6,985,305
Justice System					
County Attorney	1,128,480	23,888	-	-	1,152,368
District Attorney	860,914	2,844	-	28,602	892,360
District Clerk	877,744	2,954	-	-	880,698
County Clerk	357,333	1,203	-	-	358,536
County Clerk Records Preservation	-	15,396	-	-	15,396
District Courts	488,469	1,642	-	6,285	496,396
County Courts At Law	582,638	1,203	-	-	583,841
Justices of the Peace (5)	204,064	486,389	-	-	690,453
Community Supervision	748,737	-	-	(41,858)	706,879
Court Master	60,144	219	-	-	60,363
Total Justice System	5,308,523	535,738	-	(6,971)	5,837,290
Law Enforcement					
Sheriff/Jail	15,449,058	1,352,875	82,195	79,996	16,799,734
Courthouse Security	183,631	328	-	-	183,959
Constables (6)	696,955	23,675	25,756	177	695,051
Narcotics Task Force	283,137	30,774	19,476	19,684	314,119
Total Law Enforcement	16,612,781	1,407,652	127,427	99,857	17,992,863
Juvenile Services					
Juvenile Probation	6,605,693	66,647	-	123,840	6,796,180
Total Juvenile Services	6,605,693	66,647	-	123,840	6,796,180
Public Transportation					
Metropolitan Planning	999,521	-	-	-	999,521
Road & Bridge	11,626,432	1,255,088	353,071	(28,605)	12,499,844
Infrastructure	35,906,066	2,658,780	-	-	38,564,846
Total Public Transportation	48,532,019	3,913,868	353,071	(28,605)	52,064,211

BRAZOS COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY - Continued
For The Year Ended September 30, 2005

FUNCTION AND ACTIVITY	Governmental Funds Capital Assets 10/01/04	Additions	Retirements	Adjustments And Transfers	Governmental Funds Capital Assets 09/30/05
Public Health					
Environmental Protection	811,955	-	-	-	811,955
Health Department	400,774	-	-	-	400,774
Total Public Health	<u>1,212,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,212,729</u>
Human Services					
Emergency Management	145,268	-	-	-	145,268
Brazos Center	2,285,060	13,513	-	-	2,298,573
Agricultural Extension	92,908	-	-	-	92,908
Elections	1,034,936	-	-	-	1,034,936
Exposition Center	2,978,311	8,400	-	-	2,986,711
Total Human Services	<u>6,536,483</u>	<u>21,913</u>	<u>-</u>	<u>-</u>	<u>6,558,396</u>
Capital Projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 91,748,573</u>	<u>\$ 6,058,106</u>	<u>\$ 480,498</u>	<u>\$ 120,793</u>	<u>\$ 97,446,974</u>

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2005

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Taxes			
Current Ad Valorem Taxes	\$ 26,350,000	\$ 26,350,000	\$ 26,775,330
Delinquent Ad Valorem Taxes	430,000	430,000	341,106
Penalties & Interest - Taxes	250,000	250,000	275,994
Mixed Drink Tax	350,000	350,000	374,123
County Sales Tax	8,000,000	8,000,000	8,942,049
Total Taxes	35,380,000	35,380,000	36,708,602
Charges For Services			
Contracted Detention Services	30,000	30,000	38,124
Contracted Jail Services	90,000	90,000	86,055
Arrest Fees	74,000	74,000	84,029
Brazos Center	159,000	159,000	197,175
Bond Service/Forfeitures	140,100	140,100	176,791
County Clerk	550,000	550,000	613,256
Vital Statistics Preservation	4,000	4,000	5,245
County Attorney	50,000	50,000	59,944
General Administration Fees	6,300	6,300	18,036
Constables	118,000	118,000	112,243
Court Reporter	28,000	28,000	33,900
Magistrate	65,000	65,000	77,307
District Clerk	325,600	325,600	354,106
District Attorney	6,500	6,500	8,947
Motor Carrier Weight	20,000	20,000	4,507
Inmate Medical Fees	5,000	5,000	7,129
Justice of the Peace	1,130,000	1,130,000	1,316,880
Juvenile Probation Fees	17,000	17,000	15,779
License and Weights	16,000	16,000	9,320
Omnibus Crime Control Fees	68,000	68,000	76,686
Optional License Fees	1,050,000	1,050,000	1,177,212
Probate Fees	1,500	1,500	2,855
School Crossing Fees	22,000	22,000	22,923
Sheriff	80,600	80,600	87,846
Landfill Fees	25,000	25,000	30,844
Tax Assessor-Collector	518,000	518,000	575,323
Vehicle Registration Fees	1,210,000	1,210,000	1,126,011
Licenses and Permits	25,000	25,000	27,370
Court Fines	1,070,000	1,070,000	1,152,990
Total Charges For Services	\$ 6,904,600	\$ 6,904,600	\$ 7,498,833

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2005

	Budgeted Amounts		Actual
	Original	Final	
REVENUES (continued)			
Intergovernmental - Federal			
Department of Justice	\$ 51,000	\$ 65,666	\$ 5,900
Department of Health & Human Services	88,000	88,000	70,672
Emergency Management Agency	43,000	113,000	385,776
Total Intergovernmental - Federal	182,000	266,666	462,348
Intergovernmental - State			
Attorney General	115,000	115,000	188,191
Department of Justice	162,850	162,850	220,615
D. A. Salary Supplement	33,000	33,000	34,450
Indigent Defense - Office of Court Administration	-	-	34,769
Texas Juvenile Probation Commission	295,000	416,850	552,653
Texas Youth Commission	50,000	50,000	57,105
Secretary of State	2,250	2,250	-
Tobacco Settlement	38,000	38,000	86,432
Total Intergovernmental - State	696,100	817,950	1,174,215
Total Intergovernmental	878,100	1,084,616	1,636,563
Interest	359,000	359,000	889,583
Other Revenue			
Donations	1,100	14,148	12,148
Road Crossing	500	500	1,000
State Traffic Fee	9,000	9,000	11,109
FEMA Program Income	-	-	68,720
Reimbursements	62,700	62,700	115,057
Leases and Rentals	15,000	15,000	9,048
Other	11,700	11,700	465,855
Estray Animal Sale/Fee	100	100	-
Inmate Phone System	190,000	190,000	237,996
Oil and Gas Lease	3,000	3,000	4,661
Informal Adjudication Probation	7,000	7,000	5,513
Total Other Revenue	300,100	313,148	931,107
TOTAL REVENUES	\$ 43,821,800	\$ 44,041,364	\$ 47,664,688

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2005

	Budgeted Amounts		Actual
	Original	Final	
EXPENDITURES			
General Government			
County Judge			
Personnel Services	\$ 167,005	\$ 167,110	\$ 147,568
Supplies and Other Charges	5,875	5,655	4,415
Repairs and Maintenance	330	550	468
Professional Services	-	3,100	-
	<u>173,210</u>	<u>176,415</u>	<u>152,451</u>
Commissioners' Court			
Personnel Services	602,382	701,323	699,472
Discretionary Funding	-	3,108	-
Supplies and Other Charges	29,870	28,570	26,903
Repairs and Maintenance	100	100	-
Minor Acquisitions	500	500	464
	<u>632,852</u>	<u>733,601</u>	<u>726,839</u>
Non-Departmental			
Personnel Services	-	39,692	39,692
Discretionary Funding	560,000	-	-
Supplies and Other Charges	1,008,650	1,066,250	1,026,079
Repairs and Maintenance	1,500	1,500	-
Professional Services	165,000	105,803	101,669
	<u>1,735,150</u>	<u>1,213,245</u>	<u>1,167,440</u>
Community Support			
Contract Services	2,364,840	2,394,861	2,327,162
	<u>2,364,840</u>	<u>2,394,861</u>	<u>2,327,162</u>
County Treasurer			
Personnel Services	304,188	304,363	276,290
Discretionary Funding	-	2,613	-
Supplies and Other Charges	13,350	13,350	11,092
Repairs and Maintenance	600	600	412
Minor Acquisitions	2,050	2,050	63
Contract Services	2,700	2,700	2,700
	<u>322,888</u>	<u>325,676</u>	<u>290,557</u>
Risk Management			
Personnel Services	98,320	98,380	97,595
Discretionary Funding	-	2,819	-
Supplies and Other Charges	8,420	6,620	5,381
Repairs and Maintenance	-	500	-
Minor Acquisitions	500	2,500	2,231
	<u>107,240</u>	<u>110,819</u>	<u>105,207</u>

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
General Government (continued)			
Tax Assessor-Collector			
Personnel Services	\$ 1,309,609	\$ 1,310,329	\$ 1,192,158
Discretionary Funding	-	10,875	-
Supplies and Other Charges	44,950	44,570	34,613
Repairs and Maintenance	3,100	3,580	3,499
Minor Acquisitions	6,500	7,000	6,447
Contract Services	7,200	7,200	7,200
	<u>1,371,359</u>	<u>1,383,554</u>	<u>1,243,917</u>
Information Technology			
Personnel Services	909,780	912,066	679,461
Discretionary Funding	-	9,633	-
Supplies and Other Charges	65,345	65,009	22,131
Repairs and Maintenance	49,875	49,875	35,099
Minor Acquisitions	250,000	250,000	90,426
Contract Services	462,700	463,450	423,752
Professional Services	35,000	35,000	1,392
	<u>1,772,700</u>	<u>1,785,033</u>	<u>1,252,261</u>
Personnel			
Personnel Services	162,940	163,035	149,966
Discretionary Funding	-	760	-
Supplies and Other Charges	14,750	19,250	13,046
Repairs and Maintenance	100	283	283
Minor Acquisitions	650	467	-
Contract Services	5,460	5,460	4,500
	<u>183,900</u>	<u>189,255</u>	<u>167,795</u>
County Auditor			
Personnel Services	523,996	524,299	490,849
Supplies and Other Charges	19,000	19,000	13,957
Repairs and Maintenance	200	200	-
Minor Acquisitions	1,180	1,180	1,042
Contract Services	4,860	4,860	4,860
	<u>549,236</u>	<u>549,539</u>	<u>510,708</u>
Purchasing			
Personnel Services	175,900	176,000	174,886
Supplies and Other Charges	10,985	11,600	11,133
Repairs and Maintenance	2,100	2,100	1,953
Minor Acquisitions	-	470	470
	<u>188,985</u>	<u>190,170</u>	<u>188,442</u>

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2005

	Budgeted Amounts		Actual
	Original	Final	
General Government (continued)			
Buildings and Grounds			
Personnel Services	\$ 856,790	\$ 863,930	\$ 833,151
Discretionary Funding	-	15,867	-
Supplies and Other Charges	43,410	44,060	42,565
Repairs and Maintenance	188,410	188,860	169,599
Minor Acquisitions	1,900	3,745	3,498
Contract Services	23,160	23,160	13,690
	<u>1,113,670</u>	<u>1,139,622</u>	<u>1,062,503</u>
Total General Government	\$ 10,516,030	\$ 10,191,790	\$ 9,195,282
Justice System			
County Attorney			
Personnel Services	\$ 1,594,220	\$ 1,646,115	\$ 1,548,442
Discretionary Funding	-	3,020	-
Supplies and Other Charges	59,420	58,720	49,774
Repairs and Maintenance	3,660	6,560	4,732
Minor Acquisitions	3,150	6,024	2,582
Contract Services	5,820	5,820	5,544
	<u>1,666,270</u>	<u>1,726,259</u>	<u>1,611,074</u>
District Attorney			
Personnel Services	1,569,550	1,642,520	1,546,373
Discretionary Funding	-	8,568	-
Supplies and Other Charges	107,450	109,150	76,672
Repairs and Maintenance	6,100	6,100	3,724
Minor Acquisitions	2,300	600	554
Contract Services	6,000	6,000	4,182
Professional Services	5,000	5,000	-
	<u>1,696,400</u>	<u>1,777,938</u>	<u>1,631,505</u>
Child Protective Services			
Personnel Services	61,470	61,510	49,931
Supplies and Other Charges	9,000	9,000	2,756
	<u>70,470</u>	<u>70,510</u>	<u>52,687</u>
Gun Violence Prosecution			
Personnel Services	71,290	-	-
	<u>71,290</u>	<u>-</u>	<u>-</u>
District Clerk			
Personnel Services	697,909	698,356	616,415
Discretionary Funding	-	4,470	-
Supplies and Other Charges	30,135	31,593	30,928
Repairs and Maintenance	1,800	1,700	1,438
Minor Acquisitions	600	1,287	1,287
Contract Services	6,675	8,030	6,829
	<u>737,119</u>	<u>745,436</u>	<u>656,897</u>

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2005

	Budgeted Amounts		Actual
	Original	Final	
Justice System (continued)			
Court and Jury Services			
Personnel Services	\$ 80,120	\$ 80,162	\$ 79,689
Discretionary Funding	-	1,318	-
Supplies and Other Charges	79,700	79,700	64,889
Repairs and Maintenance	100	100	-
	<u>159,920</u>	<u>161,280</u>	<u>144,578</u>
Collections			
Personnel Services	115,330	115,341	107,026
Discretionary Funding	-	974	-
Supplies and Other Charges	3,615	3,690	3,594
Minor Acquisitions	150	75	-
	<u>119,095</u>	<u>120,080</u>	<u>110,620</u>
County Clerk			
Personnel Services	368,014	368,219	326,122
Discretionary Funding	-	26,914	-
Supplies and Other Charges	190,490	190,490	159,693
Repairs and Maintenance	1,850	1,850	1,565
Minor Acquisitions	1,400	1,400	360
Contract Services	4,620	4,620	4,477
	<u>566,374</u>	<u>593,493</u>	<u>492,217</u>
Vital Statistics Preservation			
Minor Acquisitions	-	500	342
Contract Services	11,200	10,700	-
	<u>11,200</u>	<u>11,200</u>	<u>342</u>
85th District Court			
Personnel Services	215,140	215,260	203,184
Employment Services	1,500	1,500	1,346
Discretionary Funding	-	2,663	-
Supplies and Other Charges	19,300	18,300	17,744
Repairs and Maintenance	1,000	500	423
	<u>236,940</u>	<u>238,223</u>	<u>222,697</u>
272nd District Court			
Personnel Services	213,660	213,775	209,963
Employment Services	400	735	724
Discretionary Funding	-	552	-
Supplies and Other Charges	13,050	13,514	13,495
Repairs and Maintenance	650	1,101	1,087
Minor Acquisitions	200	1,250	1,196
	<u>227,960</u>	<u>230,927</u>	<u>226,465</u>

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2005

	Budgeted Amounts		Actual
	Original	Final	
Justice System (continued)			
361st District Court			
Personnel Services	\$ 212,290	\$ 212,405	\$ 207,798
Employment Services	1,500	1,500	934
Discretionary Funding	-	4,461	-
Supplies and Other Charges	21,750	21,490	15,591
Repairs and Maintenance	1,660	1,660	1,014
Minor Acquisitions	100	360	260
	<u>237,300</u>	<u>241,876</u>	<u>225,597</u>
Juvenile Court Referee			
Personnel Services	132,770	117,330	91,275
Supplies and Other Charges	2,800	2,872	2,867
Minor Acquisitions	250	250	191
	<u>135,820</u>	<u>120,452</u>	<u>94,333</u>
Magistrate			
Personnel Services	63,270	78,860	75,065
Discretionary Funding	-	408	-
Supplies and Other Charges	3,950	2,356	1,945
Repairs and Maintenance	150	300	169
Minor Acquisitions	600	2,044	2,017
	<u>67,970</u>	<u>83,968</u>	<u>79,196</u>
County Court At Law #1			
Personnel Services	345,353	345,558	336,670
Employment Services	2,000	1,700	588
Discretionary Funding	-	1	-
Supplies and Other Charges	18,795	20,325	17,663
Repairs and Maintenance	300	415	391
Minor Acquisition	-	-	-
	<u>366,448</u>	<u>367,999</u>	<u>355,312</u>
County Court At Law #2			
Personnel Services	342,723	342,928	340,412
Employment Services	1,000	1,000	212
Discretionary Funding	-	1,449	-
Supplies and Other Charges	13,760	18,050	16,815
Repairs and Maintenance	300	410	338
Minor Acquisitions	100	-	-
	<u>357,883</u>	<u>363,837</u>	<u>357,777</u>

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2005

	Budgeted Amounts		Actual
	Original	Final	
Justice System (continued)			
Justice of the Peace Precinct 1			
Personnel Services	\$ 163,135	\$ 198,074	\$ 185,409
Discretionary Funding	-	7,959	-
Supplies and Other Charges	19,710	21,952	18,487
Repairs and Maintenance	500	500	423
Minor Acquisitions	600	600	-
Contract Services	19,930	19,930	19,922
	<u>203,875</u>	<u>249,015</u>	<u>224,241</u>
Justice of the Peace Precinct 2 Place 1			
Personnel Services	154,425	154,515	147,969
Discretionary Funding	-	3,079	-
Supplies and Other Charges	5,910	4,739	4,696
Repairs and Maintenance	770	770	634
Minor Acquisitions	-	1,171	1,171
	<u>161,105</u>	<u>164,274</u>	<u>154,470</u>
Justice of the Peace Precinct 2 Place 2			
Personnel Services	156,675	156,765	150,882
Discretionary Funding	-	1,076	-
Supplies and Other Charges	15,130	17,535	14,766
Repairs and Maintenance	1,000	1,000	682
Minor Acquisitions	650	1,665	1,165
Contract Services	20,560	20,560	20,426
	<u>194,015</u>	<u>198,601</u>	<u>187,921</u>
Justice of the Peace Precinct 3			
Personnel Services	209,135	209,255	207,154
Discretionary Funding	-	4,893	-
Supplies and Other Charges	14,840	14,840	12,069
Repairs and Maintenance	250	250	72
Contract Services	18,660	19,400	19,132
	<u>242,885</u>	<u>248,638</u>	<u>238,427</u>
Justice of the Peace Precinct 4			
Personnel Services	129,565	129,640	128,357
Discretionary Funding	-	2,025	-
Supplies and Other Charges	4,160	4,209	4,203
Repairs and Maintenance	75	-	-
Minor Acquisitions	275	301	301
Contract Services	1,400	1,400	1,391
	<u>135,475</u>	<u>137,575</u>	<u>134,252</u>

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2005

	Budgeted Amounts		Actual
	Original	Final	
Justice System (continued)			
Community Supervision Support			
Supplies and Other Charges	\$ 36,620	\$ 40,206	\$ 40,184
Repairs and Maintenance	250	-	-
Minor Acquisitions	500	740	618
Contract Services	5,820	5,544	5,544
	<u>43,190</u>	<u>46,490</u>	<u>46,346</u>
Judicial Court Support			
Supplies and Other Charges	187,000	283,500	250,852
Contract Services	600,000	930,000	910,003
Professional Services	1,130,000	1,125,000	1,023,136
	<u>1,917,000</u>	<u>2,338,500</u>	<u>2,183,991</u>
Total Justice System	<u>\$ 9,626,004</u>	<u>\$ 10,236,571</u>	<u>\$ 9,430,945</u>
Law Enforcement			
Sheriff Administration			
Personnel Services	\$ 2,603,250	\$ 2,609,784	\$ 2,538,093
Employment Services	-	18,990	7,484
Discretionary Funding	-	10,803	-
Supplies and Other Charges	85,402	80,202	79,765
Repairs and Maintenance	106,750	150,404	147,332
Minor Acquisitions	8,020	8,915	4,921
Contract Services	9,320	9,320	7,999
Professional Services	2,000	2,000	1,323
	<u>2,814,742</u>	<u>2,890,418</u>	<u>2,786,917</u>
Joint Terrorism Task Force			
Personnel Services	-	14,666	8,632
	<u>-</u>	<u>14,666</u>	<u>8,632</u>
Sheriff Jail Administration			
Personnel Services	6,188,400	6,224,924	5,819,593
Discretionary Funding	-	6,057	-
Supplies and Other Charges	783,350	802,937	798,693
Repairs and Maintenance	14,420	15,920	9,642
Minor Acquisitions	2,800	4,530	3,828
Contract Services	7,800	8,713	8,712
Professional Services	45,550	47,850	47,560
	<u>7,042,320</u>	<u>7,110,931</u>	<u>6,688,028</u>

