

ARANSAS COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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Introductory Section

ARANSAS COUNTY

Lezlie M. Kirk
County Auditor
lkirk@aransascounty.org

301 N. Live Oak
Rockport, Texas 78382
Phone (361) 790-0124
Fax (361) 790-0125

June 30, 2009

Honorable District Judges
Honorable County Judge
Honorable County Commissioners
Aransas County
Rockport, Texas 78382

Ladies and Gentlemen:

Conforming to statutory requirements of the duties of the County Auditor, submitted herewith is the comprehensive annual financial report for Aransas County, Texas, for the year ended December 31, 2008. This report is issued by the County Auditor's office. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included. The report consists of three parts:

- 1) Introductory section
- 2) Financial section, including financial statements and supplemental data of the government accompanied by our independent auditor's opinion
- 3) Statistical section, including a number of tables of unaudited data depicting the financial history of the government for the past 10 years, and other miscellaneous information

ACCOUNTING METHODS AND REPORT

The Governmental Accounting and Standards Board require various other entities and activities to be reviewed for possible inclusion in the reporting entity. Accordingly, it has been determined that the reporting entity for Aransas County, Texas, includes all of the funds of the County. The County received an unqualified, or a clean, opinion on the financial statements for 2008. In years prior to 2004, a qualified opinion had been received because of the lack of fixed asset records.

Your attention is particularly directed to the Statement of Net Assets and Statement of Activities in this report which provides an overview of the financial position and results of operations for the County as a whole, and to the "Notes to Financial Statements" which include additional descriptive information necessary for a full understanding of the County's financial condition. The more detailed financial statements comprising the remainder of the report describe the specific activities of each fund and group of accounts used in accounting for the County's financial transactions.

FINANCIAL ADMINISTRATION

The officials having responsibility for the financial administration of the County are the County Judge and four County Commissioners (the Commissioners Court), the Tax Assessor-Collector, and the County Treasurer, all of whom are elected for four-year terms, and the County Auditor who is appointed for a two-year term by the State District Judges having jurisdiction within the County. The governing body of the County is the Commissioners Court. It has only powers expressly granted to it by the legislature and powers necessarily implied from such grant. Among other duties, it prepares and approves the County budget, determines the County tax rates, approves contracts in the name of the County, determines whether a proposition to issue bonds should be submitted to the voters, and appoints certain County officials.

The County Judge is the presiding officer of the Commissioners Court and is elected for a four-year term by the voters of the County. Each Commissioner represents one of the four Commissioner precincts into which the County is divided and is elected by the voters of his precinct for a four-year term. The Commissioners Court oversees road and bridge maintenance and construction, which is performed out of one central field office and staff, with one set of road and bridge equipment.

The Tax Assessor-Collector is responsible for collecting ad valorem taxes, collecting certain State and County fees and other taxes, including taxes collected for other local entities.

The County Treasurer's responsibilities include depositing monies received by the County in the depository selected by the Commissioners Court and signing all the County's checks. In addition, the Treasurer serves as the County's investment officer and administers the Indigent Health Care and County Assistance Programs.

The County Auditor is the chief financial officer of Aransas County. She is appointed for a two-year term by and is accountable to the State District Judges. The County Auditor is responsible for substantially all County finance and accounting functions. Her responsibilities include those for accounting, auditing, accounting systems design, assisting with financial planning, financial operations, insurance and payroll. Her signature is also required on the County's checks.

INTERNAL CONTROL

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgements by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

BUDGETING

The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. He accumulates departmental requests and works with the County Auditor in compiling estimates of revenue and departmental expenditures.

The Commissioners Court invites various department heads to appear for a hearing concerning the department's budget request. Before determining the final budget, the Commissioners Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the estimate of revenues and available cash. Unused appropriations lapse at year end.

When the budget has been adopted by the Commissioners Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the Commissioners Court advised of the condition of the various funds and accounts.

Each fund is budgeted on an annual basis with no carryovers into the next year. If a fund has or shows a balance at the end of the year, the balance is included in making computation of available cash for next year's budget.

The Agency Funds are not budgeted as they are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Various other smaller funds were not budgeted for various reasons.

CASH MANAGEMENT

With the approval of Commissioners Court, cash temporarily idle in the various funds is invested in time deposits, money market certificates, and various securities as allowed by law. Interest rates on time deposits are governed by the County depository contract which, by law, is awarded for a two or four year period to the best bidder. The interest rates paid on County time deposits during the year ended December 31, 2008, vary with Treasury Bill rates and the period of time the money is invested.

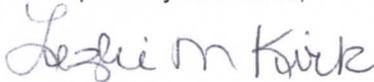
INDEPENDENT AUDIT

Aransas County has followed the policy of having annual independent audits of all its funds during the last several years. This policy has been continued for year 2008 and the independent auditor's report has been included in this report.

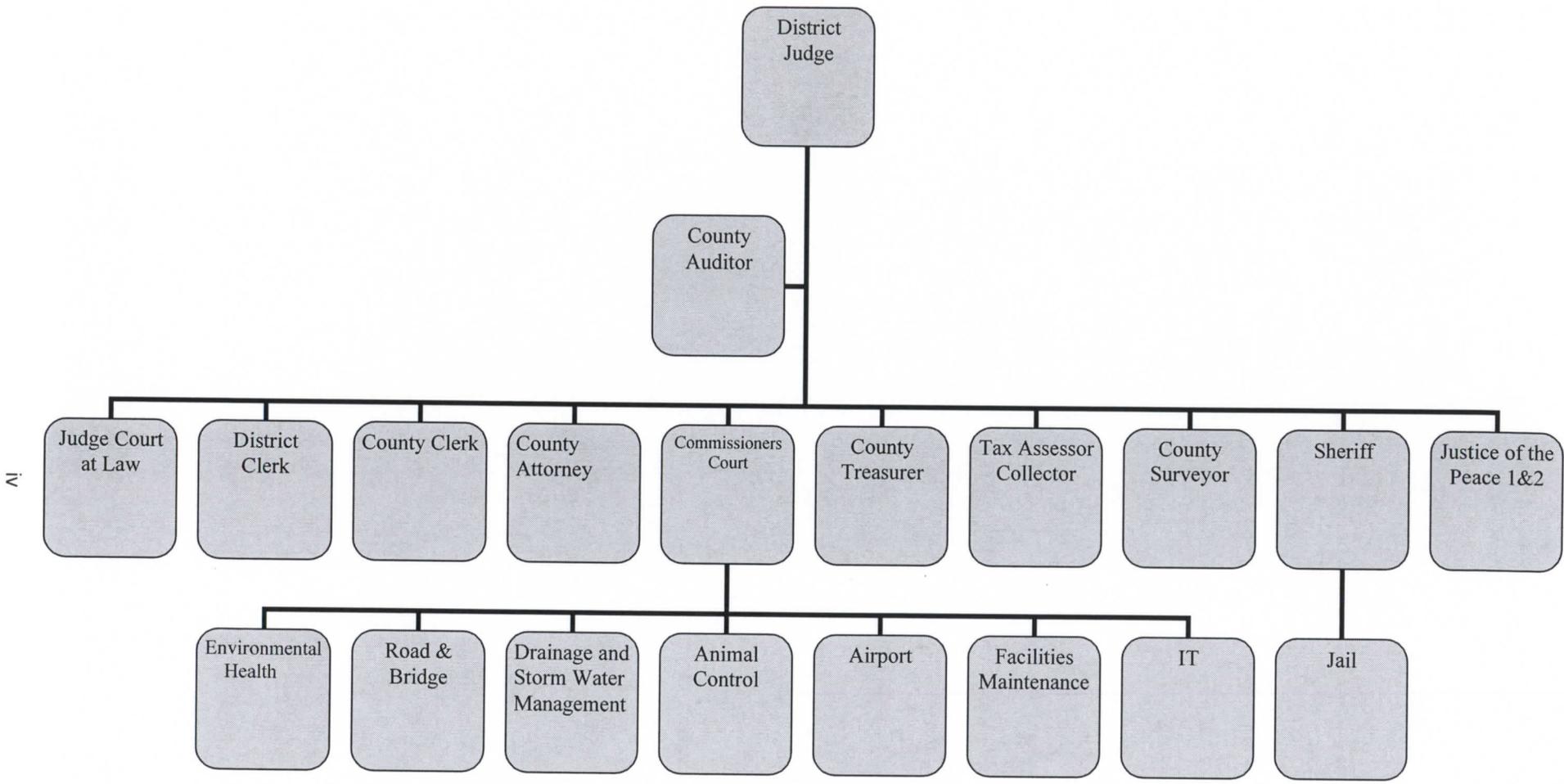
GENERAL REVIEW AND OUTLOOK

The County is in a sound financial condition as of December 31, 2008. The significant progress that Aransas County has made in keeping county facilities and operations in step with the economic development and growth of the County, in updating its financial records and record keeping, in the preparation of this report, and in the sound financial administration of the County could not have been accomplished without the cooperation of the various County officials and the Commissioners Court. I wish to thank them all.

Respectfully submitted,



Leslie M. Kirk
County Auditor



**ARANSAS COUNTY
ORGANIZATION CHART**

ARANSAS COUNTY, TEXAS

LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2008

Elected Officials

<u>Name</u>	<u>Office</u>
<u>District Courts</u>	
Michael Welborn	Judge, 36th Judicial District
Joel B. Johnson	Judge, 156th Judicial District
Janna Whatley	Judge, 343rd, Judicial District
Patrick Flanigan	District Attorney
Pam Heard	District Clerk
<u>Commissioners Court</u>	
C.H. (Burt) Mills	County Judge
Oscar Pina	Commissioner, Precinct 1
Leslie (Bubba) Casterline	Commissioner, Precinct 2
Charles Smith	Commissioner, Precinct 3
C. Howard Murph	Commissioner, Precinct 4
<u>Other County Officials</u>	
William Adams	Judge, County Court at Law
William Mills	Sheriff
Marvine D. Wix	County Treasurer
Peggy L. Friebele	County Clerk
Jeri Cox	Tax Assessor-Collector
James L. Anderson, Jr.	County Attorney
Martin DeLeon	Justice of the Peace, Precinct 1
Patrick J. Daly	Justice of the Peace, Precinct 2
Harry "Doc" Thomas	Constable, Precinct 1
Michael Gregg	Constable, Precinct 2
Jerald L. Brundrett	County Surveyor

Appointed Officials

<u>Name</u>	<u>Position</u>
Lezlie Kirk	County Auditor
David Vyoral	Road Administrator
Gene Johnson	Airport Manager
James Jackson	Environmental Health
David J. Reid	Drainage Engineer

Financial Section

Michael A. Arnold, PLLC

501 E. MARKET

CERTIFIED PUBLIC ACCOUNTANT

PHONE (361) 729-3545

P.O. BOX 1266

FAX (361) 790-9692

ROCKPORT, TEXAS 78381-1266

Independent Auditor's Report on Financial Statements

Commissioners' Court
Aransas County, Texas
301 N. Live Oak
Rockport, Texas 78382

Members of the Commissioners' Court:

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 Aransas County, Texas as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Aransas County, Texas's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Aransas County, Texas as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2009, on our consideration of Aransas County, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise the Aransas County, Texas's basic financial statements. The accompanying combining and individual fund financial statements and supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

A handwritten signature in cursive script that reads "Michael A. Arnold, PLLC".

Michael A. Arnold, PLLC

June 30, 2009

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Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Aransas County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2008. Please read it in conjunction with the transmittal letter on page i and the County's financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

County's Change in Net Assets – Governmental and Business-Type Activities

Total government-wide net assets increased \$1,996,494 as a result of this year's operations. Governmental activities contributed \$419,429 with the balance of \$1,577,065 resulting from business-type activities.

General Fund Performance

As a result of this year's operations, the General fund reported a \$528,431 decrease to fund balance.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 12 and 13) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund finance statements start on page 40. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities

One of the central concerns in assessing any County's finances is summarized in the question, "Is the County as a whole better off or worse off as a result of the year's activities?" Our analysis addressing this question begins on page 5. The analysis includes a condensed summary of the government-wide financial statements – The Statement of Net Assets and the Statement of Activities, which present information about the County in a way that facilitates answering this question. These statements are presented much

like the private-sector companies – including all assets and liabilities using the accrual basis of accounting. All revenues and expenses for the current year are reported without regard to when cash is received or paid.

These government-wide financial statements report both net assets and changes thereto. Net assets are reported in the Statement of Net Assets. The County's net assets, which is the difference between assets and liabilities, is one indicator of the County's financial well-being or financial position at one point in time. Increases or decreases to net assets over a period of time is an indication of whether its financial well-being is improving or deteriorating. Of course, other non-financial considerations enter into the determination of the County's overall health, which would include such things as changes in the County's property tax base and the condition of its streets.

Changes to net assets are reported in the Statement of Activities, which divides all County functions into two categories:

Governmental activities – Most of the County's basic services are reported in this category, which includes judicial, public safety, roads, health and welfare, culture and recreation and general administration. These activities are primarily supported by sales taxes, property taxes, fines and official fees.

Business-type activities – Services provided at the County Airport and Inmate Commissary are paid for from fees that are charged to customers. These two funds are reported in this category.

Reporting the County's Most Significant Funds

Fund Financial Statements

Our analysis of the County's major funds commences on page 40. The fund financial statements are presented on pages 40 through 77. These statements present detailed information about the County's more significant funds as opposed to the County as a whole. Funds are established for various reasons – some are required by state law; others, by bond covenants. The County has two categories of funds, which can be used for public purpose – governmental and proprietary. Each category uses a different accounting approach.

Governmental funds – Most of the County's basic services are reported in governmental funds. These funds focus on the flow of money into and out of the funds and the balance left over at the end of the year that is available for future spending. Governmental funds use a method of accounting called modified accrual. The purpose of this method is to measure cash and other financial assets that can readily be converted to cash. This approach provides a detailed short-term perspective of the County's general government operations and the basic services it provides. This view of the County's operations provides information that helps to determine the extent to which financial resources are available to spend in the near future to finance County programs. The relationship

between these governmental fund financial statements and the governmental activities column shown in the government-wide financial statements is shown in the form of a reconciliation presented on the page following each governmental fund financial statement.

Proprietary funds- Services provided to either outside customers or to another unit of the County, where a fee is charged, are generally reported in proprietary funds. Proprietary funds are reported the same way that is used in the government-wide financial statements. The County's enterprise funds (a component of proprietary funds) are the same as the business-type activities column of the government-wide financial statements but provides more detail including cash flows. The County has no internal service funds.

THE COUNTY AS A WHOLE

The County's Condensed Statement of Net Assets is presented in Table 1.

