

BRAZOS COUNTY, TEXAS

Comprehensive Annual Financial Report

For The Year Ended September 30, 2003



Prepared by:

Katie Conner, C. P. A.
County Auditor

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

300 East 26th Street, Suite 314

Bryan, Texas 77803

(979) 361-4350

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Email: Auditor@co.brazos.tx.us

April 23, 2004

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

Tony Jones, 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, 2003, 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 and 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, 2003 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amount 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 133,000.

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 orders, 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 various third party organization 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

Employment

For the last five years, the County has enjoyed the lowest unemployment rate in the State (2.3% for 2003). The current work force figures for the County as established by the Texas Workforce Commission are 85,296 – 37.8% of the workforce is employed in government, 12.9% in service related industry, 11.4% in retail and wholesale trade, 9.6% in education and health services, 9.0% in finance, insurance and real estate, 5.8% in manufacturing, 5.5% in agriculture, 5.5% in construction and mining, and 2.3% in transportation, utilities.

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

<u>Employer Group</u>	<u>Number Of Employees</u>
State, Local, Federal Government Services	32,300
Retail and Wholesale Trade	11,000
Education and Health Services	9,700
Finance, Insurance, Real Estate	8,200
Manufacturing	7,700
Agriculture	5,000
Construction and Mining	4,696
Transportation, Utilities	4,700
	<u>2,000</u>
	<u>85,296</u>

Source: Texas Workforce Commission

The official census for 2000 established the population of the County at 152,415 - there are 55,202 households; there is a labor force of 85,296; and of that 83,351 are currently employed. Over the last 13 years the population in the County has grown 25% and the Texas State Data Center is projecting the population to increase by 20% over the next decade.

In 1991 the gross consumption sales reported for all retail and wholesale establishments in the County were \$1.6 billion. In 1997 the *Sales and Use Analysis Report* of the Comptroller of Public Accounts for the State of Texas reflected \$2.6 billion for gross consumption sales in the County. And, for the twelve months ended December 2003 the Comptroller's office estimates the gross sales to approach \$3.3 billion for the County. Thus, over the last 10 years the gross consumption in the County as related to retail and wholesale sales has increased 85%.

The County has four local business parks, featuring affordable and conveniently located facilities for light industry, research and development, and high-tech industries. Two parks are in Bryan (340 and 610 acres) and two are in College Station (434 and 200 acres). There has been a good response to all economic incentives within the Brazos Valley. This has contributed to healthy competitive growth in all segments of the community.

Higher Education

Brazos County is the home of Texas A&M University, the fourth largest university in the United States. The University employs 13,000 permanent and part time employees and serves an enrollment of 45,000 on a 5,200-acre campus. The University directly contributes \$900 million dollars annually to the local economy. Texas A&M is ranked in the top ten nationally among public institutions in both enrollment and research grants. The University leads all universities in the Southwest in expenditures for research. 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 and System payroll for the 21,728 employees was \$620.2 million, and the economic impact of the 45,000 students at A&M was estimated at about \$218 million. Campus visitors are estimated to generate \$62.2 million in expenditures for categories such as food, lodging, gasoline and services for the local economy.

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.

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. A recently completed East-West bypass connects the

metroplex with an Austin arterial route (State Highway 21). 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.

Homeland Security

Texas A&M University has been selected as the national site for the new Integrative Center for Homeland Security, in response to the nation's fight against domestic terrorism. The center is internationally recognized for expertise in the safety aspects of food and agriculture, transportation, information archiving and security, management of biohazards, health issues and other areas such as training of first-responders and medical personnel. Combining the resources of Texas A&M, the Texas Engineering Extension Service (TEEX), the Texas Engineering Experiment Station (TEES), the Texas Agricultural Experiment Station (TAES), the Texas Transportation Institute, the Texas Veterinary Medical Diagnostic Laboratory and the Institute for Biosciences and Technology has resulted in a homeland security powerhouse. Training is conducted under realistic conditions at TEEX's state-of-the-art, 120-acre Emergency Response and Rescue Training Field, "Disaster City," a mock city with numerous full-scale training props and the Emergency Operations Training Center. Investment in the center is projected at \$120 million over a five-year period.

CAPITAL IMPROVEMENT PROGRAM

In 2003, 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 2003 the County continued construction of county roads to connect major thoroughfares. The total cost of construction during the year devoted to repairs and maintenance exceeded \$1.6 million. The County is anticipating entering into a contract with Sungard/Pentamation for an upgrade to the current financial software in the 2004 fiscal year with implementation expected in the fall of 2004. The contract with The Software Group to provide software and implementation of a new electronic criminal justice system was 100% complete by the end of the 2003 fiscal year. The cost for hardware, software and internal wiring totaled \$2.5 million. The new system provides for the full integration of all the courts, the sheriff's office and jail, community supervision, justices of the peace and constables, the county attorney, and the district attorney. Commissioners' Court provided an additional \$200,000 for enhancements in the 2002-03 budget of which \$32,000 was expended and \$168,00 carried forward for future enhancements.

During the current fiscal year the County paid \$740,000 for architect fees and site development plans for the Exposition Center. The County anticipates construction to begin in 2004.

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 construction budget for fiscal year 2004 to include \$1.3 million for routine maintenance and \$2.1 million for improvements.

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 Moody's Investor Service rating of Aaa, and 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 \$1.6 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 up to \$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. An additional \$6,000,000 is anticipated to be sold in June 2004, and the final \$4,500,000 in 2005. The additional debt will raise the County's current debt service rate from \$0.0343 per \$100 valuation to \$0.0423 per \$100 valuation in 2003 and \$0.055 in 2004, assuming that there is no increase in property values during the period. In November 2003, the County issued \$10,000,000 in Certificates of Obligation to fund facility needs, infrastructure improvements, and equipment purchases.

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, 2003, the County had cash and cash equivalents of \$29.7 million - 100% of which was invested in the County's depository due to the contractual interest rate being higher than current market rates. Additionally, the County had approximately \$4.1 million of agency funds invested in money market, time deposits and property. During the fiscal year, the County had an average of \$30.5 million invested, which earned approximately \$601,000.

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, 2003, 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 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 gives the employee the option to choose between conventional major medical coverage with a deductible or a plan similar to a health maintenance organization.

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 read 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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Brazos County,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2002

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



A handwritten signature in black ink, appearing to read "Edward Haney".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

BRAZOS COUNTY, TEXAS
PRINCIPAL OFFICIALS
September 30, 2003

Commissioners' Court:

Randy Sims	County Judge
Tony Jones	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
Rhonda Gilchrist *	Chief Juvenile Probation Officer
Arlene Parchman *	Chief Adult Probation Officer

Financial Administration:

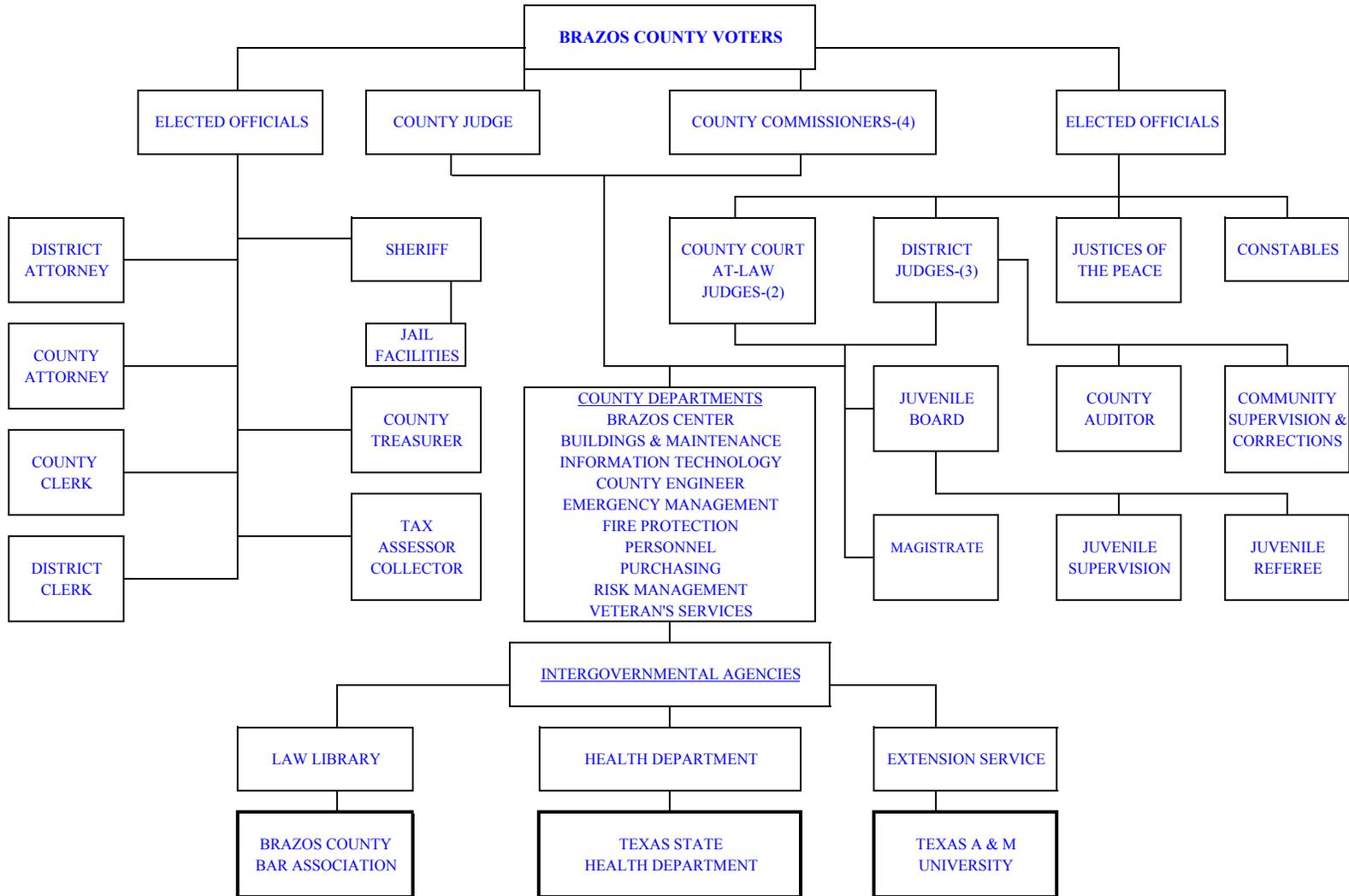
Kay Hamilton	Treasurer
Gerald L. Winn	Tax Assessor-Collector
John T. Reynolds *	Auditor

Recording Offices:

Karen McQueen	County Clerk
Marc Hamlin	District Clerk

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

BRAZOS COUNTY ORGANIZATIONAL CHART



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INGRAM, WALLIS & COMPANY

A PROFESSIONAL CORPORATION

Certified Public Accountants

2100 E. Villa Maria, Suite 100

BRYAN, TEXAS 77802

James D. Ingram, III
Thomas A. Wallis
James D. Ingram, IV
Richard L. Webb

Judith W. Childs
Kenneth W. Chumchal
Jennifer A. Stillman
Melanie R. Bingham
Melissa M. Suehs
Donald B. Browning
Diana K. Wagner
Laurie J. Zink

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INDEPENDENT AUDITORS' REPORT

Honorable Randy Sims, County Judge
and the Honorable County Commissioners
Brazos County, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Brazos County, Texas (the "County"), as of and for the year ended September 30, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of September 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting

principles generally accepted in the United States of America. As described in Note 1, the County has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of September 30, 2003.

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 12, 2003, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis, retirement system information and budgetary comparison information on pages 14 through 26 and 69 through 84, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedule of capital assets used in the operation of governmental funds and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, schedules of capital assets used in the operation of governmental funds and statistical tables have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Bryan, Texas
December 12, 2003

Ingram, Wallis & Company

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) For the Year Ending September 30, 2003

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, 2003. 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, 2003 by \$73,770,450, and are reported as total net assets of the primary government. Of this amount, \$29,340,866 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, \$2,989,935 is restricted for specific purposes (restricted net assets) and \$41,439,649 is invested in capital assets, net of related debt.
- The County's total net assets decreased by \$5,450,753, of which \$4,647,004 is attributable to the annexation of Greens Prairie Road by the City of College Station. Annexations of roads built by the County are recorded as a loss in the year of annexation. The City will be responsible for maintenance of the road in the future.
- As of September 30, 2003, the County governmental funds reported combined fund balances of \$29,183,295. Approximately 81% of the combined fund balances, \$23,741,630, 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 \$13,367,268 or 35% of total general fund expenditures.
- Brazos County's total debt increased \$1,495,000 or 5.75% during the current fiscal year. The key factor in this net increase was the issuance of \$2,995,000 in Certificates of Obligation for infrastructure improvements and capital asset acquisition and improvements.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

regardless of when cash is received or paid.

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-six individual government 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, and Capital Projects Funds, 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 40-68 of this report.

Required Supplementary Information is presented concerning the County's General Fund budgetary schedule and valuation information about the County retirement system. 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 69-84 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 69-81 and 85-132 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the first year the County has applied Governmental Accounting Standards Board (GASB) Statement No. 34. The County did not restate its 2002 financial statements in this first year of implementation. Comparative information will be provided in future years.

As noted earlier, net assets may serve over time as useful indicators of a government's financial position. In the case of the County, assets exceeded liabilities by \$73,770,450, at the close of the most recent fiscal year.

Condensed Statement of Net Assets September 30, 2003

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Current and other assets	\$ 38,532,613	\$ 118,309	\$ 38,650,922
Capital assets, net	69,132,472	1,612	69,134,084
Total assets	107,665,085	119,921	107,785,006
Current and other liabilities	8,005,778	22,313	8,028,091
Long-term liabilities	25,986,465	-	25,986,465
Total liabilities	33,992,243	22,313	34,014,556
Net assets:			
Invested in capital assets, net of related debt	41,438,037	1,612	41,439,649
Restricted net assets	2,989,935	-	2,989,935
Unrestricted net assets	29,244,870	95,996	29,340,866
Total net assets	\$ 73,672,842	\$ 97,608	\$ 73,770,450

The largest portion of the County's current fiscal year net assets (56%) 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. 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 (39.9%) represents unrestricted net assets, which may be used to meet the County's ongoing obligations to citizens and creditors.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The remaining balance of the County's current fiscal year net assets (4.1%) represents resources that are subject to external restrictions on how they may be used.

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 decreased by \$5.4 million from the prior year. The principal component of this decrease (\$4.6 million) is due to annexation by the City of College Station of Greens Prairie Road in October 2002.

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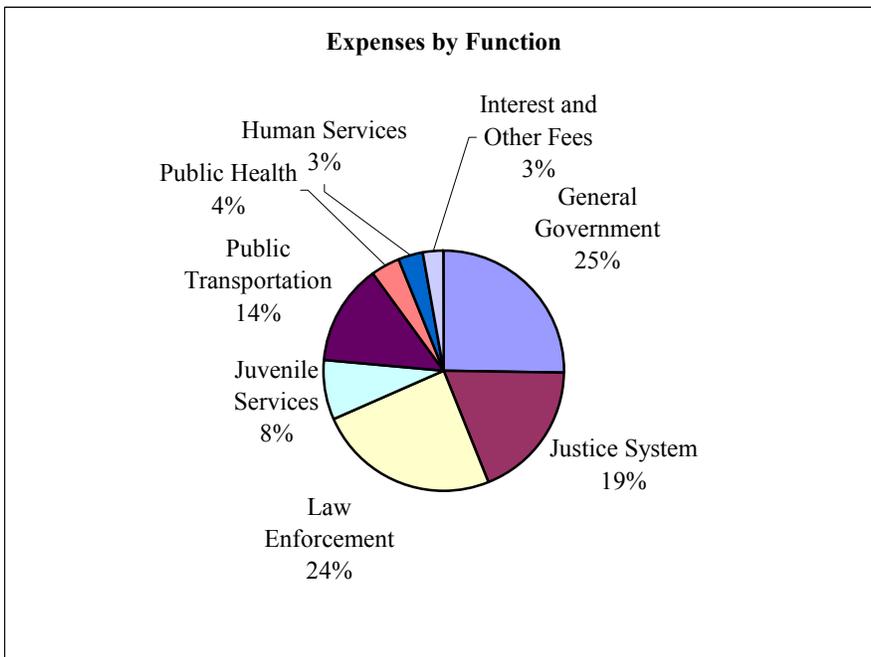
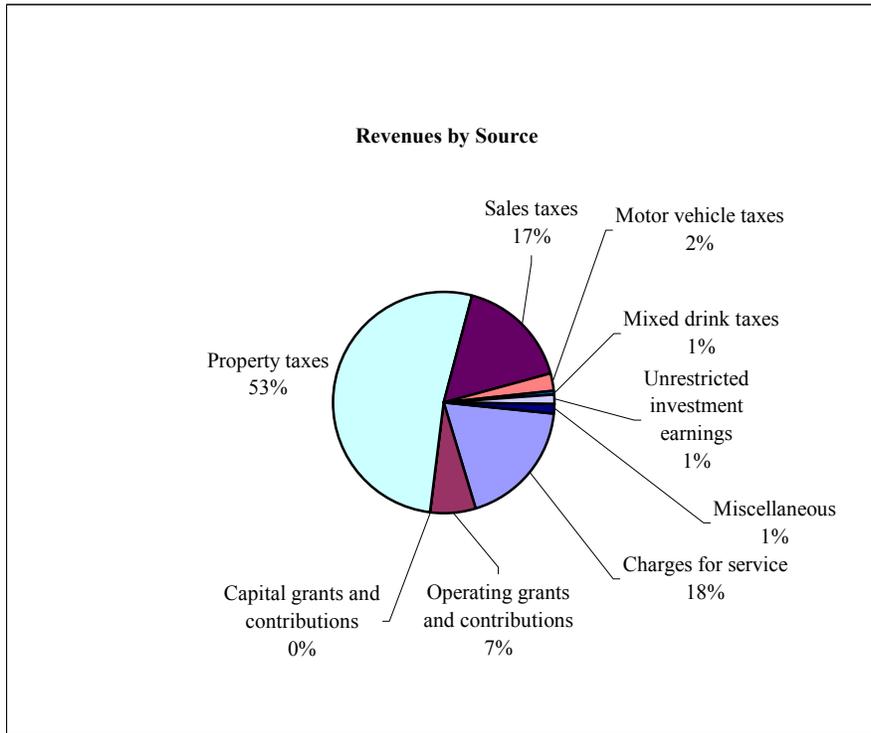
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

Condensed Statement of Activities For the Year Ended September 30, 2003

	Governmental Activities	Business-Type Activities	Total
Revenues:			
Program revenues:			
Charges for service	\$ 8,205,775	\$ 349,003	\$ 8,554,778
Operating grants and contributions	3,090,190	-	3,090,190
Capital grants and contributions	58,911	-	58,911
General revenues:			
Property taxes	24,127,005	-	24,127,005
Sales taxes	7,723,285	-	7,723,285
Motor vehicle taxes	1,147,480	-	1,147,480
Mixed drink taxes	317,091	-	317,091
Unrestricted investment earnings	594,314	-	594,314
Miscellaneous	636,775	-	636,775
Total revenues	45,900,826	349,003	46,249,829
Expenses:			
General Government	11,890,781	-	11,890,781
Justice System	8,684,058	93,125	8,777,183
Law Enforcement	11,271,954	226,559	11,498,513
Juvenile Services	3,802,706	-	3,802,706
Public Transportation	6,394,828	-	6,394,828
Public Health	1,761,796	-	1,761,796
Human Services	1,578,544	-	1,578,544
Interest and Other Fees	1,349,227	-	1,349,227
Total expenses	46,733,894	319,684	47,053,578
Excess (deficiency) before special items	(833,068)	29,319	(803,749)
Loss on disposal of capital assets	(4,647,004)	-	(4,647,004)
Change in net assets	(5,480,072)	29,319	(5,450,753)
Net assets - beginning	79,152,914	68,289	79,221,203
Net assets - ending	\$ 73,672,842	\$ 97,608	\$ 73,770,450

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.

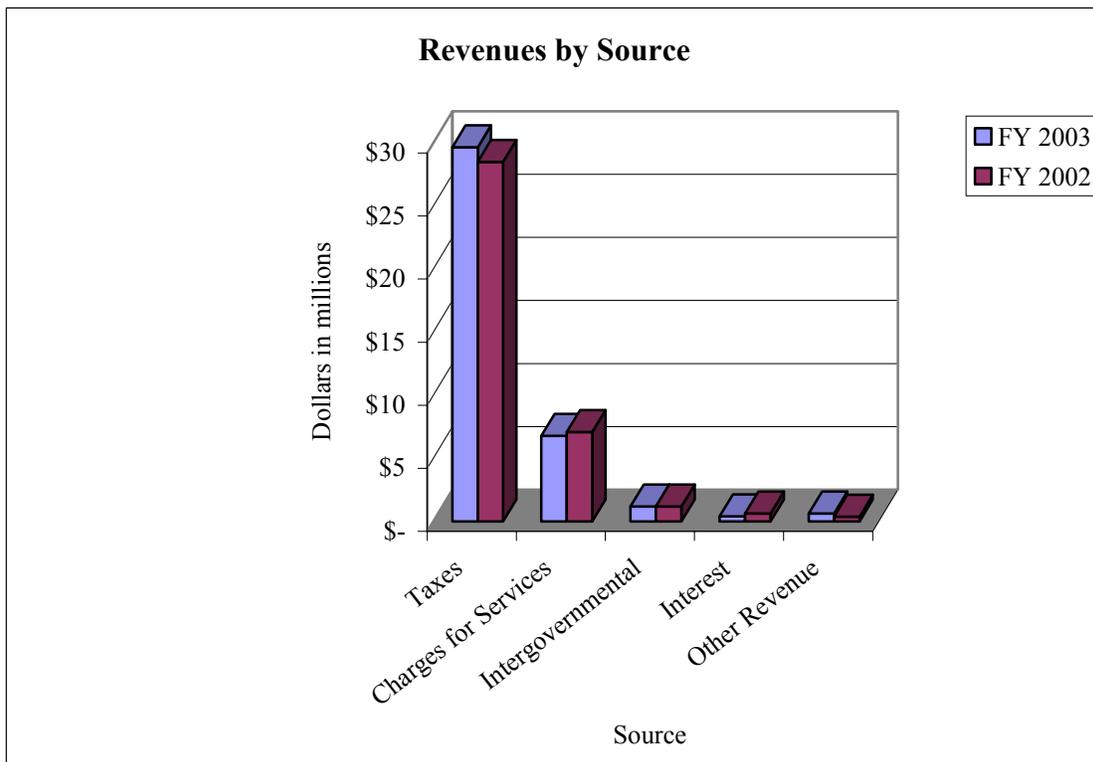
At September 30, 2003, the County's governmental funds reported combined fund balances of \$29,183,295, a decrease of \$866,784 in comparison with the prior year. Approximately \$23,741,630 of the combined fund balance constitutes unreserved fund balance, which is available to meet the County's current 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 Note 1-N).