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2005

	Budgeted Amounts		Actual
	Original	Final	
Law Enforcement (continued)			
Constable Precinct 1			
Personnel Services	\$ 187,850	\$ 189,984	\$ 179,801
Discretionary Funding	-	1,061	-
Supplies and Other Charges	12,550	11,691	10,280
Repairs and Maintenance	7,950	12,950	12,892
Minor Acquisitions	400	400	328
Contract Services	7,400	6,800	6,668
	<u>216,150</u>	<u>222,886</u>	<u>209,969</u>
Constable Precinct 2			
Personnel Services	275,010	276,475	268,806
Discretionary Funding	-	670	-
Supplies and Other Charges	11,178	9,278	8,422
Repairs and Maintenance	13,955	16,705	16,243
Minor Acquisitions	1,500	7,650	7,572
	<u>301,643</u>	<u>310,778</u>	<u>301,043</u>
Constable Precinct 3			
Personnel Services	183,680	184,605	178,487
Discretionary Funding	-	1,421	-
Supplies and Other Charges	13,867	13,154	12,729
Repairs and Maintenance	5,950	8,561	8,377
Minor Acquisitions	1,725	327	295
Contract Services	12,461	13,201	13,012
	<u>217,683</u>	<u>221,269</u>	<u>212,900</u>
Constable Precinct 4			
Personnel Services	187,700	189,335	189,335
Discretionary Funding	-	316	-
Supplies and Other Charges	7,920	8,410	7,964
Repairs and Maintenance	9,800	9,428	9,336
Minor Acquisitions	1,100	1,771	1,615
Contract Services	1,400	1,400	1,392
	<u>207,920</u>	<u>210,660</u>	<u>209,642</u>
Constable Precinct 6			
Personnel Services	13,279	13,279	13,127
	<u>13,279</u>	<u>13,279</u>	<u>13,127</u>
Total Law Enforcement	<u>\$ 10,813,737</u>	<u>\$ 10,994,887</u>	<u>\$ 10,430,258</u>

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2005

	Budgeted Amounts		Actual
	Original	Final	
Juvenile Services			
Juvenile Services			
Personnel Services	\$ 2,374,620	\$ 2,346,305	\$ 2,144,539
Discretionary Funding	-	8,486	-
Supplies and Other Charges	251,420	282,740	266,061
Repairs and Maintenance	9,900	9,055	8,890
Minor Acquisitions	6,450	8,655	8,412
Contract Services	37,300	37,360	36,630
Professional Services	46,820	59,045	50,010
	<u>2,726,510</u>	<u>2,751,646</u>	<u>2,514,542</u>
TYC - Parole			
Personnel Services	102,330	103,515	99,895
Supplies and Other Charges	2,500	3,100	2,099
Repairs and Maintenance	500	500	460
Contract Services	35,000	35,000	34,418
	<u>140,330</u>	<u>142,115</u>	<u>136,872</u>
Juvenile Justice Alternative Education			
Personnel Services	77,910	77,975	69,739
Supplies and Other Charges	1,000	260	257
	<u>78,910</u>	<u>78,235</u>	<u>69,996</u>
Juvenile - Title IV E			
Personnel Services	192,620	194,692	194,692
Supplies and Other Charges	48,400	46,893	40,045
Repairs and Maintenance	5,250	5,250	4,538
Contract Services	8,400	8,400	8,372
Professional Services	-	121,850	67,079
	<u>254,670</u>	<u>377,085</u>	<u>314,726</u>
TDHS - Commodities			
Supplies and Other Charges	3,000	3,000	1,526
	<u>3,000</u>	<u>3,000</u>	<u>1,526</u>
Total Juvenile Services	\$ 3,203,420	\$ 3,352,081	\$ 3,037,662

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2005

	Budgeted Amounts		Actual
	Original	Final	
Public Transportation			
Road and Bridge Administration			
Personnel Services	\$ 2,655,395	\$ 2,680,715	\$ 2,345,686
Discretionary Funding	80,580	-	-
Supplies and Other Charges	530,000	920,080	70,789
Repairs and Maintenance	1,907,800	1,946,100	1,732,079
Minor Acquisitions	4,950	6,950	6,897
Contract Services	61,500	61,500	46,077
Professional Services	100,000	100,000	47,153
Total Public Transportation	\$ 5,340,225	\$ 5,715,345	\$ 4,248,681
Public Health			
Environmental Protection			
Supplies and Other Charges	\$ 7,000	\$ 7,000	\$ 6,504
Contract Services	167,900	167,900	161,623
	<u>174,900</u>	<u>174,900</u>	<u>168,127</u>
Indigent Health Care			
Supplies and Other Charges	525,000	525,000	495,078
Contract Services	92,700	92,700	797,627
Professional Services	1,285,600	1,285,600	92,693
	<u>1,903,300</u>	<u>1,903,300</u>	<u>1,385,398</u>
Community Public Health			
Contract Services	120,000	120,000	120,000
	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
Total Public Health	\$ 2,198,200	\$ 2,198,200	\$ 1,673,525
Human Services			
Veteran Services			
Personnel Services	\$ 13,800	\$ 13,820	\$ 13,820
Discretionary Funding	-	492	-
Supplies and Other Charges	1,400	1,400	761
Repairs and Maintenance	200	200	136
	<u>15,400</u>	<u>15,912</u>	<u>14,717</u>
County Fire Protection			
Contract Services	404,400	404,400	404,400
	<u>404,400</u>	<u>404,400</u>	<u>404,400</u>
County Welfare			
Supplies and Other Charges	5,000	5,000	2,770
	<u>5,000</u>	<u>5,000</u>	<u>2,770</u>

BRAZOS COUNTY, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2005

	Budgeted Amounts		Actual
	Original	Final	
Human Services (continued)			
Elections			
Personnel Services	\$ 45,770	\$ 45,795	\$ 34,589
Outside Labor Costs	94,500	94,500	62,772
Supplies and Other Charges	22,450	20,850	15,620
Repairs and Maintenance	42,500	42,500	40,600
Contract Services	900	1,000	965
Professional Services	22,500	24,000	21,851
	<u>228,620</u>	<u>228,645</u>	<u>176,397</u>
Health Department			
Supplies and Other Charges	37,810	40,310	37,416
Professional Services	12,000	12,097	12,097
	<u>49,810</u>	<u>52,407</u>	<u>49,513</u>
Emergency Management			
Personnel Services	96,968	114,558	114,189
Discretionary Funding	-	1,566	-
Supplies and Other Charges	13,500	419,950	337,142
Repairs and Maintenance	4,850	4,100	2,500
Minor Acquisitions	750	750	307
Contract Services	4,450	7,350	6,950
Professional Services	1,700	1,700	1,200
	<u>122,218</u>	<u>549,974</u>	<u>462,288</u>
Brazos Center			
Personnel Services	378,470	380,530	337,618
Discretionary Funding	-	17,063	-
Supplies and Other Charges	128,950	128,950	121,595
Repairs and Maintenance	52,000	43,490	36,884
Minor Acquisitions	7,629	10,877	10,176
Contract Services	49,000	49,000	37,397
	<u>616,049</u>	<u>629,910</u>	<u>543,670</u>
Exposition Center			
Personnel Services	114,301	64,571	90
Supplies and Other Charges	36,000	36,000	100
	<u>150,301</u>	<u>100,571</u>	<u>190</u>

BRAZOS COUNTY, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2005

	Budgeted Amounts		Actual
	Original	Final	
Human Services (continued)			
Agricultural Extension			
Personnel Services	\$ 222,748	\$ 222,868	\$ 174,374
Discretionary Funding	-	2,298	-
Supplies and Other Charges	38,800	45,150	42,581
Repairs and Maintenance	400	100	100
Minor Acquisitions	2,700	2,625	2,625
Contract Services	20,100	16,165	16,164
	<u>284,748</u>	<u>289,206</u>	<u>235,844</u>
Child Protective Services			
Supplies and Other Charges	50,000	53,350	51,569
	<u>50,000</u>	<u>53,350</u>	<u>51,569</u>
Total Human Services	<u>\$ 1,926,546</u>	<u>\$ 2,329,375</u>	<u>\$ 1,941,358</u>
Capital Outlay	<u>\$ 41,000</u>	<u>\$ 87,246</u>	<u>\$ 85,370</u>
TOTAL EXPENDITURES	<u>\$ 43,665,162</u>	<u>\$ 45,105,495</u>	<u>\$ 40,043,081</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>156,638</u>	<u>(1,064,131)</u>	<u>7,621,607</u>
Other Financing Sources (Uses)			
Operating Transfers In	-	12,847	-
Operating Transfers Out	(1,419,908)	(1,728,163)	(844,010)
Sale of Fixed Assets	25,000	25,000	16,111
Total Other Financing Sources (Uses)	<u>(1,394,908)</u>	<u>(1,690,316)</u>	<u>(827,899)</u>
Net Change in Fund Balances	(1,238,270)	(2,754,447)	6,793,708
FUND BALANCE, OCTOBER 1	<u>19,644,359</u>	<u>19,644,359</u>	<u>19,644,359</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 18,406,089</u>	<u>\$ 16,889,912</u>	<u>\$ 26,438,067</u>

**BRAZOS COUNTY, TEXAS
INTERNAL SERVICE FUND
HEALTH AND LIFE INSURANCE
STATEMENT OF CASH FLOWS
For The Year Ended September 30, 2005**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 932,877
Receipts from interfund services provided	3,321,689
Payments to contractors	(839,316)
Claims paid	<u>(3,994,746)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(579,496)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer From General Fund	<u>500,000</u>
NET CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>500,000</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>20,023</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>20,023</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(59,473)
CASH AND CASH EQUIVALENTS, OCTOBER 1	<u>1,135,696</u>
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	<u><u>\$ 1,076,223</u></u>
 Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$ (53,690)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
(Increase) in accounts receivable	(196,525)
Decrease in due from other funds	370
(Decrease) in accounts payable	(289,028)
(Decrease) in deferred revenue	<u>(40,623)</u>
Total adjustments	<u>(525,806)</u>
 Net cash used by operating activities	 <u><u>\$ (579,496)</u></u>

INTERNAL

SERVICE

FUND

PROPRIETARY FUND TYPE

INTERNAL SERVICE FUND – is established to account for the financing of goods or services provided by one department to other departments of the County on a cost-reimbursement basis.

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September 1, 2000

To: Richard Vance
County Engineer

From: Margie Wedel
First Assistant Auditor

Subject: Road and Bridge Physical Inventory
For the year ending September 30, 2000

Please find attached our forms developed to assist you with your year-end physical inventory. If you have additional items, insert them in the appropriate place or add them to the bottom of the page. I am especially interested in the Quantity, but if you have the Unit cost that would be very helpful.

I would appreciate your taking the physical inventory count as near to September 30, 2000 as possible. I am scheduled to provide a completed inventory schedule to our outside auditors before the end of October.

If I can answer any questions or be of any assistance, please feel free to contact me.

Thank you.

BRAZOS COUNTY, TEXAS
PRINCIPAL OFFICIALS
September 30, 2005

Commissioners' Court:

Randy Sims	County Judge
Lloyd Wasserman	Commissioner, Precinct 1
Duane Peters	Commissioner, Precinct 2
G. Kenny Mallard, Jr.	Commissioner, Precinct 3
Carey Cauley, Jr.	Commissioner, Precinct 4

District Court:

J. D. Langley	Judge, 85th Judicial District
Rick Davis	Judge, 272nd Judicial District
Steve Smith	Judge, 361st Judicial District

County Court-at-Law:

Randy Michel	Judge, County Court-at-Law No. 1
James Locke	Judge, County Court-at-Law No. 2

Law Enforcement and Correction:

Christopher C. Kirk	Sheriff
James Kuboviak	County Attorney
Bill Turner	District Attorney
Doug Vance *	Chief Juvenile Probation Officer
Arlene Parchman *	Chief Adult Probation Officer

Financial Administration:

Kay Hamilton	Treasurer
Gerald L. Winn	Tax Assessor-Collector
Katie Conner*	Auditor

Recording Offices:

Karen McQueen	County Clerk
Marc Hamlin	District Clerk

* Designates appointed officials. All others listed are elected officials.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

For the Year Ending September 30, 2005

This section of the Brazos County comprehensive annual financial report presents management's discussion and analysis ("MD&A") of the financial performance of the primary government during the fiscal year ended September 30, 2005. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The total government-wide assets of the County exceeded the liabilities at September 30, 2005 by \$88,972,787, and are reported as total net assets of the primary government. Of this amount, \$59,875,549 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, \$4,997,987 is restricted for specific purposes (restricted net assets) and \$24,099,251 is invested in capital assets, net of related debt.
- The County's total net assets increased by \$11,839,864, of which mainly is attributable to the debt issuance of \$2,750,000 of Certificates of Obligation and \$10,500,000 of General Obligation Bonds at the end of the fiscal year.
- As of September 30, 2005, the County governmental funds reported combined fund balances of \$58,869,906. Approximately 87% of the combined fund balances, \$51,174,744 is available to meet the County's current and future needs (unreserved fund balances).
- At the end of the fiscal year, unreserved undesignated fund balance for the general fund is \$21,356,499 or 53% of total general fund expenditures.
- Brazos County's total debt increased \$10,918,501, or 26.8% during the current fiscal year. The key factor in this net increase was the issuance of \$2,750,000 of Certificates of Obligation and \$10,500,000 of General Obligation Bonds. The Certificate of Obligations were issued for the renovation of purchased facilities and the continued upgrade of the County's infrastructure. The General Obligation Bonds were issued for the construction of the Exposition Center.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. Required supplementary information is included in addition to the basic financial statements.

Government-wide Financial Statements – These are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business. They include a Statement of Net Assets and a Statement of Activities. Both of these statements are presented using the accrual method of accounting; therefore, revenues and expenses are taken into account regardless of when cash is received or paid.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The statement of net assets presents information on all County assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. However, other non-financial factors, such as changes in the County's property tax base and the condition of the County's roads, should be considered to assess the overall health of the County.

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

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, justice system, law enforcement, juvenile services, public transportation, public health and human services. The business-type activities of the County include the County Attorney, and the Jail Commissary activities.

Fund Financial Statements – Funds are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary 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 funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is more narrow than of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The County maintains twenty-nine individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Debt Service, Exposition Center and Certificate of Obligation Series 2003, which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules elsewhere in this report.

Proprietary funds are maintained two ways. An enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for the county attorney administration of the returned check activities and the jail commissary activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its administration of the County's self-insurance programs for health services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The County's only fiduciary funds are agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 43-70 of this report.

Required Supplementary Information is presented concerning the County's General Fund budgetary schedule and valuation information about the County retirement system and condition assessment information for county roads and bridges. The County adopts an annual budget for the General fund. A budgetary comparison schedule, which includes the original and final amended budget and actual figures, has been provided to demonstrate compliance with this budget. Required supplementary information can be found on pages 71-87 of this report.

Combining and Individual Fund Schedules provide information for non-major governmental funds, capital project funds, debt service fund, internal service funds and agency funds and are presented immediately following the required supplementary information. Additionally, the County legally adopts budgets for a number of other governmental funds. Budgetary comparison schedules and combining and individual fund statements and schedules can be found on pages 71-84 and 90-138 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the third year the County has applied Governmental Accounting Standards Board (GASB) Statement No. 34.

As noted earlier, net assets may serve over time as useful indicators of a government's financial position. Assets exceeded liabilities by \$88,800,751 for the County's governmental activities and \$172,036 for business-type activities.

Condensed Statement of Net Assets
September 30, 2005
With Comparative Totals September 30, 2004

	<u>Primary Government</u>			2004
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	
	<u>Activities</u>	<u>Activities</u>		<u>Total</u>
Current and other assets	\$ 69,154,065	\$190,912	\$ 69,344,977	\$ 50,738,970
Capital assets, net	75,679,726	-	75,679,726	71,066,598
Total assets	<u>144,833,791</u>	<u>190,912</u>	<u>145,024,703</u>	<u>121,805,568</u>
Current and other liabilities	7,145,933	18,876	7,164,809	6,282,098
Long-term liabilities	48,887,107	-	48,887,107	38,390,547
Total liabilities	<u>56,033,040</u>	<u>18,876</u>	<u>56,051,916</u>	<u>44,672,645</u>
Net assets:				
Invested in capital assets, net of related debt	24,099,251	-	24,099,251	30,404,623
Restricted net assets	4,997,987	-	4,997,987	3,328,283
Unrestricted net assets	59,703,513	172,036	59,875,549	43,400,017
Total net assets	<u>\$ 88,800,751</u>	<u>\$172,036</u>	<u>\$ 88,972,787</u>	<u>\$ 77,132,923</u>

The largest portion of the County's current fiscal year net assets reflects its investment in capital assets (e.g. land, improvements, buildings, equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. It consists of 27% of the total net assets for the County's governmental activities. The main use of these capital assets is to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another significant portion of the County's current fiscal year net assets represents unrestricted net assets, which may be used to meet the County's ongoing obligations to citizens and creditors. The unrestricted net assets are about 67% of the total net assets of governmental activities and 100% of the total net assets of business-type activities, respectively.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The remaining balance represents resources that are subject to external restrictions on how they may be used, which consists of 6% of the total net assets of the County's governmental activities.

At the end of the current fiscal year, the County reported positive net assets in both categories of net assets for its governmental and business-type activities. Total net assets of the County have increased by \$11.8 million from the prior year, which is consisted of an \$11,814,763 increase in governmental activities and \$25,101 increase in business-type activities. The principal component of this increase is an increase in the accounts receivable for the debt proceeds that the County has issued at the end of the fiscal year as noted earlier.