Table 1
Net Assets
(in Millions)

	Governmental Activities		Business type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Current and other assets	19.8	20.4	.7	.1	20.5	20.5
Capital Assets	20.4	18.1	8.3	7.3	28.7	25.4
Total Assets	40.2	38.5	9.0	7.4	49.2	45.9
Long-term debt outstanding	12.3	12.7	.7	.7	13.0	13.4
Other liabilities	9.7	8.0			9.7	8.0
Total liabilities	22.0	20.7	.7	.7	22.7	21.4
Net assets:	18.2	17.8	8.3	6.7	26.5	24.5
Invested in capital assets,	8.2	5.5	7.6	6.3	15.8	11.8
Net of debt						
Restricted	1.7	4.0			1.7	4.0
Unrestricted (deficit)	8.3	8.3	.7	.4	9.0	8.7
Total net assets	18.2	17.8	8.3	6.7	26.5	24.5

Net assets of the County's governmental activities increased \$419,429. This increase is primarily due to budgeting expenditures based upon a conservative estimate of revenues, strong performance of revenues and control over expenditures – all of which will be discussed in greater detail below.

The net assets of the County's business-type activities increased \$1,577,065. This increase was due primarily to grants from the Texas Department of Transportation.

Table 2
Changes in Net Assets
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for services	5.4	4.2	1.2	1.0	6.5	5.2
Grants	.9	.7	1.5	1.3	2.4	2.0
General revenues:						
Property taxes	7.0	6.5			7.0	6.5
Sales tax	2.3	2.3			2.3	2.2
Other taxes	.2	.2			.2	.2
Investment income	.3	.6			.3	.6
Other general revenues	.2	.1	.3		.2	.1
Total revenues	16.3	14.6	3.0	2.3	18.9	16.9
Program expenses						
General government	1.5	1.2			1.5	1.2
Judicial	1.2	1.1			1.2	1.1
Legal	.5	.5			.5	.5
Elections	.1	.1			.1	.1
Financial admin.	.9	.8			.9	.8
Public facilities	.6	.5			.6	.5
Public safety	5.4	4.5			5.4	4.5
Environmental	.8	.5			.8	.5
Public Transportation	2.3	2.3			2.3	2.3
Health & Welfare	1.4	1.4			1.4	1.4
Culture and recreation	.4	.3			.4	.3
Conservation	.1	.1			.1	.1
Contributions	.1	.1			.1	.1
Interest on long-term debt	.6	.5			.6	.5
County Airport						1.1
Inmate Commissary			1.4	1.1	1.4	
Total expenses	15.9	13.9	1.5	1.2	17.4	15.1
Excess (deficiency)						
Before special items						
And transfers	.4	.7	1.5	1.1	1.9	1.8
Transfers						
Increase (decrease)						
In net assets	.4	.7	1.5	1.1	1.9	1.8

Total revenues generated from both governmental and business-type activities this year amounted to \$18.9 million.

Governmental Activities

Total revenues generated from governmental activities this year amounted to \$16.3 million. Expenses came in at \$15.9 million.

The cost of all governmental activities this year was \$15.9 million. However, as shown on the Statement of Activities on pages 13 and 14, the amount that our taxpayers ultimately financed for these activities through taxes and other general revenues was \$10.0 million \$5.3 million to finance these programs was paid by those who directly benefited from them, \$.6 was financed through contributions and grants.

Table 3 presents the cost of each of the County’s four largest programs as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the County’s taxpayers by each of these functions.

**Table 3
Governmental Activities
(in Millions)**

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
Public Safety	5.4	4.5	3.1	3.0
General Government	1.5	1.2	1.2	.7
Public Transportation	2.3	2.3	1.0	1.1
Health and Welfare	1.4	1.4	1.2	1.0
Total	10.6	9.4	6.5	5.8

Business-type Activities

Total revenues generated from business-type activities this year amounted to \$3.0 million. Expenses came in at \$1.5 million, leaving \$1.5 million as an increase to net assets before transfers.

More details will be provided about governmental and business-type activities’ operations later in this discussion and analysis.

THE COUNTY'S FUNDS

As a result of this year's operation, governmental funds (as reflected in the balance sheet) increased combined fund balance to \$6.9 million, a decrease of \$2.5 million from last year. This was due funds expended for the construction of the new jail pod.

Governmental Funds - A Detailed Discussion

Revenues

The following table presents a summary of total governmental funds for the years ended December 31, 2008 and 2007.

Table 4
Revenues

Revenues and Transfers- In	2008 Amount	% of Total	2007 Amount	Amount of Increase (Decrease)	% Increase (Decrease)
Taxes	\$ 9,546,432	59	\$ 9,052,441	493,991	5
Licenses & Permits	629,140	4	642,309	(13,169)	-2
Intergovernmental	1,039,869	6	849,008	190,861	22
Charges for services	2,865,233	18	2,805,737	59,496	2
Fines and Forfeitures	1,647,608	10	912,412	735,196	81
Investment Income	322,622	2	625,126	(302,504)	-48
Miscellaneous	157,655	1	118,021	39,634	34
Total	\$16,208,559		\$15,005,054	1,203,505	8

Taxes

The substantial increase in taxes is primarily attributable to property tax receipts. Although there was a decrease in the tax rate, tax revenue increased due to increased assessments and an increase in the collection rate of taxes.

Growth in Taxable Assessed Value

Taxable assessed values increased by \$646,035,716 or 24% over last year.

Collection Rate

This year's collection rate of current property taxes on the current adjusted tax levy amounted to 97%, the same as last year.

These factors resulted in the increase in property tax revenues.

The following table presents a summary of governmental funds' expenditures, operating transfers-out and other financing uses for the years ended December 31, 2008 and 2007.

Table 5
Expenditures and Transfers-Out

Expenditures and Transfers- Out	2008 Amount	Percent of Total	2007 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
General government	\$ 1,451,854	8	\$ 1,104,241	347,613	31
Judicial	1,196,905	6	1,143,511	53,394	5
Legal	493,739	3	498,377	(4,638)	-1
Elections	70,512		57,081	13,431	24
Financial Adm.	881,308	5	778,705	102,603	13
Public Facilities	557,275	3	532,849	24,426	5
Public safety	4,955,561	27	4,097,631	857,930	21
Environmental	739,031	4	523,349	215,682	41
Public transportation	2,039,414	11	2,009,868	29,546	1
Flood Control	12,101		-	12,101	
Health and welfare	1,408,423	8	1,387,693	20,730	1
Culture and recreation	322,716	2	261,008	61,708	24
Conservation	71,979		57,302	14,677	26
Capital Outlay	3,388,586	18	1,214,829	2,173,757	179
Debt Service	1,096,313	5	940,981	155,332	17
Total	18,685,717	100	\$14,607,425	4,078,292	28

Government Fund Expenditures

Total Governmental Fund expenditures were approximately the same as last year.

General Fund

Revenues and transfers-in generated \$10,084,462 and \$850,802, respectively, aggregating \$10,935,264. Expenditures and transfers-out amounted to \$11,200,538 and \$263,157, respectively, aggregating \$11,463,695. The resulting effect on fund balance represented a decrease of \$528,431.

PROPRIETARY FUNDS

Enterprise Funds

The County's enterprise operations consist of the County Airport and the Inmate Commissary. Net operating loss for the County Airport was \$323,720 compared to a loss of \$245,712 in 2007. The \$323,720 loss includes depreciation expense of \$407,442. These amounts do not include capital grants of \$1,482,351.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the County had \$28,533,434 in capital assets.

**Table 8
Capital Assets at Year-end
(Net of Depreciation,)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Land	\$ 895,290	\$ 578,697	\$ 125,710	\$ 125,710	\$ 1,021,000	\$ 704,407
Construction in progress	2,652,342	236,258	385,791	1,288,569	3,038,133	1,524,827
Buildings and improvements	10,033,733	10,396,984	7,620,349	5,749,895	17,654,082	16,146,879
Equipment	1,669,443	1,721,648	166,646	190,526	1,836,089	1,912,174
Infrastructure	4,984,130	5,140,951			4,984,130	5,140,951
Totals	\$20,234,938	\$18,074,538	\$8,298,496	\$7,354,700	\$28,533,434	\$25,429,238

Debt Administration

The County is authorized to issue bonds, for any purpose for which a County may issue bonds under the constitution and laws of the State of Texas. State law precludes the use of bond proceeds for any other purpose other than that for which the bonds were sold.

Type of Debt Issued

The County issued certificates of obligation in 2003 to finance the new jail and law enforcement center. In February 2007, the County issued certificates of obligation of \$2,995,000 to pay for construction projects.

Bond Ratings

The County's bond rating as of last issue from Standards & Poor's is AAA.

Bonds Outstanding

At the end of the fiscal year, the County had \$12,710,000 in bonds outstanding.

At December 31, 2008 the County was in compliance with all bond covenants.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the budget process for fiscal year 2008-09 the elected and appointed officials considered many factors including the forces driving the economy in their budget decisions.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to inform the citizens, taxpayers and customers of the County of Aransas as well as its investors and creditors about the County's finances and to provide accountability for the public support that it receives. If you have any questions about the report or need additional financial information, contact the County Auditor's office at 301 N. Live Oak, Rockport, Texas 78382.

Basic Financial Statements

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ARANSAS COUNTY, TEXAS

STATEMENT OF NET ASSETS

DECEMBER 31, 2008

EXHIBIT A-1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 10,417,422	\$ 220,834	\$ 10,638,256
Receivables (net of allowances for uncollectibles):			
Property taxes	5,828,692	--	5,828,692
Interest	40,571	--	40,571
Intergovernmental	602,826	56,142	658,968
Accounts	--	57,092	57,092
Sundry	15,784	--	15,784
Leases	1,375,000	--	1,375,000
Fines and fees	1,729,901	--	1,729,901
Internal balances	(360,938)	360,938	--
Inventories	104,755	33,198	137,953
Bond issue costs	59,065	17,975	77,040
Capital assets, net of accumulated depreciation			
Land	895,290	125,710	1,021,000
Buildings, facilities and improvements	10,164,817	7,620,349	17,785,166
Machinery and equipment	1,669,443	166,646	1,836,089
Infrastructure	4,984,130	--	4,984,130
Construction in progress	2,652,342	385,791	3,038,133
Total Assets	<u>40,179,100</u>	<u>9,044,675</u>	<u>49,223,775</u>
LIABILITIES			
Accounts payable	429,998	26,462	456,460
Contracts payable	283,840	--	283,840
Accrued wages payable	253,422	6,146	259,568
Accrued interest payable	228,845	--	228,845
Deferred revenues	5,645,184	--	5,645,184
Advance tax collections	2,886,581	--	2,886,581
Long-term liabilities:			
Due within one year	524,278	23,928	548,206
Due in more than one year	11,748,031	702,469	12,450,500
Total Liabilities	<u>22,000,179</u>	<u>759,005</u>	<u>22,759,184</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	8,240,280	7,577,282	15,817,562
Restricted For:			
Debt Service	1,682,645	--	1,682,645
Unrestricted	8,255,996	708,388	8,964,384
Total Net Assets	<u>\$ 18,178,921</u>	<u>\$ 8,285,670</u>	<u>\$ 26,464,591</u>

The accompanying notes are an integral part of this statement.

ARANSAS COUNTY, TEXAS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 1,509,232	\$ 333,940	\$ 15,442	\$ --
Judicial	1,209,863	1,130,631	6,498	--
Legal	493,739	28,576	31,250	--
Elections	87,656	--	--	--
Financial administration	931,388	104,907	--	--
Public facilities	608,949	--	--	--
Public safety	5,388,500	1,879,693	234,465	217,012
Environmental protection	766,771	410,065	--	--
Public Transportation	2,318,482	1,310,736	30,939	--
Flood Control	12,101	--	--	--
Health and welfare	1,425,240	79,373	191,153	--
Culture and recreation	377,451	9,356	--	86,789
Conservation	71,979	--	--	--
Contributions to other governments:				
Water and sewer system	105,500	--	--	105,500
Capital outlay	--	28	--	--
Interest and fiscal charges	601,284	59,821	--	--
Total expenditures	<u>15,908,135</u>	<u>5,347,126</u>	<u>509,747</u>	<u>409,301</u>
Business-type Activities:				
County Airport	1,436,497	1,112,777	37,669	1,482,351
Inmate Commissary	49,999	104,891	--	--
Total Business-type Activities	<u>1,486,496</u>	<u>1,217,668</u>	<u>37,669</u>	<u>1,482,351</u>
Total Primary Government	<u>\$ 17,394,631</u>	<u>\$ 6,564,794</u>	<u>\$ 547,416</u>	<u>\$ 1,891,652</u>

General Revenues:
 Property taxes
 Sales taxes
 Other taxes
 Investment earnings
 Other income
 Gain on Sale of Capital Assets
 Transfers
 Total General Revenues
 Change in Net Assets
 Net Assets - Beginning
 Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,159,850)		\$ (1,159,850)
(72,734)		(72,734)
(433,913)		(433,913)
(87,656)		(87,656)
(826,481)		(826,481)
(608,949)		(608,949)
(3,057,330)		(3,057,330)
(356,706)		(356,706)
(976,807)		(976,807)
(12,101)		(12,101)
(1,154,714)		(1,154,714)
(281,306)		(281,306)
(71,979)		(71,979)
--		--
28		28
(541,463)		(541,463)
<u>(9,641,961)</u>		<u>(9,641,961)</u>
--	\$ 1,196,300	1,196,300
--	54,892	54,892
--	<u>1,251,192</u>	<u>1,251,192</u>
<u>(9,641,961)</u>	<u>1,251,192</u>	<u>(8,390,769)</u>
7,016,997	--	7,016,997
2,306,607	--	2,306,607
247,844	--	247,844
322,622	6,499	329,121
157,655	723	158,378
11,722	316,594	328,316
(2,057)	2,057	--
<u>10,061,390</u>	<u>325,873</u>	<u>10,387,263</u>
419,429	1,577,065	1,996,494
17,759,492	6,708,605	24,468,097
<u>\$ 18,178,921</u>	<u>\$ 8,285,670</u>	<u>\$ 26,464,591</u>