The General Fund is the chief operating fund of the County. At September 30, 2003, the General Fund reported revenues of \$38,693,543, an increase of \$913,277 or 2.4% over the prior year. The increase is due to a \$1.17 million or 3.9% increase in ad valorem, sales and mixed drink taxes and an increase in other revenues of \$255,000. The increase was offset by decreases of \$285,000 in charges for service, decrease of \$218,000 in interest revenue and a \$13,000 decrease in intergovernmental revenues. Ad valorem taxes increased as a result of increases in property valuations and intergovernmental and other revenues increased due to receipt of donated mobile video systems from the State of Texas and reimbursements from overpaid utility taxes. The decrease in charges for service is due to a decrease in misdemeanor fine revenue from the justice system. The decrease in interest revenue is due to decreased interest yields earned on investments.

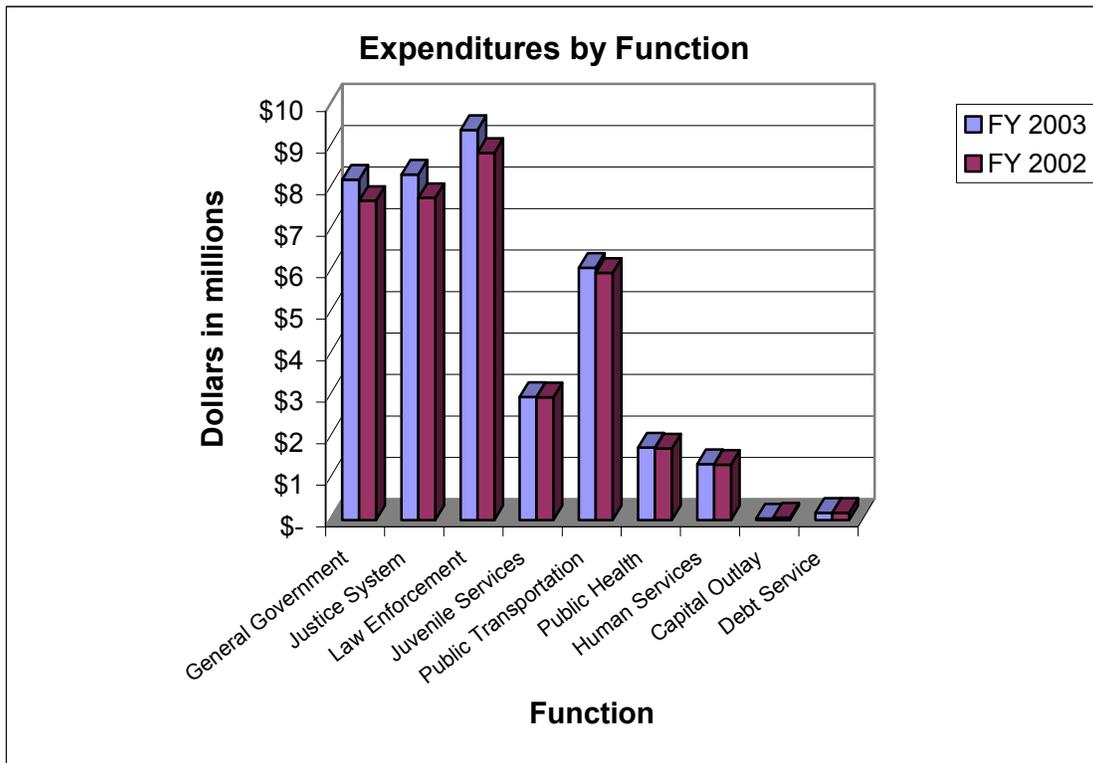
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FINANCIAL ANALYSIS OF FUNDS (Continued)

Expenditures in the General Fund increased by approximately \$1.7 million or 4.6% over the prior year. The increase in expenditures in the law enforcement function of \$500,000 was primarily due to increases to patrol deputy salaries of 5% and to jailer salaries of 7.5%. Increases in the majority of functions are the results of enhancements in the overall wages structure, the addition of 14 full time equivalent positions in the law enforcement function and 4 positions in various departments throughout the County. Additionally, overall expenditure increases were realized through the performance pay allowances and mounting health insurance claims.



FINANCIAL ANALYSIS OF FUNDS (Continued)



The fund balance of the County's general fund decreased by \$1.2 million during the current fiscal year. Key factors in this decline were as follows:

- Revenues increased only 2.3% while expenditures increased 4.6%.
- The continual decline in interest revenue due to decreased investment yields.
- Expenditures were increased primarily due to personnel costs for increased wages and health insurance cited above.
- Management opted to use a portion of the fund balance reserves in lieu of increasing the current year tax burden on the taxpayers.

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 FY 2003, the fund balance decreased \$348,433 or 17.7% from FY 2002. This decrease is due to the decision by County management to use fund balance reserves to make the initial principal payment on the \$2,995,000 in Certificates of Obligation issued at the beginning of the fiscal year.

The Capital Projects Fund accounts for receipts and disbursements relating to the acquisition or construction of major capital projects. At the end of FY 2003, the fund balance increased \$668,121. This change reflects additional debt issuances of \$2,995,000 during FY 2003 as well as capital project expenditures during the same period.

GENERAL FUND BUDGETARY HIGHLIGHTS

While total actual revenues were comparable with the original and final budgeted revenues, there were substantial variances between the original budget, final budget and actual expenditure amounts.

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 \$1.4 million in departmental appropriations. The following amounts were transferred from contingencies to departmental budgets during FY 2003:

- \$510,000 to the Health and Life internal service fund for expenditures over those anticipated. The County had several participants with catastrophic injuries or illness during the year;
- \$197,690 to the County Court at Law #2 Courtroom capital project to allow for the construction of an additional courtroom on the second floor of the courthouse;
- The remaining supplemental adjustments (approximately \$167,000) consist of minor increases in expenditures across all programs.

At the end of the fiscal year, actual expenditures were \$3.37 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, 2003, amounted to \$69,134,084 (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 4.1%, which was due to current year depreciation exceeding current year outlay by \$3 million. Please refer to the notes to 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 461 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

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Capital Assets (continued)

perfect condition. The County has adopted a minimum condition level of 80% for all County roads. The results of the 2003 condition indicate that approximately 431 miles are at 80% or better condition level. There are approximately 30 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, 2003, annual maintenance and preservation costs of \$6,082,584 were less than the estimated amount needed of \$6,248,411. This variance is due to the unforeseen delays in the acquisition of right of way, road preparation and weather delays. More detailed information is available on pages 83 and 84 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. These funds are intended to provide capital to expand and upgrade the IG&N road in south Brazos County, and to provide for the purchase and installation of an electronic voting system, computer hardware and law enforcement vehicles. These funds are a continuing attempt to keep up with the growing need for road improvement in the unincorporated areas of the County. At September 30, 2003, there remained \$1,267,050 in these funds for use during the 2003-2004 fiscal year.
- At September 30, 2003, \$8,011,657 remained available in all capital project funds to be used for the costs of various capital projects. \$5,577,255 of this fund balance is restricted to the construction of the Brazos County Exposition Center and an additional \$133,000 has been designated to fund future enhancements to the judicial software purchased by the County in fiscal year 2002. In FY 2003, \$3,050,151 was expended on various projects (compared to \$6,427,035 in fiscal year 2002).
- Overall, capital expenditures in fiscal year 2003 decreased by \$3.37 million over fiscal year 2002. This was primarily attributable to finalization of the purchase of the land for the Exposition Center in fiscal year 2002 as well as completion of various major infrastructure upgrades.

Long-term debt

At September 30, 2003, the County had total long-term debt outstanding of \$27,510,000 as compared to \$26,015,000 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

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Long-term debt (continued)

to be used for the construction of a County Exposition Center. The County issued \$8,000,000 General Obligation Bonds in 2001 to finance the costs associated with development, construction and equipping of the Exposition Center.

ECONOMIC FACTORS

The Commissioner's Court adopted the 2003-2004 budget on September 12, 2003. The budget was adopted based on estimated balances that would be available at the end of fiscal year 2003 and estimated revenues to be received in fiscal year 2004. For 2003-2004, the property tax rate will increase to \$.4350 per \$100 valuation. The Commissioner's Court considered the following factors in establishing this tax rate:

- Tax revenue from all sources are expected to increase 7.6% over the 2002 budgeted revenue, charges for services are anticipated to increase 2.89%, and overall expenditures are anticipated to increase 11.5%;
- The County's Health and Life fund has experienced over \$2 million in losses over the previous 3 years that have been funded by the County's General Fund. The County continues to experience high expenditures for medical claims. During the 2003-2004 budget year the County has restructured the health care plans in order to reduce the costs, however the effects of this restructuring will not be quantitatively known until September 30, 2004;
- The County implemented an overall increase in wages of 3% for the 2003-2004 fiscal year and provided a merit allowance to allow the departments to provide monetary incentives to employees for positive work performance;
- 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.

Additionally, the County issued \$10 million in Certificates of Obligation to provide funding for building expansion, and infrastructure improvements. The County's capital project budget includes \$12 million in construction costs relative to the Exposition Center. The County anticipates selling \$6 million in General Obligation Bonds in the summer of 2004 to continue this project.

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.

BASIC FINANCIAL STATEMENTS

BRAZOS COUNTY, TEXAS
STATEMENT OF NET ASSETS
September 30, 2003

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>TOTAL</u>
ASSETS:			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 28,630,926	\$ 106,245	\$ 28,737,171
Prepaid Expenses	104,432	-	104,432
Receivables, net of allowance for uncollectible amounts			
Taxes	1,283,081	-	1,283,081
Accounts and Other	6,499,325	871	6,500,196
Inventories	340,270	5,539	345,809
Due from Other Funds	61,702	5,654	67,356
Total Current Assets	<u>36,919,736</u>	<u>118,309</u>	<u>37,038,045</u>
<u>Restricted Assets</u>			
Permanently Restricted			
Cash and Cash Equivalents	1,600,941	-	1,600,941
Receivables			
Taxes	7,739	-	7,739
Accounts and Other	4,197	-	4,197
Total Restricted Assets	<u>1,612,877</u>	<u>-</u>	<u>1,612,877</u>
<u>Noncurrent Assets</u>			
Capital Assets:			
Land	6,854,820	-	6,854,820
Buildings	26,396,161	-	26,396,161
Improvements Other than Buildings	4,879,845	-	4,879,845
Machinery and Equipment	12,631,915	70,923	12,702,838
Infrastructure	34,544,705	-	34,544,705
Construction in Progress	2,715,788	-	2,715,788
Less: Accumulated Depreciation	(18,890,762)	(69,311)	(18,960,073)
Total Capital Assets (net of accumulated depreciation)	<u>69,132,472</u>	<u>1,612</u>	<u>69,134,084</u>
Total Noncurrent Assets	<u>69,132,472</u>	<u>1,612</u>	<u>69,134,084</u>
TOTAL ASSETS	<u>\$ 107,665,085</u>	<u>\$ 119,921</u>	<u>\$ 107,785,006</u>

BRAZOS COUNTY, TEXAS
STATEMENT OF NET ASSETS - Continued
September 30, 2003

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>TOTAL</u>
LIABILITIES:			
<u>Current Liabilities</u>			
Accounts Payable and Accrued Liabilities	\$ 4,431,460	\$ 13,427	\$ 4,444,887
Accrued Salaries and Wages	1,092,360	8,806	1,101,166
Due to Other Governmental Units	1,317	80	1,397
Unclaimed Funds	145,249	-	145,249
Liability for Compensated Absences	466,811	-	466,811
Accrued Interest Payable	112,431	-	112,431
Current Portion of Long-Term Debt	1,585,000	-	1,585,000
Current Portion of Capital Lease	171,150	-	171,150
Total Current Liabilities	<u>8,005,778</u>	<u>22,313</u>	<u>8,028,091</u>
 <u>Noncurrent Liabilities</u>			
Long-Term Debt	25,938,285	-	25,938,285
Deferred Tax Revenue	48,180	-	48,180
Total Noncurrent Liabilities	<u>25,986,465</u>	<u>-</u>	<u>25,986,465</u>
TOTAL LIABILITIES	<u>33,992,243</u>	<u>22,313</u>	<u>34,014,556</u>
 NET ASSETS			
Invested in Capital Assets, Net of Related Debt	41,438,037	1,612	41,439,649
Restricted for:			
Debt Service	1,612,877	-	1,612,877
Booneville Cemetary	6,257	-	6,257
Special Purpose Programs	1,370,801	-	1,370,801
Unrestricted	<u>29,244,870</u>	<u>95,996</u>	<u>29,340,866</u>
TOTAL NET ASSETS	<u>\$ 73,672,842</u>	<u>\$ 97,608</u>	<u>\$ 73,770,450</u>

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

BRAZOS COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2003

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Governmental Activities:							
General Government	\$ 11,890,781	\$ 1,782,138	\$ -	\$ -	\$ (10,108,643)	\$ -	\$ (10,108,643)
Justice System	8,684,058	5,637,540	498,507	-	(2,548,011)	-	(2,548,011)
Law Enforcement	11,271,954	492,034	1,130,276	58,911	(9,590,733)	-	(9,590,733)
Juvenile Services	3,802,706	52,034	1,121,345	-	(2,629,327)	-	(2,629,327)
Public Transportation	6,394,828	33,905	206,525	-	(6,154,398)	-	(6,154,398)
Public Health	1,761,796	25,827	38,064	-	(1,697,905)	-	(1,697,905)
Human Services	1,578,544	182,297	95,473	-	(1,300,774)	-	(1,300,774)
Interest and Other Fees	1,349,227	-	-	-	(1,349,227)	-	(1,349,227)
Total Governmental Activities	<u>46,733,894</u>	<u>8,205,775</u>	<u>3,090,190</u>	<u>58,911</u>	<u>(35,379,018)</u>	<u>-</u>	<u>(35,379,018)</u>
Business - Type Activities:							
County Attorney	93,125	114,592	-	-	-	21,467	21,467
Jail Commissary	226,559	234,411	-	-	-	7,852	7,852
Total Business - Type Activities	<u>319,684</u>	<u>349,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,319</u>	<u>29,319</u>
Total Government	<u>\$ 47,053,578</u>	<u>\$ 8,554,778</u>	<u>\$ 3,090,190</u>	<u>\$ 58,911</u>	<u>\$ (35,379,018)</u>	<u>\$ 29,319</u>	<u>\$ (35,349,699)</u>
General revenues:							
Taxes:							
Property taxes					\$ 24,127,005	\$ -	\$ 24,127,005
Sales taxes					7,723,285	-	7,723,285
Motor vehicle taxes					1,147,480	-	1,147,480
Mixed drink taxes					317,091	-	317,091
Unrestricted investment earnings					594,314	-	594,314
Miscellaneous					636,775	-	636,775
Loss on disposal of assets					(4,647,004)	-	(4,647,004)
Total general revenues					<u>29,898,946</u>	<u>-</u>	<u>29,898,946</u>
Change in net assets					(5,480,072)	29,319	(5,450,753)
Net assets-beginning					<u>79,152,914</u>	<u>68,289</u>	<u>79,221,203</u>
Net assets-ending					<u>\$ 73,672,842</u>	<u>\$ 97,608</u>	<u>\$ 73,770,450</u>

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

**BRAZOS COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2003**

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
ASSETS					
Cash and Cash Equivalents	\$ 18,410,779	\$ 1,600,941	\$ 8,172,562	\$ 1,553,955	\$ 29,738,237
Prepaid Expenditures	65,966	-	-	5,592	71,558
Receivables:					
Taxes	1,148,517	185,602	-	-	1,334,119
Officials	281,812	2,282	-	-	284,094
Interest	24,092	1,915	8,582	2,126	36,715
Accounts	87,481	-	-	269,553	357,034
State	1,080,790	-	-	389,785	1,470,575
Federal	66,683	-	-	-	66,683
Due From Other Funds	82,964	-	7,000	98,180	188,144
Inventories	340,270	-	-	-	340,270
TOTAL ASSETS	\$ 21,589,354	\$ 1,790,740	\$ 8,188,144	\$ 2,319,191	\$ 33,887,429
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 1,006,432	\$ -	\$ 176,487	\$ 579,529	\$ 1,762,448
Accrued Salary and Compensated Leave	1,010,646	-	-	81,714	1,092,360
Unclaimed Funds	-	-	-	145,249	145,249
Due To Other Funds	305,247	-	-	21,726	326,973
Deferred Revenues	1,118,975	177,863	-	80,266	1,377,104
Total Liabilities	3,441,300	177,863	176,487	908,484	4,704,134
Fund Balances:					
Reserved					
For Debt Service	-	1,612,877	-	-	1,612,877
For Prepaid Expenditures	65,966	-	-	5,592	71,558
For Inventories	340,270	-	-	-	340,270
For Boonville Cemetery	6,257	-	-	-	6,257
For Title IV-E	1,004,228	-	-	-	1,004,228
For Texas Youth Commission	97,219	-	-	-	97,219
For Indigent Health Care	904,141	-	-	-	904,141
For Special Purpose Programs	-	-	-	1,405,115	1,405,115
Unreserved					
Designated for Capital Improvements	-	-	8,011,657	-	8,011,657
Designated for Health Endowment Fund	2,362,705	-	-	-	2,362,705
Undesignated	13,367,268	-	-	-	13,367,268
Total Fund Balances	18,148,054	1,612,877	8,011,657	1,410,707	29,183,295
TOTAL LIABILITIES AND FUND BALANCES	\$ 21,589,354	\$ 1,790,740	\$ 8,188,144	\$ 2,319,191	\$ 33,887,429

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

BRAZOS COUNTY, TEXAS
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET ASSETS
September 30, 2003

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

Total fund balances--governmental funds	\$	29,183,295
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		69,132,472
Certain receivables are not available and, therefore, are deferred in governmental funds.		2,057,384
Certain receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.		1,285,625
Internal service funds are used by the County's management for self insurance. The assets and liabilities of the funds are included with governmental activities in the Statement of Net Assets but are not included at the fund level.		254,869
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds:		
Bonds payable	(27,510,000)	
Deferred charge for issuance cost (to be amortized as interest expense)	32,874	
Issuance premium (to be amortized as interest expense)	(13,285)	
Capital lease	(171,150)	
Accrued interest payable	(112,431)	
Compensated absences	(466,811)	
	(28,240,803)	(28,240,803)
Total net assets--governmental activities	\$	73,672,842

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

BRAZOS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended September 30, 2003

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>		
REVENUES					
Taxes	\$ 29,682,391	\$ 2,470,489	\$ -	\$ -	\$ 32,152,880
Charges for Services	6,794,090	-	-	377,302	7,171,392
Intergovernmental	1,175,482	-	-	1,973,619	3,149,101
Interest	404,805	48,587	119,822	28,083	601,297
Other Revenue	636,775	-	-	-	636,775
TOTAL REVENUES	<u>38,693,543</u>	<u>2,519,076</u>	<u>119,822</u>	<u>2,379,004</u>	<u>43,711,445</u>
EXPENDITURES					
Current					
General Government	8,207,730	-	-	123,638	8,331,368
Justice System	8,326,256	-	-	166,673	8,492,929
Law Enforcement	9,403,369	-	5,478	1,133,655	10,542,502
Juvenile Services	2,966,040	-	-	648,154	3,614,194
Public Transportation	6,082,584	-	-	263,388	6,345,972
Public Health	1,747,062	-	-	-	1,747,062
Human Services	1,350,979	-	-	46,083	1,397,062
Capital Outlay	40,993	-	3,044,673	102,650	3,188,316
Debt Service					
Principal Retirement	164,880	1,500,000	-	-	1,664,880
Interest and Fiscal Agent Fees	12,763	1,367,509	-	-	1,380,272
TOTAL EXPENDITURES	<u>38,302,656</u>	<u>2,867,509</u>	<u>3,050,151</u>	<u>2,484,241</u>	<u>46,704,557</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>390,887</u>	<u>(348,433)</u>	<u>(2,930,329)</u>	<u>(105,237)</u>	<u>(2,993,112)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	8,140	-	686,590	210,462	905,192
Operating Transfers Out	(1,752,352)	-	(83,140)	-	(1,835,492)
Proceeds From Sale of Fixed Assets	61,628	-	-	-	61,628
Proceeds From Debt Obligations	-	-	2,995,000	-	2,995,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,682,584)</u>	<u>-</u>	<u>3,598,450</u>	<u>210,462</u>	<u>2,126,328</u>
Net Change in Fund Balances	(1,291,697)	(348,433)	668,121	105,225	(866,784)
FUND BALANCES, OCTOBER 1	19,439,751	1,961,310	7,343,536	1,305,482	30,050,079
FUND BALANCES, SEPTEMBER 30	<u>\$ 18,148,054</u>	<u>\$ 1,612,877</u>	<u>\$ 8,011,657</u>	<u>\$ 1,410,707</u>	<u>\$ 29,183,295</u>

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

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, 2003

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

Net change in fund balances--total governmental funds	\$	(866,784)
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. Annexation of infrastructure by other entities does not have an effect on governmental funds, however in the statement of activities this event is reported as a loss on disposal of assets. This is the amount that the loss on disposal of assets and depreciation expense exceeded expenditures for capital outlay.		(3,294,268)
Revenues and contributed assets in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		247,715
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.		(466,811)
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.		(1,304,875)
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.		204,951
Change in net assets of governmental activities	\$	<u>(5,480,072)</u>

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

BRAZOS COUNTY, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2003

	Business - Type Activities - Enterprise Funds			Governmental Activities
	County Attorney	Jail Commissary	Totals	Internal Service Fund
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 16,010	\$ 90,235	\$ 106,245	\$ 493,630
Accounts Receivable	-	871	871	554,910
Inventories	-	5,539	5,539	-
Due From Other Funds	5,654	-	5,654	200,000
Total Current Assets	21,664	96,645	118,309	1,248,540
Noncurrent Assets				
Property, Plant and Equipment	70,923	-	70,923	-
Less: Accumulated Depreciation	(69,311)	-	(69,311)	-
Total Noncurrent Assets	1,612	-	1,612	-
TOTAL ASSETS	23,276	96,645	119,921	1,248,540
LIABILITIES				
Current Liabilities				
Accounts Payable	-	13,507	13,507	866,350
Accrued Salary and Compensated Leave	3,744	5,062	8,806	-
Deferred Revenues	-	-	-	127,321
TOTAL LIABILITIES	3,744	18,569	22,313	993,671
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,612	-	1,612	-
Unrestricted	17,920	78,076	95,996	254,869
TOTAL NET ASSETS	\$ 19,532	\$ 78,076	\$ 97,608	\$ 254,869

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

BRAZOS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended September 30, 2003