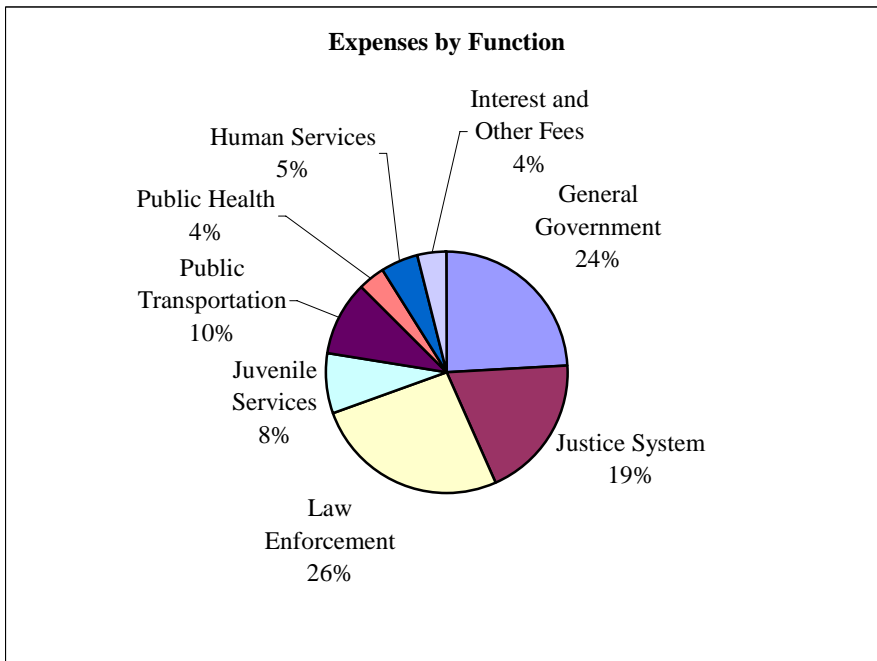
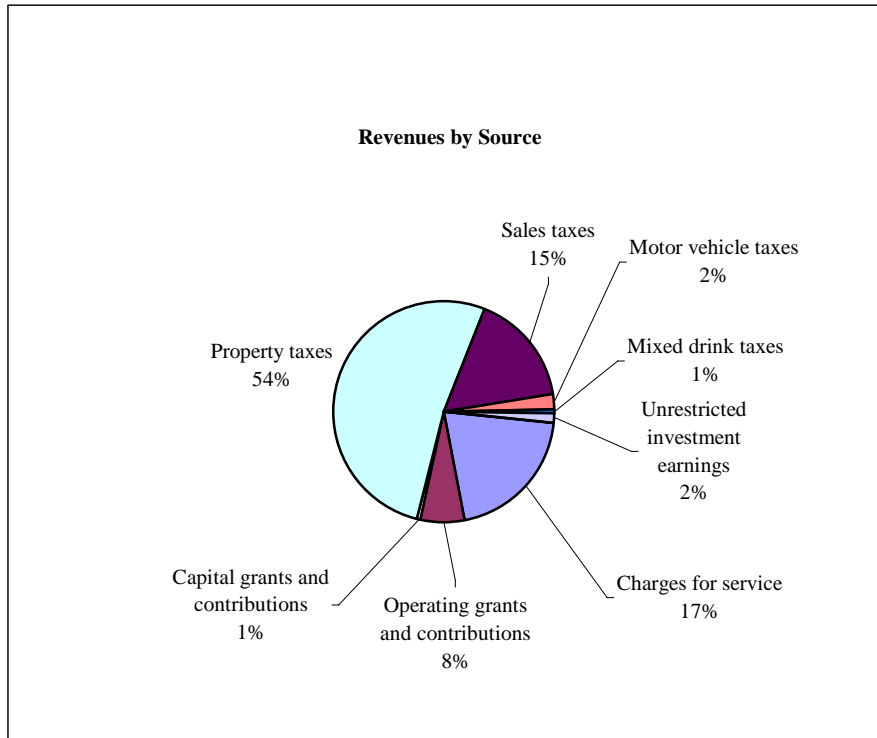
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GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table indicates changes in net assets for governmental and business-type activities:

	Governmental Activities	Business-Type Activities	Total	2004 Total
Condensed Statement of Activities				
For the Year Ended September 30, 2005				
With Comparative Totals September 30, 2004				
Revenues:				
Program revenues:				
Charges for service	\$ 9,554,439	\$ 346,587	\$ 9,901,026	\$10,817,289
Operating grants and contributions	4,696,924	-	4,696,924	3,293,962
Capital grants and contributions	256,681	-	256,681	291,411
General revenues:				
Property taxes	31,751,992	-	31,751,992	26,932,638
Sales taxes	8,942,049	-	8,942,049	8,413,179
Motor vehicle taxes	1,126,011	-	1,126,011	1,136,744
Mixed drink taxes	374,123	-	374,123	348,790
Unrestricted investment earnings	1,592,819	3,292	1,596,111	685,458
Gain (loss) on disposal of assets	12,193	3,850	16,043	31,391
Total revenues	<u>58,307,231</u>	<u>353,729</u>	<u>58,660,960</u>	<u>51,950,862</u>
Expenses:				
General Government	11,371,667	-	11,371,667	12,633,863
Justice System	8,860,448	81,788	8,942,236	9,489,654
Law Enforcement	11,894,495	246,840	12,141,335	12,163,396
Juvenile Services	3,809,998	-	3,809,998	3,739,205
Public Transportation	4,764,927	-	4,764,927	5,360,370
Public Health	1,693,371	-	1,693,371	1,726,770
Human Services	2,266,518	-	2,266,518	1,826,466
Interest and Other Fees	1,831,044	-	1,831,044	1,648,665
Total expenses	<u>46,492,468</u>	<u>328,628</u>	<u>46,821,096</u>	<u>48,588,389</u>
Change in net assets	11,814,763	25,101	11,839,864	3,362,473
Net assets - beginning	<u>76,985,988</u>	<u>146,935</u>	<u>77,132,923</u>	<u>73,770,450</u>
Net assets - ending	<u>\$88,800,751</u>	<u>\$ 172,036</u>	<u>\$ 88,972,787</u>	<u>\$77,132,923</u>

GOVERNMENT – WIDE FINANCIAL ANALYSIS (Continued)



FINANCIAL ANALYSIS OF FUNDS

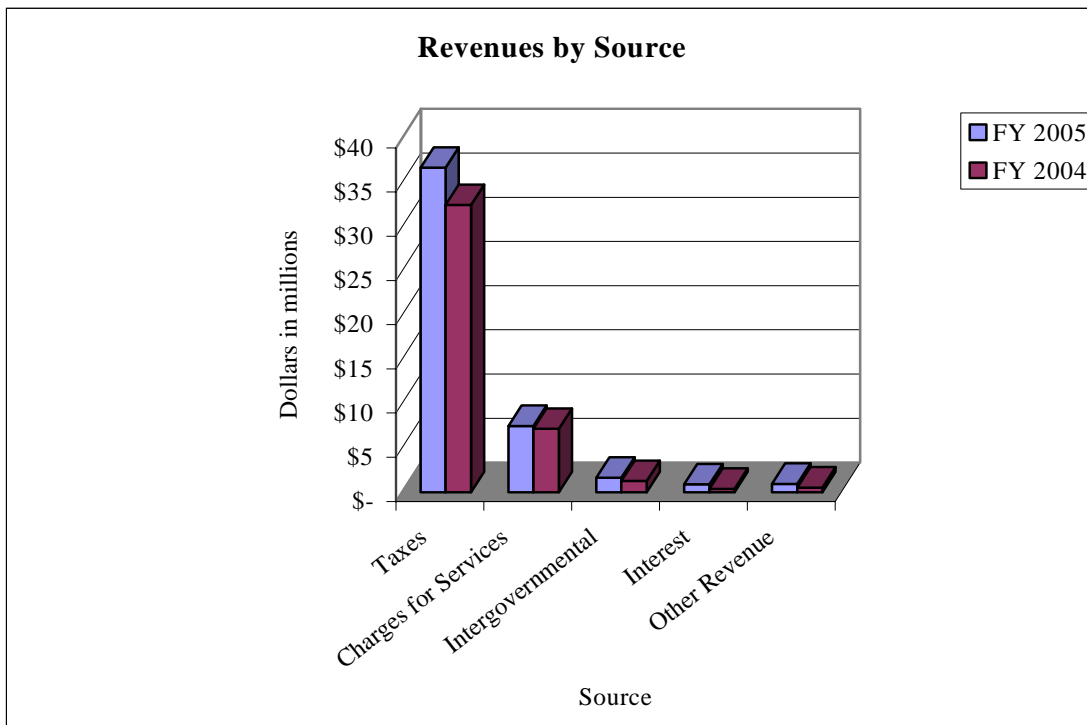
Governmental Funds - The County's major general government functions are contained in the General, Special Revenue, Debt Service, and Capital Project Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At September 30, 2005, the County's governmental funds reported combined fund balances of \$58,869,902, an increase of \$16,863,381 in comparison with the prior year. Approximately \$51,174,744 of the combined fund balance constitutes unreserved fund balance, which is available to meet the County's current and future needs including the County's capital project needs and the moneys the Court has designated as corpus of the Health Endowment Fund (See page 50, Note 1-N).

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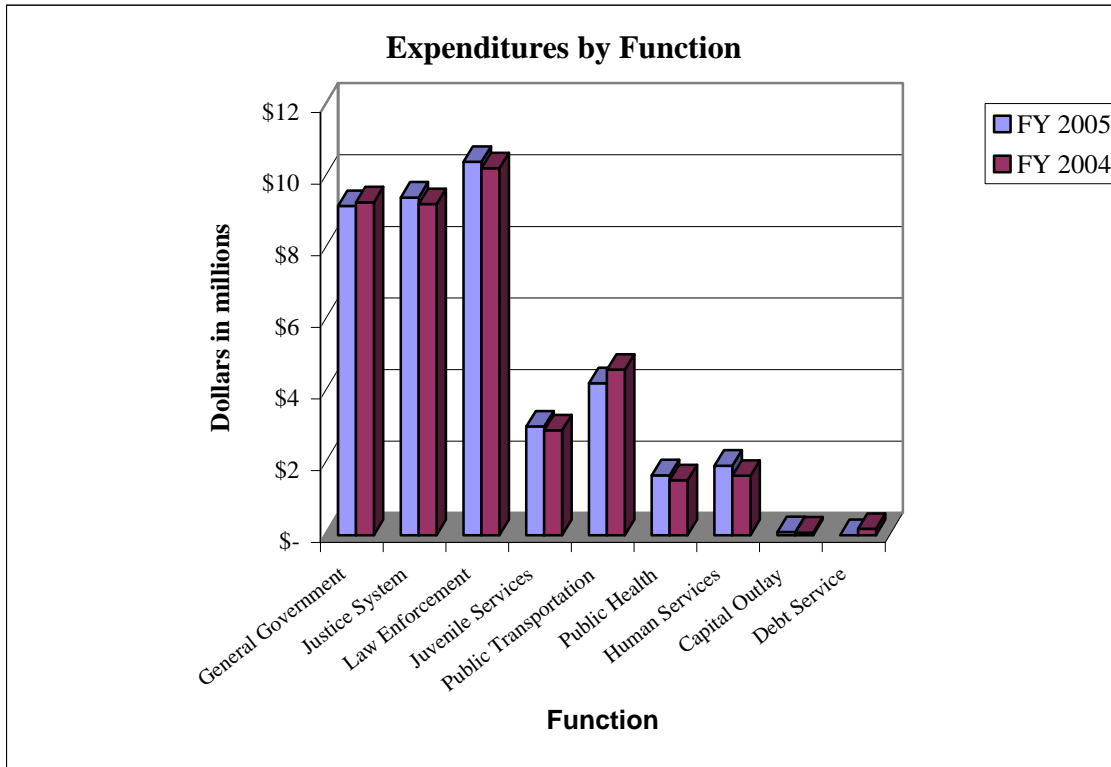
FINANCIAL ANALYSIS OF FUNDS (Continued)

The General Fund is the chief operating fund of the County. At September 30, 2005, the General Fund reported revenues of \$47,664,688, an increase of \$5,822,057 or 13.9% over the prior year. The increase is due to a \$4.2 million or 13% increase in ad valorem, sales and mixed drink taxes, an increase in charges for services of \$323,485, an increase in intergovernmental revenues of \$368,658 and an increase in interest revenue of \$507,925 as well as an increase of \$394,517 in other revenue. Ad valorem taxes increased as a result of increases in property valuations and tax rate. The ad valorem tax rate increased from 0.4350 per \$100 valuation to \$0.4725 per \$100 valuation or 0.0375 per \$100 valuation. The increase in charges for service is due to an increase in misdemeanor caseloads and the disposition of old cases from the justice system. The increase in intergovernmental revenues is due to increase in grant funding by the Federal Emergency Management Agency on behalf of Hurricane Katrina relief. The increase in other revenues is due to the reimbursement of the County's contribution to a local agency. The increase in interest revenue is due to increased interest yields earned on deposits and investments.



FINANCIAL ANALYSIS OF FUNDS (Continued)

Expenditures in the General Fund increased by approximately \$245,577 or less than 1% the prior year. Increases in the majority of functions are the results of performance pay allowances and increased expenditures in different classifications as needed.



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FINANCIAL ANALYSIS OF FUNDS (Continued)

The fund balance of the County's general fund increased by \$6.8 million during the current fiscal year. Key factors in this increase were as follows:

- Revenues increased \$5.8 million while expenditures increased only \$0.2 million.
- The ad valorem tax rate was increased by \$0.0375 per \$100 valuation.
- Charges for Services increased 4.5% over fiscal year 2004.
- Intergovernmental revenues increased 29% over fiscal year 2004.
- Other revenue increased 74% over fiscal year 2004.
- Interest revenue increased 133% over fiscal year 2004.
- The annual growth rate of expenditures decreased in 2005; expenditures increased less than 1% over the fiscal year 2004, while expenditures increased 3.9% from 2003 to 2004.

The Debt Service Fund is used to account for receipts and disbursements of funds relating to the County's long-term bonded debt obligations. At the end of fiscal year 2005, the fund balance increased \$257,963 or 15.9% from fiscal year 2004. This increase is due to the realization of revenues in excess of anticipated for delinquent ad valorem taxes.

The Capital Project Funds accounts for receipts and disbursements relating to the acquisition or construction of major capital projects. At the end of fiscal year 2005, the total fund balances for all capital project funds increased \$8,400,042. The changes of fiscal year 2005's fund balance in each capital project fund over fiscal year 2004's were as follows:

- Fund balance of Road and Bridge Infrastructure – C.O.'s 2002 decreased \$364,687.
- Fund balance of Judicial Software Fund decreased \$29,162.
- Fund balance of Capital Improvement Fund decreased \$411,039.
- Fund balance of Exposition Center increased \$10,569,358, reflecting the issuance of \$10,500,000 General Obligation Bonds at the end of fiscal year 2005.
- Fund balance of Certificates of Obligation Issue 2003 decreased \$1,529,915.
- Fund balance of Certificates of Obligation Issue 2004 decreased \$2,565,262.
- Fund balance of Certificates of Obligation Issue 2005 was \$2,730,749, reflecting the issuance of \$2,750,000 of Certificates of Obligation at the end of fiscal year 2005.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues exceeded final amended budget by \$3.6 million primarily due to increased collections of sales tax and ad valorem taxes. The County realized \$1.3 million more in tax revenue than originally anticipated, over \$594,000 more in charges for service than anticipated, over \$551,000 more than anticipated in intergovernmental and other revenue categories, over \$530,000 more than anticipated in interest revenue and over \$617,000 in other revenues.

Brazos County's practice is to include contingency funds in the original adopted appropriations (budget). However, these appropriated contingencies are not allocated to individual department budgets unless required during the year. Differences between the original budget expenditures and the final amended budget resulted in an increase of approximately \$1,440,000 in departmental appropriations. The following amounts were transferred from contingencies to departmental budgets during fiscal year 2005:

GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)

- \$130,000 to the Commissioner's Court division for additional health insurance benefits expenditure incurred for the County's retirees,
- \$290,000 to the Court Support Costs division for additional contract placement incurred for juveniles and additional autopsy costs,
- \$279,800 to the Road and Bridge division which represents the reinvestment of funds not spent during the 2003-2004 fiscal year. The Court has decided that any funds not spent for road maintenance and improvement will roll over to the following year,
- \$101,500 to various departments due to the increased rate for Worker's Compensation.
- \$324,000 to Emergency Management division for Hurricane Katrina and Rita relief,
- The remaining supplemental adjustments (approximately \$314,700) consist of minor increases in expenditures across all programs.

At the end of the fiscal year, actual expenditures were \$5.1 million less than the final amended budgeted amount (which includes all contingencies).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2005, amounted to \$75,679,726 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress. The total decrease in the County's investment in capital assets for the current period was 20%, which was primarily due to the issuance of debt. Please refer to page 56, Note 5 and page 59, Note 8 of the basic financial statements for more detailed information.

The County has elected to use the "Modified Approach" as defined by GASB 34 for reporting infrastructure assets, which include 453 miles of roads and 58 bridges.

The Brazos County Road and Bridge department performs condition assessments of county roads continually throughout the year and evaluates and prioritizes the results annually. The condition assessment team utilizes various criteria for evaluating the condition of the roads including the traffic volume of the road, the number of man hours used to maintain the road in the last year, the potential traffic on the road based on observed development of properties accessing the road, the number of traffic accidents and the type of accidents, and a visual inspection of the road for settlement spots, rough pavement, areas requiring patching, and the frequency of repair activities on the road. Each road is assessed on a scale of zero to 100 with 100 representing a road in perfect condition. The County has adopted a minimum condition level of 80% for all County roads. The results of the 2005 condition assessment indicate that approximately 410 miles are at 80% or better condition level. There are approximately 40 miles with a condition level between 60% and 80% which are scheduled for upgrade in the next 2 years.

For the year ended September 30, 2005, annual maintenance and preservation costs of \$4,248,681 were less than the estimated amount needed of \$5,340,225. This variance is due to the unforeseen delays in the acquisition of right of way, road preparation and weather delays.

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Capital Assets (continued)

More detailed information is available on pages 86-87 in the Required Supplementary Information.

Major capital asset events during the current fiscal year included the following:

- The Certificates of Obligation 2002 and the Road and Bridge Infrastructure C.O.'s 2002 Capital Project Funds were established from the \$2,995,000 in Certificates of Obligation issued in December 2002. The project was completed during fiscal year 2005.
- During fiscal year 2004 the County issued \$10,000,000 in Certificates of Obligation and was detailed in the capital project fund entitled Certificates of Obligation 2003. The funds were used in fiscal year 2004 to purchase vehicles, to fund courthouse improvements, to upgrade the County's radio communication system, and to provide additional funding for the upgrade of roads in the unincorporated areas of the County. At September 30, 2005 there remained over \$6.3 million that is anticipated to be used for the construction and equipping of an administration building for the Sheriff's Office. The construction is anticipated to begin in the summer of 2006.
- During fiscal year 2004 the County also issued \$5,000,000 Certificates of Obligation and these funds were accounted for in the capital project fund entitled Certificates of Obligation 2004. The funds were used in fiscal year 2004 to fund building improvements, replacement and modifications, to support various road and bridge capital equipment needs, to equip courtrooms with computer technology and to support various road and bridge capital improvement programs. At September 30, 2005, there remained over \$2.4 million that is intended to be used to purchase buildings for the expansion of County offices, and to construct a new Justice of the Peace building. The construction of the new Justice of the Peace building started in winter of 2005.
- At September 30, 2005, \$27,440,184 remained available in all capital project funds to be restricted for the costs of various capital projects. In fiscal year 2005, \$5,530,161 was expended on various projects (compared to \$4,125,087 in fiscal year 2004).