ARANSAS COUNTY, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2008

	General Fund	Road and Bridge
ASSETS		
Cash and investments	\$ 5,184,743	\$ 2,129,494
Receivables (net of allowances for uncollectibles):		
Property taxes	3,778,893	842,194
Interest	31,084	5,264
Intergovernmental	430,625	--
Sundry	15,784	--
Leases	--	--
Due from other funds	2,280	--
Inventories	17,985	41,512
Total Assets	<u>\$ 9,461,394</u>	<u>\$ 3,018,464</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 294,881	\$ 62,711
Contracts payable	--	--
Accrued wages payable	216,693	25,309
Due to other funds	305,938	--
Deferred revenues	3,778,893	856,564
Advance tax collections	1,854,803	419,217
Total Liabilities	<u>6,451,208</u>	<u>1,363,801</u>
FUND BALANCES		
Reserved for debt service	--	--
Reserved for inventory	17,984	41,512
Unreserved, designated	759,672	966,470
Unreserved, undesignated, reported in		
General fund	2,232,530	--
Special revenue funds	--	646,681
Capital project funds	--	--
Total Fund Balances	<u>3,010,186</u>	<u>1,654,663</u>
Total Liabilities and Fund Balances	<u>\$ 9,461,394</u>	<u>\$ 3,018,464</u>

Debt Service Fund	2007 Certificate of Obligation	Other Governmental Funds	Total Governmental Funds
\$ 680,370	\$ 285,324	\$ 2,137,491	\$ 10,417,422
731,342	--	476,263	5,828,692
--	--	4,223	40,571
--	--	172,201	602,826
--	--	--	15,784
1,375,000	--	--	1,375,000
--	--	--	2,280
--	--	45,258	104,755
<u>\$ 2,786,712</u>	<u>\$ 285,324</u>	<u>\$ 2,835,436</u>	<u>\$ 18,387,330</u>
\$ --	\$ 1,484	\$ 70,922	\$ 429,998
--	283,840	--	283,840
--	--	11,420	253,422
55,000	--	2,280	363,218
2,106,342	--	521,521	7,263,320
365,274	--	247,287	2,886,581
<u>2,526,616</u>	<u>285,324</u>	<u>853,430</u>	<u>11,480,379</u>
260,096	--	--	260,096
--	--	--	59,496
--	--	--	1,726,142
--	--	--	2,232,530
--	--	1,946,668	2,593,349
--	--	35,338	35,338
<u>260,096</u>	<u>--</u>	<u>1,982,006</u>	<u>6,906,951</u>
<u>\$ 2,786,712</u>	<u>\$ 285,324</u>	<u>\$ 2,835,436</u>	<u>\$ 18,387,330</u>

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ARANSAS COUNTY, TEXASRECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2008

Total fund balances - governmental funds balance sheet	\$ 6,906,951
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	20,366,022
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	243,136
Payables for bond principal which are not due in the current period are not reported in the funds.	(12,125,109)
Payables for capital leases which are not due in the current period are not reported in the funds.	(633)
Payables for bond interest which are not due in the current period are not reported in the funds.	(228,845)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(146,567)
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.	59,065
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	1,729,901
Lease receivables unavailable to pay for current period expenditures are deferred in the funds.	1,375,000
Net assets of governmental activities - statement of net assets	<u>\$ 18,178,921</u>

The accompanying notes are an integral part of this statement.

ARANSAS COUNTY, TEXAS

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

	General Fund	Road and Bridge
Revenue:		
Taxes	\$ 6,171,290	\$ 1,236,587
Licenses and permits	80,766	548,374
Intergovernmental	131,330	12,179
Charges for services	2,540,890	516,515
Fines and forfeitures	868,833	229,673
Investment earnings	199,740	61,152
Miscellaneous	91,613	50,116
Total revenues	<u>10,084,462</u>	<u>2,654,596</u>
Expenditures:		
Current:		
General government	1,408,936	--
Judicial	1,162,207	--
Legal	466,431	--
Elections	70,512	--
Financial administration	881,308	--
Public facilities	557,275	--
Public safety	4,504,941	--
Environmental protection	648,018	--
Public Transportation	391,221	1,648,193
Flood Control	--	--
Health and welfare	405,130	--
Culture and recreation	42,581	--
Conservation	67,979	--
Capital outlay	573,169	128,326
Debt service:		
Principal	19,754	--
Interest and fiscal charges	1,076	--
Total expenditures	<u>11,200,538</u>	<u>1,776,519</u>
Excess (deficiency) of revenues (under) expenditures	(1,116,076)	878,077
Other financing sources (uses):		
Transfers in	850,802	--
Transfers out	(263,157)	(576,915)
Proceeds from sale of capital assets	--	11,722
Total other financing sources (uses)	<u>587,645</u>	<u>(565,193)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(528,431)	312,884
Fund balances, January 1	3,538,617	1,341,779
Fund balances, December 31	<u>\$ 3,010,186</u>	<u>\$ 1,654,663</u>

The accompanying notes are an integral part of this statement.

Debt Service Fund	2007 Certificate of Obligation	Other Governmental Funds	Total Governmental Funds
\$ 819,046	\$ --	\$ 1,319,509	\$ 9,546,432
--	--	--	629,140
120,821	217,012	558,527	1,039,869
--	--	217,893	3,275,298
--	--	139,037	1,237,543
11,122	35,388	15,220	322,622
--	--	15,926	157,655
<u>950,989</u>	<u>252,400</u>	<u>2,266,112</u>	<u>16,208,559</u>
--	--	42,918	1,451,854
--	--	34,698	1,196,905
--	--	27,308	493,739
--	--	--	70,512
--	--	--	881,308
--	--	--	557,275
--	--	450,620	4,955,561
--	--	91,013	739,031
--	--	--	2,039,414
--	--	12,101	12,101
--	--	1,003,293	1,408,423
--	--	280,135	322,716
--	--	4,000	71,979
--	2,416,084	271,007	3,388,586
430,000	--	--	449,754
645,483	--	--	646,559
<u>1,075,483</u>	<u>2,416,084</u>	<u>2,217,093</u>	<u>18,685,717</u>
(124,494)	(2,163,684)	49,019	(2,477,158)
279	--	998,250	1,849,331
--	--	(1,011,316)	(1,851,388)
--	--	--	11,722
<u>279</u>	<u>--</u>	<u>(13,066)</u>	<u>9,665</u>
(124,215)	(2,163,684)	35,953	(2,467,493)
384,311	2,163,684	1,946,053	9,374,444
<u>\$ 260,096</u>	<u>\$ --</u>	<u>\$ 1,982,006</u>	<u>\$ 6,906,951</u>

ARANSAS 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 DECEMBER 31, 2008

Net change in fund balances - total governmental funds	\$ (2,467,493)
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	3,218,075
The depreciation of capital assets used in governmental activities is not reported in the funds.	(926,591)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	25,016
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	430,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	19,754
Bond issuance costs and similar items are amortized in the SOA but not in the funds	(3,281)
The amortization of bond premiums is not reported in the funds.	5,811
(Increase) decrease in accrued interest from beginning of period to end of period	42,745
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(8,931)
Revenues in the SOA for court fines not providing current financial resources are not reported in the funds.	145,324
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	<u>(61,000)</u>
Change in net assets of governmental activities - statement of activities	<u>\$ 419,429</u>

The accompanying notes are an integral part of this statement.

ARANSAS COUNTY, TEXAS

STATEMENT OF NET ASSETS

ENTERPRISE FUNDS

DECEMBER 31, 2008

	Enterprise Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
	County Airport	Inmate Commissary	
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 69,338	\$ 151,496	\$ 220,834
Receivables (net of allowances for uncollectibles):			
Intergovernmental	56,142	--	56,142
Accounts	57,092	--	57,092
Due from other funds	371,594	--	371,594
Inventories	33,198	--	33,198
Total Current Assets	<u>587,364</u>	<u>151,496</u>	<u>738,860</u>
Noncurrent Assets:			
Bond issue costs	17,975	--	17,975
Capital assets, net of accumulated depreciation			
Land	125,710	--	125,710
Construction in Progress	385,791	--	385,791
Buildings, facilities and improvements	7,620,349	--	7,620,349
Machinery and equipment	166,646	--	166,646
Total Capital Assets	<u>8,298,496</u>	<u>--</u>	<u>8,298,496</u>
Total Assets	<u>\$ 8,903,835</u>	<u>\$ 151,496</u>	<u>\$ 9,055,331</u>
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	\$ 22,729	\$ 3,733	\$ 26,462
Accrued wages payable	6,146	--	6,146
Due to other funds	10,656	--	10,656
Current portion of long-term debt	23,928	--	23,928
Total Current Liabilities	<u>63,459</u>	<u>3,733</u>	<u>67,192</u>
Noncurrent Liabilities:			
Compensated absences payable	5,183	--	5,183
Bonds payable	697,286	--	697,286
Total Noncurrent Liabilities	<u>702,469</u>	<u>--</u>	<u>702,469</u>
Total Liabilities	<u>765,928</u>	<u>3,733</u>	<u>769,661</u>
NET ASSETS			
Invested in Capital Assets	7,577,282	--	7,577,282
Unrestricted	560,625	147,763	708,388
Total Net Assets	<u>8,137,907</u>	<u>147,763</u>	<u>8,285,670</u>
Total Liabilities and Net Assets	<u>\$ 8,903,835</u>	<u>\$ 151,496</u>	<u>\$ 9,055,331</u>

The accompanying notes are an integral part of this statement.

ARANSAS COUNTY, TEXASSTATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Enterprise Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
	County Airport	Inmate Commissary	
OPERATING REVENUES:			
Charges for services	\$ 1,112,777	\$ 104,891	\$ 1,217,668
Total Operating Revenues	<u>1,112,777</u>	<u>104,891</u>	<u>1,217,668</u>
OPERATING EXPENSES:			
Cost of services	623,016	39,755	662,771
Personal services	196,246	--	196,246
Contractual services	90,360	10,244	100,604
Supplies	95,042	--	95,042
Repairs and maintenance	24,391	--	24,391
Depreciation and amortization	407,442	--	407,442
Total Operating Expenses	<u>1,436,497</u>	<u>49,999</u>	<u>1,486,496</u>
Operating Income (Loss)	<u>(323,720)</u>	<u>54,892</u>	<u>(268,828)</u>
NON-OPERATING REVENUES (EXPENSES):			
Intergovernmental revenue	37,669	--	37,669
Interest revenue	6,234	265	6,499
Oil and gas royalties	723	--	723
Gain (loss) on sale of assets	316,594	--	316,594
Total Non-operating Revenues (Expenses)	<u>361,220</u>	<u>265</u>	<u>361,485</u>
Income (Loss) before Capital Contributions and Transfers	<u>37,500</u>	<u>55,157</u>	<u>92,657</u>
TRANSFERS:			
Capital Contributions	1,482,351	--	1,482,351
Transfers in	2,057	--	2,057
Transfers out	--	--	--
Change in Net Assets	<u>1,521,908</u>	<u>55,157</u>	<u>1,577,065</u>
Net Assets, beginning of year	6,615,999	92,606	6,708,605
Net Assets, end of year	<u>\$ 8,137,907</u>	<u>\$ 147,763</u>	<u>\$ 8,285,670</u>

The accompanying notes are an integral part of this statement.

ARANSAS COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Enterprise Funds		
	County Airport	Inmate Commissary	Totals
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 1,110,667	\$ 104,891	\$ 1,215,558
Cash Payments to Employees for Services	(194,056)	--	(194,056)
Cash Payments to Other Suppliers for Goods and Services	(826,260)	(52,654)	(878,914)
Net Cash Provided (Used) by Operating Activities	<u>90,351</u>	<u>52,237</u>	<u>142,588</u>
Cash Flows from Non-capital Financing Activities:			
Repayment of loans from other funds	(338,347)	--	(338,347)
Loans to other funds	(55,000)	--	(55,000)
Transfers from other funds	2,057	--	2,057
Operating Grants Received	37,669	--	37,669
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(353,621)</u>	<u>--</u>	<u>(353,621)</u>
Cash Flows from Capital and Related Financing Activities:			
Reimbursement of grant costs	74,209	--	74,209
Acquisition or Construction of Capital Assets	--	--	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>74,209</u>	<u>--</u>	<u>74,209</u>
Cash Flows from Investing Activities:			
Oil and gas royalties	723	--	723
Interest and Dividends on Investments	6,234	265	6,499
Net Cash Provided (Used) for Investing Activities	<u>6,957</u>	<u>265</u>	<u>7,222</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(182,104)	52,502	(129,602)
Cash and Cash Equivalents at Beginning of Year	251,442	98,994	350,436
Cash and Cash Equivalents at End of Year	<u>\$ 69,338</u>	<u>\$ 151,496</u>	<u>\$ 220,834</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ (323,720)	\$ 54,892	\$ (268,828)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation and Amortization	407,442	--	407,442
Change in Assets and Liabilities:			
Decrease (Increase) in Receivables	(2,110)	--	(2,110)
Decrease (Increase) in Inventories	(5,156)	--	(5,156)
Decrease (Increase) in Prepaid Expenses	7,500	--	7,500
Increase (Decrease) in Accounts Payable	4,205	(2,655)	1,550
Increase (Decrease) in Wages Payable	2,190	--	2,190
Total Adjustments	<u>414,071</u>	<u>(2,655)</u>	<u>411,416</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 90,351</u>	<u>\$ 52,237</u>	<u>\$ 142,588</u>
Significant noncash transactions:			
Land purchased by General Fund, paid for in 2009	\$ 316,594	\$ --	\$ 316,594
Construction paid by Texas Department of Transportation Grants	\$ 1,426,210	\$ --	\$ 1,426,210

The accompanying notes are an integral part of this statement.

ARANSAS COUNTY, TEXAS
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 DECEMBER 31, 2008

	<u>Agency Funds</u>
ASSETS	
Assets:	
Cash and investments	\$ 6,080,415
Total Assets	<u>\$ 6,080,415</u>
LIABILITIES AND EQUITY	
Liabilities:	
Due to others	\$ 6,080,415
Total Liabilities	<u>6,080,415</u>
Equity:	
Total equity	<u>--</u>
Total Liabilities and Equity	<u>\$ 6,080,415</u>

The accompanying notes are an integral part of this statement.

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

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

Aransas County, Texas, (the "County") was organized in 1871. The County operates under a County Judge-Commissioners Court type of government and provides the following services throughout the County: public safety, public transportation (highways, roads and airport), health and welfare, culture-recreation, conservation, public facilities, environmental protection, judicial and legal, election functions, and general administrative services.

The financial statements of the County include all governmental activities, organizations and functions of the County for which the Commissioners Court has oversight responsibility. The financial statements include all funds and account groups of the County. There are no component units applicable to the County. Therefore, the primary government (Aransas County) is the same as the reporting entity. The County is not a component unit of any other entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the County except those required to be accounted for in another fund.

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

Road and Bridge Fund. This fund is used to account for monies provided by ad valorem taxes, registration fees and various other revenue sources for maintenance of county roads.