	Business - Type Activities - Enterprise Funds			Governmental Activities
	County Attorney	Jail Commissary	Totals	Internal Service Fund
OPERATING REVENUES				
Charges for Service	\$ 114,158	\$ -	\$ 114,158	\$ -
Commissary Sales	-	233,426	233,426	-
Employee Dependents	-	-	-	532,180
Self Pays	-	-	-	531,960
Excess Risk Benefits	-	-	-	770,953
Brazos County	-	-	-	3,293,717
Retirees	-	-	-	61,824
Other Revenue	434	22	456	-
TOTAL OPERATING REVENUES	114,592	233,448	348,040	5,190,634
OPERATING EXPENSES				
Personnel Services	86,721	61,492	148,213	-
Departmental Support	1,576	38,210	39,786	-
Cost of Goods Sold	-	126,857	126,857	-
Life Insurance	-	-	-	32,912
Stop Loss Premiums	-	-	-	394,639
Benefit Claims	-	-	-	5,313,494
Administrative Fees	-	-	-	164,116
Professional Services	-	-	-	18,332
Depreciation	4,828	-	4,828	-
TOTAL OPERATING EXPENSES	93,125	226,559	319,684	5,923,493
OPERATING INCOME (LOSS)	21,467	6,889	28,356	(732,859)
NONOPERATING REVENUES				
Interest	-	963	963	7,510
TOTAL NONOPERATING REVENUES	-	963	963	7,510
INCOME (LOSS) BEFORE OPERATING TRANSFERS	21,467	7,852	29,319	(725,349)
Transfer From General Fund	-	-	-	930,300
CHANGE IN NET ASSETS	21,467	7,852	29,319	204,951
TOTAL NET ASSETS - OCTOBER 1	(1,935)	70,224	68,289	49,918
TOTAL NET ASSETS - SEPTEMBER 30	\$ 19,532	\$ 78,076	\$ 97,608	\$ 254,869

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

BRAZOS COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended September 30, 2003

	Business - Type Activities - Enterprise Funds			Governmental Activities
	County	Jail	Totals	Internal Service Fund
	Attorney	Commissary		
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 114,592	\$ 243,827	\$ 358,419	\$ 1,125,360
Receipts from interfund services provided	(2,445)	(786)	(3,231)	3,339,154
Receipts from reinsurance	-	-	-	217,329
Payments to contractors and vendors	(1,576)	(163,501)	(165,077)	(569,493)
Claims paid	-	-	-	(4,899,373)
Payments to employees for services	(88,471)	(60,026)	(148,497)	-
Payments for interfund services used	(10,337)	-	(10,337)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>11,763</u>	<u>19,514</u>	<u>31,277</u>	<u>(787,023)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer From General Fund	-	-	-	930,300
NET CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>930,300</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	-	969	969	7,697
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>969</u>	<u>969</u>	<u>7,697</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,763	20,483	32,246	150,974
CASH AND CASH EQUIVALENTS, OCTOBER 1	<u>4,247</u>	<u>69,752</u>	<u>73,999</u>	<u>342,656</u>
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	<u>\$ 16,010</u>	<u>\$ 90,235</u>	<u>\$ 106,245</u>	<u>\$ 493,630</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 21,467	\$ 6,889	\$ 28,356	\$ (732,859)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	4,828	-	4,828	-
(Increase) in accounts receivable	-	-	-	(554,308)
Decrease in inventory	-	1,486	1,486	-
(Increase) Decrease in due from other funds	(2,445)	9,593	7,148	37,000
Increase in accounts payable	-	79	79	454,627
Increase (Decrease) in accrued salary and compensated leave	(1,750)	1,387	(363)	-
Increase in deferred revenues	-	-	-	8,517
Increase (Decrease) in due to other funds	(10,337)	80	(10,257)	-
Total adjustments	<u>(9,704)</u>	<u>12,625</u>	<u>2,921</u>	<u>(54,164)</u>
Net cash provided (used) by operating activities	<u>\$ 11,763</u>	<u>\$ 19,514</u>	<u>\$ 31,277</u>	<u>\$ (787,023)</u>

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

BRAZOS COUNTY, TEXAS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
September 30, 2003

ASSETS	
Cash and Cash Equivalents	\$ 4,973,885
Investments	4,109,908
Prepaid Assets	71,094
Accounts Receivable	705
Due From Other Funds	464
TOTAL ASSETS	<u><u>9,156,056</u></u>
LIABILITIES	
Accounts Payable	2,178,827
Due to Other Funds	67,289
Funds Held in Trust	6,909,940
TOTAL LIABILITIES	<u><u>\$ 9,156,056</u></u>

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

BRAZOS COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

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, the promotion and development of 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 the 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 and agency 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, is susceptible to accrual and is 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 custodial in nature 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. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The County reports the following major funds:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Level Financial Statements (Continued)

Governmental Funds

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.

Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trusts and capital projects), which are legally restricted to expenditures for a specified purpose.

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.

Capital Project Funds - Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital assets and infrastructure. Principal sources of funds for expenditure are general obligation bonds, proceeds from certificates of obligation, and interest income.

Proprietary Funds

Internal Service Fund - 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. The fund operates on a cost reimbursement basis.

Enterprise Fund - The Enterprise Funds are used to account for the operations of the County Attorney and Jail Commissary that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Agency Funds – The Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, and other governmental funds.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Implementation of New Standards

In fiscal year 2003, the County implemented the following new standards:

GASB Statement No. 34, “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments”, establishes accounting and financial reporting standards for state and local governments in order to enhance the understandability and usefulness of the financial reports to citizenry, legislative and oversight bodies, and investors and creditors.

GASB Statement No. 37, “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments: Omnibus and Amendment of GASB Statements No. 21 and No. 34”, revises the escheat reporting requirements, limits the topics discussed in MD&A, eliminates capitalization of construction-period interest requirement on capital assets used in governmental activities, and further clarifies provisions of GASB Statement No. 34.

GASB Statement No. 38, “Certain Financial Statement Note Disclosures”, modifies, establishes, and rescinds certain financial statement disclosure requirements.

GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, establishes and modifies disclosure requirements related to investment and deposit risks.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that government-wide financial statements are needed to allow users of financial reports to assess a government’s operational accountability. The new GASB model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

In addition to requiring government-wide presentation on the accrual basis of accounting, the implementation of these standards had the following impact in the accompanying financial statements:

- Presentation of MD&A
- Presentation and classification of net assets
- Reporting certain additional footnote disclosures

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Implementation of New Standards (Continued)

The following table shows beginning net assets for governmental activities restated for the effects of the implementation of GASB Statement No. 34:

Governmental fund balance, September 30, 2002, as previously reported	\$ 29,971,543
Funds previously reported as expendable trust funds	<u>78,536</u>
Governmental funds balance, October 1, 2002, as restated	30,050,079
Accounts receivable – fines & fees	1,894,139
Net capital assets	73,357,040
Deferred revenues – taxes	1,201,155
Interest payable	(118,087)
Long term debt	(26,351,030)
Internal service fund net assets	<u>(880,382)</u>
Net assets, October 1, 2002, full accrual	<u>\$ 79,152,914</u>

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).

G. Short Term – Interfund Receivables and Payables

There are essentially four 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. Quasi-external - Transactions that would be accounted for as revenues or expenditures if they involved an entity external to the government. The receiving fund records the monies as another financing source (revenue) and the disbursing fund records the monies as another financing use (expenditure).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Short Term – Interfund Receivables and Payables (continued)

4. 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 or, in the case of a proprietary fund, to retained earnings. 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, 2003. 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, 2003, the tax rate to finance general governmental services was \$0.3723 per \$100.00 valuation. The tax rate for the payment of principal and interest on long-term debt was \$0.0423 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.

I. Inventories and Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2003, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

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 \$110,000 for anticipated program needs during the 2003-2004 fiscal year and has designated \$252,705 available for future programs.

O. Reclassifications

As part of the adoption of GASB Statement 34, the District Attorney Administration fund and the Bail Bond Board fund previously reported as expendable trust funds have been reclassified. The revenue and expenditure accounts as well as any fund balances have been categorized as Special Revenue funds and the cash and investments held for outside entities have been categorized as agency funds.

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	\$ 41,980,098	\$ 1,452,290	\$ 43,432,388
Special Revenue	3,196,278	(150,600)	3,045,678
Debt Service	2,516,350	360,000	2,876,350
Capital Projects	18,200,000	279,690	18,479,690
Totals	<u>\$ 65,892,726</u>	<u>\$ 1,941,380</u>	<u>\$ 67,834,106</u>

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NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess of Expenditures Over Appropriations

During the year ended September 30, 2003, the Professional Fees expenditure classification for the Juvenile Services Title IV-E program in the General Fund exceeded budget by \$89,428. The expenditure budget for this classification is based on estimated revenues generated through a third party contract with Vertex for program compliance and reporting. The County realized in excess of \$300,000 in Title IV-E revenues for the year ended September 30, 2003, however failed to amend the expenditure budget to reflect the amounts due to Vertex for the associated services.

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 funds under custody of the District Clerk, require collateralization for all funds on deposit. 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, 2003, the carrying amounts of the County's cash and cash equivalents was \$35,311,997. The \$35,766,999 bank balance was collateralized with securities held with the County's agent, the Federal Home Loan Bank in Dallas, Texas in a fiduciary account in the name of the County. These are classified as a Category 1 credit risk. All deposits and time deposits (less than 90 days) are stated at cost and reflected on the balance sheet as "Cash and Cash Equivalents". Certificates of Deposit and Money Market accounts held by the Agency Funds are reflected on the balance sheet as "Investments" but are classified as Category 1 deposits for risk assessment purposes. The deposits include the cash and cash equivalents of all funds. The book balance differs from the bank balance due to outstanding reconciling items.

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

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.
- 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 shall 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, 2003, County investments included funds deposited in a local government investment pool, and direct debt

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

B. Investments (continued)

securities the United States. Investments in direct debt securities of the United States mature within one year of acquisition, and therefore are reported at amortized cost. Pooled investments are reported at fair value. Those subject to classification are Category 1 investments. The County did not have any pooled investments at year end. The Money Market and Certificates of Deposit are classified as Category 1 deposits.

Investments at September 30, 2003 are as follows:

Money Market and Certificates of Deposit	\$ 3,514,608
Property	<u>595,300</u>
Total Investments	<u>\$ 4,109,908</u>

The Money Market and Certificate of Deposit investments are recorded in the Agency Funds and are those funds held in a custodial relationship by the District Clerk as required by the District Courts and are categorized as Category 1 deposits. The listed property is that 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	Capital Projects	Nonmajor	Internal Service	Fiduciary	Total
Taxes	\$ 1,148,517	\$ 185,602	\$ -	\$ -	\$ -	\$ -	\$ 1,334,119
Penalty & Interest - Taxes	726,576	86,239	-	-	-	-	812,815
Court Fines & Fees	5,378,003	-	-	-	-	-	5,378,003
Interest	24,092	1,915	8,582	2,126	-	-	36,715
Accounts	<u>1,516,766</u>	<u>2,282</u>	<u>-</u>	<u>659,338</u>	<u>554,910</u>	<u>705</u>	<u>2,734,001</u>
Gross Receivables	<u>8,793,954</u>	<u>276,038</u>	<u>8,582</u>	<u>661,464</u>	<u>554,910</u>	<u>705</u>	<u>10,295,653</u>
Less:							-
Allowance	<u>(2,483,309)</u>	<u>(17,297)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,500,606)</u>
Net Receivable	<u>\$ 6,310,645</u>	<u>\$ 258,741</u>	<u>\$ 8,582</u>	<u>\$ 661,464</u>	<u>\$ 554,910</u>	<u>\$ 705</u>	<u>\$ 7,795,047</u>

In addition to the above, included in the statement of net assets of the governmental activities, is a receivable of \$61,702 that is due from fiduciary funds.

NOTE 5 – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2003 was as follows:

	Balance at October 1, 2002	Additions	Deletions	Balance at September 30, 2003
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 6,854,820	\$ -	\$ -	\$ 6,854,820
Construction in progress	1,852,998	862,790	-	2,715,788
Infrastructure	38,788,192	434,588	(4,678,075)	34,544,705
Total capital assets, not being depreciated	<u>47,496,010</u>	<u>1,297,378</u>	<u>(4,678,075)</u>	<u>44,115,313</u>
<u>Capital assets, being depreciated:</u>				
Buildings	26,396,161	-	-	26,396,161
Improvements other than Buildings	4,880,474	-	(629)	4,879,845
Machinery and Equipment	10,222,762	2,697,759	(288,606)	12,631,915
Total capital assets, being depreciated	<u>41,499,397</u>	<u>2,697,759</u>	<u>(289,235)</u>	<u>43,907,921</u>
<u>Less accumulated depreciation for:</u>				
Buildings	(12,066,782)	(775,873)	-	(12,842,655)
Improvements other than Buildings	(1,133,697)	(205,946)	-	(1,339,643)
Machinery and Equipment	(3,646,353)	(1,320,160)	258,049	(4,708,464)
Total accumulated depreciation	<u>(16,846,832)</u>	<u>(2,301,979)</u>	<u>258,049</u>	<u>(18,890,762)</u>
Total capital assets, being depreciated, net	<u>24,652,565</u>	<u>395,780</u>	<u>(31,186)</u>	<u>25,017,159</u>
Governmental activities capital assets, net	<u><u>72,148,575</u></u>	<u><u>1,693,158</u></u>	<u><u>(4,709,261)</u></u>	<u><u>69,132,472</u></u>
<u>Business-type activities:</u>				
Capital assets, being depreciated				
Machinery and Equipment	86,348	-	(15,425)	70,923
Total capital assets, being depreciated	<u>86,348</u>	<u>-</u>	<u>(15,425)</u>	<u>70,923</u>
<u>Less accumulated depreciation for:</u>				
Machinery and Equipment	(79,908)	(4,828)	15,425	(69,311)
Total accumulated depreciation	<u>(79,908)</u>	<u>(4,828)</u>	<u>15,425</u>	<u>(69,311)</u>

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation expense for FY2003 was charged to functions as follows:

Governmental Activities:	
General Government	\$ 516,353
Justice System	218,741
Law Enforcement	697,871
Juvenile Services	189,952
Public Transportation	471,886
Public Health	14,734
Human Services	<u>192,442</u>
Total depreciation expense - governmental activities	<u>2,301,979</u>
Business-type activities:	
County Attorney	<u>4,828</u>
Total depreciation expense - business-type activities	<u>\$ 4,828</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 \$55,000. At September 30, 2003, the County had entered into three 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 \$1,348. 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 \$7,200 per year. The lease was renewed in June 2003 for two years. The Brazos Valley Art League maintains an annual lease with the County, expiring each September in the amount of \$5,760.

NOTE 7 – LEASES (Continued)

A. Operating Leases (Continued)

The County has entered into eight non-cancelable operating leases for the use of photocopying equipment. Rent expense for operating leases was \$40,405 in 2003. The leases are for a 48 to 60 month period at an annual cost of \$40,405. The future minimum lease payments for these leases are as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2004	\$ 40,405
2005	38,811
2006	32,257
2007	541
Total	<u>\$ 112,014</u>

B. Capital Leases

In October 2001, the County entered into a 3 year, \$497,900 lease purchase agreement with Wells Fargo Bank for the purchase of 24 vehicles for various County departments. Payments during the fiscal year ended September 30, 2003, totaled \$177,643. The interest rate on this loan is 3.799%. The principal balance on the loan at year-end was \$171,150 and payments are due as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2004	\$ <u>177,643</u>
Total future lease payments	177,643
Less: Interest	<u>(6,493)</u>
Net present value of future minimum lease payments	<u>\$171,150</u>

NOTE 8 - LONG-TERM DEBT

The following are debt issues with activity or outstanding balances at September 30, 2003.

<u>Description</u>	<u>Original Amount</u>	<u>Interest Rates (%)</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Outstanding at 9/30/03</u>
<u>Certificates of Obligation</u>					
Series 1987 - Various	\$ 4,500,000	6.3 - 6.7	1987	2002	\$ -
Series 1996 - Various	8,500,000	5.3 - 7.25	1996	2016	6,970,000
Series 1998 - Various	10,000,000	4.63	1998	2013	9,155,000
Series 2001 - Judicial Software	1,000,000	3.4 - 5.5	2001	2009	750,000
Series 2002 - Various	2,995,000	2.8 - 3.85	2002	2013	2,635,000
<u>General Obligation Bonds</u>					
Exposition Center	8,000,000	4.3 - 6.5	2001	2021	8,000,000
Total General Obligation Debt					<u>27,510,000</u>
Premium					<u>13,285</u>
Total					<u>\$ 27,523,285</u>

NOTE 8 - LONG-TERM DEBT (Continued)

Activity for long-term debt of the County for the year ended September 30, 2003 was as follows.

Description	Balance Outstanding 10/1/2002	Issued During Year	Retired During Year	Balance Outstanding 9/30/2003	Amount Due Within One Year
<u>Certificates of Obligation</u>					
Series 1987 - Various	\$ 435,000	-	\$ 435,000	\$ -	\$ -
Series 1996 - Various	7,315,000	-	345,000	6,970,000	365,000
Series 1998 - Various	9,390,000	-	235,000	9,155,000	735,000
Series 2001 - Judicial Software	875,000	-	125,000	750,000	125,000
Series 2002 - Various	-	2,995,000	360,000	2,635,000	360,000
<u>General Obligation Bonds</u>					
Exposition Center	8,000,000	-	-	8,000,000	-
Total General Obligation Debt	<u>\$ 26,015,000</u>	<u>2,995,000</u>	<u>\$ 1,500,000</u>	<u>\$ 27,510,000</u>	<u>\$ 1,585,000</u>

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NOTE 8 - LONG-TERM DEBT (Continued)

Annual debt service requirements as of September 30, 2003 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 1,585,000	\$ 1,309,640	\$ 2,894,640
2005	1,995,000	1,220,101	3,215,101
2006	2,025,000	1,118,486	3,143,486
2007	2,125,000	1,017,270	3,142,270
2008	2,190,000	914,523	3,104,523
2009-2013	10,945,000	2,954,378	13,899,378
2014-2018	4,735,000	969,234	5,704,234
2019-2021	1,910,000	143,570	2,053,570
Totals	<u>\$ 27,510,000</u>	<u>\$ 9,647,202</u>	<u>\$ 37,157,202</u>

During the year, the County issued \$2,995,000 of Certificates of Obligation, 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 was issued for the acquisition of major capital facilities and/or improvements of the County.

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 remitted \$195,142 during the 2003 fiscal year and does not anticipate a liability for the 2004 fiscal year.

In the government-wide governmental activities, effective October 1, 2002, 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 \$2,995,000 in Certificates of Obligation, which generated \$14,493 in premiums on debt issuance and \$36,161 in issuance costs. For the year ended September 30, 2003, \$1,208 of the premium was expensed and \$3,287 of the issuance costs were expensed. The remaining \$13,285 premium is reported as an addition to long term debt payable in the government-wide statement of activities and the \$32,874 remaining issuance costs are reported as prepaid expenses on the government-wide statement of net assets.

NOTE 8 - LONG-TERM DEBT (Continued)

Compensated Absences

Changes in compensated absences in the governmental activities for the year ended September 30, 2003, were as follows:

Balance at October 1, 2002	\$ 395,797
Additions	83,015
Deletions	<u>(12,001)</u>
Balance at September 30, 2003	<u>\$ 466,811</u>

Of the compensated absences balance at September 30, 2003, none was payable at year end.

NOTE 9 – INTERFUND BALANCES AND TRANSFERS

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 amounts due from and due to other funds:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 82,964	\$ 305,247
Capital Project Funds	7,000	-
Nonmajor Governmental Funds	98,180	21,726
Internal Service Fund	200,000	-
Enterprise Funds	5,654	-
Agency Funds	464	67,289
Total	<u>\$ 394,262</u>	<u>\$ 394,262</u>

Balances between governmental funds and between governmental funds and internal service funds are eliminated in the government-wide financial statements.

The following is a summary of the County's transfers for the year ended September 30, 2003:

	<u>Transfer In:</u>				<u>Total</u>
	<u>General</u>	<u>Capital Project</u>	<u>Nonmajor</u>	<u>Internal Service</u>	
<u>Transfer Out:</u>					
General Fund	\$ -	\$ 603,450	\$ 210,462	\$ 930,300	\$ 1,744,212
Capital Project Funds	8,140	-	-	-	8,140
	<u>\$ 8,140</u>	<u>\$ 603,450</u>	<u>\$ 210,462</u>	<u>\$ 930,300</u>	<u>\$ 1,752,352</u>

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 \$5,313,494, and \$4,096,852 for 2003 and 2002 respectively. At September 30, 2003, the County had accrued approximately \$823,000 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 \$254,870 in retained earnings to be used to offset unanticipated costs in future periods.

Changes in the balances of unpaid liability during fiscal years 2002 and 2003 were as follows:

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claims <u>Paid</u>	Balance at Fiscal <u>Year End</u>
2002	\$586,827	\$ 4,096,852	\$4,274,664	\$ 409,015
2003	409,015	5,313,494	4,899,373	823,136

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 for general liability, vehicle liability,

NOTE 10 – RISK MANAGEMENT (Continued)

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, 2003, 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 11.19% for fiscal year 2003. For 2004, the County's rate is anticipated to increase to 11.37%. The employee's member contribution rate remained at 7.00% for 2003.

C. Annual Pension Cost

For the County's fiscal year ending September 30, 2003, the County's annual pension cost for the TCDRS plan for its employees was \$2,040,628. The County's annual required contributions were \$2,040,628, and the County's actual contributions were \$2,040,628. The County's annual pension cost for the fiscal year ended September 30, 2002, was \$1,910,033. The annual required contribution for 2002 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, 2000, and December 31, 2001, which is the basis for determining the contribution rate for calendar year 2002 and 2003 respectively. The December 31, 2002 actuarial valuation is the most recent valuation.

	<u>12/31/00</u>	<u>12/31/01</u>	<u>12/31/02</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	5.9%	5.5%	5.5%
Includes inflation at	4.0%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

NOTE 11 - RETIREMENT PLAN (Continued)

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

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
09/30/98	\$ 1,249,221	100%	None
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

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, 2003, 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 2003 totaled \$53,875. At September 30, 2003, there were 34 retirees receiving benefits and 50 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. Contracts

Greens Prairie Road Extension

During the previous fiscal year ended September 30, 2002, the County completed construction on the Greens Prairie Road extension in the southern part of the county that connects two major State thoroughfares, State Highway 6 and State Highway 30. During the current fiscal year this road was annexed by the City of College Station, resulting in a reduction of the County's infrastructure of \$4,678,075. The City of College Station will be responsible for future repairs and maintenance to Greens Prairie Road.

County Exposition Center

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 has entered into a contract with an architect for the design and construction of the Exposition Center. At September 30, 2003 the County had expended \$824,000 in architectural fees and \$1,769,000 in legal fees and land acquisition costs. In 2001, the County sold \$8,000,000 in General Obligation Bonds with a true interest cost of 4.84% and a 20 year repayment schedule to be used for land acquisition and construction of the Center. At September 30, 2003, the County had prepared site plans and was anticipating approval from the Corp of Engineers. It is anticipated that the County will begin construction in 2004. The County plans to issue an additional \$6,000,000 in General Revenue Bonds in 2004, with the final \$4,500,000 to be issued in 2005.

B. Tax Increment Financing Zones

As of September 30, 2003, 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.

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.