Long-term debt

At September 30, 2005, the County had total long-term debt outstanding of \$51,510,000 as compared to \$40,650,000 in the prior year. Refer to Note 8 in the Notes to the Basic Financial Statements for a detailed breakdown of long-term debt owed by the County. County officials, citizens and investors will find the ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita as useful indicators of the County's debt position and is shown in the statistical section of this report. At the November 2000 general election, the voters of Brazos County passed a proposition to allow the County to sell \$18.5 million in General Revenue Bonds to be used for the construction of a County Exposition Center. The County issued \$8,000,000 General Obligation Bonds in 2001 and the remaining \$10,500,000 in 2005 to finance the costs associated with development, construction and equipping of the Exposition Center.

ECONOMIC FACTORS

The Commissioner's Court adopted the 2005-2006 budget on September 20, 2005. The budget was adopted based on estimated balances that would be available at the end of fiscal year 2005 and estimated revenues to be received in fiscal year 2005. For 2005-2006, the property tax rate will decrease to \$0.4650 per \$100 valuation. The Commissioner's Court considered the following factors in establishing this tax rate:

- For several years the County had budgeted the use of fund balance reserves to pay for operational expenditures. In the fiscal year 04-05 the Court attempted to replenish fund balance reserves by increasing the tax rate from \$.4350 per \$100 valuation to \$.4725 per \$100 valuation. This resulted in an increase in the unreserved fund balance of the General Fund of over \$6 million. This increase along with increases in property valuations made it possible for the Commissioner's Court the ability to lower the tax rate without significantly affecting the fund balance reserves;
- Tax revenue from all sources is expected to increase 6% over the 2005 budgeted revenue, and overall expenditures are anticipated to increase 9.88%;
- The County's Health and Life fund has experienced a slowing in the continuing increases in health care costs. This slowing is due to a restructuring of the health care plan, and a favorable year in the occurrence of catastrophic illnesses. The plan has also experienced a reduction in both revenues and expenditures due to two entities opting for other health care plans. The Commissioner's Court is continuing to monitor the reserves in the Health and Life fund;
- The County provided an across the board increase of 3.0% to all salary schedules and increases of 5% to 15% for various law enforcement personnel;
- The Commissioner's Court desires to maintain an unrestricted fund balance of 90 to 180 days of expenditures to provide the County with readily available resources in the event of a natural disaster, or other catastrophic event.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Auditor's Office, 300 East 26th Street, Suite 314, Bryan, Texas, 77803.

Condensed Statement of Activities
For the Year Ended September 30, 2005
With Comparative Totals September 30, 2004

	Governmental Activities	Business-Type Activities	Total	2004 Total	
Revenues:					
Program revenues:					
Charges for service	\$ 9,554,439	\$ 346,587	\$ 9,901,026	\$10,817,289	
Operating grants and contributions	4,696,924	-	4,696,924	3,293,962	
Capital grants and contributions	256,681	-	256,681	291,411	
General revenues:					
Property taxes	31,751,992	-	31,751,992	26,932,638	
Sales taxes	8,942,049	-	8,942,049	8,413,179	
Motor vehicle taxes	1,126,011	-	1,126,011	1,136,744	
Mixed drink taxes	374,123	-	374,123	348,790	
Unrestricted investment earnings	1,592,819	3,292	1,596,111	685,458	
Gain (loss) on disposal of assets	12,193	3,850	16,043	31,391	
Total revenues	<u>58,307,231</u>	<u>353,729</u>	<u>58,660,960</u>	<u>51,950,862</u>	
Expenses:					
General Government	11,371,667	-	11,371,667	12,633,863	10,466,453
Justice System	8,860,448	81,788	8,942,236	9,489,654	3,293,962
Law Enforcement	11,894,495	246,840	12,141,335	12,163,396	291,411
Juvenile Services	3,809,998	-	3,809,998	3,739,205	26,932,638
Public Transportation	4,764,927	-	4,764,927	5,360,370	8,413,179
Public Health	1,693,371	-	1,693,371	1,726,770	1,136,744
Human Services	2,266,518	-	2,266,518	1,826,466	348,790
Interest and Other Fees	1,831,044	-	1,831,044	1,648,665	684,525
Total expenses	<u>46,492,468</u>	<u>328,628</u>	<u>46,821,096</u>	<u>48,588,389</u>	-
Change in net assets	11,814,763	25,101	11,839,864	3,362,473	
Net assets - beginning	<u>76,985,988</u>	<u>146,935</u>	<u>77,132,923</u>	<u>73,770,450</u>	
Net assets - ending	<u>\$88,800,751</u>	<u>\$ 172,036</u>	<u>\$ 88,972,787</u>	<u>\$77,132,923</u>	

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds - are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to be expended for specified purposes.

State Lateral Road Fund - A fund established to account for the funds received from the State for maintenance of County roads that join State highways.

Unclaimed Property Fund – A fund established to account for property with a value of \$100 or less that is presumed to be abandoned under the laws of the State of Texas. Expenditures of this fund are limited to the costs associated with publishing and posting of notices to the owners.

Law Library Fund - A fund established to account for fees (assessed and collected by various County Courts) that are used to maintain the County Law Library that is available to the public.

Appellate Judicial Fund - A fund established to account for the \$5.00 fee assessed by County Courts in civil cases used to support the County's participation in its appellate districts.

Alternative Dispute Resolution Fund - A fund created to account for the \$10.00 fee assessed with each County and District Court civil case filed, used to support the Alternative Dispute Resolution Center. The purpose of the Center is to resolve disputes that do not require formal court action.

Law Enforcement Education Fund - A fund created to account for funding received by the County from the State. The funds received are used to supplement the continuing education and training needs of those employees licensed under Chapter 415 of the Government Code, primarily law enforcement personnel.

County Records Management and Preservation Fund - A fund established to account for fees assessed and collected by the County and District Courts for the expressed purpose of records management and preservation.

County Clerk Records Management and Preservation Fund - A fund established to account for fees assessed for recording of documents in the County Clerk's office. Filings for real estate transactions, criminal, probate, assumed names and civil court actions are included. Monies are used for records management and preservation services performed by the County Clerk's office.

Time Payment Fund – A fund established to account for fees assessed and collected by the District, County and Justice Courts for cases in which the defendant has opted to pay the ordered amounts in installments. These funds can be used to improve the efficiency of the administration of justice.

Courthouse Security Fund - A fund created to account for the collection of fees charged as part of court costs to provide security services for buildings that house a District or County Court.

SPECIAL REVENUE FUNDS (continued)

District Clerk Records Management and Preservation Fund - A fund established to account for fees assessed for recording of documents in the District Clerk's office. Monies are used for records management and preservation services performed by the District Clerk's office.

Justice of the Peace Technology Fund – A fund created to account for the collection of fees charged as part of court costs to fund the technological needs of the Justices' of the Peace.

Special Forfeitures Fund - A fund established to account for forfeited property receipts as prescribed by Article 59 of the Code of Criminal Procedure. These funds can only be used to support law enforcement activities.

District Attorney Hot Check Collection Fund – A fund established to account for fees collected by the District Attorney for the administration, processing and prosecution of returned checks.

Bail Bond Board Fees Fund – A fund established to account for funds received for licensing and expenditures related to monitoring the bond activities of the local bail bondsmen.

Voter Registration Fund - A fund established to account for funds received from the State (before 1991), which represents a fee earned for each voter registered. Funds received can only be used for voter registration activity, and are governed by the Tax Assessor-Collector, the designated Voter Registrar for the County.

Vehicle Inventory Tax Interest Fund - A fund established to account for the interest earned on the Vehicle Inventory Tax collected monthly by the Tax Assessor-Collector. The Tax Assessor-Collector is allowed to collect the tax from vehicle dealers before the October 1 assessment date. The interest earned on the funds held by the Tax Assessor-Collector can only be used to support the Vehicle Inventory Tax collections and payments.

Sheriff Department Crime Fund – A fund established to account for funds received from the City of Bryan, the City of College Station, and Brazos County in support of the Narcotics Trafficking Task Force grant administered by the Sheriff.

District Attorney Crime Fund – A fund established to account for funds received from the City of Bryan, the City of College Station, and Brazos County in accordance with an inter-local agreement for the litigation of seizures incurred in law enforcement activities.

Grants Fund – A fund established to account for the revenues and expenditures related to grant activities.

BRAZOS COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Brazos County, Texas (“County”) have been developed to be in conformity with accounting principles generally accepted in the United States of America (“GAAP”) for local government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

A. Reporting Entity

The Brazos County Government (the “County”) was created in 1841. The County is a public corporation and a political subdivision of the State of Texas. It performs governmental functions as required or authorized by the Texas Constitution and the Laws of the State. A Commissioners’ Court composed of an elected County Judge and four elected Commissioners governs the County. The combined financial statements include all departments, funds or accounts for the County, the primary government.

The concept underlying the definition of the reporting entity is that elected officials are accountable to their constituents for their actions. The financial statements should allow users to distinguish between the primary government (the County) and its component units. Government Accounting Standards Board Statement 14 defines the reporting entity as the primary government and its component units. Brazos County is the primary governmental unit. The financial statements include all funds, agencies, boards, commissions, and authorities for which the elected officials of the County are financially accountable. The financial statements include those entities for which the nature and significance of the relationship between the entity and the County are such that to exclude the entity from the financial reporting entity would render the financial statements misleading or incomplete.

The relationship of the following corporations and the County meet the criteria of related organizations.

Brazos County Housing Finance Corporation

The Brazos County Housing Finance Corporation (“BCHFC”) is a Texas public, non-profit corporation created in accordance with the Texas Housing Finance Corporation Act. This Act authorizes the BCHFC to finance residential housing by issuing tax-exempt revenue bonds to acquire mortgage loans made to low or moderate income persons, and to pledge such mortgage loans as security for the payment of the principal and interest of such revenue bonds. The tax-exempt bonds issued by the BCHFC do not constitute a debt or a pledge of faith or credit of the BCHFC or Brazos County, but are payable by the user pursuant to terms defined in the loan agreement underlying each issue. Interest received on the bonds is generally exempt from federal income tax under Section 103 of the Internal Revenue Code. The BCHFC is governed by a three member Board of Directors which is comprised of three members of the Brazos County Commissioners’ Court.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Brazos County Health Facilities Development Corporation

The Brazos County Health Facilities Development Corporation (“BCHFDC”) is a Texas public, non-profit corporation created in accordance with the Texas Health Facilities Development Act of 1981. The BCHFDC purpose is to acquire, construct, provide, improve, finance and refinance health facilities to assist in the maintenance of the public health. The tax-exempt bonds issued by the BCHFDC do not constitute a debt or a pledge of faith or credit of the BCHFDC or the County, but are payable by the user pursuant to terms defined in the loan agreement underlying each issue. Interest received on the bonds is generally exempt from federal income tax under Section 103 of the Internal Revenue Code. The BCHFDC is governed by a five member Board of Directors which is comprised of the members of the Brazos County Commissioners’ Court.

Brazos County Industrial Development Corporation

The Brazos County Industrial Development Corporation (“BCIDC”) is a Texas public, non-profit corporation created in accordance with the Texas Development Corporation Act of 1979. The BCIDC purpose is to issue bonds on behalf of the Corporation, to promote and develop industrial and manufacturing enterprises, to promote and encourage employment and the public welfare, and to finance projects as defined by the Act. The tax-exempt bonds issued by the BCIDC do not constitute a debt or a pledge of faith or credit of the BCIDC or the County, but are payable by the user pursuant to terms defined in the loan agreement underlying each issue. Interest received on the bonds is generally exempt from federal income tax under Section 103 of the Internal Revenue Code. The BCIDC is governed by a three member Board of Directors which is comprised of three members of the Brazos County Commissioners’ Court.

B. Government-wide Financial Statements

Government-wide financial statements consist of the Statement of Net Assets and the Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities are supported by taxes and intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The effect of inter-fund activity has been eliminated for the government-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Level Financial Statements

All governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property tax revenues, the County's primary revenue source, are susceptible to accrual and are considered available to the extent of delinquent taxes collected within sixty (60) days of the fiscal year end. Grant and entitlement revenues are also susceptible to accrual. Encumbrances are used during the year and any un-liquidated items are reported at year-end as a reservation of fund balance.

The fund level financial statements are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

For proprietary funds, all revenues and expenses are classified as operating revenues and expenses except for taxes, investment income and interest expense, which are classified as non-operating revenues and expenses.

All proprietary funds, including the enterprise fund and internal service funds, are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses when they are incurred. Claims incurred but not reported are included in payables and expenses. These funds are accounted for using a cost of service or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included in the funds' balance sheets.

The agency funds are used to account for assets held solely in a custodial capacity and are accounted for using the accrual basis of accounting. As a result, assets in agency funds are always matched by liabilities to the owners of the assets and involve no measurement of results of operations.

The County's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which are comprised of each fund's assets, liabilities, fund equity, revenues and expenditures or expenses.

Funds are classified into three categories: Governmental, Proprietary and Fiduciary. The major funds of the County are noted within each category.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Level Financial Statements (Continued)

Governmental Funds

Governmental funds are used to account for all or most of a government's general activity. The County has reported four major funds under this category:

General Fund - The General Fund is the principal operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The fund accumulates reserves for future capital improvements and unforeseen catastrophic events.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest and related costs.

Exposition Center Fund – This fund is established to account for purchase of land and the construction of the Brazos County Exposition Center.

Certificates of Obligation 2003 – This fund is established to account for the construction of a Law Enforcement Administration Building, to upgrade the mobile communication system and to support various capital improvement programs.

Proprietary Funds

Proprietary funds are used to account for operations that are financed in a manner similar to those in the private sector, where the determination of net income is appropriate for sound financial administration. The County reports one internal service fund and two enterprise funds, both as major proprietary funds. The internal service fund is used to account for the provision of health, dental and life insurance to the departments of the County as well as to outside entities that have contracted with the County for this service. Two enterprise funds are used to account for the business-type operations of the County Attorney and Jail Commissary.

Fiduciary Funds

The Agency Funds are used to account for assets held by the County as agent for individuals, private organizations, and other governmental units and/or other funds. The County reports 13 agency funds as nonmajor fiduciary funds. Assets have been held in these funds on behalf of individuals involving certain legal process, employees, victims of crimes, bail bondsmen, inmates and other governmental units.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Proprietary Fund Accounting

The County has implemented Statement No. 20 of the Governmental Accounting Standards Board (GASB), "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting." Pursuant to this statement, the County has elected to follow alternative 1 as set out in GASB 20 for proprietary fund accounting. The County follows: (1) All GASB pronouncements and (2) Financial Accounting Standards Board Statements and Interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 except those that conflict with GASB pronouncements.

E. Implementation of New Standards

In fiscal year 2005, the County implemented the following new standard:

GASB Statement No. 40, "Deposit and Investment Risk Disclosures, an amendment of GASB No. 3", which modifies disclosures of custodial credit risk to limit required disclosures to:

- Deposits that are not covered by depository insurance and are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.
- Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name.

The statement also addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

F. Cash, Cash Equivalents and Investments

The County defines all cash, money market accounts, and certificates of deposit that have an original maturity date of ninety days or less as cash or cash equivalents. Cash and cash equivalents related to restricted assets are also included. Cash and cash equivalents are short term, highly liquid investments, which may be converted to cash (see Note 3). The County maintains a cash and investment pool that is available for use by all funds. Equity in cash and cash equivalents and interest income from the cash pool is allocated to the participating funds on a monthly basis. The amount of the allocation is determined by calculating a ratio of each fund's equity in the pool to the total pool.

All County funds must be on deposit with the County depository unless the Commissioners' Court directs the County Treasurer to invest funds as otherwise provided by law. State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements. Investments are stated at fair value or amortized cost (see Note 3).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Short Term – Interfund Receivables and Payables

There are essentially three forms of interfund transactions:

1. Loans – Transfers of monies between funds that are accounted for as balance sheet transactions and reflect a due from/due to.
2. Reimbursements - Transfers which comprise reimbursement of expenditures initially made by one fund, but properly attributable to another fund. Interfund transfers represent reimbursement for an expenditure if the reimbursement is for a specific or directly allocable cost applicable to the reimbursing fund.
3. Transfers – There are two types of transfers. Residual equity transfers are nonrecurring transfers between funds, which represent a transfer (contribution) of equity between the represented funds. These transactions are recorded directly to fund balance. Operating transfers reflect all transfers that do not fall into one of the previous categories. They are generally ongoing operating subsidies between funds, such as matching funds required by a grant agreement.

H. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 of a given year. Taxes levied on October 1 are payable by January 31 of the following year, and by statute become delinquent on February 1 at which time they begin accruing penalty and interest. The enforceable legal claim date for property taxes is the assessment date and therefore the County did not record a receivable for taxes assessed after September 30, 2005. Accordingly, there are no current taxes receivable reported. On July 1, unpaid taxes are subject to additional penalties and collection expenses.

Taxes have been reported in the government-wide financial statements net of the allowance for uncollectible taxes. At the governmental fund level, taxes are recognized as revenue when they become available and the amount not yet available (not collectible within sixty days) has been reported as deferred revenue. For the year ended September 30, 2005, the tax rate to finance general governmental services was \$0.4093 per \$100.00 valuation. The tax rate for the payment of principal and interest on long-term debt was \$0.0632 per \$100.00 valuation. Under provisions adopted by the State, the maximum rate that can be set to service governmental services is \$0.80 per \$100 of assessed value.

The Brazos County Appraisal District is responsible for the recording and appraisal of property for all taxing units in the County. The Appraisal District is required to assess property at 100% of its appraised value. Real property is subject to reappraisal on a four-year cycle.

The County's Tax Assessor-Collector acts as agent in the billing and collecting of taxes for the Brazos County Water Control Improvement District - Big Creek, the City of Bryan, the City of College Station, the Bryan Independent School District, the College Station Independent School District, Brazos County Education District, and Brazos County Rural Fire Prevention Districts 1, 2, 3, and 4. These transactions are recorded in an agency account.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Inventories and Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2005, are recorded as prepaid items, and amortized as expenditures as consumed.

The County maintains inventory at various levels. All inventory is valued at cost and is accounted for under the consumption method. Inventories of paper, copier supplies and road maintenance materials are maintained for all departments within the General Fund. An inventory of consumable food and personal items is maintained within the Jail Commissary Enterprise Fund.

J. Capital Assets

Capital assets include land, land improvements, right-of-way land, infrastructure, buildings, building improvements, site improvements, leasehold improvements, vehicles, machinery, furniture, equipment, other systems, works of art and intangible assets that are used in operations and benefit more than a single fiscal period. Infrastructure assets are long-lived assets that normally are stationary in nature and typically can be preserved for a significantly greater number of years than most capital assets, such as roads, bridges, and sewer systems. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Building improvements with an estimated cost to exceed \$25,000 are capitalized while infrastructure assets with an estimated cost to exceed \$50,000 are capitalized.

When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no records exist. Donated capital assets are valued at their estimated fair market value on the date received.

Improvements to capital assets that materially extend the life of the asset or add to the value are capitalized. Other repairs and normal maintenance are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized in the governmental activities on the government-wide financial statements.