Debt Service Fund. This fund is used to account for the accumulation of resources and payment of bond principal.

2007 Certificate of Obligation Fund. This fund is used to account for the receipt and expenditure of the proceeds of the 2007 Certificate of Obligation Issue.

The County reports the following major enterprise funds:

County Airport Fund. This fund is used to account for the operations of the County Airport.

In addition, the County reports the following fund types:

Agency Funds: These funds are used to account for assets held by the County as agent for individuals, private organizations and other governmental units. Agency funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are not available to support County programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

3. Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to the beginning of the fiscal year, the County prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Commissioners' Court is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must have been given.
- c. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the Commissioners' Court.

Once a budget is approved, it can be amended only by approval of a majority of the members of the Commissioners' Court. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Commissioners' Court and are not made after fiscal year end. During the year, the budget was amended as necessary.

Annual budgets are legally adopted for the general fund, most special revenue funds and the debt service fund. Budgets are adopted on a basis consistent with GAAP with the following exception:

Assistance Department Special Revenue Fund - revenues and expenditures recognized as the result of receipt and distribution of federal commodities are not budgeted.

Encumbrance accounting is not utilized by the County.

Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.

The legal level of budgetary control is at the fund level.

Formal budgets are not adopted in the Capital Projects Funds. Effective budgetary control in these funds is achieved through individual project budgeting in conformance with the provisions of bond orders, grant awards and other sources.

4. Financial Statement Amounts

a. Cash and Cash Equivalents

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

b. Property Taxes

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

Tax collections budgeted for the subsequent fiscal year begin in October. These advance tax collections are reported as a liability in the financial statements.

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

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

The County's Tax Assessor-Collector acts as agent in the billing and collecting of taxes for the Aransas County Independent School District, the City of Rockport, the Aransas County Navigation District No.1, the Town of Fulton and the Aransas County MUD No.1. These transactions are accounted for in the Tax Collector-Assessor Agency Fund.

c. Inventories and Prepaid Items

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

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

d. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	50
Buildings, Improvements and Facilities	20-40
Machinery and Equipment	5-10

e. Receivable and Payable Balances

The County believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

Except for the lease receivable, there are no significant receivables which are not scheduled for collection within one year of year end.

f. Compensated Absences

Vacation, sick leave benefits and compensatory time are accrued by County employees according to guidelines set in the County's personnel policy. All full-time employees with one year service accrue vacation with pay. The amount of vacation earned depends upon the length of service with the County. Unused vacation leave over 40 hours will be lost at the end of each fiscal year.

Sick leave accrues at the rate of one day per month while an employee is actually employed by the County on a full-time basis. Part-time employees do not receive the benefit of sick leave. The maximum number of days which shall accrue to the individual can not exceed one hundred-twenty days at any one time. Sick leave will not be paid upon termination of employment.

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

g. Interfund Activity

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

h. Use of Estimates

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

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2.. Budgeted expenditures exceed appropriations for the following funds;

<u>Fund</u>	<u>Expenditures over Budget</u>
Hotel/Motel Occupancy Tax Fund	\$ (51,390)

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

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None		

C. Deposits and Investments

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

Cash Deposits:

At December 31, 2008, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$3,966,853 and the bank balance was \$4,824,616. The County's cash deposits at December 31, 2008 and during the year ended December 31, 2008, were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

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

Investments:

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

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

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

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

<u>Investment or Investment Type</u>	<u>(Days)</u>	<u>Fair Value</u>
U.S. Government Agency Securities	1,095	\$ 3,568,958
Investment Pools:		
TexPool	1	16,232
Funds Management Group	1	9,166,628
Total Investments		<u>\$ 12,751,818</u>

Analysis of Specific Deposit and Investment Risks:

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

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

At December 31, 2008, the County's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

<u>Investment</u>	<u>Rating</u>	<u>Agency</u>
TexPool	AAAm	Standards & Poors
Funds Management Group	AAAm	Standards & Poors

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

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

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name.

At year end, the County was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the County was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the County was not exposed to foreign currency risk.

Investment Accounting Policy

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

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The County's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

D. Lease Receivable

During 2003, the County issued Certificates of Obligation in the amount of \$11,400,000 for construction of a new jail and law enforcement center. The City of Rockport (the City) agreed to occupy and share the cost of the law enforcement center. The City entered into a lease purchase agreement with the County to share the cost of the law enforcement center of \$3,300,010. The City contributed real estate valued at \$54,216 as a partial payment. The City and County share the facility on a 50/50 basis. Both parties agreed that the City's remaining cost for the project (after credit for the real estate contribution) to be \$1,607,000. The City's payments have been calculated by prorating the debt service requirements due on the Certificate issue over 20 years. Payments began in 2004. As soon as the City has met its payment requirements, the City will own an undivided interest of approximately 50%

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

in the law enforcement center.

The City has agreed to pay 50% of the annual operating costs, including repair and maintenance, of the center.

The lease receivable of \$1,436,000 has been recorded in the Debt Service Fund.

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 63,000	\$ 57,656	\$ 120,656
2010	65,000	55,615	120,615
2011	67,000	53,303	120,303
2012	70,000	50,820	120,820
2013	73,000	48,137	121,137
2014-2018	409,000	193,370	602,370
2019-2023	510,000	93,285	603,285
2024	118,000	3,024	121,024
Totals	\$ 1,375,000	\$ 555,210	\$ 1,930,210

The effective interest rate on the lease is 4.394%.

E. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 578,697	\$ 316,593	\$ --	\$ 895,290
Construction in progress	236,258	2,416,084	--	2,652,342
Total capital assets not being depreciated	814,955	2,732,677	--	3,547,632
Capital assets being depreciated:				
Infrastructure	8,230,902	--	--	8,230,902
Buildings, improvements and facilities	12,882,340	--	--	12,882,340
Machinery and equipment	4,796,846	354,314	--	5,151,160
Total capital assets being depreciated	25,910,088	354,314	--	26,264,402
Less accumulated depreciation for:				
Infrastructure	(3,089,951)	(156,821)	--	(3,246,772)
Buildings, improvements and facilities	(2,485,356)	(363,251)	--	(2,848,607)
Machinery and equipment	(3,075,198)	(406,519)	--	(3,481,717)
Total accumulated depreciation	(8,650,505)	(926,591)	--	(9,577,096)
Total capital assets being depreciated, net	17,259,583	(572,277)	--	16,687,306
Governmental activities capital assets, net	\$ 18,074,538	\$ 2,160,400	\$ --	\$ 20,234,938
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 125,710	\$ --	\$ --	\$ 125,710
Construction in progress	1,288,569	77,101	979,879	385,791
Total capital assets not being depreciated	1,414,279	77,101	979,879	511,501
Capital assets being depreciated:				
Buildings, improvements and facilities	8,279,697	2,254,779	--	10,534,476
Machinery and equipment	535,021	--	--	535,021
Total capital assets being depreciated	8,814,718	2,254,779	--	11,069,497

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

Less accumulated depreciation for:				
Buildings, improvements and facilities	(2,529,802)	(384,325)	--	(2,914,127)
Machinery and equipment	(344,495)	(23,880)	--	(368,375)
Total accumulated depreciation	(2,874,297)	(408,205)	--	(3,282,502)
Total capital assets being depreciated, net	5,940,421	1,846,574	--	7,786,995
Business-type activities capital assets, net	<u>\$ 7,354,700</u>	<u>\$ 1,923,675</u>	<u>\$ 979,879</u>	<u>\$ 8,298,496</u>

Depreciation was charged to functions as follows:

Governmental activities:

General Government	\$ 48,447
Judicial	12,958
Elections	17,144
Financial administration	50,080
Public safety	425,712
Environmental protection	27,740
Public transportation	272,958
Health and welfare	16,817
Culture and recreation	54,735
	<u>\$ 926,591</u>

Business-type activities:

Airport	<u>\$ 408,205</u>
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F. Interfund Balances and Activity

1. Due To and From Other Funds

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

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 2,280	Short-term loan
Airport Enterprise Fund	General Fund	305,938	Purchase of property
Airport Enterprise Fund	Debt Service Fund	55,000	Advance debt payment
	Total	<u>\$ 363,218</u>	

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

2. Transfers To and From Other Funds

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

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Other Governmental Funds	\$ 261,100	Supplement other funds sources
	Airport Enterprise Fund	2,057	
Road and Bridge Fund	General Fund	576,915	Supplement other funds sources
Other Governmental Funds	Debt Service Fund	279	Supplement other funds sources
Other Governmental Funds	General Fund	273,887	Supplement other funds sources
Other Governmental Funds	Other Governmental Funds	737,150	Supplement other funds sources

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

Total \$ 1,851,388

G. Deferred Revenues

Deferred revenue at year end consisted of the following:

	<u>Unearned</u>	<u>Unavailable</u>	<u>Total</u>
<u>General Fund</u>			
Property taxes	\$ 3,611,781	\$ 167,112	\$ 3,778,893
	<u>3,611,781</u>	<u>167,112</u>	<u>3,778,893</u>
<u>Special Revenue Funds</u>			
<u>Road and Bridge</u>			
Property taxes	795,415	46,779	842,194
Prepaid services	14,370	--	14,370
	<u>14,370</u>	<u>--</u>	<u>14,370</u>
<u>Flood Control</u>			
Property taxes	16,698	717	17,415
	<u>16,698</u>	<u>717</u>	<u>17,415</u>
<u>Aransas County Assistance Dept.</u>			
Commodity inventory	45,258	--	45,258
	<u>45,258</u>	<u>--</u>	<u>45,258</u>
	<u>1,330,589</u>	<u>47,496</u>	<u>1,378,085</u>
<u>Debt Service</u>			
Lease receivable	--	1,375,000	1,375,000
Property taxes	702,814	28,528	731,342
	<u>702,814</u>	<u>1,403,528</u>	<u>2,106,342</u>
	<u>5,645,184</u>	<u>1,618,136</u>	<u>7,263,320</u>

H. Short-Term Debt Activity

The County accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources.

I. Long-Term Obligations

1. Long-Term Obligation

Long-term debt consisted of the following at December 31, 2008:

	<u>Interest Rate</u>	<u>General Long-Term Debt</u>	<u>Enterprise Fund Debt</u>
Certificates of Obligation, Series 2003	3.00-5.125%	\$ 9,755,000	\$ --
Certificates of Obligation, Series 2007	4.10-5.00%	2,265,507	689,493
		<u>12,020,507</u>	<u>689,493</u>
Total Bonded Debt		12,020,507	689,493
Unamortized bond premium		104,602	31,722
Capital leases payable		633	--
Compensated absences		146,567	5,183
		<u>146,567</u>	<u>5,183</u>
Total Long-Term Debt		<u>\$ 12,272,309</u>	<u>\$ 726,398</u>

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

Changes in long-term obligations for the year ended December 31, 2008, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Certificates of Obligation	\$ 12,450,507	\$ --	\$ 430,000	\$ 12,020,507	517,834
Bond Premium	110,413	--	5,811	104,602	5,811
Capital leases	20,387	--	19,754	633	633
Compensated absences *	137,636	8,931	--	146,567	--
Total governmental activities	\$ 12,718,943	\$ 8,931	\$ 455,565	\$ 12,272,309	\$ 524,278
Business activities					
Certificates of Obligation	\$ 689,493	\$ --	\$ --	\$ 689,493	22,166
Bond Premium	33,485	--	1,763	31,722	1,762
Compensated absences *	3,925	1,258	--	5,183	--
Total business activities	\$ 726,903	\$ 1,258	\$ 1,763	\$ 726,398	\$ 23,928

* Other long-term liabilities

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

Liability	Activity Type	Fund
Compensated absences	Governmental	General
Compensated absences	Business	Airport

2. Debt Service Requirements

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2009	\$ 517,834	\$ 514,739	\$ 1,032,573
2010	536,667	496,565	1,033,232
2011	560,500	476,173	1,036,673
2012	579,334	454,380	1,033,714
2013	603,167	431,118	1,034,285
2014-2018	3,430,168	1,745,362	5,175,530
2019-2023	4,294,669	886,142	5,180,811
2024-2028	1,498,168	77,634	1,575,802
Totals	\$ 12,020,507	\$ 5,082,113	\$ 17,102,620

Year Ending December 31,	Business Activities		
	Principal	Interest	Total
2009	\$ 22,166	\$ 32,157	\$ 54,323
2010	23,333	31,019	54,352
2011	24,500	29,823	54,323
2012	25,666	28,569	54,235
2013	26,833	27,256	54,089
2014-2018	159,832	113,708	273,540
2019-2023	205,331	68,353	273,684
2024-2028	201,832	17,113	218,945
Totals	\$ 689,493	\$ 347,998	\$ 1,037,491

3. Capital Leases

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

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of December 31, 2008, as follows:

<u>Year Ending December 31:</u>	
2009	\$ 636
Total Minimum Rentals	636
Less interest	(3)
	<u>\$ 633</u>
 Rental Expenditures in 2008	 <u>\$ 20,830</u>

The effective interest rate on capital leases is 4.700%.

4. Continuing Disclosure

The County has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the County.

J. Designated Fund Balances

Designated Fund Balances at December 31, 2008 consisted of the following:

General Fund	
Designated Emergency Operating	\$ 500,000
Designated Hurricane Preparedness	259,672
	<u>759,672</u>
 Road and Bridge Fund	
Designated Hurricane Road Repair	966,470
	<u>\$ 1,726,142</u>

K. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of December 31, 2008, as follows:

<u>Year Ending December 31,</u>	
2009	\$ 57,804
2010	12,409
Total Minimum Rentals	<u>\$ 70,213</u>
 Rental Expenditures in 2008	 <u>\$ 57,804</u>

The imputed interest rate on the leases was 5.5%.

L. Risk Management

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2008, the County obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The County pays an annual

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

premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The County continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

M. Pension Plan

1. 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 statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 574 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, 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 10 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits are adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer'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 employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

2. Funding Policy

The employer 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. It was 6.39% for calendar year 2008. The contribution rate payable by the employee members is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

For the employer's accounting year ending December 31, 2008, the annual pension cost for the TCDRS Plan for its employees was \$377,614, and the actual contributions were \$377,614.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuation as of December 31, 2007, the basis for determining the contribution rate for calendar year 2008. The December 31, 2007 actuarial valuation is the most recent valuation.