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

B. Tax Increment Financing Zones (continued)

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 3-year schedule of relevant data with regards to these TIFZ’s:

<u>Zone</u>	<u>Base Value</u>	<u>Captured Value</u>	<u>Tax Rate*</u>	<u>Captured Tax Revenue</u>
Park Hudson				
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				
2003	598,490	-	0.3723	-
2002	598,490	-	0.3857	-
2001	598,490	-	0.3857	-
2000	-	-	0.3736	-

* per \$100 valuation

City of College Station

Brazos County has entered into three inter-local agreements with the City of College Station to create Reinvestment Zone Number One -“Wolf Pen Creek Corridor”, Reinvestment Zone Number Seven “Wolf Pen Creek Office, Hotel, and Conference Center” and Reinvestment Zone Number Fifteen “30/60 Corridor”. The Wolf Pen Creek Corridor is commonly described as the area south of Harvey Road, bounded on the west by Texas Avenue, the east by Dartmouth Drive and on the south by Holleman Drive. The zone also includes the area south of Holleman Drive bounded on the east by Highway 6, on the south by Colgate Drive and on the west by Dartmouth Drive. The Wolf Pen Creek Office, Hotel and Conference Center Reinvestment Zone consist of approximately 15 acres on the north by Holleman Drive and bounded on the east by Dartmouth Drive. The 30/60 Corridor is to fund the construction and equipping of a city owned 60,000 square foot conference center, the development of 24,000 square feet of space to be shared with a 315-room hotel, and the construction of infrastructure to serve the hotel/conference center and an additional 250,000 square foot office building. The center is to be located on the northeast side of the city. TIFZ’s number one and seven are scheduled for a 20-year duration, and TIFZ fifteen is scheduled for a 15-year period. The following is a schedule of relevant data with regards to these TIFZ’s for the fiscal year ended September 30, 2003:

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

B. Tax Increment Financing Zones (continued)

City of College Station (continued)

Zone	Base Value	Captured Value	Tax Rate*	Captured Tax Revenue
Wolf Pen Creek:				
Corridor				
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
Wolf Pen Creek:				
Hotel/Conference				
2003	313,640	-	0.3723	-
2002	313,640	-	0.3857	-
2001	313,640	-	0.3857	-
2000	313,640	-	0.3736	-
30/60 Corridor				
2003	3,444,610	-	0.3723	-
2002	3,444,610	-	0.3857	-

* 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, 2003 the County had established abatement agreements with the following property owners.

<u>Property Owner</u>	<u>Date Of Abatement</u>	<u>2002 Appraised Value</u>	<u>2002 Taxable Value</u>	<u>2003 Taxes Levied</u>
Conoco, Inc.	1995	\$ 11,684,650	\$ 3,914,352	\$ 16,229
Sanderson Farms	1995	43,352,046	4,889,365	20,271
Dealer Computer Services, Inc.	1997	342,350	34,360	142
O I Corporation	1997	1,929,534	1,164,737	4,829
Rental Systems, Inc.	1997	3,337,795	510,063	2,115
Saint-Gobain Norpro	1997	18,288,145	16,535,671	68,557
Universal Computer	1997	22,508,430	2,021,405	8,381
CS Development Group L.P.	1998	4,216,110	4,216,110	17,480
Hy-Line International	1998	4,500,280	2,591,045	10,742
Prodigene, Inc.	1998	968,810	486,905	2,019
B-CS Economic Development Corp.	1999	4,530,710	2,626,553	10,890
Decision One	1999	1,727,360	904,612	3,751
Stata Corporation	1999	2,326,890	797,803	3,308
Betco	2000	4,784,775	4,784,775	19,838
Heat Transfer Research	2001	2,673,135	1,140,123	4,727

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 – NEW ACCOUNTING PRONOUNCEMENT

The Government Accounting Standards Board has issued Statement No. 39 (“GASB 39”), “Determining Whether Certain Organizations are Component Units” which will be effective for the County in the fiscal year ending September 30, 2004. GASB 39 requires state and local governments to report legally separate, tax-exempt organizations as discrete component units if they meet the following criteria:

- The economic resources raised and held by the affiliated organization almost entirely is for the benefit of the County.
- The County is entitled to or has the ability to access the funds raised by the affiliated organization.
- The funds held by the affiliated organization are material to the County’s financial statements.

The County does not believe the implementation of this standard will have a material impact on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2003

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Taxes			
Current Ad Valorem Taxes	\$ 20,696,000	\$ 20,696,000	\$ 20,967,460
Delinquent Ad Valorem Taxes	300,000	300,000	419,756
Penalties & Interest - Taxes	200,000	200,000	254,799
Mixed Drink Tax	300,000	300,000	317,091
County Sales Tax	7,300,000	7,300,000	7,723,285
Total Taxes	28,796,000	28,796,000	29,682,391
Charges For Services			
Contracted Detention Services	60,000	60,000	32,700
Contracted Jail Services	68,000	68,000	95,940
Arrest Fees	60,000	60,000	70,285
Brazos Center	150,000	150,000	182,297
Bond Service/Forfeitures	135,100	135,100	148,833
County Clerk	475,000	475,000	647,996
County Attorney	65,000	65,000	55,245
General Administration Fees	3,300	3,300	11,757
Constables	103,000	103,000	101,244
Court Reporter	24,000	24,000	30,675
Magistrate	45,000	45,000	40,934
District Clerk	375,100	375,100	325,788
District Attorney	2,000	2,000	3,214
Motor Carrier Weight	26,000	26,000	22,130
Inmate Medical Fees	4,000	4,000	6,664
Justice of the Peace	1,192,000	1,192,000	1,061,206
Juvenile Probation Fees	12,000	12,000	19,334
License and Weights	23,000	23,000	11,775
Omnibus Crime Control Fees	65,000	65,000	60,390
Optional License Fees	970,000	970,000	1,086,252
Probate Fees	1,000	1,000	1,990
School Crossing Fees	18,000	18,000	20,828
Sheriff	66,100	66,100	74,803
Landfill Fees	25,000	25,000	25,827
Tax Assessor-Collector	440,000	440,000	580,649
Vehicle Registration Fees	1,180,000	1,180,000	1,147,480
Licenses and Permits	20,000	20,000	24,215
Court Fines	1,140,000	1,140,000	903,639
Total Charges For Services	\$ 6,747,600	\$ 6,747,600	\$ 6,794,090

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, 2003

	Budgeted Amounts		Actual
	Original	Final	
REVENUES (continued)			
Intergovernmental - Federal			
Department of Justice	\$ 120,100	\$ 120,100	\$ 100,106
Department of Health & Human Services	92,000	95,000	100,216
Emergency Management Agency	31,500	31,500	39,700
Total Intergovernmental - Federal	<u>243,600</u>	<u>246,600</u>	<u>240,022</u>
Intergovernmental - State			
Attorney General	95,200	95,200	84,592
Department of Justice	155,050	155,050	150,577
D. A. Salary Supplement	34,000	34,000	34,450
Indigent Defense - Office of Court Administration	-	-	73,596
Texas Juvenile Probation Commission	328,425	328,425	479,999
Texas Youth Commission	58,000	58,000	46,809
Tobacco Settlement	-	-	38,064
Total Intergovernmental - State	<u>670,675</u>	<u>670,675</u>	<u>908,087</u>
Intergovernmental - Other			
Crime Stoppers	25,000	25,000	27,373
Total Intergovernmental - Other	<u>25,000</u>	<u>25,000</u>	<u>27,373</u>
Total Intergovernmental	<u>939,275</u>	<u>942,275</u>	<u>1,175,482</u>
Interest	<u>605,000</u>	<u>605,000</u>	<u>404,805</u>
Other Revenue			
Donations	2,100	122,505	120,405
Road Crossing	100	100	1,500
Reimbursements	70,500	70,500	234,528
Leases and Rentals	14,000	14,000	14,487
Other	31,700	33,381	43,487
Estray Animal Sale/Fee	100	100	-
Inmate Phone System	200,000	200,000	211,773
Oil and Gas Lease	2,000	2,000	3,305
Informal Adjudication Probation	4,000	4,000	7,290
Total Other Revenue	<u>324,500</u>	<u>446,586</u>	<u>636,775</u>
TOTAL REVENUES	<u>\$ 37,412,375</u>	<u>\$ 37,537,461</u>	<u>\$ 38,693,543</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, 2003

	Budgeted Amounts		Actual
	Original	Final	
EXPENDITURES			
General Government			
County Judge			
Personnel Services	\$ 164,170	\$ 164,000	\$ 143,253
Supplies and Other Charges	5,725	5,360	4,131
Repairs and Maintenance	375	840	782
	<u>170,270</u>	<u>170,200</u>	<u>148,166</u>
Commissioners' Court			
Personnel Services	529,813	528,337	513,006
Supplies and Other Charges	34,450	34,450	32,587
Repairs and Maintenance	1,660	1,660	1,472
Minor Acquisitions	2,000	2,000	1,380
	<u>567,923</u>	<u>566,447</u>	<u>548,445</u>
Non-Departmental			
Supplies and Other Charges	1,018,000	1,008,975	913,775
Professional Services	152,000	150,350	148,337
	<u>1,170,000</u>	<u>1,159,325</u>	<u>1,062,112</u>
Community Support			
Contract Services	1,801,746	1,887,946	1,725,188
	<u>1,801,746</u>	<u>1,887,946</u>	<u>1,725,188</u>
County Treasurer			
Personnel Services	276,449	279,988	273,734
Supplies and Other Charges	11,760	11,760	11,605
Repairs and Maintenance	800	800	529
Minor Acquisitions	1,850	1,850	1,749
Contract Services	2,400	2,520	2,520
	<u>293,259</u>	<u>296,918</u>	<u>290,137</u>
Risk Management			
Personnel Services	92,776	92,690	90,384
Supplies and Other Charges	10,545	10,370	6,466
Repairs and Maintenance	-	175	142
Minor Acquisitions	1,045	1,045	-
Professional Services	1,500	1,500	-
	<u>\$ 105,866</u>	<u>\$ 105,780</u>	<u>\$ 96,992</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, 2003

	Budgeted Amounts		Actual
	Original	Final	
General Government (continued)			
Tax Assessor-Collector			
Personnel Services	\$ 1,176,835	\$ 1,177,606	\$ 1,103,776
Supplies and Other Charges	45,450	44,740	42,518
Repairs and Maintenance	3,500	3,500	1,950
Minor Acquisitions	15,500	18,760	18,735
Contract Services	6,500	7,520	7,020
	<u>1,247,785</u>	<u>1,252,126</u>	<u>1,173,999</u>
Information Technology			
Personnel Services	778,147	778,366	752,683
Supplies and Other Charges	73,925	73,925	59,425
Repairs and Maintenance	48,800	50,300	30,488
Minor Acquisitions	27,628	72,284	64,424
Contract Services	455,707	455,707	451,706
Professional Services	15,000	16,650	15,119
	<u>1,399,207</u>	<u>1,447,232</u>	<u>1,373,845</u>
Personnel			
Personnel Services	148,779	150,234	145,727
Supplies and Other Charges	15,500	15,500	9,805
Repairs and Maintenance	100	100	-
	<u>164,379</u>	<u>165,834</u>	<u>155,532</u>
County Auditor			
Personnel Services	482,595	482,955	465,394
Supplies and Other Charges	18,130	18,130	16,991
Repairs and Maintenance	275	275	90
Minor Acquisitions	795	795	554
Contract Services	5,160	5,160	4,455
	<u>506,955</u>	<u>507,315</u>	<u>487,484</u>
Purchasing			
Personnel Services	164,277	163,924	160,888
Supplies and Other Charges	11,320	11,020	10,384
Repairs and Maintenance	2,500	2,880	2,836
Minor Acquisitions	-	1,120	817
	<u>178,097</u>	<u>178,944</u>	<u>174,925</u>
Buildings and Grounds			
Personnel Services	752,126	752,851	732,151
Supplies and Other Charges	39,600	39,600	35,173
Repairs and Maintenance	164,810	201,210	186,973
Minor Acquisitions	5,000	2,000	1,644
Contract Services	12,500	17,500	14,964
	<u>974,036</u>	<u>1,013,161</u>	<u>970,905</u>
Total General Government	<u>\$ 8,579,523</u>	<u>\$ 8,751,228</u>	<u>\$ 8,207,730</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, 2003

	Budgeted Amounts		Actual
	Original	Final	
Justice System			
County Attorney			
Personnel Services	\$ 1,517,077	\$ 1,517,992	\$ 1,434,722
Supplies and Other Charges	62,370	61,240	50,968
Repairs and Maintenance	5,850	5,850	4,450
Minor Acquisitions	-	1,480	1,347
Contract Services	5,820	5,820	5,082
	<u>1,591,117</u>	<u>1,592,382</u>	<u>1,496,569</u>
District Attorney			
Personnel Services	1,387,450	1,375,983	1,297,724
Supplies and Other Charges	74,115	73,702	73,701
Repairs and Maintenance	7,620	8,620	7,979
Minor Acquisitions	2,370	2,370	779
	<u>1,471,555</u>	<u>1,460,675</u>	<u>1,380,183</u>
Child Protective Services			
Personnel Services	61,301	61,421	59,166
Supplies and Other Charges	7,600	7,600	2,355
	<u>68,901</u>	<u>69,021</u>	<u>61,521</u>
Gun Violence Prosectution			
Personnel Services	61,844	61,884	56,250
	<u>61,844</u>	<u>61,884</u>	<u>56,250</u>
District Clerk			
Personnel Services	645,655	643,308	582,209
Supplies and Other Charges	30,890	30,754	24,942
Repairs and Maintenance	5,100	3,880	1,805
Minor Acquisitions	340	2,157	2,067
Contract Services	6,720	7,920	5,989
	<u>688,705</u>	<u>688,019</u>	<u>617,012</u>
Court and Jury Services			
Personnel Services	73,877	75,408	71,741
Supplies and Other Charges	83,400	82,914	63,957
Repairs and Maintenance	100	100	-
Minor Acquisitions	-	486	485
	<u>157,377</u>	<u>158,908</u>	<u>136,183</u>
Collections			
Personnel Services	108,593	109,184	106,174
Supplies and Other Charges	3,850	3,850	2,699
Repairs and Maintenance	720	720	-
	<u>\$ 113,163</u>	<u>\$ 113,754</u>	<u>\$ 108,873</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, 2003

	Budgeted Amounts		Actual
	Original	Final	
Justice System (continued)			
County Clerk			
Personnel Services	\$ 359,256	\$ 359,248	\$ 340,960
Supplies and Other Charges	199,815	199,815	186,798
Repairs and Maintenance	1,850	1,850	1,501
Minor Acquisitions	300	300	-
Contract Services	4,620	4,620	3,927
	<u>565,841</u>	<u>565,833</u>	<u>533,186</u>
85th District Court			
Personnel Services	203,735	201,310	190,619
Supplies and Other Charges	17,675	17,757	16,393
Repairs and Maintenance	1,140	798	792
Minor Acquisitions	2,700	4,600	4,503
	<u>225,250</u>	<u>224,465</u>	<u>212,307</u>
272nd District Court			
Personnel Services	191,965	194,092	187,289
Supplies and Other Charges	12,850	14,669	13,613
Repairs and Maintenance	480	495	483
Minor Acquisitions	-	170	170
	<u>205,295</u>	<u>209,426</u>	<u>201,555</u>
361st District Court			
Personnel Services	195,935	197,926	190,265
Supplies and Other Charges	20,270	20,270	16,569
Repairs and Maintenance	450	730	622
	<u>216,655</u>	<u>218,926</u>	<u>207,456</u>
Juvenile Court Referee			
Personnel Services	127,684	127,776	122,238
Supplies and Other Charges	2,560	2,607	2,606
	<u>130,244</u>	<u>130,383</u>	<u>124,844</u>
Magistrate			
Personnel Services	39,730	40,602	39,979
Supplies and Other Charges	1,360	1,260	1,048
Minor Acquisitions	-	100	100
	<u>41,090</u>	<u>41,962</u>	<u>41,127</u>
County Court At Law #1			
Personnel Services	324,348	324,848	315,695
Supplies and Other Charges	18,320	18,078	16,742
Repairs and Maintenance	250	310	309
	<u>\$ 342,918</u>	<u>\$ 343,236</u>	<u>\$ 332,746</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, 2003

	Budgeted Amounts		Actual
	Original	Final	
Justice System (continued)			
County Court At Law #2			
Personnel Services	\$ 323,955	\$ 323,994	\$ 312,144
Supplies and Other Charges	16,005	12,355	6,934
Repairs and Maintenance	350	442	288
Minor Acquisitions	200	3,758	-
	<u>340,510</u>	<u>340,549</u>	<u>319,366</u>
Justice of the Peace Precinct 1			
Personnel Services	152,187	153,962	145,140
Supplies and Other Charges	13,892	17,292	14,954
Repairs and Maintenance	400	440	437
Minor Acquisitions	2,850	2,920	2,570
Contract Services	13,400	13,400	8,501
	<u>182,729</u>	<u>188,014</u>	<u>171,602</u>
Justice of the Peace Precinct 2 Place 1			
Personnel Services	144,891	145,007	138,286
Supplies and Other Charges	6,580	6,380	5,578
Repairs and Maintenance	670	670	606
Minor Acquisitions	-	200	180
	<u>152,141</u>	<u>152,257</u>	<u>144,650</u>
Justice of the Peace Precinct 2 Place 2			
Personnel Services	124,527	123,910	118,127
Supplies and Other Charges	11,038	13,443	9,874
Repairs and Maintenance	320	720	664
Minor Acquisitions	250	470	428
Contract Services	16,320	16,320	16,320
	<u>152,455</u>	<u>154,863</u>	<u>145,413</u>
Justice of the Peace Precinct 3			
Personnel Services	193,991	194,680	183,225
Supplies and Other Charges	12,384	15,184	13,829
Repairs and Maintenance	150	150	109
Contract Services	14,650	14,650	14,130
	<u>221,175</u>	<u>224,664</u>	<u>211,293</u>
Justice of the Peace Precinct 4			
Personnel Services	123,839	124,053	122,508
Supplies and Other Charges	2,804	3,564	2,672
Repairs and Maintenance	310	20	20
Minor Acquisitions	470	-	-
	<u>\$ 127,423</u>	<u>\$ 127,637</u>	<u>\$ 125,200</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, 2003

	Budgeted Amounts		Actual
	Original	Final	
Justice System (continued)			
Community Supervision Support			
Supplies and Other Charges	\$ 36,700	\$ 36,700	\$ 29,529
Repairs and Maintenance	6,100	990	890
Minor Acquisitions	500	500	378
Contract Services	5,820	5,820	5,082
	<u>49,120</u>	<u>44,010</u>	<u>35,879</u>
Judicial Court Support			
Supplies and Other Charges	207,500	207,500	179,534
Contract Services	600,000	600,000	558,014
Professional Services	1,031,500	993,100	925,493
	<u>1,839,000</u>	<u>1,800,600</u>	<u>1,663,041</u>
Total Justice System	<u>8,944,508</u>	<u>8,911,468</u>	<u>8,326,256</u>
Law Enforcement			
Sheriff Administration			
Personnel Services	2,380,697	2,401,146	2,268,531
Supplies and Other Charges	95,310	90,953	85,663
Repairs and Maintenance	112,050	117,067	112,607
Minor Acquisitions	5,820	73,740	73,437
Contract Services	15,620	15,165	11,397
Professional Services	2,750	2,750	1,331
	<u>2,612,247</u>	<u>2,700,821</u>	<u>2,552,966</u>
Sheriff Jail Administration			
Personnel Services	5,552,656	5,303,359	5,108,731
Supplies and Other Charges	750,650	800,050	799,611
Repairs and Maintenance	9,700	15,310	14,295
Minor Acquisitions	18,658	18,658	17,687
Contract Services	4,680	4,680	4,407
Professional Services	44,200	44,200	43,733
	<u>\$ 6,380,544</u>	<u>\$ 6,186,257</u>	<u>\$ 5,988,464</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, 2003

	Budgeted Amounts		Actual
	Original	Final	
Law Enforcement (continued)			
Constable Precinct 1			
Personnel Services	\$ 161,709	\$ 162,080	\$ 152,840
Supplies and Other Charges	4,798	8,153	7,844
Repairs and Maintenance	7,000	6,795	6,615
Minor Acquisitions	1,600	17,879	17,832
Contract Services	6,720	2,076	1,680
	<u>181,827</u>	<u>196,983</u>	<u>186,811</u>
Constable Precinct 2			
Personnel Services	245,353	238,970	225,273
Supplies and Other Charges	11,546	10,694	10,310
Repairs and Maintenance	10,930	12,068	11,937
Minor Acquisitions	1,700	18,139	18,139
	<u>269,529</u>	<u>279,871</u>	<u>265,659</u>
Constable Precinct 3			
Personnel Services	130,841	132,322	129,945
Supplies and Other Charges	11,085	13,885	12,845
Repairs and Maintenance	4,900	4,980	4,904
Minor Acquisitions	1,175	15,228	15,148
Contract Services	7,950	7,950	7,950
	<u>155,951</u>	<u>174,365</u>	<u>170,792</u>
Constable Precinct 4			
Personnel Services	163,525	163,663	159,190
Supplies and Other Charges	6,855	6,855	6,616
Repairs and Maintenance	7,710	7,040	6,502
Minor Acquisitions	1,719	14,599	14,562
	<u>179,809</u>	<u>192,157</u>	<u>186,870</u>
Constable Precinct 6			
Personnel Services	52,070	52,150	51,807
	<u>52,070</u>	<u>52,150</u>	<u>51,807</u>
Total Law Enforcement	<u>9,831,977</u>	<u>9,782,604</u>	<u>9,403,369</u>
Juvenile Services			
Juvenile Services			
Personnel Services	2,407,202	2,402,144	2,313,252
Supplies and Other Charges	245,139	244,389	237,991
Repairs and Maintenance	12,960	13,710	11,230
Minor Acquisitions	1,150	1,150	586
Contract Services	34,900	34,900	32,740
Professional Services	41,114	41,114	38,731
	<u>\$ 2,742,465</u>	<u>\$ 2,737,407</u>	<u>\$ 2,634,530</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
Juvenile Services (continued)			
TYC - Parole			
Personnel Services	\$ 88,655	\$ 92,836	\$ 89,358
Supplies and Other Charges	2,426	5,851	5,156
Repairs and Maintenance	500	500	-
Minor Acquisitions	-	4,545	4,519
Contract Services	29,094	41,483	40,463
Professional Services	15,000	7,030	-
	<u>135,675</u>	<u>152,245</u>	<u>139,496</u>
Juvenile Justice Alternative Education			
Personnel Services	74,708	73,661	63,573
Supplies and Other Charges	1,000	1,000	-
	<u>75,708</u>	<u>74,661</u>	<u>63,573</u>
Juvenile - Title IV E			
Personnel Services	42,532	44,180	35,006
Supplies and Other Charges	2,500	2,500	1,849
Contract Services	400	400	-
Professional Services	-	-	89,428
	<u>45,432</u>	<u>47,080</u>	<u>126,283</u>
TDHS - Commodities			
Supplies and Other Charges	4,000	4,000	2,158
	<u>4,000</u>	<u>4,000</u>	<u>2,158</u>
Total Juvenile Services	<u>3,003,280</u>	<u>3,015,393</u>	<u>2,966,040</u>
Public Transportation			
Road and Bridge Administration			
Personnel Services	2,436,991	2,418,296	2,286,257
Supplies and Other Charges	982,030	1,056,590	74,060
Repairs and Maintenance	3,326,160	3,527,585	3,526,973
Minor Acquisitions	14,565	14,810	12,776
Contract Services	51,215	69,215	62,371
Professional Services	55,000	135,000	120,147
	<u>6,865,961</u>	<u>7,221,496</u>	<u>6,082,584</u>
Total Public Transportation	<u>6,865,961</u>	<u>7,221,496</u>	<u>6,082,584</u>
Public Health			
Environmental Protection			
Supplies and Other Charges	7,600	7,600	6,484
Contract Services	147,400	147,400	147,314
	<u>\$ 155,000</u>	<u>\$ 155,000</u>	<u>\$ 153,798</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, 2003