Capital assets except for infrastructure, are depreciated over the useful lives of the assets or classes of assets on a straight-line basis as follows:

Buildings and improvements	20 - 40 years
Machinery and equipment	3 - 10 years

The County uses the modified approach to report its infrastructure assets in the government-wide statement of net assets. Infrastructure assets are listed at historical costs but they are not depreciated. Rather, under the modified approach allowed by GASB Statement No. 34, the County reports annual expenses for maintaining roads and bridges and the estimated costs for preserving them at 80% condition level out of a 100% scale.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

All full-time employees are granted vacation and sick leave benefits based on length of service. Non-exempt employees may earn compensatory time off for overtime worked. Employees are entitled to receive accumulated vacation pay in a lump sum payment if their employment is terminated. The related accrued vacation payable and accumulated compensatory time has been accrued as an expense and a liability at year-end in the government-wide statements as a liability for compensated absences. Accumulated sick leave benefits are not recorded, being lost upon termination of employment.

Non-exempt, non-law enforcement employees earn compensatory time at one and one-half times the excess of 40 hours per week worked. These employees can accrue a maximum of 240 hours. Non-exempt, law enforcement employees earn compensatory time at one and one-half times the excess of 171 hours in a 28-day work cycle. Non-exempt, law enforcement employees can accrue a maximum of 480 hours. At termination, all compensatory time is paid at the wage rate in place at termination. The maximum amount of vacation time an employee can accrue is 240 hours. At termination, an employee is paid for all vacation time earned up to the date of separation at the current wage rate.

L. Revenues and Expenses

Program revenues for governmental activities include those generated from general government, justice system, law enforcement, juvenile services, public transportation, public health and human services.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities. On new bond issues, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as prepaid expenses and amortized over the term of the related debt. Interest expenditures are reported in activities of the general government.

N. Fund Balance Designated for Health Endowment Fund

The County elected to create the Brazos County Community Healthcare Endowment Fund with the funds received from the statewide "Tobacco Settlement." Commissioners' Court designated the corpus of the funds received (\$2,000,000) to be invested and the interest earned to be used to provide funding for various County health programs. Commissioners' Court has appropriated \$120,000 for anticipated program needs during the 2005-2006 fiscal year and has designated \$258,061 available for future programs.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Policy and Procedures

Annual budgets are legally adopted for general, special revenue, debt service, and capital project funds. Budgets are adopted on a basis consistent with GAAP (modified accrual basis). The County employs an encumbrance accounting system as a method of accomplishing budgetary control. At year-end, open encumbrances are closed. The department is required to re-appropriate the funds within the following year's budget.

The County Judge is recognized by State statutes as the budget officer for the County and responsible for the preparation of the proposed budget. The proposed expenditures may not exceed the revenue estimates prepared by the County Auditor. The County in the preparation of the budget adheres to the following procedures:

- Departmental annual budget requests are submitted by the department head to the budget officer during the third quarter of the current fiscal year, for the fiscal year beginning October 1.
- The County Auditor prepares an estimate of available resources for the coming fiscal year and presents the estimates to the budget officer by July 15 each year.
- Informal departmental hearings are held with the budget officer.
- The budget officer prepares the proposed annual operating budget to be presented to the Commissioners' Court for consideration. The budget represents the financial plan for the new fiscal year.
- Formal public hearings are held on the proposed budget.
- The adopted budget must be balanced; i.e., available resources must be sufficient to support annual appropriations. The adopted budget must be approved by a majority of the Commissioners' Court on or before November 1 each year.
- The budget is adopted using classifications within each department. The operating department is the legal level of budgetary control.
- The budget may not be increased through the use of supplemental appropriations each year, unless the County Auditor certifies to the Commissioners' Court that supplemental receipts have been realized, and are available to support disbursements, which were not included in the budget for the fiscal year.
- Transfer of appropriations between departments requires the expressed permission of Commissioners' Court, and all appropriations lapse at year-end.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Policy and Procedures (Continued)

Appropriations for total budget cannot exceed total resources that will be available for the year as forecast by the County Auditor. This is the legal level of control for the County budget. Expenditures may not exceed budgeted appropriations at the fund level except for General Fund, which is appropriated at the classification level. Administrative control is maintained through the establishment of more detailed line-item budgets. Amendments increasing budget appropriations are restricted to those for “emergency expenditures, in case of grave public necessity, to meet unusual and unforeseen conditions that could not, by reasonably diligent thought and attention, have been included in the original budget.” The Commissioners’ Court must approve the original budget appropriations and subsequent amendments and adjustments. The County Auditor is required to monitor the expenditures of all the funds in comparison to that which has been appropriated. The following schedule of changes in the original budget appropriations includes those funds for which the Commissioners’ Court has legally adopted a budget, as well as funds with managerial budgets.

	Original Budgeted Expenditures and Other Financing Uses	Supplemental Appropriations	Original As Amended
General Fund	\$ 45,085,070	\$ 1,748,588	\$ 46,833,658
Special Revenue	3,239,529	706,898	3,946,427
Debt Service	9,468,893	-	9,468,893
Capital Projects	23,948,765	13,552,118	37,500,883
Totals	<u>\$ 81,742,257</u>	<u>\$ 16,007,604</u>	<u>\$ 97,749,861</u>

B. Excess of Expenditures Over Appropriations

During the year ended September 30, 2005, the County had the following excess of expenditures over appropriations: \$1,307 in Grant Funds and \$3,014 in Capital Project Funds. Both were caused by the reclassification of expenditures from capital outlay classification to minor acquisition classification during year-end review.

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

A. Cash and Cash Equivalents

Deposits with financial institutions are classified into three categories of credit risk based upon the following:

<u>Category</u>	<u>Description</u>
1	Deposits insured by the FDIC or collateralized with securities held by the County or the County's agent in the County's name.
2	Deposits collateralized by securities held by the pledging financial institution's agent in the County's name.
3	Deposits uncollateralized which include deposits collateralized by securities held by the pledging financial institution or by its trust department or agent not in the County's name.

The County's depository agreement with First American Bank and the agreements with various other banks regarding most funds under custody of the District Clerk require collateralization for all funds on deposit. Some funds under custody of the District Clerk are FDIC insured if they are not collateralized. The value of collateral must be equal to or greater than the average daily balance of funds on deposit or 105% of the prior month's average deposit. State statutes require that the collateral be government securities that are acceptable to the Commissioners' Court. At September 30, 2005, the carrying amounts for the County's cash and cash equivalents were \$48,512,715 for all funds. All deposits, time deposits (less than 90 days) and non-negotiable Certificates of Deposit are stated at cost and reflected on the balance sheet as "Cash and Cash Equivalents".

B. Investments

The County's investment policy is based on Section 116.112 of the Local Government Code and Government Code Chapter 2256, Subchapters A and B. This document sets forth

- (1) investment authority, scope of policy and investment objectives;
- (2) investment types and investment strategies;
- (3) investment responsibility, control, collateral, and investment safekeeping; and
- (4) investment reporting and performance evaluation.

Investments authorized by the investment policy are set forth in the Local Government Code and are as follows:

- direct debt securities of the United States, its agencies and instrumentalities.
- fully collateralized security repurchase agreements with the County depository or with state or national banks domiciled in Texas.
- certificates of deposit if issued by a state or a national bank domiciled in this state, or a savings and loan association domiciled in this state, if the certificate is 102% collateralized.
- a bankers' acceptance if it has a stated maturity of 270 days or fewer from the date of issuance and is eligible for collateral for borrowing from a Federal Reserve Bank.

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

B. Investments (Continued)

- commercial paper is an authorized investment if the commercial paper has a stated maturity of 90 days or fewer from the date of issuance and is rated not less than A-1 and P-1.
- money market funds if the Commissioners' Court by resolution authorizes investment in the fund with limitations.
- eligible investment pools if the Commissioners' Court by resolution authorizes investment in the particular pool.

To protect against fraud and embezzlement, the County's investment policy requires that the assets of the County be secured through third party custody and safekeeping procedures. Bearer instruments shall be held only through third party institutions. Investment officials shall be bonded to protect the public against possible embezzlement and malfeasance.

In a manner similar to cash deposits, investments are classified into three categories of credit risk based upon the following:

Category	Description
1	Investments that are insured or registered, or for which the securities are held by the County or its agent in the County's name.
2	Investments that are uninsured and unregistered for which the securities are held by the counter party's trust department or agent in the County's name.
3	Investments that are uninsured and unregistered for which the securities are held by the counter party or by its trust department or agent but not in the County's name.

The County is authorized (by the Texas Public Funds Investment Act, Texas Civil Statutes, Article 842a-2, as amended) to purchase, sell and invest its funds and funds under its control. During the year ended September 30, 2005, County investments included funds deposited in TexPool. TexPool investments consist exclusively of U.S. Government securities, repurchase agreements collateralized by U.S. Government securities, and AAA-rated no-load money market mutual funds. TexPool's portfolio has low interest risk due to restrictions on weighted average maturity and maximum maturity of any one investment. It maintains the weighted average maturity at sixty (60) days or less and no security will exceed thirteen (13) months in maturity. The \$5,275,218 pooled investments are reflected as investment on the balance sheet at its fair value.

Investments at September 30, 2005 are as follows:

Pooled Investments	\$ 5,275,218
Property	<u>607,600</u>
Total Investments	<u>\$ 5,882,818</u>

The listed property is the property recorded in the Bail Bond Board Agency Fund. The property is held by the County as security for the bail bondsman operating in the County and

is not classified in accordance with GASB Statement 3.

NOTE 4 – TAXES AND OTHER RECEIVABLES

The following is a summary of the gross delinquent taxes receivable, penalties and interest on taxes receivable, and other receivables at year-end for the County’s individual major funds and non-major, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts:

	General	Debt Service	Major Capital Projects	Nonmajor	Internal Service	Fiduciary	Total
Taxes	\$ 1,243,801	\$ 180,585	\$ -	\$ -	\$ -	\$ -	\$ 1,424,386
Penalty & Interest - Taxes	799,659	94,531	-	-	-	-	894,190
Court Fines & Fees	8,144,295	-	-	-	-	-	8,144,295
Interest	80,107	5,229	18,194	14,603	-	-	118,133
Accounts	2,070,600	64,584	10,437,863	4,224,001	218,191	3,604	17,018,843
Gross Receivables	<u>12,338,462</u>	<u>344,929</u>	<u>10,456,057</u>	<u>4,238,604</u>	<u>218,191</u>	<u>3,604</u>	<u>27,599,847</u>
Less:							
Allowance	(4,184,764)	(13,977)	-	-	-	-	(4,198,741)
Net Receivable	<u>\$ 8,153,698</u>	<u>\$ 330,952</u>	<u>\$ 10,456,057</u>	<u>\$ 4,238,604</u>	<u>\$ 218,191</u>	<u>\$ 3,604</u>	<u>\$ 23,401,106</u>

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NOTE 5 – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2005 was as follows:

	Balance at October 1, 2004	Additions	Deletions & Adjustments	Balance at September 30, 2005
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 6,873,819	\$ 523,149	\$ (55,425)	\$ 7,341,543
Construction in progress	3,669,767	1,443,931	(477,014)	4,636,684
Infrastructure	35,299,117	2,574,788	55,425	37,929,330
Total capital assets, not being depreciated	<u>45,842,703</u>	<u>4,541,868</u>	<u>(477,014)</u>	<u>49,907,557</u>
Capital assets, being depreciated:				
Buildings	26,727,593	-	-	26,727,593
Improvements other than Buildings	4,879,845	65,876	94,083	5,039,804
Machinery and Equipment	14,298,432	1,927,376	(453,788)	15,772,020
Total capital assets, being depreciated	<u>45,905,870</u>	<u>1,993,252</u>	<u>(359,705)</u>	<u>47,539,417</u>
Less accumulated depreciation for:				
Buildings	(13,511,409)	(668,874)	2,850,368	(11,329,915)
Improvements other than Buildings	(1,562,575)	(232,346)	(1,634,860)	(3,429,781)
Machinery and Equipment	(5,607,991)	(1,586,535)	186,974	(7,007,552)
Total accumulated depreciation	<u>(20,681,975)</u>	<u>(2,487,755)</u>	<u>1,402,482</u>	<u>(21,767,248)</u>
Total capital assets, being depreciated, net	<u>25,223,895</u>	<u>(494,503)</u>	<u>1,042,777</u>	<u>25,772,169</u>
Governmental activities capital assets, net	<u>\$ 71,066,598</u>	<u>\$ 4,047,365</u>	<u>\$ 565,763</u>	<u>\$ 75,679,726</u>
<u>Business-type activities:</u>				
Capital assets, being depreciated:				
Machinery and Equipment	\$ 70,923	\$ -	\$ (47,898)	\$ 23,025
Total capital assets, being depreciated	<u>70,923</u>	<u>-</u>	<u>(47,898)</u>	<u>23,025</u>
Less accumulated depreciation for:				
Machinery and Equipment	(70,923)	-	47,898	(23,025)
Total accumulated depreciation	<u>(70,923)</u>	<u>-</u>	<u>47,898</u>	<u>(23,025)</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation expense for FY 2005 was charged to functions as follows:

Governmental Activities:	
General Government	\$ 264,419
Justice System	(623,169)
Law Enforcement	611,076
Juvenile Services	210,706
Public Transportation	598,273
Public Health	19,846
Human Services	191,096
Total depreciation expense - governmental activities	<u>1,272,247</u>

NOTE 6 – RESTRICTED ASSETS AND LIABILITIES

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various designations are established by actions of the Commissioners' Court and management and can be increased, reduced or eliminated by similar actions.

NOTE 7 – LEASES

A. Operating Leases

The County has entered into operating leases as both lessee and lessor. The County currently has facility leases in force that provide for cancellation at each annual anniversary date. These leases are for office space and ground storage having minimum annual lease payments of \$152,554. At September 30, 2005, the County had entered into two lease arrangements with outside non-profit entities to provide space within the Brazos Center, a public facility owned by the County. The County's lease arrangement with the Brazos Valley Museum, provides the Museum with space at the annual cost of \$1,248. The lease is a 50-year lease expiring in 2040. The County had entered a year-to-year lease with the Junior Service League of Bryan/College Station for \$7,800 per year. The lease was renewed in May 2005 for two years. Also, the County had purchased property with an existing lease with Lamar Companies for bill boards on the County's property with \$1,200 per year. The lease will expire in 2010.

NOTE 7 – LEASES (Continued)

A. Operating Leases (Continued)

The County has entered into fourteen non-cancelable operating leases for the use of photocopying equipment. The leases are for a 48 to 60 month period. Expenditure for operating leases was \$83,532 in 2005. The future minimum lease payments for these leases are as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2006	\$ 83,532
2007	52,354
2008	46,520
2009	<u>696</u>
Total	<u>\$ 183,102</u>

B. Capital Leases

The County has entered into three capital lease agreements for the purchase of two electronic monitoring systems and one metal detector. Payments during the fiscal year ended September 30, 2005 totaled \$25,041. Interest rates are 10% per annum for the two electronic monitoring systems and 8.5% per annum for the metal detector. Payments, including interest are due as follows as of September 30, 2005:

<u>Fiscal Year</u>	<u>Equipments</u>
2006	\$ 20,925
2007	17,844
2008	16,164
2009	15,604
2010	<u>1,300</u>
Total Future Lease Payments	71,837
Less: Interest	<u>(12,111)</u>
	<u>\$ 59,726</u>

As of September 30, 2005, the County had recorded equipment under capital lease obligations of approximately \$71,837, net of accumulated depreciation of \$52,003 as follows:

<u>Governmental Activities:</u>	<u>Asset Balance September 30, 2005</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Equipment	\$123,840	\$52,003	\$71,837

NOTE 8 - LONG-TERM DEBT

The following are debt issues with activity or outstanding balances at September 30, 2005.

Description	Original Amount	Interest Rates (%)	Year of Issue	Year of Maturity	Outstanding at 9/30/05
<u>Certificates of Obligation</u>					
Series 1996 - Various	\$ 8,500,000	5.3 - 7.25	1996	2016	\$ 6,220,000
Series 1998 - Various	10,000,000	4.63	1998	2013	7,625,000
Series 2001 - Judicial Software	1,000,000	3.4 - 5.5	2001	2009	500,000
Series 2002 - Various	2,995,000	2.8 - 3.85	2002	2013	1,915,000
Series 2003 - Various	10,000,000	2.5 - 4.55	2003	2023	9,330,000
Series 2004 - Various	5,000,000	2.6 - 4.55	2004	2024	5,000,000
Series 2005 - Various	2,750,000	3.25 - 3.75	2005	2015	2,750,000
<u>General Obligation Bonds</u>					
Series 2001 - Exposition Center	8,000,000	4.3 - 6.5	2001	2021	7,670,000
Series 2005 - Exposition Center	10,500,000	4.0 - 6.0	2005	2025	10,500,000
Total General Obligation Debt					<u>51,510,000</u>
Premium					<u>10,750</u>
Total					<u>\$ 51,520,750</u>

Activity for long-term debt of the County for the year ended September 30, 2005 was as follows:

Description	Balance Outstanding 10/1/2004	Issued During Year	Retired During Year	Balance Outstanding 9/30/2005	Amount Due Within One Year
<u>Certificates of Obligation</u>					
Series 1996 - Various	\$ 6,605,000	\$ -	\$ 385,000	\$ 6,220,000	\$ 410,000
Series 1998 - Various	8,420,000	-	795,000	7,625,000	850,000
Series 2001 - Judicial Software	625,000	-	125,000	500,000	125,000
Series 2002 - Various	2,275,000	-	360,000	1,915,000	300,000
Series 2003 - Various	9,725,000	-	395,000	9,330,000	395,000
Series 2004 - Various	5,000,000	-	-	5,000,000	-
Series 2005 - Various	-	2,750,000	-	2,750,000	235,000
<u>General Obligation Bonds</u>					
Series 2001 - Exposition Center	8,000,000	-	330,000	7,670,000	340,000
Series 2005 - Exposition Center	-	10,500,000	-	10,500,000	50,000
Total General Obligation Debt	<u>\$ 40,650,000</u>	<u>\$ 13,250,000</u>	<u>\$ 2,390,000</u>	<u>\$ 51,510,000</u>	<u>\$ 2,705,000</u>

NOTE 8 - LONG-TERM DEBT (Continued)

Annual debt service requirements as of September 30, 2005 are as follows:

Fiscal Year	Principal	Interest	Total
2006	\$ 2,705,000	\$ 2,227,536	\$ 4,932,536
2007	3,020,000	2,106,728	5,126,728
2008	3,380,000	1,977,185	5,357,185
2009	3,480,000	1,826,776	5,306,776
2010	3,625,000	1,671,203	5,296,203
2011-2013	10,835,000	4,022,878	14,857,878
2014-2017	10,155,000	3,481,208	13,636,208
2018-2025	14,310,000	2,448,802	16,758,802
Totals	<u>\$ 51,510,000</u>	<u>\$ 19,762,316</u>	<u>\$ 71,272,316</u>

At the end of the fiscal year, the County issued \$2,750,000 of Certificates of Obligation and \$10,500,000 of General Obligation Bonds, with the payment of the related principal and interest to be made from an annual ad valorem tax levied against all taxable property within the County. The Certificate of Obligation was issued for the acquisition of major capital facilities and/or improvements of the County. The General Obligation Bonds were issued for the construction of Exposition Center.

The Tax Recovery Act of 1986 established regulations for the rebate to the federal government of arbitrage earnings on certain local governmental bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due on an annual basis and remit the amount due at least every five years. The County has not incurred any liability during the 2005 fiscal year.