Actuarial Information

Actuarial valuation date	12/31/05	12/31/06	12/31/07
Actuarial cost method	Entry Age	Entry Age	Entry Age

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

Amortization method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open
Amortization period	20.00	15.00	15.00
Asset valuation method	Long-Term appreciation with adjustment	SAF: 10yr smoothed value	SAF: 10yr smoothed value
ESF: Fund Value			
Actuarial Assumptions:			
Investment return	8.00%	8.0%	8.0%
Projected salary increases*	5.5%	5.5%	5.5%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%		--

*Includes inflation at the stated rate

Trend Information

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/06	\$ 276,611	100%	\$-0-
12/31/07	\$ 364,076	100%	\$-0-
12/31/08	\$ 377,614	100%	\$-0-

It was determined in accordance with GASB Statement No. 27 that the pension liability was zero at the transition to that statement effective January 1, 1998, because all actuarially required contributions for the accounting years for the period January 1, 1988 through December 31, 1998 have been paid. There was no previously reported pension liability before the transition. Therefore, the difference between the pension liability at transition and the previously reported pension liability is zero.

Schedule of Funding Progress for the Retirement Plan for the Employees of Aransas County

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/05	8,556,978 \$	9,096,222 \$	539,244 \$	94.07% \$	4,279,249	12.60%
12/31/06	9,904,685	10,041,992	137,307	98.63%	4,695,154	2.92%
12/31/07	11,092,178	11,189,752	97,574	99.13%	5,049,596	1.93%

N. Other Employee Benefits

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 December 31, 2008, the County had been fully reimbursed for costs related to COBRA participants.

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

Deferred Compensation

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

The plan is held in an independent trust for the exclusive benefit of participating employees and not be accessible by the government or its creditors. The plan is not accounted for in the County's financial statements.

O. Commitments and Contingencies

1. Contingencies

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

2. Litigation

The County was involved in various matters of litigation at December 31, 2008. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the financial position of the County. The accompanying financial statements do not reflect any accrual for contingent liabilities as of December 31, 2008.

P. Subsequent Events

In March, 2009, the County issued Certificates of Obligation in the amount of \$4,475,000 for acquisition of land and plans for a new courthouse, a drainage study, and buildings, equipment and software. The bonds mature in 2029 and interest ranges from 2.5% - 5.0%. Approximately \$400,000 of the issue will be paid by the Airport Enterprise Fund.

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Required Supplementary Information

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

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

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes	\$ 6,118,417	\$ 6,229,498	\$ 6,171,290	\$ (58,208)
Licenses and permits	94,600	94,600	80,766	(13,834)
Intergovernmental	73,250	109,298	131,330	22,032
Charges for services	2,626,423	2,738,814	2,540,890	(197,924)
Fines and forfeitures	635,650	897,881	868,833	(29,048)
Investment earnings	337,017	337,017	199,740	(137,277)
Miscellaneous	65,000	92,518	91,613	(905)
Total revenues	<u>9,950,357</u>	<u>10,499,626</u>	<u>10,084,462</u>	<u>(415,164)</u>
Expenditures:				
Current:				
General government	1,320,921	1,407,155	1,408,936	(1,781)
Judicial	1,204,801	1,220,440	1,162,207	58,233
Legal	497,980	500,555	466,431	34,124
Elections	68,772	78,239	70,512	7,727
Financial administration	918,782	920,507	881,308	39,199
Public facilities	486,839	555,496	557,275	(1,779)
Public safety	4,530,149	4,716,249	4,504,941	211,308
Environmental protection	426,014	704,836	648,018	56,818
Public Transportation	421,948	434,800	391,221	43,579
Health and welfare	420,596	436,894	405,130	31,764
Culture and recreation	34,500	44,500	42,581	1,919
Conservation	74,965	74,965	67,979	6,986
Capital outlay	138,500	579,237	573,169	6,068
Debt service:				
Principal	--	--	19,754	(19,754)
Interest and fiscal charges	--	--	1,076	(1,076)
Total expenditures	<u>10,544,767</u>	<u>11,673,873</u>	<u>11,200,538</u>	<u>473,335</u>
Excess (deficiency) of revenues (under) expenditures	(594,410)	(1,174,247)	(1,116,076)	58,171
Other financing sources (uses):				
Transfers in	780,131	1,214,076	850,802	(363,274)
Transfers out	(254,390)	(374,157)	(263,157)	(111,000)
Total other financing sources (uses)	<u>525,741</u>	<u>839,919</u>	<u>587,645</u>	<u>252,274</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(68,669)	(334,328)	(528,431)	(194,103)
Fund balances, January 1	3,538,617	3,538,617	3,538,617	--
Fund balances, December 31	<u>\$ 3,469,948</u>	<u>\$ 3,204,289</u>	<u>\$ 3,010,186</u>	<u>\$ (194,103)</u>

ARANSAS COUNTY, TEXAS
ROAD AND BRIDGE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes	\$ 1,243,250	\$ 1,243,250	\$ 1,236,587	\$ (6,663)
Licenses and permits	599,000	559,000	548,374	(10,626)
Intergovernmental	11,000	11,000	12,179	1,179
Charges for services	120,000	386,949	516,515	129,566
Fines and forfeitures	255,000	255,000	229,673	(25,327)
Investment earnings	111,397	111,397	61,152	(50,245)
Miscellaneous	13,500	13,500	50,116	36,616
Total revenues	<u>2,353,147</u>	<u>2,580,096</u>	<u>2,654,596</u>	<u>74,500</u>
Expenditures:				
Current:				
Public Transportation	1,660,990	1,886,693	1,648,193	238,500
Capital outlay	127,300	152,227	128,326	23,901
Total expenditures	<u>1,788,290</u>	<u>2,038,920</u>	<u>1,776,519</u>	<u>262,401</u>
Excess (deficiency) of revenues (under) expenditures	564,857	541,176	878,077	336,901
Other financing sources (uses):				
Transfers out	(613,805)	(601,845)	(576,915)	(24,930)
Proceeds from sale of capital assets	--	11,721	11,722	1
Total other financing sources (uses)	<u>(613,805)</u>	<u>(590,124)</u>	<u>(565,193)</u>	<u>(24,931)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(48,948)	(48,948)	312,884	361,832
Fund balances, January 1	1,341,779	1,341,779	1,341,779	--
Fund balances, December 31	<u>\$ 1,292,831</u>	<u>\$ 1,292,831</u>	<u>\$ 1,654,663</u>	<u>\$ 361,832</u>

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Combining Statements and Budget Comparisons as Supplementary Information

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

ARANSAS COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2008

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS			
Cash and investments	\$ 2,102,153	\$ 35,338	\$ 2,137,491
Receivables (net of allowances for uncollectibles):			
Property taxes	476,263	--	476,263
Interest	4,223	--	4,223
Intergovernmental	165,823	6,378	172,201
Inventories	45,258	--	45,258
Total Assets	<u>\$ 2,793,720</u>	<u>\$ 41,716</u>	<u>\$ 2,835,436</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 66,394	\$ 4,528	\$ 70,922
Accrued wages payable	11,420	--	11,420
Due to other funds	430	1,850	2,280
Deferred revenues	521,521	--	521,521
Advance tax collections	247,287	--	247,287
Total Liabilities	<u>847,052</u>	<u>6,378</u>	<u>853,430</u>
FUND BALANCES			
Unreserved, undesignated	1,946,668	35,338	1,982,006
Total Fund Balances	<u>1,946,668</u>	<u>35,338</u>	<u>1,982,006</u>
Total Liabilities and Fund Balances	<u>\$ 2,793,720</u>	<u>\$ 41,716</u>	<u>\$ 2,835,436</u>

ARANSAS COUNTY, TEXAS

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

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:			
Taxes	\$ 1,319,509	\$ --	\$ 1,319,509
Intergovernmental	449,499	109,028	558,527
Charges for services	217,893	--	217,893
Fines and forfeitures	139,037	--	139,037
Investment earnings	14,471	749	15,220
Miscellaneous	7,099	8,827	15,926
Total revenues	<u>2,147,508</u>	<u>118,604</u>	<u>2,266,112</u>
Expenditures:			
Current:			
General government	42,918	--	42,918
Judicial	34,698	--	34,698
Legal	27,308	--	27,308
Public safety	447,092	3,528	450,620
Environmental protection	91,013	--	91,013
Flood Control	12,101	--	12,101
Health and welfare	1,003,293	--	1,003,293
Culture and recreation	280,135	--	280,135
Conservation	--	4,000	4,000
Capital outlay	165,507	105,500	271,007
Total expenditures	<u>2,104,065</u>	<u>113,028</u>	<u>2,217,093</u>
Excess (deficiency) of revenues (under) expenditures	43,443	5,576	49,019
Other financing sources (uses):			
Transfers in	994,250	4,000	998,250
Transfers out	(1,011,037)	(279)	(1,011,316)
Total other financing sources (uses)	<u>(16,787)</u>	<u>3,721</u>	<u>(13,066)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	26,656	9,297	35,953
Fund balances, January 1	1,920,012	26,041	1,946,053
Fund balances, December 31	<u>\$ 1,946,668</u>	<u>\$ 35,338</u>	<u>\$ 1,982,006</u>

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

	Hotel/Motel Occupancy Tax Fund	County Attorney Hot Check	Mosquito Control	County Library
ASSETS				
Cash and investments	\$ 349,327	\$ 852	\$ 99,803	\$ 65,395
Receivables (net of allowances for uncollectibles):				
Property taxes	--	--	17,415	--
Interest	2,188	--	--	--
Intergovernmental	19,650	--	--	--
Inventories	--	--	--	--
Total Assets	<u>\$ 371,165</u>	<u>\$ 852</u>	<u>\$ 117,218</u>	<u>\$ 65,395</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 20	\$ 98	\$ 136	\$ 3,002
Accrued wages payable	--	--	--	3,789
Due to other funds	--	--	--	--
Deferred revenues	--	--	17,415	--
Advance tax collections	--	--	5,041	--
Total Liabilities	<u>20</u>	<u>98</u>	<u>22,592</u>	<u>6,791</u>
FUND BALANCES				
Unreserved, undesignated	371,145	754	94,626	58,604
Total Fund Balances	<u>371,145</u>	<u>754</u>	<u>94,626</u>	<u>58,604</u>
Total Liabilities and Fund Balances	<u>\$ 371,165</u>	<u>\$ 852</u>	<u>\$ 117,218</u>	<u>\$ 65,395</u>

<u>Special Contingency</u>	<u>Records Management - County Clerk</u>	<u>Law Library</u>	<u>Courthouse Security</u>	<u>Records Managment - Countywide</u>
\$ 78,599	\$ 151,696	\$ 30,498	\$ 41,932	\$ 132,187
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ 78,599</u>	<u>\$ 151,696</u>	<u>\$ 30,498</u>	<u>\$ 41,932</u>	<u>\$ 132,187</u>
\$ --	\$ 584	\$ --	\$ 207	\$ --
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>584</u>	<u>--</u>	<u>207</u>	<u>--</u>
<u>78,599</u>	<u>151,112</u>	<u>30,498</u>	<u>41,725</u>	<u>132,187</u>
<u>78,599</u>	<u>151,112</u>	<u>30,498</u>	<u>41,725</u>	<u>132,187</u>
<u>\$ 78,599</u>	<u>\$ 151,696</u>	<u>\$ 30,498</u>	<u>\$ 41,932</u>	<u>\$ 132,187</u>

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

	<u>Indigent Health Care</u>	<u>Aransas County Assistance Department</u>	<u>Health Care Sales Tax</u>	<u>Justice of the Peace Technology</u>
ASSETS				
Cash and investments	\$ 98,314	\$ 31,061	\$ 375,449	\$ 74,157
Receivables (net of allowances for uncollectibles):				
Property taxes	--	--	--	--
Interest	--	--	1,597	--
Intergovernmental	57,849	3,264	85,060	--
Inventories	--	45,258	--	--
Total Assets	<u>\$ 156,163</u>	<u>\$ 79,583</u>	<u>\$ 462,106</u>	<u>\$ 74,157</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 46,847	\$ 2,477	\$ 10,488	\$ 607
Accrued wages payable	--	4,770	--	--
Due to other funds	--	--	--	--
Deferred revenues	--	45,258	--	--
Advance tax collections	--	--	--	--
Total Liabilities	<u>46,847</u>	<u>52,505</u>	<u>10,488</u>	<u>607</u>
FUND BALANCES				
Unreserved, undesignated	109,316	27,078	451,618	73,550
Total Fund Balances	<u>109,316</u>	<u>27,078</u>	<u>451,618</u>	<u>73,550</u>
Total Liabilities and Fund Balances	<u>\$ 156,163</u>	<u>\$ 79,583</u>	<u>\$ 462,106</u>	<u>\$ 74,157</u>

<u>Title IV-D Child Support</u>	<u>Out-of-County Juvenile Detention</u>	<u>Road Bond Interest & Sinking</u>	<u>Court Reporter Service Fee</u>	<u>Fire Department Project</u>
\$ 10,511	\$ 349	\$ 41	\$ 45,467	\$ --
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ 10,511</u>	<u>\$ 349</u>	<u>\$ 41</u>	<u>\$ 45,467</u>	<u>\$ --</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>10,511</u>	<u>349</u>	<u>41</u>	<u>45,467</u>	<u>--</u>
<u>10,511</u>	<u>349</u>	<u>41</u>	<u>45,467</u>	<u>--</u>
<u>\$ 10,511</u>	<u>\$ 349</u>	<u>\$ 41</u>	<u>\$ 45,467</u>	<u>\$ --</u>

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

	<u>County Forfeiture</u>	<u>TECLOSE Training</u>	<u>Sheriff's Forfeiture</u>	<u>Flood Control</u>
ASSETS				
Cash and investments	\$ 43,802	\$ 36,435	\$ 9,377	\$ 234,145
Receivables (net of allowances for uncollectibles):				
Property taxes	--	--	--	458,848
Interest	--	--	--	--
Intergovernmental	--	--	--	--
Inventories	--	--	--	--
Total Assets	<u>\$ 43,802</u>	<u>\$ 36,435</u>	<u>\$ 9,377</u>	<u>\$ 692,993</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ --	\$ --	\$ --	\$ 1,139
Accrued wages payable	--	--	--	2,861
Due to other funds	--	--	--	--
Deferred revenues	--	--	--	458,848
Advance tax collections	--	--	--	242,246
Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>705,094</u>
FUND BALANCES				
Unreserved, undesignated	43,802	36,435	9,377	(12,101)
Total Fund Balances	<u>43,802</u>	<u>36,435</u>	<u>9,377</u>	<u>(12,101)</u>
Total Liabilities and Fund Balances	<u>\$ 43,802</u>	<u>\$ 36,435</u>	<u>\$ 9,377</u>	<u>\$ 692,993</u>