	Budgeted Amounts		Actual
	Original	Final	
Public Health (continued)			
Indigent Health Care			
Supplies and Other Charges	\$ 579,644	\$ 579,144	\$ 385,965
Contract Services	88,056	88,556	88,556
Professional Services	1,235,500	1,235,500	929,577
	<u>1,903,200</u>	<u>1,903,200</u>	<u>1,404,098</u>
Community Public Health			
Contract Services	155,166	189,166	189,166
	<u>155,166</u>	<u>189,166</u>	<u>189,166</u>
Total Public Health	<u>2,213,366</u>	<u>2,247,366</u>	<u>1,747,062</u>
Human Services			
Veteran Services			
Personnel Services	11,850	12,855	12,635
Supplies and Other Charges	1,465	1,465	597
Repairs and Maintenance	200	200	-
	<u>13,515</u>	<u>14,520</u>	<u>13,232</u>
County Fire Protection			
Supplies and Other Charges	-	1,000	680
Contract Services	316,000	316,000	266,000
	<u>316,000</u>	<u>317,000</u>	<u>266,680</u>
County Welfare			
Supplies and Other Charges	2,000	5,000	2,240
	<u>2,000</u>	<u>5,000</u>	<u>2,240</u>
Elections			
Personnel Services	98,591	97,691	79,955
Supplies and Other Charges	20,500	8,415	7,999
Repairs and Maintenance	2,000	-	-
Contract Services	900	1,350	1,332
Professional Services	35,000	49,535	49,505
	<u>156,991</u>	<u>156,991</u>	<u>138,791</u>
Health Department			
Supplies and Other Charges	38,550	37,805	36,062
Professional Services	9,600	10,345	10,345
	<u>\$ 48,150</u>	<u>\$ 48,150</u>	<u>\$ 46,407</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, 2003

	Budgeted Amounts		Actual
	Original	Final	
Human Services (continued)			
Emergency Management			
Personnel Services	\$ 68,140	\$ 66,920	\$ 62,825
Supplies and Other Charges	10,867	12,117	10,705
Repairs and Maintenance	2,150	200	-
Minor Acquisitions	2,250	5,050	3,642
Contract Services	4,250	4,100	4,050
Professional Services	250	-	-
	<u>87,907</u>	<u>88,387</u>	<u>81,222</u>
 Brazos Center			
Personnel Services	383,264	382,985	345,417
Supplies and Other Charges	119,485	119,435	117,505
Repairs and Maintenance	32,360	36,891	35,745
Minor Acquisitions	4,601	4,601	4,009
Contract Services	57,700	53,219	41,380
	<u>597,410</u>	<u>597,131</u>	<u>544,056</u>
 Agricultural Extension			
Personnel Services	197,293	196,547	162,730
Supplies and Other Charges	39,500	38,860	33,336
Repairs and Maintenance	500	500	455
Minor Acquisitions	250	750	540
Contract Services	16,660	16,800	16,799
	<u>254,203</u>	<u>253,457</u>	<u>213,860</u>
 Child Protective Services			
Supplies and Other Charges	50,000	50,000	44,491
	<u>50,000</u>	<u>50,000</u>	<u>44,491</u>
 Total Human Services	<u>1,526,176</u>	<u>1,530,636</u>	<u>1,350,979</u>
 Capital Outlay	<u>\$ -</u>	<u>\$ 42,200</u>	<u>\$ 40,993</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
EXPENDITURES (continued)			
Debt Service			
Principal	\$ 164,880	\$ 164,880	\$ 164,880
Interest	12,765	12,765	12,763
Total Debt Service	<u>177,645</u>	<u>177,645</u>	<u>177,643</u>
TOTAL EXPENDITURES	<u>41,142,436</u>	<u>41,680,036</u>	<u>38,302,656</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,730,061)</u>	<u>(4,142,575)</u>	<u>390,887</u>
Other Financing Sources (Uses)			
Operating Transfers In	15,200	15,200	8,140
Operating Transfers Out	(837,662)	(1,752,352)	(1,752,352)
Sale of Fixed Assets	30,000	30,000	61,628
Total Other Financing Sources (Uses)	<u>(792,462)</u>	<u>(1,707,152)</u>	<u>(1,682,584)</u>
Net Change in Fund Balances	(4,522,523)	(5,849,727)	(1,291,697)
FUND BALANCE, OCTOBER 1	<u>19,439,751</u>	<u>19,439,751</u>	<u>19,439,751</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 14,917,228</u>	<u>\$ 13,590,024</u>	<u>\$ 18,148,054</u>

BRAZOS COUNTY, TEXAS

Required Supplementary Information - Retirement System

September 30, 2003

<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%

(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.

BRAZOS COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2003

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.

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 2003 condition assessment are as follows:

Precinct	Percentage of Miles at 80% or greater condition level	Percentage of Miles at 70% or greater condition level	Percentage of Miles at 60% or greater condition level
1	80%	14%	6%
2	80%	9%	11%
3	98%	2%	0%
4	96%	2%	2%

INFRASTRUCTURE ASSETS UNDER MODIFIED APPROACH (Continued)

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

For the year ended September 30, 2003, annual maintenance and preservation costs of \$6,082,584 were less than the estimated amount needed of \$6,248,411. This variance is due to the unforeseen delays in the acquisition of right of way, road preparation and weather delays.

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. The chart below shows that the County's bridges are well maintained and in good or very good condition and this is consistent with the County policy.

Total Bridges : 58

	<u>Rating</u>	<u>Number</u>	<u>%</u>
Very Good	6.0 - 9.0	54	93%
Good	4.0 - 5.9	4	7%
Fair	3.0 - 3.9	0	0%
Poor	0.0 - 2.9	0	0%
	Total	58	100%

NON MAJOR GOVERNMENTAL FUNDS

NON-MAJOR GOVERNMENTAL 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.

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.

J. P. 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.

NON MAJOR GOVERNMENTAL FUNDS (Continued)

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.

Voter Registration Fund - A fund established to account for funds received from the State (before 1991), which represent 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.

VIT 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.

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

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

**BRAZOS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2003**

	State Lateral Road	Unclaimed Property	Law Library	Appellate Judicial	Alternative Dispute Resolution	Law Enforcement Education	County Records Management and Preservation	County Clerk Records Management and Preservation	Time Payment Fee	Courthouse Security
ASSETS										
Cash and Cash Equivalents	\$ 4,043	\$ 169,141	\$ 180,461	\$ 30,865	\$ 1,840	\$ 26,184	\$ 144,375	\$ 189,256	\$ 25,816	\$ 258,551
Prepaid Expenditures	-	-	-	-	-	-	-	-	-	-
Receivables:										
Interest	4	200	213	36	-	-	170	221	30	297
Accounts	-	-	-	-	-	-	-	-	-	-
State	-	-	-	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>4,047</u>	<u>169,341</u>	<u>180,674</u>	<u>30,901</u>	<u>1,840</u>	<u>26,184</u>	<u>144,545</u>	<u>189,477</u>	<u>25,846</u>	<u>258,848</u>
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts Payable	-	7,051	-	-	1,840	1,377	11,806	100	-	571
Accrued Salary and Compensated Leave	-	-	-	-	-	-	-	1,709	-	5,228
Unclaimed Funds	-	145,249	-	-	-	-	-	-	-	-
Due to Other Funds	-	464	-	-	-	-	-	-	-	-
Deferred Revenues	-	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>152,764</u>	<u>-</u>	<u>-</u>	<u>1,840</u>	<u>1,377</u>	<u>11,806</u>	<u>1,809</u>	<u>-</u>	<u>5,799</u>
Fund Balances										
Reserved										
For Prepaid Expenditures	-	-	-	-	-	-	-	-	-	-
For Special Purpose Programs	4,047	16,577	180,674	30,901	-	24,807	132,739	187,668	25,846	253,049
Total Fund Balances	<u>4,047</u>	<u>16,577</u>	<u>180,674</u>	<u>30,901</u>	<u>-</u>	<u>24,807</u>	<u>132,739</u>	<u>187,668</u>	<u>25,846</u>	<u>253,049</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,047</u>	<u>\$ 169,341</u>	<u>\$ 180,674</u>	<u>\$ 30,901</u>	<u>\$ 1,840</u>	<u>\$ 26,184</u>	<u>\$ 144,545</u>	<u>\$ 189,477</u>	<u>\$ 25,846</u>	<u>\$ 258,848</u>

(continued)

BRAZOS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2003

	District Clerk Records Management and Preservation	J. P. Technology	Special Forfeitures	Voter Registration	Vehicle Inventory Tax Interest	Sheriff Department Crime Fund	District Attorney Crime Fund	Bail Bond Board	Grants	Totals
ASSETS										
Cash and Cash Equivalents	\$ 740	\$ 13,362	\$ 1,292	\$ 29,606	\$ 71,629	\$ 276,845	\$ 20,843	\$ 61,697	\$ 47,409	\$ 1,553,955
Prepaid Expenditures	-	-	-	-	-	-	-	-	5,592	5,592
Receivables:										
Interest	1	13	1	35	342	317	9	73	164	955
Accounts	-	-	-	-	-	-	-	-	269,553	269,553
State	-	-	-	-	-	-	-	-	389,785	389,785
Due From Other Funds	-	-	-	-	-	-	-	-	98,180	98,180
TOTAL ASSETS	<u>741</u>	<u>13,375</u>	<u>1,293</u>	<u>29,641</u>	<u>71,971</u>	<u>277,162</u>	<u>20,852</u>	<u>61,770</u>	<u>810,683</u>	<u>2,319,191</u>
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts Payable	-	-	-	-	-	-	-	25	556,759	579,529
Accrued Salary and Compensated Leave	-	-	-	-	495	-	-	-	74,282	81,714
Unclaimed Funds	-	-	-	-	-	-	-	-	-	145,249
Due to Other Funds	-	-	-	-	-	-	-	-	21,262	21,726
Deferred Revenues	-	-	-	-	-	-	-	-	80,266	80,266
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>495</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>732,569</u>	<u>908,484</u>
Fund Balances										
Reserved										
For Prepaid Expenditures	-	-	-	-	-	-	-	-	5,592	5,592
For Special Purpose Programs	741	13,375	1,293	29,641	71,476	277,162	20,852	61,745	72,522	1,405,115
Total Fund Balances	<u>741</u>	<u>13,375</u>	<u>1,293</u>	<u>29,641</u>	<u>71,476</u>	<u>277,162</u>	<u>20,852</u>	<u>61,745</u>	<u>78,114</u>	<u>1,410,707</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 741</u>	<u>\$ 13,375</u>	<u>\$ 1,293</u>	<u>\$ 29,641</u>	<u>\$ 71,971</u>	<u>\$ 277,162</u>	<u>\$ 20,852</u>	<u>\$ 61,770</u>	<u>\$ 810,683</u>	<u>\$ 2,319,191</u>

BRAZOS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended September 30, 2003

	State Lateral Road	Unclaimed Property	Law Library	Appellate Judicial	Alternative Dispute Resolution	Law Enforcement Education	County Records Management and Preservation	County Clerk Records Management and Preservation	Time Payment Fee	Courthouse Security
REVENUES										
Charges for Service	\$ -	\$ -	\$ 41,494	\$ 8,960	\$ 20,761	\$ -	\$ 53,160	\$ 90,294	\$ 3,437	\$ 90,588
Intergovernmental	24,981	-	-	-	-	18,212	-	-	-	-
Interest	1,041	2,408	2,279	429	-	-	2,245	2,322	337	3,834
TOTAL REVENUES	<u>26,022</u>	<u>2,408</u>	<u>43,773</u>	<u>9,389</u>	<u>20,761</u>	<u>18,212</u>	<u>55,405</u>	<u>92,616</u>	<u>3,774</u>	<u>94,422</u>
EXPENDITURES										
General Government	-	1,037	-	-	-	-	106,905	-	-	-
Justice System	-	-	6,527	24,000	25,761	-	-	50,181	-	-
Law Enforcement	-	-	-	-	-	16,360	-	-	-	128,845
Juvenile Services	-	-	-	-	-	-	-	-	-	-
Public Transportation	82,861	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>82,861</u>	<u>1,037</u>	<u>6,527</u>	<u>24,000</u>	<u>25,761</u>	<u>16,360</u>	<u>106,905</u>	<u>50,181</u>	<u>-</u>	<u>128,845</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(56,839)</u>	<u>1,371</u>	<u>37,246</u>	<u>(14,611)</u>	<u>(5,000)</u>	<u>1,852</u>	<u>(51,500)</u>	<u>42,435</u>	<u>3,774</u>	<u>(34,423)</u>
OTHER FINANCING SOURCES										
Operating Transfers In	-	-	-	36,400	5,000	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,400</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(56,839)	1,371	37,246	21,789	-	1,852	(51,500)	42,435	3,774	(34,423)
FUND BALANCES, OCTOBER 1	<u>60,886</u>	<u>15,206</u>	<u>143,428</u>	<u>9,112</u>	<u>-</u>	<u>22,955</u>	<u>184,239</u>	<u>145,233</u>	<u>22,072</u>	<u>287,472</u>
FUND BALANCES, SEPTEMBER 30	<u>\$ 4,047</u>	<u>\$ 16,577</u>	<u>\$ 180,674</u>	<u>\$ 30,901</u>	<u>\$ -</u>	<u>\$ 24,807</u>	<u>\$ 132,739</u>	<u>\$ 187,668</u>	<u>\$ 25,846</u>	<u>\$ 253,049</u>

(continued)

BRAZOS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - Continued
For The Year Ended September 30, 2003

	District Clerk Records Management and Preservation	J. P. Technology	Special Forfeitures	Voter Registration	Vehicle Inventory Tax Interest	Sheriff Department Crime Fund	District Attorney Crime Fund	Bail Bond Board	Grants	Totals
REVENUES										
Charges for Service	\$ 740	\$ 2,191	\$ -	\$ -	\$ 5,277	\$ 50,010	\$ 7,890	\$ 2,500	\$ -	\$ 377,302
Intergovernmental	-	-	-	-	-	-	-	-	1,930,426	1,973,619
Interest	1	161	30	427	6,507	3,895	105	865	1,197	28,083
TOTAL REVENUES	741	2,352	30	427	11,784	53,905	7,995	3,365	1,931,623	2,379,004
EXPENDITURES										
General Government	-	-	-	2,248	13,448	-	-	-	-	123,638
Justice System	-	-	-	-	-	-	4,026	-	56,178	166,673
Law Enforcement	-	-	921	-	-	12,957	-	3,273	971,299	1,133,655
Juvenile Services	-	-	-	-	-	-	-	-	648,154	648,154
Public Transportation	-	-	-	-	-	-	-	-	180,527	263,388
Human Services	-	-	-	-	-	-	-	-	46,083	46,083
Capital Outlay	-	-	-	-	-	-	-	-	102,650	102,650
TOTAL EXPENDITURES	-	-	921	2,248	13,448	12,957	4,026	3,273	2,004,891	2,484,241
Excess (Deficiency) of Revenues Over (Under) Expenditures	741	2,352	(891)	(1,821)	(1,664)	40,948	3,969	92	(73,268)	(105,237)
OTHER FINANCING SOURCES										
Operating Transfers In	-	-	-	-	-	-	-	-	169,062	210,462
TOTAL OTHER FINANCING SOURCES	-	-	-	-	-	-	-	-	169,062	210,462
Net Change in Fund Balances	741	2,352	(891)	(1,821)	(1,664)	40,948	3,969	92	95,794	105,225
FUND BALANCES, OCTOBER 1	-	11,023	2,184	31,462	73,140	236,214	16,883	61,653	(17,680)	1,305,482
FUND BALANCES, SEPTEMBER 30	\$ 741	\$ 13,375	\$ 1,293	\$ 29,641	\$ 71,476	\$ 277,162	\$ 20,852	\$ 61,745	\$ 78,114	\$ 1,410,707

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
STATE LATERAL ROAD
For the Year Ended September 30, 2003**

	Original and Final Budget	Actual
REVENUES		
Intergovernmental	\$ 24,000	\$ 24,981
Interest	1,000	1,041
TOTAL REVENUES	25,000	26,022
EXPENDITURES		
Public Transportation		
Repairs and Maintenance	85,000	82,861
TOTAL EXPENDITURES	85,000	82,861
Deficiency of Revenues Under Expenditures	(60,000)	(56,839)
FUND BALANCE, OCTOBER 1	60,886	60,886
FUND BALANCE, SEPTEMBER 30	\$ 886	\$ 4,047

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
UNCLAIMED PROPERTY
For the Year Ended September 30, 2003**

	<u>Original and Final Budget</u>	<u>Actual</u>
REVENUES		
Interest	\$ 3,000	\$ 2,408
TOTAL REVENUES	<u>3,000</u>	<u>2,408</u>
EXPENDITURES		
General Government		
Supplies and Other Charges	17,000	1,037
TOTAL EXPENDITURES	<u>17,000</u>	<u>1,037</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,000)	1,371
FUND BALANCE, OCTOBER 1	<u>15,206</u>	<u>15,206</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ 1,206</u></u>	<u><u>\$ 16,577</u></u>

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
LAW LIBRARY
For the Year Ended September 30, 2003**

	Original and Final Budget	Actual
REVENUES		
Charges for Service	\$ 30,000	\$ 41,494
Interest	500	2,279
TOTAL REVENUES	30,500	43,773
EXPENDITURES		
Justice System		
Supplies and Other Charges	60,500	6,527
TOTAL EXPENDITURES	60,500	6,527
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,000)	37,246
FUND BALANCE, OCTOBER 1	143,428	143,428
FUND BALANCE, SEPTEMBER 30	\$ 113,428	\$ 180,674

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
APPELLATE JUDICIAL
For the Year Ended September 30, 2003**

	Original and Final Budget	Actual
REVENUES		
Charges for Service	\$ 7,500	\$ 8,960
Interest	100	429
TOTAL REVENUES	<u>7,600</u>	<u>9,389</u>
EXPENDITURES		
Justice System		
Supplies and Other Charges	44,000	24,000
TOTAL EXPENDITURES	<u>44,000</u>	<u>24,000</u>
Deficiency of Revenues Under Expenditures	<u>(36,400)</u>	<u>(14,611)</u>
OTHER FINANCING SOURCES		
Operating Transfers In	36,400	36,400
TOTAL OTHER FINANCING SOURCES	<u>36,400</u>	<u>36,400</u>
Net Change in Fund Balance	-	21,789
FUND BALANCE, OCTOBER 1	<u>9,112</u>	<u>9,112</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ 9,112</u></u>	<u><u>\$ 30,901</u></u>

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
ALTERNATIVE DISPUTE RESOLUTION
For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Charges for Service	\$ 18,000	\$ 21,000	\$ 20,761
TOTAL REVENUES	<u>18,000</u>	<u>21,000</u>	<u>20,761</u>
EXPENDITURES			
Justice System			
Contractual Services	23,000	26,000	25,761
TOTAL EXPENDITURES	<u>23,000</u>	<u>26,000</u>	<u>25,761</u>
Deficiency of Revenues Under Expenditures	(5,000)	(5,000)	(5,000)
OTHER FINANCING SOURCES			
Operating Transfers In	5,000	5,000	5,000
TOTAL OTHER FINANCING SOURCES	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Net Change in Fund Balance	-	-	-
FUND BALANCE, OCTOBER 1	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
LAW ENFORCEMENT EDUCATION
For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Intergovernmental	\$ 19,000	\$ 18,220	\$ 18,212
TOTAL REVENUES	<u>19,000</u>	<u>18,220</u>	<u>18,212</u>
EXPENDITURES			
Law Enforcement			
Supplies and Other Charges	33,000	41,140	16,360
TOTAL EXPENDITURES	<u>33,000</u>	<u>41,140</u>	<u>16,360</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,000)	(22,920)	1,852
FUND BALANCE, OCTOBER 1	<u>22,955</u>	<u>22,955</u>	<u>22,955</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ 8,955</u></u>	<u><u>\$ 35</u></u>	<u><u>\$ 24,807</u></u>

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
COUNTY RECORDS MANAGEMENT AND PRESERVATION
For the Year Ended September 30, 2003**

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Charges for Service	\$ 50,000	\$ 50,000	\$ 53,160
Interest	2,500	2,500	2,245
TOTAL REVENUES	<u>52,500</u>	<u>52,500</u>	<u>55,405</u>
EXPENDITURES			
General Government			
Supplies and Other Charges	5,000	15,000	6,905
Contract Services	20,000	10,000	-
Professional Services	110,000	110,000	100,000
TOTAL EXPENDITURES	<u>135,000</u>	<u>135,000</u>	<u>106,905</u>
Deficiency of Revenues Under Expenditures	(82,500)	(82,500)	(51,500)
FUND BALANCE, OCTOBER 1	<u>184,239</u>	<u>184,239</u>	<u>184,239</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ 101,739</u></u>	<u><u>\$ 101,739</u></u>	<u><u>\$ 132,739</u></u>

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
COUNTY CLERK RECORDS MANAGEMENT AND PRESERVATION
For the Year Ended September 30, 2003**

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Charges for Service	\$ 55,000	\$ 55,000	\$ 90,294
Interest	2,000	2,000	2,322
TOTAL REVENUES	<u>57,000</u>	<u>57,000</u>	<u>92,616</u>
EXPENDITURES			
Justice System			
Personnel Services	44,006	43,990	42,229
Supplies and Other Charges	16,000	16,016	1,146
Repairs and Maintenance	1,500	1,500	-
Minor Equipment	9,200	9,200	-
Contract Services	56,000	56,000	6,806
TOTAL EXPENDITURES	<u>126,706</u>	<u>126,706</u>	<u>50,181</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(69,706)	(69,706)	42,435
FUND BALANCE, OCTOBER 1	<u>145,233</u>	<u>145,233</u>	<u>145,233</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ 75,527</u></u>	<u><u>\$ 75,527</u></u>	<u><u>\$ 187,668</u></u>

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
TIME PAYMENT FEE
For the Year Ended September 30, 2003**

	Original and Final Budget	Actual
REVENUES		
Charges for Service	\$ 3,750	\$ 3,437
Interest	200	337
TOTAL REVENUES	<u>3,950</u>	<u>3,774</u>
EXPENDITURES		
Justice System		
Supplies and Other Charges	23,950	-
TOTAL EXPENDITURES	<u>23,950</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,000)	3,774
FUND BALANCE, OCTOBER 1	<u>22,072</u>	<u>22,072</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 2,072</u>	<u>\$ 25,846</u>

BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
COURTHOUSE SECURITY
For the Year Ended September 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Charges for Service	\$ 80,000	\$ 80,015	\$ 90,588
Interest	6,500	6,500	3,834
TOTAL REVENUES	<u>86,500</u>	<u>86,515</u>	<u>94,422</u>
EXPENDITURES			
Law Enforcement			
Personnel Services	125,043	127,220	123,373
Supplies and Other Charges	4,200	3,813	561
Repairs and Maintenance	3,000	4,300	4,239
Minor Equipment	1,100	1,100	672
TOTAL EXPENDITURES	<u>133,343</u>	<u>136,433</u>	<u>128,845</u>
Deficiency of Revenues Under Expenditures	(46,843)	(49,918)	(34,423)
FUND BALANCE, OCTOBER 1	<u>287,472</u>	<u>287,472</u>	<u>287,472</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ 240,629</u></u>	<u><u>\$ 237,554</u></u>	<u><u>\$ 253,049</u></u>

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL*
DISTRICT CLERK RECORDS MANAGEMENT AND PRESERVATION
For the Year Ended September 30, 2003**

	Actual
REVENUES	
Charges for Service	\$ 740
Interest	1
TOTAL REVENUES	741
EXPENDITURES	
Justice System	-
TOTAL EXPENDITURES	-
Excess of Revenues Over Expenditures	741
FUND BALANCE, OCTOBER 1	-
FUND BALANCE, SEPTEMBER 30	\$ 741

* A budget was not legally adopted for this fund.