In the government-wide governmental activities bond premiums, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium. Issuance costs are reported as prepaid expenses. In the current fiscal year the County issued \$2,750,000 in Certificates of Obligation, which generated \$101 cash premiums on debt issuance and \$19,251 in issuance costs. The County also issued \$10,500,000 in General Obligation Bonds, which generated no premiums on debt issuance and \$62,137 in issuance costs. For the year ended September 30, 2005, \$1,318 was expensed on the 2002 Certificate of Obligation Bond premium. The remaining \$10,649 premium is reported as part of long-term debt payable in the government-wide statement of net activities. \$8,510 of issuance costs were expensed during the fiscal year and the \$122,462 remaining issuance costs are reported as prepaid expenses on the government-wide statement of net assets. Due to the fact that both \$2,750,000 in Certificates of Obligation and \$10,500,000 in General Obligation Bonds were issued in September 2005, no premiums and issuance costs were expensed on the two debt issuance for the current fiscal year.

NOTE 8 - LONG-TERM DEBT (Continued)

Compensated Absences

Typically, the General Fund and some Special Revenue Funds have been used in prior years to liquidate the liability for compensated absences on a first earned first used basis. The County's policy for vacation limits the amount that can be retained from one calendar year to the next and requires that compensatory time be used within 60 days of the pay period earned. The County began accruing the associated benefits for compensated absences in fiscal year 2005. Changes in compensated absences in the governmental activities for the year ended September 30, 2005, were as follows:

Balance at October 1, 2004	\$ 506,834
Accrued Compensated Leave & Vacation Plus Benefits	1,056,074
Compensated Leave & Vacation Expenditure	<u>(970,926)</u>
Balance at September 30, 2005	<u>\$ 591,982</u>

The entire balance is considered to be due within one year of September 30, 2005.

NOTE 9 – INTERFUND BALANCES AND TRANSFERS

The following is a summary of amounts due from and due to other funds as of September 30, 2005:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 5,604	\$ 38,746
Nonmajor Governmental Funds	45,746	38
Expo Center Fund	-	7,000
County Attorney Enterprise Fund	-	5,566
Total	<u>\$ 51,350</u>	<u>\$ 51,350</u>

In the fund financial statements, interfund balances are the result of normal transactions between funds and will be liquidated in the subsequent fiscal year.

The following is a summary of the County's transfers for the year ended September 30, 2005:

	<u>Transfer In:</u>		
	<u>Nonmajor Governmental Funds</u>	<u>Internal Service</u>	<u>Total</u>
<u>Transfer Out:</u>			
General Fund	\$ 344,010	\$ 500,000	\$ 844,010
Nonmajor Governmental Funds	\$ 1,959	\$ -	\$ 1,959
	<u>\$ 345,969</u>	<u>\$ 500,000</u>	<u>\$ 845,969</u>

General Fund transferred \$205,083 to a Capital Project Fund for anticipated expenditures in various capital improvements for the County. It also transferred \$500,000 to Internal Service Fund to cover higher than anticipated increases in health care costs. Another \$138,927 was transferred from the General Fund to Special Revenue Funds for grant matching

requirements. \$1,959 was transferred between two special revenue funds.

NOTE 10 – RISK MANAGEMENT

The County participates in a worker’s compensation pool administered by the Texas Association of Counties. The Texas Association of Counties handles claims adjusting and related administrative services for the program. Premiums are evaluated annually by position class code at actuarially determined rates. The County worker’s compensation program provides medical and indemnity payments as required by law for on-the-job related injuries and is accounted for by the use of departmental expenditures, based on a percentage of payroll. The pool that the County participates in has provided for reinsurance coverage for excess worker’s compensation and employer’s liability. The County does not recognize any liability for outstanding losses for incurred but not reported claims. The Texas Association of Counties assumes this responsibility. The County is self-insured for medical claims only. The County has established a Health and Life Insurance Internal Service Fund to account for the costs associated with various health-related insurance programs. The County currently provides medical and dental programs for its employees with basic prescription and life benefits attached. The County pays the full cost for all qualifying employees. The individual pays for dependent and retiree premium expenses (Note 12).

The Internal Service Fund acts as a clearing account to collect the premium payments from the County, the employee, and the retiree. The fund pays all claims and administrative fees. The County has purchased reinsurance that provides a \$75,000 stop loss on an individual claim, and an aggregate at \$60,000 after the initial individual claim has reached the \$75,000. All funds are available to pay claims and have been reserved for such purpose. The County experienced premium cost and claims of \$3,713,370, and \$5,039,073 for 2005 and 2004 respectively. At September 30, 2005, the County had accrued approximately \$352,222 for anticipated claims that had not been filed at year-end. This estimate is based on the number of claims filed subsequent to year-end that were for services rendered prior to year-end. The three months subsequent to the end of the fiscal year were used in this review. In addition, the County has accumulated \$779,959 in retained earnings to be used to offset unanticipated costs in future periods.

Changes in the balances of unpaid liability during fiscal years 2004 and 2005 were as follows:

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	<u>Claims Paid</u>	Balance at Fiscal <u>Year End</u>
2004	\$823,136	\$ 5,039,073	\$5,228,611	\$ 633,598
2005	633,598	3,713,370	3,994,746	352,222

The Commissioners’ Court of Brazos County is aware that the County has risk of loss exposure to liability and accidental loss of real and personal property as well as human resources. County operations involve a variety of high-risk activities including, but not limited to, cash collections, road and bridge maintenance, law enforcement, and construction. The Commissioners’ Court has created the office of Risk Management, whose responsibility it is to identify, evaluate, and manage risk in an effort to reduce the liability and accidental loss of property and human services. In the management process, the Risk Manager is

assigned the responsibility of ensuring that all County employees are properly trained in safety. Brazos County employs risk-financing activities to include the purchase of insurance

NOTE 10 – RISK MANAGEMENT (Continued)

for general liability, vehicle liability, and liability from property damage claims. In addition, the County purchases property insurance, errors and omission coverage, professional liability insurance, as well as crime and fidelity coverage. Any liability that arises from the operation of motorized equipment will be considered to fall within the confines of the Texas Tort Claims Act, and thereby limit the County's exposure. At September 30, 2005, all claims against the County had been paid or accrued for payment, or the County's underwriter had accepted responsibility for the claim.

The County has not made any significant reductions in insurance coverage from coverage in the previous fiscal year. No settlements exceeded insurance coverage for the past three fiscal years.

NOTE 11 - RETIREMENT PLAN

A. Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the Texas County and District Retirement System ("TCDRS" or "System"). The Board of Trustees of the System is responsible for the administration of the statewide agent multiple-employer system consisting of over 500 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. This report includes the required six-year trend information. To obtain a copy send a written request for the CAFR to the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The Commissioners' Court of Brazos County adopts the plan provisions, within the options available in the Texas State statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years of service regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but accumulated contributions must be left in the plan. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and County-financed monetary credits. The governing body of Brazos County, within the actuarial constraints imposed by the TCDRS Act, adopts the level of these monetary credits. Therefore, the resulting benefits can be expected to be adequately financed by the County's commitment to contribute. At retirement, death, or disability the benefit is calculated by converting the sum of the employee's accumulated contributions and the County-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS.

NOTE 11 - RETIREMENT PLAN (Continued)

B. Funding Policy

Brazos County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. Brazos County contributed using the actuarially determined rate of 10.93% for fiscal year 2005. For 2006, the County's rate is anticipated to increase to 10.96%. The employee's member contribution rate remained at 7.00% for 2005.

C. Annual Pension Cost

For the County's fiscal year ending September 30, 2005, the County's annual pension cost for the TCDRS plan for its employees was \$2,214,209. The County's annual required contributions were \$2,214,209, and the County's actual contributions were \$2,214,209. The County's annual pension cost for the fiscal year ended September 30, 2004, was \$2,224,886. The annual required contribution for 2005 was actuarially determined as a percent of the covered payroll of the participating employees, and was in compliance with the GASB.

Statement No. 27 parameters based on the actuarial valuation as of December 31, 2002, and December 31, 2003, which is the basis for determining the contribution rate for calendar year 2004 and 2005 respectively. The December 31, 2004 actuarial valuation is the most recent valuation.

	<u>12/31/02</u>	<u>12/31/03</u>	<u>12/31/04</u>
Actuarial valuation date	Entry Age	Entry Age	Entry Age
Actuarial cost method	Level percentage	Level percentage	Level percentage
Amortization method	of payroll, open	of payroll, open	of payroll, open
Remaining amortization period	20 years	20 years	20 years
Asset valuation method	Long-term	Long-term	Long-term
	appreciation with	appreciation with	appreciation with
	adjustment	adjustment	adjustment
Actuarial assumptions:			
Investment return	8.0%	8.0%	8.0%
Projected salary increases	5.5%	5.5%	5.5%
Includes inflation at	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

NOTE 11 - RETIREMENT PLAN (Continued)

C. Annual Pension Cost (Continued)

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

<u>Fiscal</u> <u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
09/30/99	\$ 1,505,335	100%	None
09/30/00	\$ 1,669,144	100%	None
09/30/01	\$ 1,741,765	100%	None
09/30/02	\$ 1,910,033	100%	None
09/30/03	\$ 2,040,628	100%	None
09/30/04	\$ 2,224,886	100%	None
09/30/05	\$ 2,214,209	100%	None

NOTE 12 - OTHER EMPLOYMENT BENEFITS

A. Post Employment Benefits

The County provides health care benefits as required by the Federal government under the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”). COBRA requires employers that sponsor group health plans to provide continuation of group coverage to terminated employees and their dependents in circumstances where coverage would normally end. The election to be covered is at the request of the employee. The employee is then required to pay the premium costs for themselves and their dependents. Expenditures are recognized as claims are submitted. COBRA participants are reimbursed at the same levels as active employees. At September 30, 2005, the County had been fully reimbursed for costs related to COBRA participants.

B. Post Retirement Benefits

Brazos County has elected to offer post-retirement health care benefits to certain retirees. County policy allows employees to become eligible for post retirement health care benefits after meeting the service and retirement age requirements of the TCDRS retirement plan.

County policy restricts post retirement health care benefits to those employees that qualified for health coverage during employment. Health care benefits are available to employees that normally work 1,664 or more hours annually. The County opted to extend health care benefits to retirees that maintained coverage through the County’s health care plan as of January 1, 2000. The County provides funding for the post retirement health care benefits. The County recognizes expenditures for post retirement health care benefits as paid, which during fiscal year 2005 totaled \$251,996. At September 30, 2005, there were 60 retirees receiving benefits and 53 employees that qualify for retirement and health related benefits.

C. Deferred Compensation

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, as amended, is available to all employees, and permits them to defer a portion of their salary until future years. The Plan funds are not available to employees until termination, retirement, death, or emergency. Brazos County is

not the Plan administrator or the trustee, therefore the assets of the Plan are not a reportable fund within the County's financial statements.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

A. Construction Contracts

At the November 2000 general election, the voters of Brazos County passed a proposition to allow the County to sell \$18.5 million in General Revenue Bonds to be used for the construction of a County Exposition Center. During the fiscal year ended September 30, 2002 the County issued an initial bond series for \$8,000,000. Approximately \$2.9 million of these funds have been used to purchase the land for the Exposition Center and for the architectural design. During the fiscal year ending September 30, 2005, the County issued the remaining \$10.5 million General Obligation Bonds for use as planned. This amount along with the remaining \$5.1 million is to be used to construct the Center. The County has contracted with Hunt Construction Group, Inc. to act as "construction manager at risk" for this project. The construction manager serves as the general contractor providing pre-construction and construction services, provides design phase consultation in evaluating costs, schedule, implications of alternative designs, systems and materials during design and serves as a single point of responsibility contracting directly with the subcontractors during construction. The construction of Exposition Center is expected to start in Spring 2006.

During the year ended September 30, 2004 the County issued \$10,000,000 in Certificates of Obligation to fund various capital projects including the construction of an Administration building for the Sheriff's Department. The County has also entered a contract with Hunt Construction Group, Inc as the construction manager-at-risk for the construction of the Administration Building of Sheriff's Department. The construction manager-at-risk is currently working on the bid specification for the Administration Building with construction anticipated to begin in the summer of 2006.

The County issued \$5,000,000 in Certificates of Obligation in fiscal year 2004 and portion of the proceeds is budgeted for the construction of a Justice of Peace Building. The building is to be erected near the current office space County has been leasing from the College Station School District for many years. The County has purchased the land from CSISD and awarded the construction contract to JaCody, Inc. with construction to be completed by the end of the fiscal year 2006.

B. Tax Increment Financing Zones (TIFZ's)

As of September 30, 2005, the County had entered into several inter-local agreements with the cities of Bryan and College Station for the creation of Tax Increment Financing Zones as allowed by Chapter 311 of the Texas Tax Code. Tax Increment Financing Zones (TIFZ) are statutory tools available to municipalities in Texas to promote development or redevelopment in an area that would not occur in the foreseeable future solely through private investment. TIFZ are also means to allow a community, both city and county, to enhance their ability to attract economic development or to allow businesses currently located within their area to expand. Once a city has designated a TIFZ, the Commissioners' Court must decide whether the County is to participate in the TIFZ and to what extent.

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

B. Tax Increment Financing Zones (TIFZ's) (Continued)

After the County has elected to participate, a base value for the property located within the TIFZ is established. At the date of creation the appraised value is normally accepted as the base value. As the property within the TIFZ develops the County collects taxes based on the appreciated appraised values at the rate established annually by Commissioner's Court. Once the taxes have been paid each year the County remits the amount of taxes attributable to the increase in the appraised values (captured value) to the Tax Increment Financing Zone to be used to fund the project plan. Project plans normally include the creation of infrastructure such as roads, street improvements, light systems, sewer systems, landscaping, parks, etc. A TIFZ can be terminated either on the date designated in the ordinance creating the zone, or the date on which all project costs, tax increment bonds, and interest on the bonds have been paid.

City of Bryan

Brazos County has entered into two inter-local agreements with the City of Bryan to create Reinvestment Zone Number Eight -"Park Hudson" and Reinvestment Zone Number Ten - "Traditions". Park Hudson represents approximately 450 acres located on the east side of the City of Bryan and is a 20-year contract. The Traditions zone is approximately 790 acres on the west side of the City of Bryan and is scheduled for 15 years of County participation. The following is a schedule of relevant data with regards to these TIFZ's:

Zone	Base Value	Captured Value	Tax Rate*	Captured Tax Revenue
Park Hudson				
2005	\$ 35,803	\$ 60,087,186	0.4725	\$ 255,574
2004	35,803	50,717,536	0.3839	198,180
2003	35,803	45,966,540	0.3723	172,732
2002	35,803	35,356,812	0.3857	137,567
2001	35,803	34,357,265	0.3857	132,516
2000	35,803	15,387,041	0.3736	57,486
Traditions				
2005	598,490	653,963	0.4725	213
2004	598,490	-	0.3839	-
2003	598,490	-	0.3723	-
2002	598,490	-	0.3857	-
2001	598,490	-	0.3857	-
2000	-	-	0.3736	-

* per \$100 valuation

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

B. Tax Increment Financing Zones (TIFZ's) (Continued)

City of College Station

Brazos County has entered into one inter-local agreement with the City of College Station to create Reinvestment Zone Number One -“Wolf Pen Creek Corridor”. It is scheduled for a 20-year duration. The following is a schedule of relevant data with regards to this TIFZ for the fiscal year ended September 30, 2005:

Zone	Base Value	Captured Value	Tax Rate*	Captured Tax Revenue
Wolf Pen Creek:				
Corridor				
2005	\$18,502,607	\$40,776,091	0.4725	\$ 166,170
2004	18,502,607	39,950,673	0.3839	151,815
2003	18,502,607	30,533,129	0.3723	113,675
2002	18,502,607	25,325,687	0.4200	106,368
2001	18,502,607	25,325,687	0.4200	106,368
2000	18,502,607	23,743,340	0.4100	97,348

* per \$100 valuation

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NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

C. Tax Abatements

Chapter 312 of the Texas Tax Code authorizes the County to provide property tax abatements for limited time periods to encourage development or expansion of property. The terms of each agreement are limited by the guidelines and criteria established by Commissioners' Court. At September 30, 2005 the County had established abatement agreements with the following property owners.

<u>Property Owner</u>	<u>Date Of Abatement</u>	<u>2004 Appraised Value</u>	<u>2004 Taxable Value</u>	<u>2005 Taxes Levied</u>
Conoco, Inc.	1995	\$ 10,707,425	\$ 4,004,472	\$ 18,921
Sanderson Farms	1995	42,943,410	7,705,916	36,410
Dealer Computer Services, Inc.	1997	32,721,001	4,691,981	22,170
O I Corporation	1997	4,293,470	1,983,327	9,371
Rental Systems, Inc.	1997	1,552,878	214,749	1,015
Saint-Gobain Norporo	1997	13,575,635	7,940,001	37,517
Universal Computer	1997	47,910	7,187	34
Donald Ball	1998	2,682,980	2,682,980	12,677
Hy-Line International	1998	4,304,075	3,269,132	15,447
Prodigene, Inc.	1998	1,212,919	1,111,398	5,251
B-CS Economic Development Corp.	1999	4,758,510	4,069,953	19,231
Decision One	1999	830,355	697,137	3,294
Stata Corporation	1999	2,576,685	1,481,563	7,000
Betco	2000	4,197,220	3,430,998	16,211
Heat Transfer Research	2001	2,772,845	1,709,821	8,079
Hewlett Packard Company	2003	276,080	82,824	391
Bryan Lumber Remanufacturing	2003	1,467,870	975,357	4,609
Coca-Cola Enterprises	2003	2,297,860	802,268	3,791
CW CS 1	2003	7,760,400	2,580,596	12,193

D. Contingent Liabilities

The County is a defendant in various lawsuits. All are matters that are pending and have arisen in the normal course of the County's operations. Although the outcome of these lawsuits is not presently determinable, the County's various legal counsels are of the opinion that the settlement of these claims and pending litigation will not have a material effect on the County's financial statements. Consequently, there has been no current provision to reserve funds for such claims.

The County receives various grant monies that are subject to audit and adjustment by the grantor agencies. Any disallowed expenditure will become a liability of the County. The amount cannot be determined at this time, but the County expects such amounts, if any, to be

immaterial.

NOTE 14 – SUBSEQUENT EVENT

The County issued \$6,005,000 of Refunding Bonds, Series 2005 on December 1, 2005. The Refunding Bonds, Series 2005 was issued with a coupon rate of 4.00% to refund Certificates of Obligations, Series 1996, which has an outstanding principal balance of \$6,220,000 and a coupon rate of 5.30% - 5.65% as of September 30, 2005. It is estimated that the economic gain that arises because of the refunding will be about \$215,000.

NOTE 15 – NEW ACCOUNTING PRONOUNCEMENT

The Governmental Accounting Standards Board has issued Statement No. 42 (“GASB 42”), “Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries” which will be effective for the County in the fiscal year ending September 30, 2006. GASB 42 establishes guidance for accounting and reporting for the impairment of capital assets and for insurance recoveries. The County does not believe the implementation of this standard will have a material impact on its financial statements.