Records Management - District Clerk	Records Archive	DEA Forfeiture	Appellate Judicial System	Child Abuse Prevention
\$ 13,206	\$ 142,817	\$ 23,726	\$ 6,761	\$ 237
--	--	--	--	--
--	438	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ 13,206</u>	<u>\$ 143,255</u>	<u>\$ 23,726</u>	<u>\$ 6,761</u>	<u>\$ 237</u>
\$ --	\$ --	\$ 159	\$ --	\$ --
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>159</u>	<u>--</u>	<u>--</u>
13,206	143,255	23,567	6,761	237
<u>13,206</u>	<u>143,255</u>	<u>23,567</u>	<u>6,761</u>	<u>237</u>
<u>\$ 13,206</u>	<u>\$ 143,255</u>	<u>\$ 23,726</u>	<u>\$ 6,761</u>	<u>\$ 237</u>

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

	Voter Registration	Border Security	Juvenile Case Management	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS				
Cash and investments	\$ --	\$ 18	\$ 5,991	\$ 2,102,153
Receivables (net of allowances for uncollectibles):				
Property taxes	--	--	--	476,263
Interest	--	--	--	4,223
Intergovernmental	--	--	--	165,823
Inventories	--	--	--	45,258
Total Assets	<u>\$ --</u>	<u>\$ 18</u>	<u>\$ 5,991</u>	<u>\$ 2,793,720</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ --	\$ --	\$ 630	\$ 66,394
Accrued wages payable	--	--	--	11,420
Due to other funds	430	--	--	430
Deferred revenues	--	--	--	521,521
Advance tax collections	--	--	--	247,287
Total Liabilities	<u>430</u>	<u>--</u>	<u>630</u>	<u>847,052</u>
FUND BALANCES				
Unreserved, undesignated	<u>(430)</u>	<u>18</u>	<u>5,361</u>	<u>1,946,668</u>
Total Fund Balances	<u>(430)</u>	<u>18</u>	<u>5,361</u>	<u>1,946,668</u>
Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ 18</u>	<u>\$ 5,991</u>	<u>\$ 2,793,720</u>

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ARANSAS COUNTY, TEXAS

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

	Hotel/Motel Occupancy Tax Fund	County Attorney Hot Check	Mosquito Control	County Library
Revenue:				
Taxes	\$ 160,679	\$ --	\$ 23,793	\$ --
Intergovernmental	86,789	--	--	--
Charges for services	--	12,912	--	2,579
Fines and forfeitures	--	--	--	6,777
Investment earnings	4,280	--	1,625	1,104
Miscellaneous	--	--	--	1,183
Total revenues	<u>251,748</u>	<u>12,912</u>	<u>25,418</u>	<u>11,643</u>
Expenditures:				
Current:				
General government	--	--	--	--
Judicial	--	--	--	--
Legal	--	18,399	--	--
Public safety	--	--	--	--
Environmental protection	--	--	91,013	--
Flood Control	--	--	--	--
Health and welfare	--	--	--	--
Culture and recreation	125,229	--	--	154,906
Capital outlay	131,084	--	34,423	--
Total expenditures	<u>256,313</u>	<u>18,399</u>	<u>125,436</u>	<u>154,906</u>
Excess (deficiency) of revenues (under) expenditures	(4,565)	(5,487)	(100,018)	(143,263)
Other financing sources (uses):				
Transfers in	--	--	162,432	150,778
Transfers out	--	--	(16,637)	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>145,795</u>	<u>150,778</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(4,565)	(5,487)	45,777	7,515
Fund balances, January 1	375,710	6,241	48,849	51,089
Fund balances, December 31	<u>\$ 371,145</u>	<u>\$ 754</u>	<u>\$ 94,626</u>	<u>\$ 58,604</u>

Special Contingency	Records Management - County Clerk	Law Library	Courthouse Security	Records Management - Countywide
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
3,820	39,162	15,664	27,822	12,537
--	--	--	--	--
--	--	--	833	--
<u>3,820</u>	<u>39,162</u>	<u>15,664</u>	<u>28,655</u>	<u>12,537</u>
--	37,042	--	--	--
--	--	--	--	--
--	--	8,909	--	--
--	--	--	46,658	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>37,042</u>	<u>8,909</u>	<u>46,658</u>	<u>--</u>
3,820	2,120	6,755	(18,003)	12,537
--	742	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>(12,000)</u>	<u>--</u>
--	742	--	(12,000)	--
3,820	2,862	6,755	(30,003)	12,537
74,779	148,250	23,743	71,728	119,650
<u>\$ 78,599</u>	<u>\$ 151,112</u>	<u>\$ 30,498</u>	<u>\$ 41,725</u>	<u>\$ 132,187</u>

ARANSAS COUNTY, TEXAS

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

	Indigent Health Care	Aransas County Assistance Department	Health Care Sales Tax	Justice of the Peace Technology
Revenue:				
Taxes	\$ --	\$ --	\$ 1,135,012	\$ --
Intergovernmental	--	150,368	--	--
Charges for services	--	--	--	13,919
Fines and forfeitures	--	--	--	--
Investment earnings	(158)	--	3,418	85
Miscellaneous	--	5,916	--	--
Total revenues	<u>(158)</u>	<u>156,284</u>	<u>1,138,430</u>	<u>14,004</u>
Expenditures:				
Current:				
General government	--	--	--	--
Judicial	--	--	--	1,411
Legal	--	--	--	--
Public safety	--	--	--	--
Environmental protection	--	--	--	--
Flood Control	--	--	--	--
Health and welfare	447,068	277,205	279,020	--
Culture and recreation	--	--	--	--
Capital outlay	--	--	--	--
Total expenditures	<u>447,068</u>	<u>277,205</u>	<u>279,020</u>	<u>1,411</u>
Excess (deficiency) of revenues (under) expenditures	(447,226)	(120,921)	859,410	12,593
Other financing sources (uses):				
Transfers in	462,314	113,399	--	--
Transfers out	--	--	(853,089)	--
Total other financing sources (uses)	<u>462,314</u>	<u>113,399</u>	<u>(853,089)</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	15,088	(7,522)	6,321	12,593
Fund balances, January 1	94,228	34,600	445,297	60,957
Fund balances, December 31	<u>\$ 109,316</u>	<u>\$ 27,078</u>	<u>\$ 451,618</u>	<u>\$ 73,550</u>

Title IV-D Child Support	Out-of-County Juvenile Detention	Road Bond Interest & Sinking	Court Reporter Service Fee	Fire Department Project
\$ --	\$ --	\$ 25	\$ --	\$ --
--	--	--	--	--
322	--	--	9,817	--
--	--	--	--	--
--	2	--	--	--
--	--	--	--	--
<u>322</u>	<u>2</u>	<u>25</u>	<u>9,817</u>	<u>--</u>
--	--	--	--	--
--	--	--	3,930	--
--	--	--	--	--
--	--	--	--	104,585
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>3,930</u>	<u>104,585</u>
322	2	25	5,887	(104,585)
--	--	--	--	104,585
(3,950)	--	--	--	--
<u>(3,950)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>104,585</u>
(3,628)	2	25	5,887	--
14,139	347	16	39,580	--
<u>\$ 10,511</u>	<u>\$ 349</u>	<u>\$ 41</u>	<u>\$ 45,467</u>	<u>\$ --</u>

ARANSAS COUNTY, TEXAS

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

	County Forfeiture	TECLOSE Training	Sheriff's Forfeiture	Flood Control
Revenue:				
Taxes	\$ --	\$ --	\$ --	\$ --
Intergovernmental	--	6,498	--	--
Charges for services	--	--	--	--
Fines and forfeitures	50,620	--	11,369	--
Investment earnings	--	--	162	--
Miscellaneous	--	--	--	--
Total revenues	<u>50,620</u>	<u>6,498</u>	<u>11,531</u>	<u>--</u>
Expenditures:				
Current:				
General government	--	--	--	--
Judicial	--	--	--	--
Legal	--	--	--	--
Public safety	9,512	--	15,957	--
Environmental protection	--	--	--	--
Flood Control	--	--	--	12,101
Health and welfare	--	--	--	--
Culture and recreation	--	--	--	--
Capital outlay	--	--	--	--
Total expenditures	<u>9,512</u>	<u>--</u>	<u>15,957</u>	<u>12,101</u>
Excess (deficiency) of revenues (under) expenditures	41,108	6,498	(4,426)	(12,101)
Other financing sources (uses):				
Transfers in	--	--	--	--
Transfers out	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	41,108	6,498	(4,426)	(12,101)
Fund balances, January 1	2,694	29,937	13,803	--
Fund balances, December 31	<u>\$ 43,802</u>	<u>\$ 36,435</u>	<u>\$ 9,377</u>	<u>\$ (12,101)</u>

Records Management - District Clerk	Records Archive	DEA Forfeiture	Appellate Judicial System	Child Abuse Prevention
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
2,456	38,012	--	--	--
--	--	67,046	3,197	28
--	211	2,891	--	--
--	--	--	--	--
<u>2,456</u>	<u>38,223</u>	<u>69,937</u>	<u>3,197</u>	<u>28</u>
--	--	--	--	--
--	--	--	1,293	--
--	--	64,536	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>64,536</u>	<u>1,293</u>	<u>--</u>
2,456	38,223	5,401	1,904	28
--	--	--	--	--
--	--	(125,361)	--	--
<u>--</u>	<u>--</u>	<u>(125,361)</u>	<u>--</u>	<u>--</u>
2,456	38,223	(119,960)	1,904	28
10,750	105,032	143,527	4,857	209
<u>\$ 13,206</u>	<u>\$ 143,255</u>	<u>\$ 23,567</u>	<u>\$ 6,761</u>	<u>\$ 237</u>

ARANSAS COUNTY, TEXAS

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

	Voter Registration	Border Security	Juvenile Case Management	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenue:				
Taxes	\$ --	\$ --	\$ --	\$ 1,319,509
Intergovernmental	--	205,844	--	449,499
Charges for services	5,446	--	33,425	217,893
Fines and forfeitures	--	--	--	139,037
Investment earnings	--	18	--	14,471
Miscellaneous	--	--	--	7,099
Total revenues	<u>5,446</u>	<u>205,862</u>	<u>33,425</u>	<u>2,147,508</u>
Expenditures:				
Current:				
General government	5,876	--	--	42,918
Judicial	--	--	28,064	34,698
Legal	--	--	--	27,308
Public safety	--	205,844	--	447,092
Environmental protection	--	--	--	91,013
Flood Control	--	--	--	12,101
Health and welfare	--	--	--	1,003,293
Culture and recreation	--	--	--	280,135
Capital outlay	--	--	--	165,507
Total expenditures	<u>5,876</u>	<u>205,844</u>	<u>28,064</u>	<u>2,104,065</u>
Excess (deficiency) of revenues (under) expenditures	(430)	18	5,361	43,443
Other financing sources (uses):				
Transfers in	--	--	--	994,250
Transfers out	--	--	--	(1,011,037)
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>(16,787)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(430)	18	5,361	26,656
Fund balances, January 1	--	--	--	1,920,012
Fund balances, December 31	<u>\$ (430)</u>	<u>\$ 18</u>	<u>\$ 5,361</u>	<u>\$ 1,946,668</u>

ARANSAS COUNTY, TEXAS
HOTEL/MOTEL OCCUPANCY TAX FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-5

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes	\$ 152,080	\$ 160,679	\$ 8,599
Intergovernmental	--	86,789	86,789
Investment earnings	--	4,280	4,280
Total revenues	<u>152,080</u>	<u>251,748</u>	<u>99,668</u>
Expenditures:			
Current:			
Culture and recreation	161,923	125,229	36,694
Capital outlay	43,000	131,084	(88,084)
Total expenditures	<u>204,923</u>	<u>256,313</u>	<u>(51,390)</u>
Excess (deficiency) of revenues (under) expenditures	(52,843)	(4,565)	48,278
Other financing sources (uses):			
Transfers in	115,000	--	(115,000)
Total other financing sources (uses)	<u>115,000</u>	<u>--</u>	<u>115,000</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	62,157	(4,565)	(66,722)
Fund balances, January 1	375,710	375,710	--
Fund balances, December 31	<u>\$ 437,867</u>	<u>\$ 371,145</u>	<u>\$ (66,722)</u>

ARANSAS COUNTY, TEXAS
 MOSQUITO CONTROL
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-6

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes	\$ 23,821	\$ 23,793	\$ (28)
Investment earnings	--	1,625	1,625
Total revenues	<u>23,821</u>	<u>25,418</u>	<u>1,597</u>
Expenditures:			
Current:			
Environmental protection	127,116	91,013	36,103
Capital outlay	42,500	34,423	8,077
Total expenditures	<u>169,616</u>	<u>125,436</u>	<u>44,180</u>
Excess (deficiency) of revenues (under) expenditures	(145,795)	(100,018)	45,777
Other financing sources (uses):			
Transfers in	162,432	162,432	--
Transfers out	(16,637)	(16,637)	--
Total other financing sources (uses)	<u>145,795</u>	<u>145,795</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	--	45,777	45,777
Fund balances, January 1	48,669	48,849	180
Fund balances, December 31	<u>\$ 48,669</u>	<u>\$ 94,626</u>	<u>\$ 45,957</u>

ARANSAS COUNTY, TEXAS
COUNTY LIBRARY
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-7

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Charges for services	\$ 3,500	\$ 2,579	\$ (921)
Fines and forfeitures	4,550	6,777	2,227
Investment earnings	--	1,104	1,104
Miscellaneous	5,900	1,183	(4,717)
Total revenues	<u>13,950</u>	<u>11,643</u>	<u>(2,307)</u>
Expenditures:			
Current:			
Culture and recreation	164,728	154,906	9,822
Total expenditures	<u>164,728</u>	<u>154,906</u>	<u>9,822</u>
Excess (deficiency) of revenues (under) expenditures	(150,778)	(143,263)	7,515
Other financing sources (uses):			
Transfers in	150,778	150,778	--
Total other financing sources (uses)	<u>150,778</u>	<u>150,778</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	--	7,515	7,515
Fund balances, January 1	51,089	51,089	--
Fund balances, December 31	<u>\$ 51,089</u>	<u>\$ 58,604</u>	<u>\$ 7,515</u>

ARANSAS COUNTY, TEXAS
 SPECIAL CONTINGENCY
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-8

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Charges for services	\$ 3,000	\$ 3,820	\$ 820
Total revenues	<u>3,000</u>	<u>3,820</u>	<u>820</u>
Expenditures:			
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Excess (deficiency) of revenues (under) expenditures	3,000	3,820	820
Other financing sources (uses):			
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	3,000	3,820	820
Fund balances, January 1	74,517	74,779	262
Fund balances, December 31	<u>\$ 77,517</u>	<u>\$ 78,599</u>	<u>\$ 1,082</u>