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
J. P. TECHNOLOGY
For the Year Ended September 30, 2003**

	Original and Final Budget	Actual
REVENUES		
Charges for Service	\$ 12,000	\$ 2,191
Interest	100	161
TOTAL REVENUES	12,100	2,352
EXPENDITURES		
Capital Outlay	22,100	-
TOTAL EXPENDITURES	22,100	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	2,352
FUND BALANCE, OCTOBER 1	11,023	11,023
FUND BALANCE, SEPTEMBER 30	\$ 1,023	\$ 13,375

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL FORFEITURES
For the Year Ended September 30, 2003**

	Original and Final Budget	Actual
REVENUES		
Charges for Service	\$ 100	\$ -
Interest	50	30
TOTAL REVENUES	150	30
EXPENDITURES		
Law Enforcement		
Supplies and Other Charges	1,000	921
Minor Acquisitions	1,050	-
TOTAL EXPENDITURES	2,050	921
Deficiency of Revenues Under Expenditures	(1,900)	(891)
FUND BALANCE, OCTOBER 1	2,184	2,184
FUND BALANCE, SEPTEMBER 30	\$ 284	\$ 1,293

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
VOTER REGISTRATION
For the Year Ended September 30, 2003**

	Original and Final Budget	Actual
REVENUES		
Interest	\$ 1,000	\$ 427
TOTAL REVENUES	1,000	427
EXPENDITURES		
General Government		
Personnel Services	3,500	-
Supplies and Other Charges	9,500	2,248
TOTAL EXPENDITURES	13,000	2,248
Deficiency of Revenues Under Expenditures	(12,000)	(1,821)
FUND BALANCE, OCTOBER 1	31,462	31,462
FUND BALANCE, SEPTEMBER 30	\$ 19,462	\$ 29,641

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
VEHICLE INVENTORY TAX INTEREST
For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Charges for Services	\$ -	\$ -	\$ 5,277
Interest	1,000	1,000	6,507
TOTAL REVENUES	<u>1,000</u>	<u>1,000</u>	<u>11,784</u>
EXPENDITURES			
General Government			
Personnel Services	13,651	13,481	11,659
Supplies and Other Charges	11,500	10,420	552
Minor Acquisitions	-	1,250	1,237
Professional Services	2,000	2,000	-
TOTAL EXPENDITURES	<u>27,151</u>	<u>27,151</u>	<u>13,448</u>
Deficiency of Revenues			
Under Expenditures	(26,151)	(26,151)	(1,664)
FUND BALANCE, OCTOBER 1	<u>73,140</u>	<u>73,140</u>	<u>73,140</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ 46,989</u></u>	<u><u>\$ 46,989</u></u>	<u><u>\$ 71,476</u></u>

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
SHERIFF DEPARTMENT CRIME FUND
For the Year Ended September 30, 2003**

	Original and Final Budget	Actual
REVENUES		
Charges for Services	\$ 40,000	\$ 50,010
Interest	1,000	3,895
TOTAL REVENUES	41,000	53,905
EXPENDITURES		
Law Enforcement		
Personnel Services	26,000	-
Supplies and Other Charges	34,800	12,482
Repairs and Maintenance	13,200	475
Minor Acquisitions	26,300	-
Professional Services	4,800	-
Capital Outlay	35,000	-
TOTAL EXPENDITURES	140,100	12,957
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	(99,100)	40,948
FUND BALANCE, OCTOBER 1	236,214	236,214
FUND BALANCE, SEPTEMBER 30	\$ 137,114	\$ 277,162

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL*
DISTRICT ATTORNEY CRIME FUND
For the Year Ended September 30, 2003**

	Actual
REVENUES	
Charges for Service	\$ 7,890
Interest	105
TOTAL REVENUES	7,995
EXPENDITURES	
Justice System	
Personnel Services	-
Supplies and Other Charges	3,901
Repairs and Maintenance	-
Minor Acquisitions	-
Professional Services	125
TOTAL EXPENDITURES	4,026
Excess of Revenues Over Expenditures	3,969
FUND BALANCE, OCTOBER 1	16,883
FUND BALANCE, SEPTEMBER 30	\$ 20,852

* A budget was not legally adopted for this fund.

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL*
BAIL BOND BOARD
For the Year Ended September 30, 2003**

	Actual
REVENUES	
Charges for Service	\$ 2,500
Interest	865
TOTAL REVENUES	3,365
EXPENDITURES	
Law Enforcement	
Personnel Services	2,398
Supplies and Other Charges	875
TOTAL EXPENDITURES	3,273
Excess of Revenues Over Expenditures	92
FUND BALANCE, OCTOBER 1	61,653
FUND BALANCE, SEPTEMBER 30	\$ 61,745

* A budget was not legally adopted for this fund.

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GRANTS
For the Year Ended September 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Intergovernmental - Federal			
Department of Justice	\$ 51,817	\$ 51,817	\$ 147,703
Department of Transportation	247,200	265,201	190,969
U. S. Federal Transit Administration	29,995	29,995	30,000
Narcotics Task Force	649,991	649,991	548,914
Total Intergovernmental - Federal	<u>979,003</u>	<u>997,004</u>	<u>917,586</u>
Intergovernmental - State			
Texas Juvenile Probation Commission	579,392	550,713	516,488
Texas Department of Public Safety	-	-	123,845
Total Intergovernmental - State	<u>579,392</u>	<u>550,713</u>	<u>640,333</u>
Intergovernmental - Other			
Matching Funds	238,704	238,704	372,507
Total Intergovernmental - Other	<u>238,704</u>	<u>238,704</u>	<u>372,507</u>
Interest	<u>1,000</u>	<u>1,000</u>	<u>1,197</u>
TOTAL REVENUES	<u>1,798,099</u>	<u>1,787,421</u>	<u>1,931,623</u>
EXPENDITURES			
Justice System	111,531	111,531	56,178
Law Enforcement	888,695	888,695	971,299
Juvenile Services	785,870	757,191	648,154
Public Transportation	449,002	312,851	180,527
Human Services	-	-	46,083
Capital Outlay	75,280	75,280	102,650
TOTAL EXPENDITURES	<u>2,310,378</u>	<u>2,145,548</u>	<u>2,004,891</u>
Deficiency of Revenues Under Expenditures	(512,279)	(358,127)	(73,268)
OTHER FINANCING SOURCES			
Operating Transfers In	169,062	169,062	169,062
TOTAL OTHER FINANCING SOURCES	<u>169,062</u>	<u>169,062</u>	<u>169,062</u>
Net Change in Fund Balance	(343,217)	(189,065)	95,794
FUND BALANCE, OCTOBER 1	<u>(17,680)</u>	<u>(17,680)</u>	<u>(17,680)</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ (360,897)</u>	<u>\$ (206,745)</u>	<u>\$ 78,114</u>

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
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Taxes	\$ 2,395,000	\$ 2,455,000	\$ 2,470,489
Interest	50,000	50,000	48,587
TOTAL REVENUES	<u>2,445,000</u>	<u>2,505,000</u>	<u>2,519,076</u>
EXPENDITURES			
Debt Service:			
Principal	1,140,000	1,500,000	1,500,000
Interest	1,368,750	1,368,750	1,365,802
Agent Fees	7,600	7,600	1,707
TOTAL EXPENDITURES	<u>2,516,350</u>	<u>2,876,350</u>	<u>2,867,509</u>
Deficiency of Revenues			
Under Expenditures	(71,350)	(371,350)	(348,433)
FUND BALANCE, OCTOBER 1	<u>1,961,310</u>	<u>1,961,310</u>	<u>1,961,310</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ 1,889,960</u></u>	<u><u>\$ 1,589,960</u></u>	<u><u>\$ 1,612,877</u></u>

CAPITAL PROJECT 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.

Certificates of Obligation 2002 - This fund is established to account for the expenditures of debt proceeds issued for the acquisition of an electronic voting system, network and computer upgrades and acquisition of vehicles and related equipment.

County Court at Law Courtroom Fund – This fund is established to account for the expenditures to renovate the storage area on the 2nd floor of the courthouse into a courtroom for County Court at Law Number Two. Resources for the fund have been provided by transfers from the General Fund.

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 residual equity transfers from the General Fund.

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.

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.

**BRAZOS COUNTY, TEXAS
COMBINING BALANCE SHEET
CAPITAL PROJECT FUNDS
September 30, 2003**

	<u>Certificates of Obligation 2002</u>	<u>County Court at Law Courtroom</u>	<u>Judicial Software</u>	<u>Capital Improvement</u>	<u>Exposition Center</u>	<u>Road and Bridge Infrastructure C.O.'s 2002</u>	<u>Totals</u>
ASSETS							
Cash and Cash Equivalents	\$ 454,325	\$ 210,201	\$ 214,163	\$ 893,896	\$ 5,570,687	\$ 829,290	\$ 8,172,562
Receivables:							
Interest	536	248	252	-	6,568	978	8,582
Due From Other Funds	-	7,000	-	-	-	-	7,000
TOTAL ASSETS	<u>454,861</u>	<u>217,449</u>	<u>214,415</u>	<u>893,896</u>	<u>5,577,255</u>	<u>830,268</u>	<u>8,188,144</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable	18,079	59,174	81,193	18,041	-	-	176,487
Total Liabilities	<u>18,079</u>	<u>59,174</u>	<u>81,193</u>	<u>18,041</u>	<u>-</u>	<u>-</u>	<u>176,487</u>
Fund Balances							
Unreserved							
Designated for Capital Improvements	436,782	158,275	133,222	875,855	5,577,255	830,268	8,011,657
Total Fund Balances	<u>436,782</u>	<u>158,275</u>	<u>133,222</u>	<u>875,855</u>	<u>5,577,255</u>	<u>830,268</u>	<u>8,011,657</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 454,861</u>	<u>\$ 217,449</u>	<u>\$ 214,415</u>	<u>\$ 893,896</u>	<u>\$ 5,577,255</u>	<u>\$ 830,268</u>	<u>\$ 8,188,144</u>

BRAZOS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECT FUNDS
For The Year Ended September 30, 2003

	Certificates of Obligation 2002	County Court at Law Courtroom	Judicial Software	Capital Improvement	Exposition Center	Road and Bridge Infrastructure C.O.'s 2002	Totals
REVENUES							
Interest	\$ 14,158	\$ 809	\$ 4,192	\$ 8,140	\$ 82,255	\$ 10,268	\$ 119,822
TOTAL REVENUES	<u>14,158</u>	<u>809</u>	<u>4,192</u>	<u>8,140</u>	<u>82,255</u>	<u>10,268</u>	<u>119,822</u>
EXPENDITURES							
Law Enforcement	5,478	-	-	-	-	-	5,478
Capital Outlay	1,746,898	122,224	32,000	402,985	740,566	-	3,044,673
TOTAL EXPENDITURES	<u>1,752,376</u>	<u>122,224</u>	<u>32,000</u>	<u>402,985</u>	<u>740,566</u>	<u>-</u>	<u>3,050,151</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,738,218)</u>	<u>(121,415)</u>	<u>(27,808)</u>	<u>(394,845)</u>	<u>(658,311)</u>	<u>10,268</u>	<u>(2,930,329)</u>
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	-	279,690	-	406,900	-	-	686,590
Operating Transfers Out	-	-	-	(83,140)	-	-	(83,140)
Proceeds from Certificates of Obligation	2,175,000	-	-	-	-	820,000	2,995,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,175,000</u>	<u>279,690</u>	<u>-</u>	<u>323,760</u>	<u>-</u>	<u>820,000</u>	<u>3,598,450</u>
Net Change in Fund Balances	436,782	158,275	(27,808)	(71,085)	(658,311)	830,268	668,121
FUND BALANCES, OCTOBER 1	<u>-</u>	<u>-</u>	<u>161,030</u>	<u>946,940</u>	<u>6,235,566</u>	<u>-</u>	<u>7,343,536</u>
FUND BALANCES, SEPTEMBER 30	<u>\$ 436,782</u>	<u>\$ 158,275</u>	<u>\$ 133,222</u>	<u>\$ 875,855</u>	<u>\$ 5,577,255</u>	<u>\$ 830,268</u>	<u>\$ 8,011,657</u>

**BRAZOS COUNTY, TEXAS
CAPITAL PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
CERTIFICATES OF OBLIGATION 2002
For The Year Ended September 30, 2003**

	Original and Final Budget	Actual
	<u> </u>	<u> </u>
REVENUES		
Interest	\$ 10,000	\$ 14,158
TOTAL REVENUES	<u>10,000</u>	<u>14,158</u>
EXPENDITURES		
Law Enforcement	-	5,478
Capital Outlay	<u>2,185,000</u>	<u>1,746,898</u>
TOTAL EXPENDITURES	<u>2,185,000</u>	<u>1,752,376</u>
Deficiency of Revenues Under Expenditures	(2,175,000)	(1,738,218)
OTHER FINANCING SOURCES		
Proceeds from Certificates of Obligation	<u>2,175,000</u>	<u>2,175,000</u>
TOTAL OTHER FINANCING SOURCES	<u>2,175,000</u>	<u>2,175,000</u>
Net Change in Fund Balances	-	436,782
FUND BALANCE, OCTOBER 1	<u>-</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ -</u></u>	<u><u>\$ 436,782</u></u>

**BRAZOS COUNTY, TEXAS
CAPITAL PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
COUNTY COURT AT LAW COURTROOM FUND
For The Year Ended September 30, 2003**

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Interest	\$ -	\$ -	\$ 809
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>809</u>
EXPENDITURES			
General Government			
Supplies and Other Charges	-	10,000	-
Minor Acquisitions	-	27,500	-
Capital Outlay	<u>-</u>	<u>242,190</u>	<u>122,224</u>
TOTAL EXPENDITURES	<u>-</u>	<u>279,690</u>	<u>122,224</u>
Deficiency of Revenues Under Expenditures	-	(279,690)	(121,415)
OTHER FINANCING SOURCES			
Operating Transfers In	-	279,690	279,690
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>279,690</u>	<u>279,690</u>
Net Change in Fund Balances	-	-	158,275
FUND BALANCE, OCTOBER 1	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,275</u>

**BRAZOS COUNTY, TEXAS
CAPITAL PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
JUDICIAL SOFTWARE FUND
For The Year Ended September 30, 2003**

	Original and Final Budget	Actual
REVENUES		
Interest	\$ 2,000	\$ 4,192
TOTAL REVENUES	<u>2,000</u>	<u>4,192</u>
EXPENDITURES		
Capital Outlay	<u>200,000</u>	<u>32,000</u>
TOTAL EXPENDITURES	<u>200,000</u>	<u>32,000</u>
Deficiency of Revenues Under Expenditures	(198,000)	(27,808)
FUND BALANCE, OCTOBER 1	<u>161,030</u>	<u>161,030</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ (36,970)</u></u>	<u><u>\$ 133,222</u></u>

**BRAZOS COUNTY, TEXAS
CAPITAL PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
CAPITAL IMPROVEMENT FUND
For The Year Ended September 30, 2003**

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Interest	\$ 13,100	\$ 13,100	\$ 8,140
TOTAL REVENUES	<u>13,100</u>	<u>13,100</u>	<u>8,140</u>
EXPENDITURES			
Capital Outlay	556,900	481,900	402,985
TOTAL EXPENDITURES	<u>556,900</u>	<u>481,900</u>	<u>402,985</u>
Deficiency of Revenues Under Expenditures	(543,800)	(468,800)	(394,845)
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	406,900	406,900	406,900
Operating Transfers Out	(13,100)	(88,100)	(83,140)
TOTAL OTHER FINANCING SOURCES (USES)	<u>393,800</u>	<u>318,800</u>	<u>323,760</u>
Net Change in Fund Balance	(150,000)	(150,000)	(71,085)
FUND BALANCE, OCTOBER 1	<u>946,940</u>	<u>946,940</u>	<u>946,940</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ 796,940</u></u>	<u><u>\$ 796,940</u></u>	<u><u>\$ 875,855</u></u>

**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, 2003**

	Original and Final Budget	Actual
REVENUES		
Interest	\$ 70,000	\$ 82,255
TOTAL REVENUES	<u>70,000</u>	<u>82,255</u>
EXPENDITURES		
Capital Outlay	14,420,000	740,566
TOTAL EXPENDITURES	<u>14,420,000</u>	<u>740,566</u>
Deficiency of Revenues Under Expenditures	(14,350,000)	(658,311)
OTHER FINANCING SOURCES		
Proceeds From General Obligations Bonds	8,000,000	-
TOTAL OTHER FINANCING SOURCES	<u>8,000,000</u>	<u>-</u>
Net Change in Fund Balance	(6,350,000)	(658,311)
FUND BALANCE, OCTOBER 1	<u>6,235,566</u>	<u>6,235,566</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ (114,434)</u></u>	<u><u>\$ 5,577,255</u></u>

**BRAZOS COUNTY, TEXAS
CAPITAL PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
ROAD AND BRIDGE INFRASTRUCTURE
CERTIFICATES OF OBLIGATION ISSUE 2002
For The Year Ended September 30, 2003**

	Original and Final Budget	Actual
REVENUES		
Interest	\$ 5,000	\$ 10,268
TOTAL REVENUES	5,000	10,268
EXPENDITURES		
Capital Outlay	825,000	-
TOTAL EXPENDITURES	825,000	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(820,000)	10,268
OTHER FINANCING SOURCES		
Proceeds from Certificates of Obligation	820,000	820,000
TOTAL OTHER FINANCING SOURCES	820,000	820,000
Net Change in Fund Balance	-	830,268
FUND BALANCE, OCTOBER 1	-	-
FUND BALANCE, SEPTEMBER 30	\$ -	\$ 830,268

PROPRIETARY FUND TYPE

INTERNAL SERVICE FUND – are 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.

**BRAZOS COUNTY, TEXAS
INTERNAL SERVICE FUND
HEALTH AND LIFE INSURANCE
STATEMENT OF NET ASSETS
September 30, 2003**

	2003
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 493,630
Accounts Receivable	554,910
Due From Other Funds	200,000
TOTAL ASSETS	1,248,540
 LIABILITIES	
Current Liabilities	
Accounts Payable	866,350
Deferred Revenue	127,321
TOTAL LIABILITIES	993,671
 NET ASSETS	
Unrestricted	254,869
TOTAL NET ASSETS	\$ 254,869

**BRAZOS COUNTY, TEXAS
INTERNAL SERVICE FUND
HEALTH AND LIFE INSURANCE
SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2003**

	Budgeted Amounts		Actual
	Original	Final	
OPERATING REVENUES			
Employee Dependents	\$ 535,200	\$ 535,200	\$ 532,180
Self Pays	424,100	424,100	531,960
Excess Risk Benefits	-	-	770,953
Brazos County	3,538,400	3,538,400	3,293,717
Retirees	58,200	58,200	61,824
TOTAL OPERATING REVENUES	4,555,900	4,555,900	5,190,634
OPERATING EXPENSES			
Life Insurance	29,400	33,000	32,912
Stop Loss Premiums	312,300	364,700	394,639
Benefit Claims	4,301,000	4,936,000	5,313,494
Administrative Fees	157,800	157,800	164,116
Professional Services	-	19,000	18,332
TOTAL OPERATING EXPENSES	4,800,500	5,510,500	5,923,493
OPERATING LOSS	(244,600)	(954,600)	(732,859)
NONOPERATING REVENUES			
Interest	1,000	1,000	7,510
TOTAL NONOPERATING REVENUES	1,000	1,000	7,510
LOSS BEFORE OPERATING TRANSFER	(243,600)	(953,600)	(725,349)
Transfer From General Fund	220,300	930,300	930,300
CHANGE IN NET ASSETS	(23,300)	(23,300)	204,951
TOTAL NET ASSETS - BEGINNING	49,918	49,918	49,918
TOTAL NET ASSETS - ENDING	\$ 26,618	\$ 26,618	\$ 254,869

**BRAZOS COUNTY, TEXAS
INTERNAL SERVICE FUND
HEALTH AND LIFE INSURANCE
STATEMENT OF CASH FLOWS
For The Year Ended September 30, 2003**

	2003
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 1,125,360
Receipts from interfund services provided	3,339,154
Receipts from reinsurance	217,329
Payments to contractors	(569,493)
Claims paid	(4,899,373)
NET CASH USED BY OPERATING ACTIVITIES	(787,023)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer From General Fund	930,300
NET CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	930,300
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	7,697
NET CASH PROVIDED BY INVESTING ACTIVITIES	7,697
NET INCREASE IN CASH AND CASH EQUIVALENTS	150,974
CASH AND CASH EQUIVALENTS, OCTOBER 1	342,656
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	\$ 493,630
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (732,859)
Adjustments to reconcile operating loss to net cash used by operating activities:	
(Increase) in accounts receivable	(554,308)
Decrease in due from other funds	37,000
Increase in accounts payable	454,627
Increase in deferred revenue	8,517
Total adjustments	(54,164)
Net cash used by operating activities	\$ (787,023)

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.

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.

FIDUCIARY FUNDS

(Continued)

Agency Funds (continued)

District Clerk - 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.

County Clerk – 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 of returned checks and restitution processed by the District Attorney's office.