The Governmental Accounting Standards Board has issued Statement No. 44 (“GASB 44”), “Economic Condition Reporting: The Statistical Section” which will be effective for the County in the fiscal year ending September 30, 2006. GASB 44 establishes and modifies requirements related to the supplementary information presented in the statistical section. The County does not believe the implementation of this standard will have a material impact on its financial statements.

The Governmental Accounting Standards Board has issued Statement No. 45 (“GASB 45”), “Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions” which will be effective for the County in the fiscal year ending September 30, 2009. GASB 45 establishes financial reporting standards for other post employment benefit plans. Currently the County has established a post employment healthcare plan for full time regular employees that retire after January 1, 2000. This statement will require the County to accumulate assets for the payment of post-employment healthcare benefits. The County is currently in the process of determining the financial impact of this requirement.

	Balance at October 1, 2004	Additions	Deletions & Adjustments
<u>Governmental Activities:</u>			
<u>Capital assets, not being depreciated:</u>			
Land	\$ 6,873,819	\$ 523,149	\$ (55,425)
Construction in progress	3,669,767	1,443,931	(477,014)
Infrastructure	35,299,117	2,574,788	55,425
Total capital assets, not being depreciated	<u>45,842,703</u>	<u>4,541,868</u>	<u>(477,014)</u>
<u>Capital assets, being depreciated:</u>			
Buildings	26,727,593	-	-
Improvements other than Buildings	4,879,845	65,876	94,083
Machinery and Equipment	14,298,432	1,927,376	(453,788)
Total capital assets, being depreciated	<u>45,905,870</u>	<u>1,993,252</u>	<u>(359,705)</u>
<u>Less accumulated depreciation for:</u>			
Buildings	(13,511,409)	(668,874)	2,850,368
Improvements other than Buildings	(1,562,575)	(232,346)	(1,634,860)
Machinery and Equipment	(5,607,991)	(1,586,535)	186,974
Total accumulated depreciation	<u>(20,681,975)</u>	<u>(2,487,755)</u>	<u>1,402,482</u>
Total capital assets, being depreciated, net	<u>25,223,895</u>	<u>(494,503)</u>	<u>1,042,777</u>
Governmental activities capital assets, net	<u>\$ 71,066,598</u>	<u>\$ 4,047,365</u>	<u>\$ 565,763</u>
<u>Business-type activities:</u>			
<u>Capital assets, being depreciated:</u>			
Machinery and Equipment	\$ 70,923	\$ -	\$ (47,898)
Total capital assets, being depreciated	<u>70,923</u>	<u>-</u>	<u>(47,898)</u>
<u>Less accumulated depreciation for:</u>			
Machinery and Equipment	(70,923)	-	47,898
Total accumulated depreciation	<u>(70,923)</u>	<u>-</u>	<u>47,898</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Balance at
September 30,
2005

\$ 7,341,543
4,636,684
37,929,330

26,727,593
5,039,804
15,772,020

(11,329,915)
(3,429,781)
(7,007,552)

(21,767,248)

25,772,169

\$ 75,679,726

\$ 23,025

(23,025)

-

\$ -

BRAZOS COUNTY, TEXAS

Required Supplementary Information - Retirement System

September 30, 2005

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll (1)</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/95	\$ 19,981,341	\$ 22,818,313	\$ 2,836,972	87.57%	\$ 12,604,354	22.51%
12/31/96	22,756,204	29,946,254	7,190,050	75.99%	13,287,813	54.11%
12/31/97 (2)	25,596,813	34,465,968	8,869,155	74.27%	14,554,927	60.94%
12/31/98	28,670,100	38,192,134	9,522,034	75.07%	15,418,101	61.76%
12/31/99	32,951,466	42,652,282	9,700,816	77.26%	16,620,858	58.37%
12/31/00	37,287,534	47,146,262	9,858,728	79.09%	17,804,155	55.37%
12/31/01	40,804,100	51,952,718	11,148,618	78.54%	19,149,679	58.22%
12/31/02	44,733,516	57,057,239	12,323,723	78.40%	20,610,362	59.79%
12/31/03	50,448,656	62,151,023	11,702,367	81.17%	21,311,160	54.91%
12/31/04	53,265,455	65,034,345	11,768,890	81.90%	22,451,645	52.42%

(1) The annual covered payroll is based on the employer contributions received by TCDRS for the year ending with the valuation date.

(2) Valuation reflects revised economic and demographic assumptions due to experience review.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

BRAZOS COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2005

INFRASTRUCTURE ASSETS UNDER MODIFIED APPROACH

As permitted by Governmental Accounting Standards Board Statement Number 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, Brazos County has adopted the modified approach for reporting its road and bridge system. Under the modified approach, depreciation is not reported and certain preservation and maintenance costs are expensed.

The modified approach requires that Brazos County maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets, perform condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale in order to document that the eligible infrastructure assets are being preserved approximately at or above the condition level established and disclosed by the government, and estimate each year the annual amount needed to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the government.

For the year ended September 30, 2005, annual maintenance and preservation costs of \$4,248,681 for both roads and bridges were less than the estimated amount needed of \$5,340,225. This variance is due to the unforeseen delays in the acquisition of right of way, road preparation and weather delays.

For the Fiscal Year Ended:	Estimated Dollars to Maintain Roads and Bridges at Required Condition Level	Actual Dollars Spent to Maintain Roads and Bridges at Required Condition Level
September 30, 2000	\$6,834,334	\$5,904,354
September 30, 2001	\$6,692,267	\$5,619,725
September 30, 2002	\$7,173,310	\$5,957,282
September 30, 2003	\$6,865,961	\$6,082,584
September 30, 2004	\$5,336,680	\$4,620,767

Roads

The Brazos County Road and Bridge department performs condition assessments of county roads continually throughout the year and evaluates and prioritizes the results annually. The condition assessment team consists of the County Engineer (Registered Professional Engineer), a planning and development supervisor, a general superintendent and 4 road supervisors, one for each precinct in the County. This team utilizes various criteria for evaluating the condition of the roads including the traffic volume of the road, the number of man hours used to maintain the road in the last year, the potential traffic on the road based on observed development of properties accessing the road, the number of traffic accidents and the type of accidents, and a visual inspection of the road for

settlement spots, rough pavement, areas requiring patching, and the frequency of repair activities on the road. Each road is assessed on a scale of zero to 100 with 100 representing a road in perfect condition. The County has adopted a minimum condition level of 80% for all County roads. The results of the 2005 condition assessment are as follows:

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All roads with 60% to 80% of condition level are scheduled for upgrade or reconstruction within the next 2 year period.

Bridges

The condition of the County's bridges is determined using the State of Texas Bridge Inventory Inspection System (BRINSAP). The bridges are inspected by the State every two years. A numerical condition range 0.0 (beyond repair) to 9.0 (excellent condition) is used to assess each of seven elements of the structure. These include deck, superstructure, substructure, channel, culvert, approaches and miscellaneous items. The BRINSAP summary shows 58 bridges in the County were rated. Brazos County policy requires that bridges be maintained at a minimum of good condition. The chart below shows that the County's bridges are well maintained and in good or very good condition.

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**INDEPENDENT AUDITORS' REPORTS ON
COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING
SEPTEMBER 30, 2005**

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
JUSTICE OF THE PEACE TECHNOLOGY
For the Year Ended September 30, 2005**

	Original and Final Budget	Actual
REVENUES		
Charges for Service	\$ 38,000	\$ 43,419
Interest	300	2,181
TOTAL REVENUES	38,300	45,600
EXPENDITURES		
Justice System		
Minor Acquisitions	80,300	-
TOTAL EXPENDITURES	80,300	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,000)	45,600
FUND BALANCE, OCTOBER 1	51,315	51,315
FUND BALANCE, SEPTEMBER 30	\$ 9,315	\$ 96,915

BRAZOS COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances--total governmental funds	\$	16,863,385
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount that expenditures for capital outlay exceeded depreciation expense.		4,516,252
Revenues and contributed assets in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		849,754
Certain long-term liabilities are accrued at the government-wide level but not at the fund level. This is the current year change in those liabilities, reported as expense in the statement of activities.		(85,147)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.		(10,796,819)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet maintenance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		467,338
Change in net assets of governmental activities	\$	11,814,763

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

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Quarterly Sales Tax Information - Compiled from Comptrollers website by MSA

	1991		2003		
Mining	\$ 23,313,549.00	\$ 24,453,842.00	\$ 1,140,293.00		4.66%
Construction	\$ 90,573,285.00	\$ 281,575,154.00	\$ 191,001,869.00		67.83%
Manufacturing	\$ 159,410,648.00	\$ 230,918,989.00	\$ 71,508,341.00		30.97%
Transportation	\$ 109,973,654.00	\$ 187,366,785.00	\$ 77,393,131.00		41.31%
Wholesale Trade	\$ 130,195,877.00	\$ 360,064,024.00	\$ 229,868,147.00		63.84%
Retail Trade	\$ 927,462,837.00	\$ 1,853,879,939.00	\$ 926,417,102.00		49.97%
Finance	\$ 2,513,271.00	\$ 12,001,662.00	\$ 9,488,391.00		79.06%
Services	\$ 176,894,706.00	\$ 446,169,786.00	\$ 269,275,080.00		60.35%
	\$ 1,620,337,827.00	\$ 3,396,430,181.00			

	2000		2003		
Mining	\$ 24,934,852.00	\$ 24,453,842.00	\$ (481,010.00)		-1.97%
Construction	\$ 207,145,826.00	\$ 281,575,154.00	\$ 74,429,328.00		26.43%
Manufacturing	\$ 321,184,865.00	\$ 230,918,989.00	\$ (90,265,876.00)		-39.09%
Transportation	\$ 173,857,024.00	\$ 187,366,785.00	\$ 13,509,761.00		7.21%
Wholesale Trade	\$ 306,732,533.00	\$ 360,064,024.00	\$ 53,331,491.00		14.81%
Retail Trade	\$ 1,700,397,755.00	\$ 1,853,879,939.00	\$ 153,482,184.00		8.28%
Finance	\$ 7,257,396.00	\$ 12,001,662.00	\$ 4,744,266.00		39.53%
Services	\$ 381,209,400.00	\$ 446,169,786.00	\$ 64,960,386.00		14.56%
	\$ 3,122,719,651.00	\$ 3,396,430,181.00			



**Office of the Brazos County Auditor
Brazos County Courthouse**

300 East 26th Street, Suite 314
Bryan, Texas 77803
(979) 361-4350
Fax (979) 361-4347
Email: Auditor@co.brazos.tx.us

March 23, 2006

The Honorable Board of District Judges

J. D. Langley, Judge, 85th Judicial District
Rick Davis, Judge, 272nd Judicial District
Steve Smith, Judge, 361st Judicial District

The Honorable Commissioners' Court

Randy Sims, County Judge
Lloyd Wasserman, Commissioner, Precinct 1
Duane Peters, Commissioner, Precinct 2
G. Kenny Mallard Jr., Commissioner, Precinct 3
Carey Cauley, Jr., Commissioner, Precinct 4

Honorable Judges and Commissioners of Brazos County, Texas:

In compliance with Section 114.025 of the Texas Local Government Code, the Comprehensive Annual Financial Report of Brazos County, Texas (the "County") for the fiscal year ended September 30, 2005, is hereby submitted.

This report consists of management's representation concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the basic financial statements in conformity with generally accepted accounting principles. 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 basic financial statements will be free from material misstatement. The responsibility for internal controls is shared by Commissioners' Court, which is the governing body, the County Auditor, who is appointed by the District Judges, and the County Treasurer. We believe that the County's internal accounting

controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. 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 basic financial statements have been audited by Ingram, Wallis & Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County for the fiscal year ended September 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used, and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the basic financial statements of Brazos County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are contained in this report in the section titled "Independent Auditor's Reports on Compliance and on Internal Control over Financial Reporting".

Generally accepted accounting principles require a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The introduction includes this transmittal letter, the County's organizational chart and a list of principal officials. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Brazos County's MD&A can be found immediately following the report of the independent auditors. The financial section also includes government-wide financial statements, fund financial statements, notes to the basic financial statements, required supplementary information and the combining and individual fund financial statements and schedules in addition to the report of the independent auditors. The statistical section of this report includes selected financial and demographic information, which is generally presented on a multi-year basis.

PROFILE OF BRAZOS COUNTY

Brazos County is located in East Central Texas, in an area bounded on all sides by large metropolitan areas. Dallas-Ft. Worth is 180 miles to the north, Houston 95 miles to the southeast, Austin 104 miles to the west, and San Antonio 166 miles to the southwest. Approximately 75 percent of the Texas and 10 percent of the Louisiana populations, a combined total of 16 million people, reside within a 200-mile radius of Brazos County. There are two major cities in the County that make up the business and cultural center, Bryan and College Station. They have a combined population of approximately 147,000.

The County lies in what is often referred to as the “Post Oak Belt,” where fields, valleys and rolling green hills have an abundance of trees including post oak, live oak, red oak, elm and hickory. The average elevation in the County is 300 feet above sea level.

The County is a public corporation and a political subdivision of the State of Texas. The general governing body of the County is the elected five-member Commissioners’ Court in accordance with Article 5 Paragraph 18 of the Texas Constitution. 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 sets the tax rates, establishes policies for County operations, approves contracts for the County and develops and adopts the County budget within the resources as estimated by the County Auditor. The Commissioners’ Court is also responsible for development of policies and procedures, approving financial commitments and appointment of various department heads. The management and leadership provided by members of the Commissioners’ Court and the elected and appointed officials of other key County offices is crucial to the success of the County in financial management and growth.

The County Auditor has responsibilities for prescribing the systems and procedures for handling the finances of the County and “examining, auditing and approving” all disbursements from County funds prior to their submission to the Commissioners’ Court for approval.

The County provides a full range of services as authorized by the Constitution and Statutes of the State of Texas. The primary functions include general government, justice system, law enforcement, juvenile services, public transportation, public health, human services, and debt service.

The annual budget serves as the foundation of the County’s planning and control. Budget hearings are posted annually in July with the final budget approved by the Commissioners’ Court following the hearings. The final budget includes contingency and emergency reserves line items. Unencumbered appropriations lapse at fiscal year-end. Most appropriated budgets are prepared by fund, function, department and classification. Capital expenditures are approved on a line item basis. All budget transfers between departments must follow special approval processes. Budget to actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted.

The Governmental Accounting Standards Board defines the reporting entity as the primary government and its component units. Brazos County is a primary governmental unit, and the financial statements include all funds, account groups, agencies, boards, commissions and authorities for which the elected officials of the County are financially accountable. The statements include all items that, by the nature and significance of the relationship between the entity and the County, are such that their exclusion from the financial reporting format would render the financial statements misleading or incomplete.

There are several entities that function under the umbrella and control of the Commissioners’ Court, for which the Commissioners’ Court has fiscal responsibility. The Brazos County Juvenile Services and the Brazos Valley Narcotics Task Force have independent boards that

provide operational control. These two entities are not legally separate from the County and are included in the operations and activities of the County's General Fund. The Commissioners' Court approves the operating budgets and the expenditures of these entities. Operational funding is derived from state, federal, and local funds.

The Brazos County Health Facilities Development Corporation, the Brazos County Industrial Development Corporation and the Brazos County Housing Development Corporation are related organizations. These corporations were created by resolutions of the Commissioners' Court to enable the various third party organizations the ability to issue tax-exempt bonds to provide low cost funding to promote and improve the health and welfare of the public. The tax-exempt bonds issued by these corporations do not constitute a debt or a pledge of faith or credit of the corporation or the County, but are payable by the user pursuant to terms defined in the loan agreement underlying each issue. Each corporation is governed by a Board of Directors made up of members of the Commissioners' Court.

FACTORS AFFECTING FINANCIAL CONDITION

General Information

The official census for 2000 established the population of the County at 152,415, with 55,202 households and approximately 108,000 persons between the ages of 18 and 65. Of the population that is over age 25, 81.3% are high school graduates and 37% have obtained a bachelor's degree or higher. These numbers compare to 75.7% and 23.2% respectively, for the state of Texas as a whole. Over the last 15 years the population in the County has grown 32% and the Texas State Data Center is projecting the population to increase by 6% from now until the year 2015.

Employment

In September 2005 Brazos County had an unemployment estimate of 3,651 persons which represents a rate of 4.1 compared to a Texas statewide unemployment rate of 5.3% for the same month. The current labor force figures for the County as established by the Texas Workforce Commission are 89,467 of which 85,816 are currently employed.

The following schedule is an estimate of the number of employees and the corresponding percentage per industry as of December 2005.

The employment base of the area by industry classification is as follows:

<u>Employer Group</u>	<u>Number Of Employees</u>	<u>Percentage</u>
State, Local, Federal Government	33,500	37%
Trade, Transportation and Utilities	12,800	15%
Leisure and Hospitality	9,000	10%
Education and Health Services	9,000	10%
Manufacturing	6,000	7%
Natural Resources, Mining and Construction	6,500	7%
Professional and Business Services	5,300	6%
Financial Activities	3,800	4%
Other Services	2,800	3%
Information	<u>1,100</u>	<u>1%</u>
TOTAL	<u>89,800</u>	<u>100%</u>

Source: Texas Workforce Commission

From December 2004 to December 2005 the area has added approximately 1000 jobs in nonagricultural industries which is 200 more than the same period from 2003-2004. The largest growth has been in the natural resources, mining and construction industry (700 jobs). State government employment lost 700 which is primarily due to seasonal decreases at area colleges and universities due to the end of the fall semester.

Higher Education

Brazos County is the home of Texas A&M University, the sixth largest university in enrollment in the United States. The University employs 12,000 permanent and part time employees and serves an enrollment of more than 44,000 on a 5,200-acre campus. The University offers degrees in almost 160 courses of study through the various colleges on campus. Texas A&M University is ranked among the top ten research institutions in the nation. Each year, faculty and graduate students conduct approximately \$500 million in sponsored research projects. The permanent plant for the university is valued at more than \$1 billion. The University records in excess of 880,000 visitors annually.

The University has the distinction of providing space for the George Bush Presidential Library Center and the George Bush School of International Study. The Library provides a tremendous research center, and is hosting in excess of 300,000 visitors annually. This facility, along with the 324-acre University Research Park, provides an attraction for both national and international visitors. The presence of Texas A&M has consistently provided incentive for residential development and growth, and offered the area some insulation from adverse economic effects.

In addition to the four-year program Texas A&M offers, Blinn College offers two-year programs and two locations to choose from: the main campus in Brenham and a branch location in Bryan. Both locations offer various technical certificates and associates degrees in arts and sciences. The Bryan location offers the same programs and degrees as the main campus, but also takes part in a joint collaborative effort with Texas A&M University. The Blinn "TEAM" program allows

select students to take courses at both Texas A&M and Blinn College in an effort to prepare them to become full-time students at TAMU (www.researchvalley.org).

Transportation

The County and both of the major cities are dedicated to providing superior transportation services. The Texas Department of Transportation is currently evaluating North-South and East-West arteries for additions and upgrades. Expansion projects have begun to provide four-lane divided State highways to connect the County with ready access to Austin to the west, Houston to the South, Waco to the North, as well as Dallas via Interstate 35 and 45. These additions and upgrades are expected to include the widening of State Highway 6 from FM 159 to the Navasota River, and the widening of State Highway 21 from Kurten to the Madison County line. Additionally, the State is anticipating the addition of an overpass on Earl Rudder Freeway at Barron Road, ramp and frontage road improvements to Earl Rudder Freeway south of Greens Prairie Road, and widening of both FM 60 (University Drive) from Earl Rudder Freeway to FM 158 and FM 2154 from FM 2818 (Harvey Mitchell Parkway) to State Highway 40.