ARANSAS COUNTY, TEXAS
 RECORDS MANAGEMENT - COUNTY CLERK
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-9

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Charges for services	\$ 47,000	\$ 39,162	\$ (7,838)
Total revenues	<u>47,000</u>	<u>39,162</u>	<u>(7,838)</u>
Expenditures:			
General government	48,976	37,042	11,934
Total expenditures	<u>48,976</u>	<u>37,042</u>	<u>11,934</u>
Excess (deficiency) of revenues (under) expenditures	(1,976)	2,120	4,096
Other financing sources (uses):			
Transfers in	742	742	--
Total other financing sources (uses)	<u>742</u>	<u>742</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(1,234)	2,862	4,096
Fund balances, January 1	147,735	148,250	515
Fund balances, December 31	<u>\$ 146,501</u>	<u>\$ 151,112</u>	<u>\$ 4,611</u>

ARANSAS COUNTY, TEXAS
 LAW LIBRARY
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-10

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Charges for services	\$ 14,950	\$ 15,664	\$ 714
Total revenues	<u>14,950</u>	<u>15,664</u>	<u>714</u>
Expenditures:			
Current:			
Legal	8,950	8,909	41
Total expenditures	<u>8,950</u>	<u>8,909</u>	<u>41</u>
Excess (deficiency) of revenues (under) expenditures	6,000	6,755	755
Other financing sources (uses):			
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	6,000	6,755	755
Fund balances, January 1	23,687	23,743	56
Fund balances, December 31	<u>\$ 29,687</u>	<u>\$ 30,498</u>	<u>\$ 811</u>

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

EXHIBIT C-11

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Charges for services	\$ 28,119	\$ 27,822	\$ (297)
Investment earnings	850	833	(17)
Total revenues	<u>28,969</u>	<u>28,655</u>	<u>(314)</u>
Expenditures:			
Current:			
Public safety	47,069	46,658	411
Total expenditures	<u>47,069</u>	<u>46,658</u>	<u>411</u>
Excess (deficiency) of revenues (under) expenditures	(18,100)	(18,003)	97
Other financing sources (uses):			
Transfers out	(12,000)	(12,000)	--
Total other financing sources (uses)	<u>(12,000)</u>	<u>(12,000)</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(30,100)	(30,003)	97
Fund balances, January 1	71,324	71,728	404
Fund balances, December 31	<u>\$ 41,224</u>	<u>\$ 41,725</u>	<u>\$ 501</u>

ARANSAS COUNTY, TEXAS
 RECORDS MANAGEMENT - COUNTYWIDE
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-12

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Charges for services	\$ 12,000	\$ 12,537	\$ 537
Total revenues	<u>12,000</u>	<u>12,537</u>	<u>537</u>
Expenditures:			
General government	10,000	--	10,000
Total expenditures	<u>10,000</u>	<u>--</u>	<u>10,000</u>
Excess (deficiency) of revenues (under) expenditures	2,000	12,537	10,537
Other financing sources (uses):			
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	2,000	12,537	10,537
Fund balances, January 1	119,227	119,650	423
Fund balances, December 31	<u>\$ 121,227</u>	<u>\$ 132,187</u>	<u>\$ 10,960</u>

ARANSAS COUNTY, TEXAS
 INDIGENT HEALTH CARE
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-13

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Intergovernmental	\$ 20,000	\$ --	\$ (20,000)
Investment earnings	--	(158)	(158)
Total revenues	<u>20,000</u>	<u>(158)</u>	<u>(20,158)</u>
Expenditures:			
Current:			
Health and welfare	462,314	447,068	15,246
Total expenditures	<u>462,314</u>	<u>447,068</u>	<u>15,246</u>
Excess (deficiency) of revenues (under) expenditures	(442,314)	(447,226)	(4,912)
Other financing sources (uses):			
Transfers in	462,314	462,314	--
Total other financing sources (uses)	<u>462,314</u>	<u>462,314</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	20,000	15,088	(4,912)
Fund balances, January 1	68,325	94,228	25,903
Fund balances, December 31	<u>\$ 88,325</u>	<u>\$ 109,316</u>	<u>\$ 20,991</u>

ARANSAS COUNTY, TEXAS

ARANSAS COUNTY ASSISTANCE DEPARTMENT
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-14

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Intergovernmental	\$ 41,554	\$ 41,520	\$ (34)
Miscellaneous	7,000	5,916	(1,084)
Total revenues	<u>48,554</u>	<u>47,436</u>	<u>(1,118)</u>
Expenditures:			
Current:			
Health and welfare	193,589	168,357	25,232
Total expenditures	<u>193,589</u>	<u>168,357</u>	<u>25,232</u>
Excess (deficiency) of revenues (under) expenditures	(145,035)	(120,921)	24,114
Other financing sources (uses):			
Transfers in	113,399	113,399	--
Total other financing sources (uses)	<u>113,399</u>	<u>113,399</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(31,636)	(7,522)	24,114
Fund balances, January 1	36,731	34,600	(2,131)
Fund balances, December 31	<u>\$ 5,095</u>	<u>\$ 27,078</u>	<u>\$ 21,983</u>

ARANSAS COUNTY, TEXAS
 HEALTH CARE SALES TAX
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-15

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes	\$ 1,094,873	\$ 1,135,012	\$ 40,139
Investment earnings	--	3,418	3,418
Total revenues	<u>1,094,873</u>	<u>1,138,430</u>	<u>43,557</u>
Expenditures:			
Current:			
Health and welfare	326,775	279,020	47,755
Total expenditures	<u>326,775</u>	<u>279,020</u>	<u>47,755</u>
Excess (deficiency) of revenues (under) expenditures	768,098	859,410	91,312
Other financing sources (uses):			
Transfers out	(853,327)	(853,089)	(238)
Total other financing sources (uses)	<u>(853,327)</u>	<u>(853,089)</u>	<u>(238)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(85,229)	6,321	91,550
Fund balances, January 1	360,419	445,297	84,878
Fund balances, December 31	<u>\$ 275,190</u>	<u>\$ 451,618</u>	<u>\$ 176,428</u>

ARANSAS COUNTY, TEXAS
 TITLE IV-D CHILD SUPPORT
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-16

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Charges for services	\$ 2,200	\$ 322	\$ (1,878)
Total revenues	<u>2,200</u>	<u>322</u>	<u>(1,878)</u>
Expenditures:			
General government	2,000	--	2,000
Total expenditures	<u>2,000</u>	<u>--</u>	<u>2,000</u>
Excess (deficiency) of revenues (under) expenditures	200	322	122
Other financing sources (uses):			
Transfers out	(3,950)	(3,950)	--
Total other financing sources (uses)	<u>(3,950)</u>	<u>(3,950)</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(3,750)	(3,628)	122
Fund balances, January 1	14,093	14,139	46
Fund balances, December 31	<u>\$ 10,343</u>	<u>\$ 10,511</u>	<u>\$ 168</u>

ARANSAS COUNTY, TEXAS
 COURT REPORTER SERVICE FEE
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-17

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Charges for services	\$ 8,000	\$ 9,817	\$ 1,817
Total revenues	<u>8,000</u>	<u>9,817</u>	<u>1,817</u>
Expenditures:			
Current:			
Judicial	8,000	3,930	4,070
Total expenditures	<u>8,000</u>	<u>3,930</u>	<u>4,070</u>
Excess (deficiency) of revenues (under) expenditures	--	5,887	5,887
Other financing sources (uses):			
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	--	5,887	5,887
Fund balances, January 1	39,464	39,580	116
Fund balances, December 31	<u>\$ 39,464</u>	<u>\$ 45,467</u>	<u>\$ 6,003</u>

ARANSAS COUNTY, TEXAS
 FIRE DEPARTMENT PROJECT
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-18

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Total revenues	\$ --	\$ --	\$ --
Expenditures:			
Current:			
Public safety	104,585	104,585	--
Total expenditures	104,585	104,585	--
Excess (deficiency) of revenues (under) expenditures	(104,585)	(104,585)	--
Other financing sources (uses):			
Transfers in	104,585	104,585	--
Total other financing sources (uses)	104,585	104,585	--
Excess of revenues and other financing sources over (under) expenditures and other financing uses	--	--	--
Fund balances, January 1	--	--	--
Fund balances, December 31	\$ --	\$ --	\$ --

ARANSAS COUNTY, TEXAS
 RECORDS MANAGEMENT - DISTRICT CLERK
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-19

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Charges for services	\$ 2,500	\$ 2,456	\$ (44)
Total revenues	<u>2,500</u>	<u>2,456</u>	<u>(44)</u>
Expenditures:			
Current:			
Judicial	6,600	--	6,600
Total expenditures	<u>6,600</u>	<u>--</u>	<u>6,600</u>
Excess (deficiency) of revenues (under) expenditures	(4,100)	2,456	6,556
Other financing sources (uses):			
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(4,100)	2,456	6,556
Fund balances, January 1	10,750	10,750	--
Fund balances, December 31	<u>\$ 6,650</u>	<u>\$ 13,206</u>	<u>\$ 6,556</u>

ARANSAS COUNTY, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-20

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes	\$ 656,965	\$ 819,046	\$ 162,081
Intergovernmental	120,821	120,821	--
Investment earnings	14,699	11,122	(3,577)
Total revenues	<u>792,485</u>	<u>950,989</u>	<u>158,504</u>
Expenditures:			
Debt service:			
Principal	430,000	430,000	--
Interest and fiscal charges	645,745	645,483	262
Total expenditures	<u>1,075,745</u>	<u>1,075,483</u>	<u>262</u>
Excess (deficiency) of revenues (under) expenditures	(283,260)	(124,494)	158,766
Other financing sources (uses):			
Transfers in	55,000	279	(54,721)
Total other financing sources (uses)	<u>55,000</u>	<u>279</u>	<u>54,721</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(228,260)	(124,215)	104,045
Fund balances, January 1	384,311	384,311	--
Fund balances, December 31	<u>\$ 156,051</u>	<u>\$ 260,096</u>	<u>\$ 104,045</u>

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ARANSAS COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 DECEMBER 31, 2008

EXHIBIT C-21

	<u>Public Safety Center and Jail Construction</u>	<u>Right of Way Purchase</u>	<u>Grant Construction</u>	<u>Total Nonmajor Capital Projects Funds (See Exhibit C-1)</u>
ASSETS				
Cash and investments	\$ --	\$ 35,338	\$ --	\$ 35,338
Receivables (net of allowances for uncollectibles):				
Intergovernmental	--	--	6,378	6,378
Total Assets	<u>\$ --</u>	<u>\$ 35,338</u>	<u>\$ 6,378</u>	<u>\$ 41,716</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ --	\$ --	\$ 4,528	\$ 4,528
Due to other funds	--	--	1,850	1,850
Total Liabilities	<u>--</u>	<u>--</u>	<u>6,378</u>	<u>6,378</u>
FUND BALANCES				
Unreserved, undesignated	--	35,338	--	35,338
Total Fund Balances	<u>--</u>	<u>35,338</u>	<u>--</u>	<u>35,338</u>
Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ 35,338</u>	<u>\$ 6,378</u>	<u>\$ 41,716</u>

ARANSAS COUNTY, TEXAS

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

	Public Safety Center and Jail Construction	Right of Way Purchase	Grant Construction	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenue:				
Intergovernmental	\$ --	\$ --	\$ 109,028	\$ 109,028
Investment earnings	666	83	--	749
Miscellaneous	--	8,827	--	8,827
Total revenues	<u>666</u>	<u>8,910</u>	<u>109,028</u>	<u>118,604</u>
Expenditures:				
Current:				
Public safety	--	--	3,528	3,528
Conservation	--	--	4,000	4,000
Capital outlay	--	--	105,500	105,500
Total expenditures	<u>--</u>	<u>--</u>	<u>113,028</u>	<u>113,028</u>
Excess (deficiency) of revenues (under) expenditures	666	8,910	(4,000)	5,576
Other financing sources (uses):				
Transfers in	--	--	4,000	4,000
Transfers out	(279)	--	--	(279)
Total other financing sources (uses)	<u>(279)</u>	<u>--</u>	<u>4,000</u>	<u>3,721</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	387	8,910	--	9,297
Fund balances, January 1	(387)	26,428	--	26,041
Fund balances, December 31	<u>\$ --</u>	<u>\$ 35,338</u>	<u>\$ --</u>	<u>\$ 35,338</u>

ARANSAS COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

DECEMBER 31, 2008

	<u>Court Costs and Fees</u>	<u>Tax Collector</u>	<u>County Clerk</u>	<u>District Clerk</u>
ASSETS				
Assets:				
Cash and investments	\$ 147,327	\$ 1,192,913	\$ 190,968	\$ 411,813
Total Assets	<u>\$ 147,327</u>	<u>\$ 1,192,913</u>	<u>\$ 190,968</u>	<u>\$ 411,813</u>
LIABILITIES AND EQUITY				
Liabilities:				
Due to others	\$ 147,327	\$ 1,192,913	\$ 190,968	\$ 411,813
Total Liabilities	<u>147,327</u>	<u>1,192,913</u>	<u>190,968</u>	<u>411,813</u>
Equity:				
Total equity	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Liabilities and Equity	<u>\$ 147,327</u>	<u>\$ 1,192,913</u>	<u>\$ 190,968</u>	<u>\$ 411,813</u>

Justice of the Peace	Escheat	Inmate Trust	Aransas County Navigation District No.1	Total Agency Funds (See Exhibit A-10)
\$ 1,958	\$ 914	\$ 3,058	\$ 4,131,464	\$ 6,080,415
<u>\$ 1,958</u>	<u>\$ 914</u>	<u>\$ 3,058</u>	<u>\$ 4,131,464</u>	<u>\$ 6,080,415</u>
\$ 1,958	\$ 914	\$ 3,058	\$ 4,131,464	\$ 6,080,415
<u>1,958</u>	<u>914</u>	<u>3,058</u>	<u>4,131,464</u>	<u>6,080,415</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 1,958</u>	<u>\$ 914</u>	<u>\$ 3,058</u>	<u>\$ 4,131,464</u>	<u>\$ 6,080,415</u>

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Other Supplementary Information

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

Michael A. Arnold, PLLC

501 E. MARKET

CERTIFIED PUBLIC ACCOUNTANT

PHONE (361) 729-3545

P.O. BOX 1266

FAX (361) 790-9692

ROCKPORT, TEXAS 78381-1266

Independent Auditor's Report

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

Commissioners' Court
Aransas County, Texas
301 N. Live Oak
Rockport, Texas 78382

Members of the Commissioners' Court:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Aransas County, Texas as of and for the year ended December 31, 2008, which collectively comprise the Aransas County, Texas's basic financial statements and have issued our report thereon dated June 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Aransas County, Texas's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Respectfully submitted,

A handwritten signature in black ink that reads "Michael A. Arnold, PLLC". The signature is written in a cursive, flowing style.