Bail Bond Board - 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 BALANCE SHEET
September 30, 2003**

	<u>Narcotics Seizure</u>	<u>Payroll</u>	<u>Brazos Center</u>	<u>Bail Bonds</u>	<u>District Clerk</u>	<u>County Clerk</u>	<u>Juvenile Services</u>	<u>Tax Assessor Collector</u>	<u>County Attorney</u>	<u>Inmate Trust</u>	<u>District Attorney Administration</u>	<u>Bail Bond Board</u>	<u>Total</u>
ASSETS													
Cash and Cash Equivalents	\$ 124,260	\$ 347,681	\$ 73,889	\$ 600,714	\$ 272,064	\$ 1,509,227	\$ 29,347	\$ 1,848,859	\$ 40,481	\$ 20,782	\$ 106,581	\$ -	\$ 4,973,885
Investments	-	-	-	-	2,852,080	-	-	-	-	-	-	1,257,828	4,109,908
Prepaid Assets	-	71,094	-	-	-	-	-	-	-	-	-	-	71,094
Accounts Receivable	117	588	-	-	-	-	-	-	-	-	-	-	705
Due From Other Funds	-	-	-	-	-	-	-	-	-	464	-	-	464
TOTAL ASSETS	<u>124,377</u>	<u>419,363</u>	<u>73,889</u>	<u>600,714</u>	<u>3,124,144</u>	<u>1,509,227</u>	<u>29,347</u>	<u>1,848,859</u>	<u>40,481</u>	<u>21,246</u>	<u>106,581</u>	<u>1,257,828</u>	<u>9,156,056</u>
LIABILITIES													
Accounts Payable	-	322,995	-	-	-	-	-	1,848,859	6,973	-	-	-	2,178,827
Due to Other Funds	-	-	22,319	38,668	-	-	-	-	5,587	715	-	-	67,289
Funds Held in Trust	124,377	96,368	51,570	562,046	3,124,144	1,509,227	29,347	-	27,921	20,531	106,581	1,257,828	6,909,940
TOTAL LIABILITIES	<u>124,377</u>	<u>419,363</u>	<u>73,889</u>	<u>600,714</u>	<u>3,124,144</u>	<u>1,509,227</u>	<u>29,347</u>	<u>1,848,859</u>	<u>40,481</u>	<u>21,246</u>	<u>106,581</u>	<u>1,257,828</u>	<u>9,156,056</u>

CAPITAL ASSETS USED IN OPERATION OF
GOVERNMENTAL FUNDS

BRAZOS COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
BY SOURCE
September 30, 2003

	2003
GOVERNMENTAL FUNDS CAPITAL ASSETS	
Land	\$ 6,854,820
Buildings	26,396,161
Improvements Other than Buildings	4,879,845
Machinery and Equipment	12,631,915
Infrastructure	34,544,705
Construction Work in Progress	2,715,788
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 88,023,234
INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE	
General Fund	\$ 7,544,615
Special Revenue Funds	513,262
Capital Project Funds	79,907,271
Donations	58,086
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 88,023,234

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, 2003

FUNCTION AND ACTIVITY	Governmental Funds Capital Assets 10/1/02	Additions	Retirements	Adjustments And Transfers	Governmental Funds Capital Assets 9/30/03
General Government					
County Judge	\$ -	\$ -	\$ -	\$ 60,144	\$ 60,144
Commissioners' Court	6,285	-	-	326,144	332,429
Community Support	-	-	-	87,500	87,500
County Treasurer	13,224	-	-	210,499	223,723
Risk Management	14,639	-	-	60,144	74,783
Tax Assessor-Collector	22,622	-	-	660,605	683,227
Information Technology	2,925,082	443,140	-	414,634	3,782,856
Personnel	-	-	-	120,285	120,285
County Auditor	12,399	-	5,583	360,857	367,673
Purchasing Administration	17,497	-	-	109,494	126,991
Building Maintenance	73,637	-	-	473,610	547,247
Total General Government	<u>3,085,385</u>	<u>443,140</u>	<u>5,583</u>	<u>2,883,916</u>	<u>6,406,858</u>
Justice System					
County Attorney	50,673	20,460	-	977,450	1,048,583
District Attorney	73,986	-	-	781,860	855,846
District Clerk	66,802	26,593	-	811,930	905,325
County Clerk	41,456	-	-	315,877	357,333
District Courts	28,750	-	6,750	451,071	473,071
County Courts At Law	-	-	-	453,010	453,010
Justices of the Peace (5)	5,850	-	-	198,214	204,064
Community Supervision	-	-	-	748,737	748,737
Court Master	-	-	-	60,144	60,144
Total Justice System	<u>267,517</u>	<u>47,053</u>	<u>6,750</u>	<u>4,798,293</u>	<u>5,106,113</u>
Law Enforcement					
Sheriff/Jail	1,206,499	283,451	86,538	13,296,970	14,700,382
Courthouse Security	93,417	-	-	90,214	183,631
Constables (6)	335,814	83,487	95,108	278,322	602,515
Narcotics Task Force	321,174	32,756	-	-	353,930
Total Law Enforcement	<u>1,956,904</u>	<u>399,694</u>	<u>181,646</u>	<u>13,665,506</u>	<u>15,840,458</u>
Juvenile Services					
Juvenile Probation	140,944	-	-	6,433,015	6,573,959
Total Juvenile Services	<u>140,944</u>	<u>-</u>	<u>-</u>	<u>6,433,015</u>	<u>6,573,959</u>
Public Transportation					
Metropolitan Planning	5,341	-	-	994,180	999,521
Road & Bridge	9,752,859	417,598	94,627	1,231,110	11,306,940
Infrastructure	38,788,192	434,588	4,678,075	-	34,544,705
Total Public Transportation	<u>48,546,392</u>	<u>852,186</u>	<u>4,772,702</u>	<u>2,225,290</u>	<u>46,851,166</u>

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, 2003

FUNCTION AND ACTIVITY	Governmental Funds Capital Assets 10/01/02	Additions	Retirements	Adjustments And Transfers	Governmental Funds Capital Assets 09/30/03
Public Health					
Environmental Protection	-	-	-	811,955	811,955
Health Department	-	-	-	400,774	400,774
Total Public Health	-	-	-	1,212,729	1,212,729
Human Services					
Emergency Management	33,130	-	-	-	33,130
Brazos Center	118,217	-	-	2,159,196	2,277,413
Agricultural Extension	-	-	-	92,908	92,908
Elections	15,000	1,019,936	-	-	1,034,936
Exposition Center	-	-	-	2,593,564	2,593,564
Total Human Services	166,347	1,019,936	-	4,845,668	6,031,951
Capital Projects	34,831,918	860,895	-	(35,692,813)	-
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 88,995,407</u>	<u>\$ 3,622,904</u>	<u>\$ 4,966,681</u>	<u>\$ 371,604</u>	<u>\$ 88,023,234</u>

BRAZOS COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
September 30, 2003

FUNCTION AND ACTIVITY	Land	Buildings	Other Improvements	Machinery And Equipment	Infrastructure	Construction Work in Progress	Total
General Government							
County Judge	\$ 748	\$ 50,207	\$ 9,189	\$ -	\$ -	\$ -	\$ 60,144
Commissioners' Court	58,866	225,931	41,347	6,285	-	-	332,429
Community Support	25,375	62,125	-	-	-	-	87,500
County Treasurer	2,618	175,724	32,157	13,224	-	-	223,723
Risk Management	748	50,207	9,189	14,639	-	-	74,783
Tax Assessor-Collector	16,321	119,689	509,686	37,531	-	-	683,227
Information Technology	62,500	18,750	168,329	3,533,277	-	-	3,782,856
Personnel	1,496	100,414	18,375	-	-	-	120,285
County Auditor	4,488	301,242	55,127	6,816	-	-	367,673
Purchasing Administration	1,496	100,414	18,375	6,706	-	-	126,991
Building Maintenance	170,556	244,553	58,501	73,637	-	-	547,247
Total General Government	345,212	1,449,256	920,275	3,692,115	-	-	6,406,858
Justice System							
County Attorney	12,342	828,415	151,602	56,224	-	-	1,048,583
District Attorney	9,725	652,691	119,444	73,986	-	-	855,846
District Clerk	10,098	677,794	124,038	93,395	-	-	905,325
County Clerk	4,114	276,138	50,534	26,547	-	-	357,333
District Courts	5,610	376,551	68,910	22,000	-	-	473,071
County Courts At Law	4,114	276,138	50,534	-	-	122,224	453,010
Justices of the Peace (5)	29,424	131,881	22,000	20,759	-	-	204,064
Community Supervision	187,500	56,250	504,987	-	-	-	748,737
Court Master	748	50,207	9,189	-	-	-	60,144
Total Justice System	263,675	3,326,065	1,101,238	292,911	-	122,224	5,106,113
Law Enforcement							
Sheriff/Jail	106,604	12,920,314	312,393	1,361,071	-	-	14,700,382
Courthouse Security	1,122	75,310	13,782	93,417	-	-	183,631
Constables (4)	30,172	157,909	31,189	383,245	-	-	602,515
Narcotics Task Force	-	-	-	353,930	-	-	353,930
Total Law Enforcement	137,898	13,153,533	357,364	2,191,663	-	-	15,840,458
Juvenile Services							
Juvenile Probation	81,169	6,319,673	32,173	140,944	-	-	6,573,959
Total Juvenile Services	81,169	6,319,673	32,173	140,944	-	-	6,573,959
Public Transportation							
Metropolitan Planning Road & Bridge	-	-	994,180	5,341	-	-	999,521
	5,307,527	321,050	549,785	5,128,578	34,544,705	-	45,851,645
Total Public Transportation	5,307,527	321,050	1,543,965	5,133,919	34,544,705	-	46,851,166

BRAZOS COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY - Continued
September 30, 2003

FUNCTION AND ACTIVITY	Land	Buildings	Other Improvements	Machinery And Equipment	Infrastructure	Construction Work in Progress	Total
Public Health							
Environmental Protection	569,042	90,908	152,005	-	-	-	811,955
Health Department	122,213	139,824	138,737	-	-	-	400,774
Total Public Health	<u>691,255</u>	<u>230,732</u>	<u>290,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,212,729</u>
Human Services							
Emergency Management	-	-	-	33,130	-	-	33,130
Brazos Center	28,084	1,532,411	604,621	112,297	-	-	2,277,413
Agricultural Extension	-	63,441	29,467	-	-	-	92,908
Elections	-	-	-	1,034,936	-	-	1,034,936
Exposition Center	-	-	-	-	-	2,593,564	2,593,564
Total Human Services	<u>28,084</u>	<u>1,595,852</u>	<u>634,088</u>	<u>1,180,363</u>	<u>-</u>	<u>2,593,564</u>	<u>6,031,951</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 6,854,820</u>	<u>\$ 26,396,161</u>	<u>\$ 4,879,845</u>	<u>\$ 12,631,915</u>	<u>\$ 34,544,705</u>	<u>\$ 2,715,788</u>	<u>\$ 88,023,234</u>

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TABLE 1

BRAZOS COUNTY, TEXAS
Government-wide Revenues (1)
Year Ended September 30, 2003

Governmental Activities:

Fiscal Year	Taxes				Investment Earnings	Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Totals
	Property	Sales	Motor Vehicle	Mixed Drink					
2003	\$ 24,127,005	\$ 7,723,285	\$ 1,147,480	\$ 317,091	\$ 594,314	\$ 8,205,775	\$ 3,090,190	\$ 58,911	\$ 45,264,051

(1) Only one year presented due to first year of GASB 34 implementation.

TABLE 2

BRAZOS COUNTY, TEXAS
 Government-wide Expenses By Function (1)
 Year Ended September 30, 2003

Governmental Activities:

Fiscal Year	General Government	Justice System	Law Enforcement	Juvenile Services	Public Transporation	Public Health	Human Services	Interest and Other Fees	Total
2003	\$ 11,890,781	\$ 8,684,058	\$ 11,271,954	\$ 3,802,706	\$ 6,394,828	\$ 1,761,796	\$ 1,578,544	\$ 1,349,227	\$ 46,733,894

(1) Only one year presented due to first year of GASB 34 implementation.

BRAZOS COUNTY, TEXAS
 Comparative Condensed Summary of Revenues - All Governmental Fund Types
 Last Ten Fiscal Years

Year	Taxes	Charges For Services	Inter- Governmental	Other Revenues	Total Revenues
1994	\$ 19,408,073	\$ 4,313,812	\$ 4,588,937	\$ 2,546,202	\$ 30,857,024
1995	19,973,481	4,495,882	2,764,068	1,652,919	28,886,350
1996	20,947,817	4,532,552	1,606,924	1,677,282	28,764,575
1997	22,241,409	4,905,587	1,772,849	1,941,429	30,861,274
1998	23,604,383	5,385,904	1,726,895	1,984,415	32,701,597
1999	24,758,878	5,826,637	4,119,599	2,171,859	36,876,973
2000	26,345,581	6,540,655	2,777,633	2,641,456	38,305,325
2001	27,943,430	7,340,467	3,585,094	2,278,417	41,147,408
2002	30,383,866	7,444,715	3,155,142	1,246,088	42,229,811
2003	32,152,880	7,171,392	3,149,101	1,238,072	43,711,445

BRAZOS COUNTY, TEXAS
 Comapatative Summary of Expenditures - All Governmental Fund Types
 Last Ten Fiscal Years

<u>Year</u>	<u>General Government</u>	<u>Justice System</u>	<u>Law Enforcement</u>	<u>Juvenile Services</u>	<u>Public Transportation</u>	<u>Public Health</u>	<u>Human Services</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total Expenditures</u>
1994	\$ 7,464,834	\$ 4,725,449	\$ 5,839,144	\$ 2,068,168	\$ 3,398,544	\$ 975,604	\$ 1,526,784	\$ 920,575	\$ 1,625,183	\$ 28,544,285
1995	5,840,390	4,998,729	6,300,471	2,402,581	5,099,246	772,347	1,538,417	1,524,802	1,800,958	30,277,941
1996	5,089,108	5,003,765	5,846,936	2,095,425	5,107,220	710,274	1,419,807	2,552,377	1,626,479	29,451,391
1997	6,323,514	5,370,526	6,044,899	2,629,158	4,475,856	696,832	1,316,479	5,829,926	1,831,620	34,518,810
1998	8,215,152	5,984,026	5,881,313	2,971,105	4,519,192	687,894	1,090,016	1,059,773	2,074,517	32,482,988
1999	8,022,647	6,358,865	6,502,196	3,298,091	5,593,200	932,440	1,081,526	4,653,824	1,809,843	38,252,632
2000	6,164,034	6,900,094	8,153,475	3,576,044	8,076,525	1,477,284	1,285,436	5,290,608	1,827,141	42,750,641
2001	6,803,843	7,351,632	8,904,725	4,386,392	7,813,063	1,629,373	1,192,880	2,108,711	1,833,627	42,024,246
2002	8,491,208	7,977,099	9,800,657	3,742,505	7,653,911	1,727,396	1,355,005	5,053,281	2,302,411	48,103,473
2003	8,331,368	8,492,929	10,542,502	3,614,194	6,345,972	1,747,062	1,397,062	3,188,316	3,045,152	46,704,557

BRAZOS COUNTY, TEXAS
 Property Tax Levies and Collections
 And Schedule of Property Taxes Receivable
 Last Ten Years

Tax Year/ Fiscal Year	Total Tax Levy	Current Tax Changes and Collections	Current Collections as Percent of Tax Levy	Delinquent Tax Changes and Collections (1)	Total Collections	Total Collections as Percent of Tax Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Tax Levy
1945 through 1993/1994 (2)	\$ --	\$ --	--	\$ --	\$ --	--	\$ 204,356	\$ --
1994/1995	14,212,104	13,878,216	97.65%	303,848	14,182,064	99.79%	30,040	0.21%
1995/1996	15,071,727	14,794,691	98.16%	243,007	15,037,698	99.77%	34,029	0.23%
1996/1997	15,968,203	15,671,528	98.14%	259,587	15,931,115	99.77%	37,088	0.23%
1997/1998	17,061,045	16,625,071	97.44%	389,349	17,014,420	99.73%	46,625	0.27%
1998/1999	17,749,856	17,360,005	97.80%	331,682	17,691,687	99.67%	58,169	0.33%
1999/2000	18,933,265	18,552,512	97.99%	299,251	18,851,763	99.57%	81,502	0.43%
2000/2001	20,732,000	20,004,504	96.49%	573,674	20,578,178	99.26%	153,822	0.74%
2001/2002	22,629,312	21,988,027	97.17%	421,167	22,409,194	99.03%	220,118	0.97%
2002/2003	24,066,065	22,721,649	94.41%	876,046	23,597,695	98.05%	468,370	1.95%
						Balance:	<u>1,334,119</u>	

NOTE: (1) Changes in Tax Roll since issued.

(2) Amount of delinquent taxes from 1945 to 1993.

Taxes receivable by fund:

General	\$ 1,148,517
Debt Service	<u>185,602</u>
Total	<u>\$ 1,334,119</u>

BRAZOS COUNTY, TEXAS
Assessed and Estimated Actual Value of Taxable Property (1-2)
Last Ten Years

Tax Year/ Fiscal Year	Actual Assessed Value		
	Real Property	Personal Property	Total
1993/1994	\$ 2,359,823,632	\$ 720,374,124	\$ 3,080,197,756
1994/1995	2,662,916,207	733,810,212	3,396,726,419
1995/1996	2,906,482,819	769,522,658	3,676,005,477
1996/1997	3,033,968,634	783,526,598	3,817,495,232
1997/1998	3,234,530,962	846,057,029	4,080,587,991
1998/1999	3,396,189,264	856,281,069	4,252,470,333
1999/2000	3,665,546,939	866,662,574	4,532,209,513
2000/2001	4,026,600,490	920,553,658	4,947,154,148
2001/2002	4,404,363,720	983,496,343	5,387,860,063
2002/2003	5,209,340,502	981,629,223	6,190,969,725

NOTE: (1) The assessed value is the total adjusted assessed valuation net of exempt properties as certified by the Appraisal Review Board.

(2) All property assessed at 100 percent of value as certified by the Central Appraisal District.

BRAZOS COUNTY, TEXAS
Property Tax Rates - All Direct and Overlapping Governments
Last Ten Years

TAX RATES *

Tax Year/ Fiscal Year	Brazos County	City of Bryan	Bryan I. S. D.	City of College Station	College Station I. S. D.	Total
1993/1994	0.4342	0.6092	1.4850	0.4450	1.6300	4.6034
1994/1995	0.4184	0.6100	1.5200	0.4450	1.6100	4.6034
1995/1996	0.4100	0.6100	1.5200	0.4450	1.6100	4.5950
1996/1997	0.4180	0.6324	1.5340	0.4427	1.6900	4.7171
1997/1998	0.4174	0.6295	1.6440	0.4293	1.7400	4.8602
1998/1999	0.4174	0.6367	1.6820	0.4329	1.7800	4.9490
1999/2000	0.4174	0.6367	1.5880	0.4293	1.7500	4.8214
2000/2001	0.4100	0.6364	1.6150	0.4293	1.7500	4.8407
2001/2002	0.4200	0.6364	1.6680	0.4777	1.7900	4.9921
2002/2003	0.4146	0.6364	1.7120	0.4777	1.7700	5.0107

* Per \$100 of Assessed Value

BRAZOS COUNTY, TEXAS

Ten Largest Taxpayers

September 30, 2003

Taxpayer	Type of Business	Assessed Values (1)	% of Assessed Value to Total Assessed Values (2)
Verizon Communications	Communications	\$ 78,516,610	1.27%
C B L & Associates	Mall Development	49,331,205	0.80%
Wal-Mart/Sam's	Retail/Wholesale	41,145,290	0.66%
Alkossler/Weinberg	Gas Production	34,132,895	0.55%
Anadarko E&P Company, LP	Gas Production	31,952,530	0.52%
Devon Gas Services, LP	Gas Production	29,115,880	0.47%
College Station Hospital LP	Health	27,470,360	0.44%
H-E-B; H E Butt Store Property Co.	Retail/Grocery	21,695,945	0.35%
R&S Leasing	Realty	20,394,061	0.33%
Melrose Apartments	Apartment Holdings	<u>19,400,000</u>	<u>0.31%</u>
Total Assessed Values		<u><u>\$ 353,154,776</u></u>	<u><u>5.70%</u></u>

NOTE: (1) Brazos County Appraisal District

(2) Total adjusted assessed valuation net of exempt properties as certified
by the Appraisal Review Board - \$ 6,190,969,725

BRAZOS COUNTY, TEXAS
 Computation of Legal Debt Margin
 September 30, 2003

Assessed Value (Note 1)		\$ 6,190,969,725
		<u>6,190,969,725</u>
Debt Limit (Note 2)		1,302,335,126
Less amount of debt applicable to debt limit		
	Gross bonded debt (Note 3)	8,000,000
	Less available from Debt Service Fund	<u>1,612,877</u>
Total applicable to debt limit		<u>6,387,123</u>
Legal Debt Margin		<u>\$ 1,308,722,249</u>

NOTE: (1) Total adjusted assessed valuation net of exempt properties as certified by the Appraisal Review Board.

(2) Debt Limit 25% of assessed value of real property - \$5,209,340,502
 Article 3, Section 52, of the Texas Constitution.

(3) Includes only general obligation bonds.

BRAZOS COUNTY, TEXAS
Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Expenditures
Last Ten Years

Fiscal Year	(1) Principal	Interest	Total Debt Service	Total General Expenditures (1)	Ratio of Debt Service To Total General Expenditures
1994	\$ 945,000	\$ 221,587	\$ 1,166,587	\$ 28,544,285	4.1%
1995	980,000	183,280	1,163,280	30,277,941	3.8%
1996	1,025,000	138,880	1,163,880	29,451,391	4.0%
1997	1,075,000	87,893	1,162,893	34,518,810	3.4%
1998	1,080,000	30,240	1,110,240	32,482,988	3.4%
1999	-	-	-	38,252,632	-
2000	-	-	-	42,750,641	-
2001	-	-	-	42,024,246	-
2002	-	297,343	297,343	48,103,473	0.6%
2003	-	396,457	396,457	46,704,557	0.8%

NOTE: (1) Includes all governmental fund types.

BRAZOS COUNTY, TEXAS
 Ratio of Net General Bonded Debt
 to Assessed Value and Net Bonded Debt Per Capita
 Last Ten Years

Tax Year/ Fiscal Year	Population	Assessed Value	General Obligation Bonded Debt	Debt Service Funds Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1993/1994	134,750 (1)	\$ 3,080,197,756	\$ 4,160,000	\$ 937,661	\$ 3,222,339	0.10%	23.91
1994/1995	135,003 (1)	3,396,726,419	3,180,000	898,049	2,281,951	0.07%	16.90
1995/1996	138,093 (1)	3,676,005,477	2,155,000	302,705	1,852,295	0.05%	13.41
1996/1997	138,985 (1)	3,817,495,232	1,080,000	182,540	897,460	0.02%	6.46
1997/1998	140,025 (1)	4,080,587,991	-	-	-	-	-
1998/1999	143,436 (1)	4,252,470,333	-	-	-	-	-
1999/2000	152,415 (1)	4,532,209,513	-	-	-	-	-
2000/2001	155,449 (2)	4,947,154,148	-	-	-	-	-
2001/2002	156,415 (1)	5,387,860,063	8,000,000	1,961,310	6,038,690	0.11%	38.61
2002/2003	162,787 (1)	6,190,969,725	8,000,000	1,612,877	6,387,123	0.10%	39.24

NOTE: (1) As estimated by the Texas State Data Center.
 (2) Official Census Data

BRAZOS COUNTY, TEXAS
 Computation of Direct and Overlapping Debt
 September 30, 2003

<u>Taxing Jurisdiction</u>	<u>Total Direct and Overlapping Funded Debt (1)</u>	<u>Estimated Percent Applicable</u>
Brazos County	\$ 6,387,123	100%
City of Bryan	1,790,520	100%
City of College Station	75,695,000	100%
Independent School Districts (2)	<u>124,444,938</u>	100%
Total estimated overlapping funded debt	<u><u>\$ 208,317,581</u></u>	
Ratio overlapping debt to 100% assessed valuation	<u><u>3.36%</u></u>	
Per capita overlapping funded debt	<u><u>\$ 1,279.69</u></u>	

(1) General Obligation Bonds outstanding less amount available in Debt Service Fund

(2) Independent School District debt includes:

College Station Independent School District - \$ 57,188,480

Bryan Independent School District - \$67,256,458

BRAZOS COUNTY, TEXAS

Miscellaneous Statistical Data

September 30, 2003

Organization	Brazos County was created in 1841 and named for the Brazos River, which is the southwest border of the County.
Government	The County is governed by four (4) elected Commissioners and one (1) County Judge. It is audited by the County Auditor who is appointed by the 85th, 272nd, and 361st Judicial District Judges of the State of Texas.
Area	586 square miles, bounded by the Brazos River on the southwest, the Old San Antonio Road on the northwest, and the Navasota River on the east.
Miles of Roads	461 miles of County maintained roads.
Fire Protection	Each precinct has a voluntary Fire Department, and when needed, has the assistance of the Bryan and College Station Fire Departments.
Police Protection	The County Sheriff's Department, 5 precinct constables, the Cities of Bryan and College Station Police Departments, Campus Security at Texas A & M University, Campus Security at Blinn College, and the Texas Department of Public Safety comprise most of the law enforcement of the County. The County maintains the jail at the courthouse, a detention facility on Sandy Point Road, and a juvenile detention facility.
Education	<p>Independent School Districts of:</p> <p style="padding-left: 40px;">Bryan</p> <p style="padding-left: 40px;">College Station</p> <p style="padding-left: 40px;">Navasota</p> <p>Texas A & M University</p> <p>Blinn Junior College at Bryan</p> <p>Private Schools:</p> <p style="padding-left: 40px;">Aggieland Country School</p> <p style="padding-left: 40px;">Allen Academy</p> <p style="padding-left: 40px;">St. Michael's Academy</p> <p style="padding-left: 40px;">St. Joseph Schools</p> <p style="padding-left: 40px;">Bethel Temple Christian School</p> <p style="padding-left: 40px;">Brazos Christian School</p> <p style="padding-left: 40px;">Montessori School House</p>

BRAZOS COUNTY, TEXAS

Miscellaneous Statistical Data

September 30, 2003

<u>Population</u>		
1940	Census	26,977
1950	Census	38,390
1960	Census	44,895
1970	Census	57,978
1980	Census	93,588
1990	Census	121,862
2000	Census	152,415
2001	(1)	155,449
2002	(1)	156,415
2003	(1)	162,787

(1) Population as estimated by the Texas State Data Center.