CAPITAL IMPROVEMENT PROGRAM

In 2005, the Commissioners' Court of Brazos County continued the strategic planning program concerning capital improvements and expansion that was begun in 1996. This program focuses on meeting current and future needs of the County. During 2005 the County continued construction of county roads to connect major thoroughfares. The County upgraded over 9 miles of road and reconstructed over 3 miles of road during the year at a cost of over \$2.6 million dollars and expended over \$4.2 million dollars in maintaining County roads. The Commissioners' Court has continued to provide adequate funding so that the road and bridge improvement program to upgrade and widen rural County roads could be continued. The program has been in place since 1996 and Commissioners' Court appropriated a public transportation budget for fiscal year 2005 to include \$5 million (includes personnel services, supplies and other charges, repairs and maintenance, contract services and professional services) for routine maintenance, and \$2.9 million for improvements and upgrades.

As a result of the facility needs assessment conducted during fiscal year 2003-2004 the County undertook several facility projects during the year. The County purchased 9.88 acres on Highway 21 near the existing Detention Center for the construction of a Sheriff's Administration building and has contracted with Wiginton, Hooker and Jeffry, Architects to design the building. The Sheriff's Administration building will add 28,000 square feet to the County's facility inventory and is expected to accommodate the Sheriff's office space needs for the next 10 years if not longer. Currently the design of the facility is complete and the County is expecting to issue requests for construction bids and begin construction in the summer of 2006.

For many years the County has leased facilities for the Justice of the Peace Pct. 3 from the College Station Independent School district off of Anderson street in College Station. During the 2005 fiscal year the County agreed to purchase the land and existing facilities from the school district as part of the County's space expansion. The County has decided to build a larger building on the site for the Justice Court and has contracted with Fred Patterson, Architect for the design and management of the project.

During the current fiscal year the County contracted to purchase the First Baptist Church building and land located at 200 Texas Avenue, approximately one block from the location of the Brazos County Courthouse. The County is expected to take possession of the property in two stages. The possession of one building known as the Maxwell Center is scheduled for the summer of 2006 and the County has begun planning for the move of the Information Technology department to this facility. The County is expected to take possession of the remainder of the property in January 2007 and plans to move all administration including the Auditor's office, Treasurer's Office, Purchasing, the Commissioner's Court, the County Judge and Human Resources to the new facility, thereby freeing space in the Courthouse for expansion of the various judicial departments including the District Attorney, County Attorney and the Clerks of Court.

Due to the increasingly rising costs of steel and lumber the County has decided to reduce the anticipated size and capacity of the Exposition Center in order that the project will remain within the \$18.5 million authorized for the facility. The restructured plans include an exhibit hall, a covered arena, and two stall barns. During 2005 the County expended a minimal amount of funds the majority of which was for the administrative costs for the issuance of the remaining \$10.5 million General Obligation Bonds authorized.

DEBT ADMINISTRATION

Debt administration is monitored through the Debt Service Fund. The County has never defaulted on the payment of principal or interest on its bonds or certificates of obligation. The County currently enjoys a Standard and Poor rating of AA. In compliance with the requirements of the bond order and certificate of obligation agreements, the County maintains separate accountability. The tax rate set each year is calculated to provide sufficient funding to meet current year obligations. The County has \$1.8 million reserved in the Debt Service Fund to meet future obligations. In November 2001, the voters of Brazos County passed a proposition which allowed Commissioners' Court to sell \$18.5 million in General Revenue Bonds to be used for the construction of a County Exposition Center. The Court sold \$8,000,000 of the bonds in December 2001 and the remaining \$10,500,000 in September 2005. In September 2005 the County issued \$2,750,000 in Certificates of Obligation to fund renovations to purchased properties and capital road projects. For the 2005-2006 fiscal year the County debt service portion of its property tax rate is \$.0701 per \$100 valuation. In December 2005 the County sold \$6,005,000 in Limited Tax Refunding Bonds which refunded the 1996 Certificates of Obligation. The Refunding resulted in a savings to the County of over \$200,000. These funds will remain in the Debt Service fund and be used to reduce the future debt service portion of the property tax rate.

CASH MANAGEMENT

The County has adopted an investment policy as required by state law and in conformity with state investment statutes. The investment policy as adopted by the County employs the prudent person concept in that priorities were established as to the investment vehicles the County would use. Safety was established as the first priority, followed by liquidity, low risk and diversification. The County Treasurer is responsible for administering all of the investment of

idle funds in the County. At September 30, 2005, the County had cash and cash equivalents of \$39.8 million in governmental and business type activities the majority of which was invested in the County's depository. For the last several years the County's depository has provided better interest rates than comparably liquid investments. The County also had approximately \$9.2 million of agency funds invested in money market, time deposits and property. At September 30, 2005 the County had \$5.2 million invested in a state wide investment pool. During the fiscal year, the County had an average of \$52.3 million invested, which earned approximately \$1,596,000, a significant increase from fiscal year 2004 due to improving interest rates.

RISK MANAGEMENT

The County's Risk Management Department is responsible for assessing exposure to risk that the County may have and is responsible for obtaining coverage against that risk. The County practices risk management through a combination of self-insurance and traditional insurance. The Commissioners' Court evaluates management risks and a prescribed direction is assessed. Property and casualty insurance are obtained at reasonable premium rates and purchased through traditional insurance carriers. The County's property and casualty insurance coverage includes general liability, auto liability, law enforcement, workers' compensation, fire, theft, and public officials' errors and omissions. The County, for the year ended September 30, 2005, did not reduce any of its insurance coverage, and all claims against the County had been settled or the underwriter had accepted responsibility for them. The County insures all its buildings at estimated replacement cost.

For several years, Brazos County has been self-insured with reinsurance available for major claims related to health insurance. This procedure allows the County to retain and invest all reserves and premium payments. The County has retained a third party administrator to handle all claims. The County's plan is similar to a preferred provider organization plan with a deductible applicable to some types of claims.

The County's workers' compensation insurance program is through the Texas Association of Counties. The program provides medical and indemnity payments as required by law for on-the-job related injuries. Each department is charged monthly for the cost to cover the employees. All department assessments are transferred to the Internal Service Fund (Health and Life Insurance). The Internal Service Fund is responsible for settling all claims.

The Commissioners' Court has developed a "safety loss control program" designed to reduce risks to County employees. Programs are developed and implemented by an established steering committee. To date, the programs (defensive driving, facility safety audits, preventive maintenance for all buildings and grounds, personnel training classes and incentives for loss prevention) have been successful in reducing the number of injuries and the County's worker's compensation reimbursement rate for the past three years. Industry forecasts of future increases in the cost of insurance have prompted the Commissioners' Court to obtain the services of a "risk management consultant." The consultant's expertise will help the County reduce and/or hold increases to a minimum by adjusting liability limits and levels of self-insurance.

CERTIFICATE OF ACHIEVEMENT

This report has been prepared following the guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada. The GFOA awards a certificate of achievement to those governments whose annual financial reports are judged to conform substantially to high standards of public financial reporting, including generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. The County has been awarded the Certificate of Achievement for its annual financial report since 1988. The report has historically presented the financial information of the County in an easily readable and efficient manner. A Certificate of Achievement is valid for one year. This office believes that the current year report continues to meet the program standards, and it will be submitted to the GFOA to determine County eligibility for another certificate.

We wish to express our thanks to the Commissioners' Court and the District Judges for their support and interest in planning and conducting the financial affairs of the County in a responsible and professional manner. This report could not have been completed in a timely manner without the dedicated efforts of all County elected officials, Commissioners' Court, the County Auditor's staff, and the independent auditors, Ingram, Wallis & Company, P. C.

Respectfully submitted,

Katie Conner, CPA
County Auditor

FIDUCIARY FUNDS

AGENCY FUNDS

Narcotics Seizure - A fund used to account for monies and materials that are seized during narcotics interdiction activities. The District Attorney's office evaluates each case and files a civil case to have the seized funds forfeited. Upon receipt of a court judgment, the seized funds are disbursed.

Payroll - A fund used to account for all payroll and related costs for the entire County. Funds are transferred in at the end of each payroll period. The fund is required to make distributions that include: payroll, federal taxes withheld, retirement, deferred compensation, group insurance premiums and other employee benefit deductions.

Flexible Benefit Cafeteria - A fund used to account for the payroll deductions and reimbursements to County employees for qualifying un-reimbursed medical expenses and childcare expenses as outlined in the Internal Revenue Code Section 125.

Brazos Center - A fund created to account for and maintain the room rental deposits at the County-maintained convention center. Deposits are refunded at the completion of the function.

Bail Bonds - A statutory fund created to account for and monitor the cash bail bonds collected by the District Clerk, County Clerk, and the Justices of the Peace in Brazos County. Once a case is disposed, the bond is either refunded or transferred to revenue in satisfaction of court ordered costs and fines.

District Clerk Trust - A statutory fund used to account for monies placed with the District Clerk by the District Court(s) and to be held until the Court(s) direct the distribution of the funds.

FIDUCIARY FUNDS (continued)

AGENCY FUNDS (continued)

County Clerk Trust - A statutory fund used to account for monies placed with the County Clerk by the County Courts-at-Law and the Probate Court. These funds are to be held until the Court(s) directs distribution of the funds.

Juvenile Services - A fund used to account for restitution, court costs, fines, fees, and attorney fees that are collected from probationers and subsequently distributed to the victims of crime and the respective fee offices.

Tax Assessor-Collector - A fund used to account for tax revenues, license and permit fees collected for the County, State, and other governmental units within the County. These funds are subsequently reviewed and disbursed to the applicable governmental jurisdictions.

County Attorney - A fund used to account for the funds collected and distributed on behalf of the victims of returned checks.

Inmate Trust - A fund used to account for the funds received on behalf of inmates housed in the County Jail. Funds are returned to the inmate upon leaving the County Jail. Funds are used to support inmate purchases through the Commissary.

District Attorney Administration - A fund used to account for the collection and disbursement of restitution processed by the District Attorney's office.

Bail Bond Board Trust - A fund used to account for property and investments of bail bondsmen doing business in Brazos County. The property and investments act as collateral for bond contracts between the bondsmen and the County.

BRAZOS COUNTY, TEXAS
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For The Year Ended September 30, 2005

	<u>Balance October 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2005</u>
NARCOTICS SEIZURE				
Assets				
Cash and Cash Equivalents	\$ 95,631	\$ 63,282	\$ 67,254	\$ 91,659
Accounts Receivable	95	275	95	275
Total Assets	<u>95,726</u>	<u>63,557</u>	<u>67,349</u>	<u>91,934</u>
Liabilities				
Funds Held In Trust	95,726	20,258	24,050	91,934
Total Liabilities	<u>95,726</u>	<u>20,258</u>	<u>24,050</u>	<u>91,934</u>
PAYROLL				
Assets				
Cash and Cash Equivalents	693,855	15,155,822	15,327,835	521,842
Due From Other Funds	96	-	96	-
Accounts Receivable	581	-	-	581
Prepaid Insurance	67,488	97,374	67,488	97,374
Total Assets	<u>762,020</u>	<u>15,253,196</u>	<u>15,395,419</u>	<u>619,797</u>
Liabilities				
Accounts Payable	672,413	19,049,971	19,216,691	505,693
Funds Held In Trust	89,607	481,944	457,447	114,104
Total Liabilities	<u>762,020</u>	<u>19,531,915</u>	<u>19,674,138</u>	<u>619,797</u>
FLEXIBLE BENEFIT CAFETERIA				
Assets				
Cash and Cash Equivalents	10,000	56,103	56,103	10,000
Total Assets	<u>10,000</u>	<u>56,103</u>	<u>56,103</u>	<u>10,000</u>
Liabilities				
Funds Held In Trust	10,000	56,103	56,103	10,000
Total Liabilities	<u>10,000</u>	<u>56,103</u>	<u>56,103</u>	<u>10,000</u>
BRAZOS CENTER				
Assets				
Cash and Cash Equivalents	53,897	243,354	246,581	50,670
Accounts Receivable	75	600	150	525
Total Assets	<u>53,972</u>	<u>243,954</u>	<u>246,731</u>	<u>51,195</u>
Liabilities				
Accounts Payable	-	224,585	208,355	16,230
Due To Other Funds	18,512	-	18,512	-
Funds Held In Trust	35,460	35,256	35,751	34,965
Total Liabilities	<u>\$ 53,972</u>	<u>\$ 259,841</u>	<u>\$ 262,618</u>	<u>\$ 51,195</u>

BRAZOS COUNTY, TEXAS
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For The Year Ended September 30, 2005

	<u>Balance October 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2005</u>
BAIL BONDS				
Assets				
Cash and Cash Equivalents	\$ 654,218	\$ 746,675	\$ 654,148	\$ 746,745
Total Assets	<u>654,218</u>	<u>746,675</u>	<u>654,148</u>	<u>746,745</u>
Liabilities				
Accounts Payable	-	38,668	-	38,668
Due To Other Funds	38,668	-	38,668	-
Funds Held In Trust	615,550	205,795	113,268	708,077
Total Liabilities	<u>654,218</u>	<u>244,463</u>	<u>151,936</u>	<u>746,745</u>
DISTRICT CLERK TRUST				
Assets				
Cash and Cash Equivalents	3,216,240	1,935,914	2,494,135	2,658,019
Accounts Receivable	429	-	-	429
Total Assets	<u>3,216,669</u>	<u>1,935,914</u>	<u>2,494,135</u>	<u>2,658,448</u>
Liabilities				
Accounts Payable	429	-	-	429
Funds Held In Trust	3,216,240	86,083	644,304	2,658,019
Total Liabilities	<u>3,216,669</u>	<u>86,083</u>	<u>644,304</u>	<u>2,658,448</u>
COUNTY CLERK TRUST				
Assets				
Cash and Cash Equivalents	1,924,074	3,775,302	3,809,378	1,889,998
Total Assets	<u>1,924,074</u>	<u>3,775,302</u>	<u>3,809,378</u>	<u>1,889,998</u>
Liabilities				
Funds Held In Trust	1,924,074	1,967,890	2,001,966	1,889,998
Total Liabilities	<u>1,924,074</u>	<u>1,967,890</u>	<u>2,001,966</u>	<u>1,889,998</u>
JUVENILE SERVICES				
Assets				
Cash and Cash Equivalents	21,204	35,063	50,791	5,476
Accounts Receivable	-	650	640	10
Total Assets	<u>21,204</u>	<u>35,713</u>	<u>51,431</u>	<u>5,486</u>
Liabilities				
Funds Held In Trust	21,204	35,073	50,791	5,486
Total Liabilities	<u>\$ 21,204</u>	<u>\$ 35,073</u>	<u>\$ 50,791</u>	<u>\$ 5,486</u>

BRAZOS COUNTY, TEXAS
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For The Year Ended September 30, 2005

	<u>Balance October 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2005</u>
TAX ASSESSOR-COLLECTOR				
Assets				
Cash and Cash Equivalents	\$ 2,254,830	\$ 208,116,440	\$ 208,731,693	\$ 1,639,577
Total Assets	<u>2,254,830</u>	<u>208,116,440</u>	<u>208,731,693</u>	<u>1,639,577</u>
Liabilities				
Accounts Payable	2,238,965	13,061,855	13,661,243	1,639,577
Due To Other Funds	<u>15,865</u>	<u>-</u>	<u>15,865</u>	<u>-</u>
Total Liabilities	<u>2,254,830</u>	<u>13,061,855</u>	<u>13,677,108</u>	<u>1,639,577</u>
COUNTY ATTORNEY				
Assets				
Cash and Cash Equivalents	31,290	483,418	500,615	14,093
Total Assets	<u>31,290</u>	<u>483,418</u>	<u>500,615</u>	<u>14,093</u>
Liabilities				
Accounts Payable	361	20,869	18,420	2,810
Due To Other Funds	5,037	-	5,037	-
Funds Held In Trust	<u>25,892</u>	<u>61,782</u>	<u>76,391</u>	<u>11,283</u>
Total Liabilities	<u>31,290</u>	<u>82,651</u>	<u>99,848</u>	<u>14,093</u>
INMATE TRUST				
Assets				
Cash and Cash Equivalents	14,424	515,250	513,680	15,994
Due From Other Funds	464	-	464	-
Accounts Receivable	-	1,784	-	1,784
Total Assets	<u>14,888</u>	<u>517,034</u>	<u>514,144</u>	<u>17,778</u>
Liabilities				
Accounts Payable	-	1,127	715	412
Due To Other Funds	439	-	439	-
Funds Held In Trust	<u>14,449</u>	<u>21,840</u>	<u>18,923</u>	<u>17,366</u>
Total Liabilities	<u>14,888</u>	<u>22,967</u>	<u>20,077</u>	<u>17,778</u>
DISTRICT ATTORNEY				
Assets				
Cash and Cash Equivalents	106,377	92,947	94,550	104,774
Total Assets	<u>106,377</u>	<u>92,947</u>	<u>94,550</u>	<u>104,774</u>
Liabilities				
Accounts Payable	-	75,798	75,103	695
Funds Held In Trust	<u>106,377</u>	<u>92,412</u>	<u>94,710</u>	<u>104,079</u>
Total Liabilities	<u>\$ 106,377</u>	<u>\$ 168,210</u>	<u>\$ 169,813</u>	<u>\$ 104,774</u>

BRAZOS COUNTY, TEXAS
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For The Year Ended September 30, 2005

	<u>Balance October 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2005</u>
BAIL BOND BOARD TRUST				
Assets				
Cash and Cash Equivalents	\$ -	\$ 925,929	\$ -	\$ 925,929
Investments	1,374,609	12,300	779,309	607,600
Total Assets	<u>1,374,609</u>	<u>938,229</u>	<u>779,309</u>	<u>1,533,529</u>
Liabilities				
Funds Held In Trust	1,374,609	297,140	138,220	1,533,529
Total Liabilities	<u>\$ 1,374,609</u>	<u>\$ 297,140</u>	<u>\$ 138,220</u>	<u>\$ 1,533,529</u>
COMBINED AGENCY FUNDS				
Assets				
Cash and Cash Equivalents	\$ 9,076,040	\$ 232,145,499	\$ 232,546,763	\$ 8,674,776
Investments	1,374,609	12,300	779,309	607,600
Prepaid Assets	67,488	97,374	67,488	97,374
Accounts Receivable	1,180	3,309	885	3,604
Due From Other Funds	560	-	560	-
Total Assets	<u>10,519,877</u>	<u>232,258,482</u>	<u>233,395,005</u>	<u>9,383,354</u>
Liabilities				
Accounts Payable	2,912,168	32,472,873	33,180,527	2,204,514
Due To Other Funds	78,521	-	78,521	-
Funds Held In Trust	7,529,188	3,361,576	3,711,924	7,178,840
Total Liabilities	<u>\$ 10,519,877</u>	<u>\$ 35,834,449</u>	<u>\$ 36,970,972</u>	<u>\$ 9,383,354</u>