<u>General Election</u>	<u>Registered Voters</u>	<u>Voted in Election</u>	<u>Percent Participation</u>
11/08/94	58,036	32,884	56.66%
11/07/95	61,663	9,219	14.95%
11/07/96	70,204	39,422	56.15%
11/04/97	73,389	8,094	11.03%
11/03/98	75,516	26,981	35.73%
11/02/99	72,182	5,449	7.55%
11/07/00	84,945	47,606	56.04%
11/07/01	88,331	3,929	4.45%
11/05/02	91,220	29,175	31.98%
09/13/03	86,558	6,449	7.45%

BRAZOS COUNTY, TEXAS

Miscellaneous Statistical Data

September 30, 2003

Labor Force Statistics *

	1997	1998	1999	2000	2001	2002	2003
Labor Force	71,600	71,839	75,815	76,181	76,884	78,073	85,296
Unemployed	1,575	1,254	1,351	1,211	1,245	1,417	1,945
% Unemployed	2.2	1.8	1.8	1.6	1.6	1.8	2.3
Employed	70,025	70,585	74,464	74,970	75,639	76,656	83,351

* Includes resident wage and salary workers, self-employed, unpaid family workers and domestics in private households, agricultural workers and workers involved in labor-management disputes. Source: Texas Workforce Commission, Bryan, Texas.

Major Employers (Non Retail)**	Employees
Texas A&M University & System	13,000
St. Joseph Regional Hospital	2,400
Bryan Independent School District	2,017
Sanderson Farms	1,696
College Station Independent School District	1,100
City of Bryan	920
UCS/Rentsys	750
City of College Station	700
Brazos County***	698
Alenco Holding Corporation, INC.	600
Scott & White Clinic	600

** Figures provided by Research Valley Partnership.

*** Figure provided by Brazos County records.

Employed by the County	Elected Officials	Appointed Officials	Employees
On September 30, 1994	30	3	575
On September 30, 1995	30	3	596
On September 30, 1996	30	3	644
On September 30, 1997	30	3	627
On September 30, 1998	30	3	635
On September 30, 1999	27	3	661
On September 30, 2000	27	3	651
On September 30, 2001	27	3	668
On September 30, 2002	27	3	710
On September 30, 2003	27	3	668

BRAZOS COUNTY, TEXAS
Property Value and Building Permits
Last Ten Years

Fiscal Year	Property Value (1)	Building Permits (2)
1994	\$ 3,080,197,756	\$ 121,754,509
1995	3,396,726,419	134,304,842
1996	3,676,005,477	146,821,676
1997	3,817,495,232	193,363,182
1998	4,080,587,991	188,890,435
1999	4,252,470,333	255,218,735
2000	4,532,209,513	274,644,286
2001	4,947,154,148	201,458,617
2002	5,387,860,063	236,811,128
2003	6,190,969,725	271,105,822

NOTE: (1) Net as certified by the Appraisal Review Board.
(2) Total value of all building permits issued by the City of Bryan and the City of College Station.

BRAZOS COUNTY, TEXAS
Annual Compensation and Surety Bonds for Principal Officials
For the Twelve Month Period Ended September 30, 2003

<u>Elected Official</u>	<u>Title</u>	<u>Annual Salary</u>	<u>Amount of Surety Bond</u>
Randy Sims (1)	County Judge	\$ 70,659	\$ 5,000
J.D. Langley	85th District Court Judge	8,290	-
Rick Davis	272nd District Court Judge	7,570	-
Steven Smith	361st District Court Judge	7,810	-
James Locke	County Court-at-Law Judge	110,776	5,000
Randy Michel	County Court-at-Law Judge	110,296	5,000
Tony Jones	Precinct 1 Commissioner	53,384	3,000
E. Duane Peters (1)	Precinct 2 Commissioner	53,384	3,000
G. Kenny Mallard, Jr. (1)	Precinct 3 Commissioner	53,144	3,000
Carey Cauley, Jr.	Precinct 4 Commissioner	53,384	3,000
Karen McQueen	County Clerk	52,154	180,000
Gerald L. Winn	Tax Assessor-Collector	54,916	100,000
Marc Hamlin	District Clerk	54,346	100,000
Bill Turner	District Attorney	8,550	5,000
James Kuboviak	County Attorney	92,995	2,500
Kay Hamilton	County Treasurer	50,394	25,000
Christopher C. Kirk	County Sheriff	68,560	5,000
Justices of the Peace:			
Charles Ellis	Precinct 1	44,200	5,000
Margaret Meece (1)	Precinct 2 Place 1	44,200	5,000
Ray M. Truelove	Precinct 2 Place 2	44,920	5,000
George H. Boyett	Precinct 3	44,680	5,000
Ramero Quintero	Precinct 4	44,200	5,000
Constables:			
James Marrow	Precinct 1	38,310	1,500
Donald Lampo (1)	Precinct 2	37,830	1,500
Dee W. Thompson	Precinct 3	38,310	5,000
Isaac Butler, Jr.	Precinct 4	38,310	5,000
Phil Sikes	Precinct 6	38,310	5,000
<u>Appointed Official</u>			
John T. Reynolds	County Auditor	64,961	5,000

(1) Began term 1/1/03

BRAZOS COUNTY, TEXAS
 General Fund
 Salary and Wages By Function
 Last Five Fiscal Years

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General Government	\$ 3,251,589	\$ 3,028,014	\$ 2,705,066	\$ 2,516,478	\$ 2,397,625
Justice System	4,628,460	4,387,470	4,083,747	3,869,961	3,512,730
Law Enforcement	6,045,185	5,739,872	5,079,575	4,588,267	4,164,488
Juvenile Services	1,913,899	1,936,131	1,621,877	1,542,051	1,377,786
Public Transportation	1,670,521	1,580,327	1,473,654	1,441,536	1,393,649
Human Services	<u>439,935</u>	<u>432,310</u>	<u>448,487</u>	<u>456,193</u>	<u>431,398</u>
TOTALS	<u>\$ 17,949,589</u>	<u>\$ 17,104,124</u>	<u>\$ 15,412,406</u>	<u>\$ 14,414,486</u>	<u>\$ 13,277,676</u>

BRAZOS COUNTY, TEXAS
 General Fund
 Annual Salary and Benefits By Function
 For the Year Ended September 30, 2003

	<u>Salary</u>	<u>Social Security</u>	<u>Retirement</u>	<u>Health & Dental Insurance</u>	<u>Worker's Compensation</u>	<u>Cafeteria Plan Administration Fees</u>	<u>TOTAL</u>
General Government	\$ 3,251,589	\$ 239,667	\$ 353,305	\$ 502,398	\$ 24,439	\$ 1,982	\$ 4,373,380
Justice System	4,628,460	339,360	502,644	632,967	16,328	2,357	6,122,116
Law Enforcement	6,045,185	445,366	664,152	945,791	140,782	3,075	8,244,351
Juvenile Services	1,913,899	141,183	196,306	278,699	7,738	1,094	2,538,919
Public Transportation	1,670,521	123,131	176,279	294,980	66,189	876	2,331,976
Human Services	<u>439,935</u>	<u>31,709</u>	<u>40,227</u>	<u>76,094</u>	<u>6,241</u>	<u>228</u>	<u>594,434</u>
TOTALS	<u><u>\$ 17,949,589</u></u>	<u><u>\$ 1,320,416</u></u>	<u><u>\$ 1,932,913</u></u>	<u><u>\$ 2,730,929</u></u>	<u><u>\$ 261,717</u></u>	<u><u>\$ 9,612</u></u>	<u><u>\$ 24,205,176</u></u>

**INDEPENDENT AUDITOR'S REPORTS ON
COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING
SEPTEMBER 30, 2003**

INGRAM, WALLIS & COMPANY

A PROFESSIONAL CORPORATION

Certified Public Accountants

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Randy Sims, County Judge
and the Honorable County Commissioners
Brazos County, Texas

We have audited the basic financial statements of Brazos County, Texas (the "County") as of and for the year ended September 30, 2003, and have issued our report thereon dated December 12, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in accompanying schedule of findings and questioned costs as items 2003-01 to 2003-05.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters

coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2003-02, 2003-03 and 2003-04.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

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

Bryan, Texas
December 12, 2003

A handwritten signature in black ink that reads "Ingram, Wallis & Company". The signature is written in a cursive, flowing style.

INGRAM, WALLIS & COMPANY

A PROFESSIONAL CORPORATION

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Randy Sims, County Judge
and the Honorable County Commissioners
Brazos County, Texas

Compliance

We have audited the compliance of Brazos County, Texas (the "County") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2003. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2003. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2003-01 to 2003-05.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on each of its major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2003-02, 2003-03 and 2003-04.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Schedule of Expenditures of Federal and State Awards

We have audited the basic financial statements of the County as of and for the year ended September 30, 2003, and have issued our report thereon dated December 12, 2003. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Bryan, Texas
December 12, 2003



BRAZOS COUNTY, TEXAS
Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2003

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor/State Number	Program/ Award Amount	Accounts Receivable (Payable) October 1, 2002	Receipts	Expenditures	Grant Funds Refunded in 2003	Accounts Receivable (Payable) September 30, 2003
<u>U. S. Department of Justice</u>								
Local Law Enforcement Block Grant	16.592	2000-LB-BX-2193	\$ 43,927	\$ (18,640)	\$ -	\$ 18,640	\$ -	\$ -
	16.592	2001-LB-BX-2756	45,538	(45,538)	--	41,596	--	(3,942)
	16.592	2002-LB-BX-2030	32,757	--	32,757	--	--	(32,757)
State Criminal Alien Assistance Program	16.606	10/01/02-09/30/03	--	--	--	49,300	--	49,300
Gun Violence Prosecutioin Grant	16.609	2002-GP-CX-0172	120,000	3,108	46,321	56,525	--	13,312
				(61,070)	79,078	166,061	--	25,913
<u>Passed through the Texas Engineering Extension Service</u>								
Emergency Preparedness Grant	97.004	N/A	46,152	--	46,083	46,083	--	--
				--	46,083	46,083	--	--
<u>Passed through Office of the Governor of Texas, Criminal Justice Divisior</u>								
Narcotics Trafficking Task Force	16.579	DB-01-A10-13867-04 06/01/02-05/31/03	649,991	116,722	511,473	394,751	--	--
Narcotics Trafficking Task Force	16.579	DB-01-A10-13867-05 06/01/03-05/31/04	650,000	--	--	154,163	--	154,163
Juvenile Accountability Incentive Block Gran	16.523	JB-00-J20-15463-02	50,347	13,534	13,534	--	--	--
Juvenile Accountability Incentive Block Gran	16.523	JB-00-J20-15463-03	51,817	4,054	4,054	42,465	--	42,465
Juvenile Accountability Incentive Block Grant	16.523	JB-02-J20-15463-04	43,745	--	--	245	--	245
				134,310	529,061	591,624	--	196,873
<u>U. S. Department of Transportation</u>								
<u>Passed through State Department of Highways and Public Transportation</u>								
Metropolitan Planning Organization	20.205	502XXF0024	219,989	38,601	38,601	--	--	--
Metropolitan Planning Organization	20.205	503XXF0024	--	--	128,581	140,726	--	12,145
Sale to Intoxicated Persons	20.600	581XXF5006	30,958	13,233	13,233	--	--	--
Comprehensive Underage Drinking Education Program	20.600	581XXF5003	46,204	9,854	9,854	--	--	--
Comprehensive Underage Drinking Education Program	20.600	583XXF5007	46,204	--	35,660	41,105	--	5,445
Local Rail Economic Feasibility & Location Study	20.205	2000-014	1,131,345	147,568	20,945	9,138	--	135,761
				209,256	246,874	190,969	--	153,351
<u>U.S. Federal Transit Administration</u>								
<u>Passed through Brazos Valley Community Action Agency/Brazos Transit Distric</u>								
Metropolitan Planning Organization	20.505	N/A	33,982	2,676	2,676	--	--	--
Metropolitan Planning Organization	20.505	N/A	30,000	--	9,810	30,000	--	20,190
				2,676	12,486	30,000	--	20,190

BRAZOS COUNTY, TEXAS
Schedule of Expenditures of Federal and State Awards (Continued)
For the Year Ended September 30, 2003

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor/State Number	Program/ Award Amount	Accounts Receivable (Payable) October 1, 2002	Receipts	Expenditures	Grant Funds Refunded in 2002	Accounts Receivable (Payable) September 30, 2003
<u>U. S. Federal Emergency Management Agency</u>								
<u>Passed through Texas Department of Public Safety</u>								
Division of Emergency Management	83.544	EMT-2002-GR-0005	31,555	7,889	7,889	--	--	--
Division of Emergency Management	83.552	EMT-2003-GR-0005	39,700	--	18,989	39,700	--	20,711
HMEP	20.703	P4050860	19,200	4,826	4,433	(393)	--	--
				12,715	31,311	39,307	--	20,711
<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	09/01/01-08/31/02	--	23,666	23,666	--	--	--
	93.658	09/01/02-08/31/03	--	3,715	27,216	50,713	--	27,212
	93.658	09/01/03-08/31/04	--	--	--	4,473	--	4,473
Title IV-E-Foster Care Maintenance	93.658	09/01/01-08/31/02	--	6,584	6,584	--	--	--
	93.658	09/01/02-08/31/03	--	--	--	9,358	--	9,358
	93.658	09/01/03-08/31/04	--	--	--	333	--	333
				33,965	57,466	64,877	--	41,376
<u>Passed through the Texas Juvenile Probation Commission</u>								
Title IV- E- Administration	93.658	09/01/01-08/31/02	--	150,807	150,807	--	--	--
	93.658	09/01/02-08/31/03	--	--	119,387	287,374	--	167,987
Title IV-E - Maintenance - Juvenile	93.658	TJPC-E-2002-021	--	14,376	24,547	6,196	--	(3,975)
	93.658	TJPC-E-2003-021	--	--	73,257	40,183	--	(33,074)
	93.658	TJPC-E-2004-021	--	--	--	1,247	--	1,247
				165,183	367,998	335,000	--	132,185
<u>Passed through the Texas Department of Human Services</u>								
National School Lunch Program	10.555	07/01/02-06/30/03	--	3,151	17,390	16,107	--	1,868
	10.555	07/01/03-06/30/04	--	--	--	3,666	--	3,666
School Breakfast Program	10.553	07/01/02-06/30/03	--	2,130	11,537	10,597	--	1,190
	10.553	07/01/03-06/30/04	--	--	--	2,811	--	2,811
Food Services Division Commodities	10.550	07/01/02-06/30/03	--	545	2,000	1,455	--	--
	10.550	07/01/03-06/30/04	--	--	703	703	--	--
				5,826	31,630	35,339	--	9,535
Total Federal Assistance				\$ 502,861	\$ 1,401,987	\$ 1,499,260	\$ --	\$ 600,134

BRAZOS COUNTY, TEXAS
Schedule of Expenditures of Federal and State Awards (Continued)
For the Year Ended September 30, 2003

State Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor/State Number	Program/ Award Amount	Accounts Receivable (Payable) October 1, 2002	Receipts	Expenditures	Grant Funds Refunded in 2002	Accounts Receivable (Payable) September 30, 2003
<u>Texas Juvenile Probation Commissioner</u>								
State Aid	N/A	TJPC-A-2002-021 09/01/01-08/31/02	253,689	\$ (9,079)	\$ --	\$ --	\$ 9,079	\$ --
State Aid	N/A	TJPC-A-2003-021 09/01/02-08/31/03	376,463	36,267	376,463	339,871	--	(325)
State Aid	N/A	TJPC-A-2004-021 09/01/03-08/31/04	119,859	--	--	8,047	--	8,047
Community Corrections Assistance Program	N/A	TJPC-Y-2002-021 09/01/01-08/31/02	225,264	(5,916)	--	--	5,916	--
Community Corrections Assistance Program	N/A	TJPC-Y-2003-021 09/01/02-08/31/03	225,264	15,926	225,264	209,338	--	--
Community Corrections Assistance Program	N/A	TJPC-Y-2004-021 09/01/03-08/31/04	198,024	--	--	13,357	--	13,357
Challenge	N/A	TJPC-C-2002-021 09/01/01-08/31/02	49,632	(2,077)	--	--	2,077	--
Challenge	N/A	TJPC-C-2003-021 09/01/02-08/31/03	47,311	1,897	23,656	14,586	--	(7,173)
State Supplement	N/A	TJPC-Z-2002-021 09/01/01-08/31/02	123,975	(4,385)	--	--	4,385	--
State Supplement	N/A	TJPC-Z-2004-021 09/01/03-08/31/04	123,975	--	--	8,539	--	8,539
Progressive Sanctions Level 5 Placement Substance Abuse & Weapons Placement	N/A	N/A	14,726	2,126	2,677	551	--	--
JJAEP	N/A	TJPC - P - 2003 - 021	N/A	--	66,257	50,681	--	(15,576)
JJAEP	N/A	TJPC - P - 2004 - 021	11,146	--	--	--	--	--
Progressive Sanctions Juvenile Probation Officers	N/A	TJPC-F-2004-021 09/01/03-08/31/04	94,104	--	--	12,784	--	12,784
Progressive Sanctions Level 1-2-3 Program	N/A	TJPC-G-2004-021 09/01/03-08/31/04	38,525	--	--	--	--	--
Progressive Sanctions ISJPO	N/A	TJPC-O-2004-021 09/01/03-08/31/04	27,240	--	--	3,454	--	3,454
<u>Texas Task Force on Indigent Defense</u> Indigent Defense Formula Grant	N/A	212-03-021 10/01/02-09/30/03	76,274	--	57,206	73,596	--	16,390
<u>Texas Department of Public Safety</u> Senate Bill 1074, 77th Legislature	N/A	SB1074 09/01/02-08/31/03	123,845	--	123,845	123,845	--	--
Total State Assistance				37,587	878,196	858,649	21,457	39,497
Total Federal and State Assistance				\$ 540,448	\$ 2,280,183	\$ 2,357,909	\$ 21,457	\$ 639,631

BRAZOS COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

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.

BRAZOS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2003

SECTION II - FINANCIAL STATEMENT FINDINGS

2003-01 Criteria - Cancellation of all invoices as they are paid reduces the possibility of duplicate payments, whether resulting from error or intentional fraud.

 Condition - During review of invoices, we noted several invoices not properly stamped paid or otherwise marked to avoid duplication.

 Recommendation - Cancellation of invoices should occur at the time of payment and be an inherent part of the payment process.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2003-02 Criteria - Proper documentation must be retained to substantiate charges to grants. Acceptance and disposal of donated materials should be approved by the appropriate authority.

 Condition - Through review of reports issued by the Brazos County internal audit department and discussion with County personnel, we noted several matters involving the Juvenile Accountability Incentive Block Grant which operates the juvenile Boot Camp.

 Timesheets for tutors were not properly maintained. Several tutors were paid amounts that could not be determined as earned. Certain items purchased by the program or donated to the program could not be located during a physical inspection of the premises. Items purportedly stolen were not reported to the police. Also, the donated items did not go through the proper County procedures to accept and dispose of assets.

 Recommendation - We recommend a strict control over record keeping be instituted at the Boot Camp to insure payment is made only for services properly rendered. An appropriate level of supervision over personnel involved in the acceptance of donated assets and disposal of all assets is also required.

2003-03 Criteria - Monthly reconciliations should be performed for grant reporting and proper supervision and review procedures should be in place to insure accurate and timely monthly reporting.

 Condition - Numerous journal entries were required at year end to properly state the financial statements for state and federal award activity. It appears that supervision of grant reporting was not effectively performed throughout fiscal year 2003. Due to the need to reconcile financial reports and grant reports, final grant reports for several programs were not timely filed.

BRAZOS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2003

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - CONTINUED

Recommendation - Monthly reconciliations of grant reports and general ledger reports should be reviewed by appropriate personnel prior to submission of the reports. Grant accountants should be properly trained in grant accounting issues. Final quarterly reports for all programs should be prepared, reviewed and submitted by the due date to avoid delays in future funding.

2003-04 Criteria - All applicable standards regarding Title IV-E case documentation should be followed to insure proper compliance with grant requirements.

Condition - A Title IV-E monitoring report from the Texas Juvenile Probation Commission noted noncompliance with case management standards. Based on the monitoring report, the County was required to pay back \$47,427 in overpaid foster care reimbursements.

Recommendation - All Brazos County Juvenile Probation Department employees should review program standards to ensure compliance in current Title IV-E files. An appropriate official should examine all applicable files prior to submission for the reimbursement request.

2003 - 05 Criteria - Students reported to TJPC as attending the JJAEP classes should be in agreement with actual attendance vouchers.

Condition and Questioned Cost - Actual daily attendance vouchers for JJAEP were not in agreement with the monthly attendance forms submitted to the TJPC. An excess of 7 days was reported. At the daily rate of \$59, the amount overpaid by TJPC was \$413.

Recommendation - The officer in charge of the TJPC program must reconcile the daily attendance vouchers to the monthly form submitted to TJPC prior to submission.

BRAZOS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2002
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENT FINDINGS

There were no year findings related to the financial statements which were required to be reported in accordance with *Government Auditing Standards* for the year ended September 30, 2002.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings required to be reported by Section 510(a) of OMB Circular A-133 for the year ended September 30, 2002.