Michael A. Arnold, PLLC

June 30, 2009

ARANSAS COUNTY, TEXAS
SCHEDULE OF GRANT REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT
For the Year Ended December 31, 2008

EXHIBIT D-1

FEDERAL FINANCIAL ASSISTANCE
GRANTOR: OFFICE OF RURAL COMMUNITY AFFAIRS
CONTRACT NUMBER 728025 - Sewer Facilities N. Hood
CONTRACT PERIOD: June 22, 2008 to June 21, 2010

	Budget	State		Match		Total
		Prior Years	Current Year	Prior Years	Current Year	
Revenues:						
Federal	\$500,000	\$ -	\$64,000	\$ -	\$ -	\$64,000
Local	25,000	-	-	-	-	-
Total revenues	<u>525,000</u>	<u>-</u>	<u>64,000</u>	<u>-</u>	<u>-</u>	<u>64,000</u>
Expenditures:						
Federal:						
Sewer Facilities	337,054	-	-	-	-	-
Rehab. Private Prop	71,946	-	-	-	-	-
Engineering	51,000	-	44,000	-	-	44,000
Administration	40,000	-	20,000	-	-	20,000
Local:						
Sewer Facilities	15,000	-	-	-	-	-
Engineering	10,000	-	-	-	-	-
Total expenditures	<u>525,000</u>	<u>-</u>	<u>64,000</u>	<u>-</u>	<u>-</u>	<u>64,000</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ARANSAS COUNTY, TEXAS
 SCHEDULE OF GRANT REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 COMMUNITY DEVELOPMENT BLOCK GRANT
 For the Year Ended December 31, 2008

EXHIBIT D-2

FEDERAL FINANCIAL ASSISTANCE
 GRANTOR: OFFICE OF RURAL COMMUNITY AFFAIRS
 CONTRACT NUMBER 728011 - Sewer Facilities - N. Hood
 CONTRACT PERIOD: June 22, 2008 to June 21, 2010

	Budget	State		Match		Total
		Prior Years	Current Year	Prior Years	Current Year	
Revenues:						
Federal	\$300,000	\$ -	\$41,500	\$ -	\$ -	\$41,500
Local	15,000	-	-	-	-	-
Total revenues	<u>315,000</u>	<u>-</u>	<u>41,500</u>	<u>-</u>	<u>-</u>	<u>41,500</u>
Expenditures:						
Federal:						
Sewer Facilities	192,962	-	-	-	-	-
Rehab. Private Prop	44,538	-	-	-	-	-
Engineering	32,500	-	26,500	-	-	26,500
Administration	30,000	-	15,000	-	-	15,000
Local:						
Sewer Facilities	7,500	-	-	-	-	-
Engineering	7,500	-	-	-	-	-
Total expenditures	<u>315,000</u>	<u>-</u>	<u>41,500</u>	<u>-</u>	<u>-</u>	<u>41,500</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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Statistical Section

ARANSAS COUNTY, TEXAS

NET ASSETS BY COMPONENT

LAST FIVE FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental Activities					
Invested in Capital Assets,					
Net of Related Debt	\$ 7,641,649	\$ 8,438,953	\$ 7,237,796	\$ 5,493,231	\$ 8,240,280
Restricted	843,573	2,018,191	2,590,621	4,009,304	1,682,645
Unrestricted	5,754,819	5,428,050	7,239,112	8,256,952	8,255,996
Total Governmental					
Activities Net Assets	\$ 14,240,041	\$ 15,885,194	\$ 17,067,529	\$ 17,759,487	\$ 18,178,921
Business-type Activities					
Invested in Capital Assets,					
Net of Related Debt	\$ 4,063,473	\$ 3,838,200	\$ 5,697,213	\$ 6,282,722	\$ 7,577,282
Restricted	--	--	--	--	--
Unrestricted	11,268	99,665	(127,651)	425,883	708,388
Total Business-type					
Activities Net Assets	\$ 4,074,741	\$ 3,937,865	\$ 5,569,562	\$ 6,708,605	\$ 8,285,670
Primary Government					
Invested in Capital Assets,					
Net of Related Debt	\$ 11,705,122	\$ 12,277,153	\$ 12,935,009	\$ 11,775,953	\$ 15,817,562
Restricted	843,573	2,018,191	2,590,621	4,009,304	1,682,645
Unrestricted	5,766,087	5,527,715	7,111,461	8,682,835	8,964,384
Total Primary					
Government Net Assets	\$ 18,314,782	\$ 19,823,059	\$ 22,637,091	\$ 24,468,092	\$ 26,464,591

Note: The county began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

ARANSAS COUNTY, TEXAS

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
 LAST FIVE FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2004	2005	2006	2007	2008
Expenses					
Governmental Activities:					
General government	\$ 926,218	\$ 963,613	1,149,048	\$ 1,157,196	\$ 1,509,232
Judicial	859,663	892,437	1,049,066	1,144,928	1,209,863
Legal	445,277	447,869	443,201	498,377	493,739
Elections	60,614	55,328	74,904	76,440	87,656
Financial administration	643,653	738,865	814,511	827,452	931,388
Public facilities	419,744	404,801	528,935	532,849	608,949
Public safety	3,066,166	3,895,041	4,226,953	4,539,254	5,388,500
Environmental protection	517,720	599,972	649,443	543,533	766,771
Public transportation	1,720,487	1,950,355	2,389,403	2,293,716	2,318,482
Flood Control	--	--	--	--	12,101
Health and Welfare	1,355,509	1,205,129	1,358,738	1,394,376	1,425,240
Culture and recreation	230,842	253,923	290,310	305,313	377,451
Conservation	37,868	56,555	45,564	57,302	71,979
Contributions to other governments:					
Water and sewer systems	159,623	386,176	638,860	119,284	105,500
Coastal restoration	116,058	--	--	--	--
Interest and fiscal charges	469,725	459,360	449,599	543,018	601,284
Total Governmental Activities Expenses	<u>11,029,167</u>	<u>12,309,424</u>	<u>14,108,535</u>	<u>14,033,038</u>	<u>15,908,135</u>
Business-type Activities					
County airport	709,141	898,074	1,023,598	1,127,386	1,436,497
Inmate commissary	3,900	47,099	74,530	80,752	49,999
Total Business-type Activities Expenses	<u>713,041</u>	<u>945,173</u>	<u>1,098,128</u>	<u>1,208,138</u>	<u>1,486,496</u>
Total Primary Government Expenses	<u>\$ 11,742,208</u>	<u>\$ 13,254,597</u>	<u>15,206,663</u>	<u>\$ 15,241,176</u>	<u>\$ 17,394,631</u>
Program Revenues					
Governmental Activities:					
Charges for Services	\$ 2,976,068	\$ 3,870,580	4,837,003	\$ 4,224,749	\$ 5,347,126
Operating Grants and Contributions	667,117	655,944	415,259	329,757	509,747
Capital Grants and Contributions	275,681	517,624	665,353	399,002	409,301
Total Governmental Activities Program Revenues	<u>3,918,866</u>	<u>5,044,148</u>	<u>5,917,615</u>	<u>4,953,508</u>	<u>6,266,174</u>
Business-type Activities:					
Charges for Services:					
County airport	560,017	678,162	861,459	881,674	1,112,777
Inmate commissary	8,627	58,025	87,482	117,763	104,891
Operating Grants and Contributions	24,045	30,090	16,613	26,701	37,669
Capital Grants and Contributions	16,808	30,032	1,754,787	1,267,696	1,482,351
Total Business-type Activities Program Revenues	<u>609,497</u>	<u>796,309</u>	<u>2,720,341</u>	<u>2,293,834</u>	<u>2,737,688</u>
Total Primary Government Program Revenues	<u>\$ 4,528,363</u>	<u>\$ 5,840,457</u>	<u>8,637,956</u>	<u>\$ 7,247,342</u>	<u>\$ 9,003,862</u>
Net (Expense)/Revenue					
Governmental Activities	\$ (7,110,301)	\$ (7,265,276)	(8,190,920)	\$ (9,079,530)	\$ (9,641,961)
Business-type Activities	(103,544)	(148,864)	1,622,213	1,085,696	1,251,192
Total Primary Government Net Expense	<u>\$ (7,213,845)</u>	<u>\$ (7,414,140)</u>	<u>(6,568,707)</u>	<u>\$ (7,993,834)</u>	<u>\$ (8,390,769)</u>

Note: The county began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

ARANSAS COUNTY, TEXAS

GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS
 LAST FIVE FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2004	2005	2006	2007	2008
Net (Expense)/Revenue					
Governmental Activities	\$ (7,110,301)	\$ (7,265,276)	\$ (8,190,920)	\$ (9,079,530)	\$ (9,641,961)
Business-type Activities	(103,544)	(148,864)	1,622,213	1,085,696	1,251,192
Total Primary Government Net Expense	\$ (7,213,845)	\$ (7,414,140)	\$ (6,568,707)	\$ (7,993,834)	\$ (8,390,769)
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes					
Property Taxes	\$ 5,595,679	\$ 6,211,289	\$ 6,328,484	\$ 6,530,358	\$ 7,016,997
Sales Taxes	1,761,862	2,032,956	2,212,387	2,284,388	2,306,607
Other Taxes	143,909	141,793	186,810	225,077	247,844
Investment Earnings	244,242	295,906	495,941	639,534	322,622
Miscellaneous	7,235	111,250	140,820	118,021	157,655
Gain on sale of capital assets	--	117,235	8,810	14,841	11,722
Total Governmental Activities	\$ 7,752,927	\$ 8,910,429	\$ 9,373,252	\$ 9,812,219	\$ 10,063,447
Business-type Activities:					
Investment Earnings	4,400	11,298	8,794	11,926	6,499
Miscellaneous	791	690	690	690	723
Gain on sale of capital assets	210,806	--	--	--	316,594
Total Business-type Activities	215,997	11,988	9,484	12,616	323,816
Total Primary Government	\$ 7,968,924	\$ 8,922,417	\$ 9,382,736	\$ 9,824,835	\$ 10,387,263
Change in Net Assets					
Governmental Activities	\$ 642,626	\$ 1,645,153	\$ 1,182,332	\$ 732,689	\$ 421,486
Business-type Activities	112,453	(136,876)	1,631,697	1,098,312	1,575,008
Total Primary Government	\$ 755,079	\$ 1,508,277	\$ 2,814,029	\$ 1,831,001	\$ 1,996,494

Note: The county began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

ARANSAS COUNTY, TEXAS
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ --	\$ 155,000	\$ 291,000	\$ 480,000	\$ 441,426	\$ 467,406	\$ 509,872	\$ 508,247	\$ 496,292	\$ 17,984
Unreserved	2,017,967	1,470,006	1,217,811	759,672	1,121,879	1,450,273	2,303,471	2,846,088	3,042,325	2,992,202
Total General Fund	<u>\$ 2,017,967</u>	<u>\$ 1,625,006</u>	<u>\$ 1,508,811</u>	<u>\$ 1,239,672</u>	<u>\$ 1,563,305</u>	<u>\$ 1,917,679</u>	<u>\$ 2,813,343</u>	<u>\$ 3,354,335</u>	<u>\$ 3,538,617</u>	<u>\$ 3,010,186</u>
All Other Governmental Funds										
Reserved	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 67,682	\$ 62,267	\$ 62,267	\$ 41,512	\$ 41,512
Unreserved, Reported In:										
Special Revenue Funds	2,625,525	2,941,335	2,970,922	2,848,875	2,587,979	2,525,934	2,576,851	2,697,698	3,220,274	3,559,819
Capital Projects Funds	104,425	21,465	21,016	20,642	9,246,905	792,547	399,360	284,361	2,189,725	35,338
Debt Service Funds	--	--	--	--	40,894	60,599	69,375	207,900	384,311	260,096
Total All Other Governmental Funds	<u>\$ 2,729,950</u>	<u>\$ 2,962,800</u>	<u>\$ 2,991,938</u>	<u>\$ 2,869,517</u>	<u>\$ 11,875,778</u>	<u>\$ 3,446,762</u>	<u>\$ 3,107,853</u>	<u>\$ 3,252,226</u>	<u>\$ 5,835,822</u>	<u>\$ 3,896,765</u>

ARANSAS COUNTY, TEXAS

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	\$ 5,136,048	\$ 5,319,711	\$ 5,471,421	\$ 5,754,465	\$ 6,362,870	\$ 7,535,864	\$ 8,408,211	\$ 8,719,695	\$ 9,052,441	\$ 9,546,432
Licenses, Fees and Permits	568,162	570,571	583,672	593,559	638,297	659,650	625,148	657,970	642,309	629,140
Intergovernmental	1,702,246	921,187	810,486	859,872	850,463	942,798	1,228,568	1,136,972	849,008	1,039,869
Charges for Services	885,998	963,295	1,039,107	1,245,093	1,322,037	1,489,202	2,153,939	3,072,454	2,805,737	3,275,298
Fines and Penalties	215,489	310,022	307,858	309,227	499,113	623,806	794,813	910,404	912,412	1,237,543
Investment Earnings	291,777	439,798	321,772	111,717	129,517	244,242	295,906	495,941	625,126	322,622
Other Revenues	32,518	41,233	39,528	48,817	36,102	7,235	240,485	161,463	118,021	157,655
Total Revenues	8,832,238	8,565,817	8,573,844	8,922,750	9,838,399	11,502,797	13,747,070	15,154,899	15,005,054	16,208,559
Expenditures										
General Government	516,695	618,271	664,869	703,742	771,256	820,889	864,274	1,036,788	1,104,241	1,451,854
Judicial	482,785	592,033	706,415	826,851	831,475	859,663	889,480	1,035,976	1,143,511	1,196,905
Legal	273,997	351,331	362,839	471,662	468,072	445,277	446,187	441,852	498,377	493,739
Elections	38,263	49,147	40,902	57,810	42,334	60,614	45,173	57,247	57,081	70,512
Financial Administration	461,744	515,344	540,466	583,779	601,292	630,934	695,264	746,674	778,705	881,308
Public Facilities	294,912	299,401	364,229	376,313	377,734	419,744	393,375	489,320	532,849	557,275
Public Safety	1,715,096	2,088,669	2,097,134	2,294,307	2,477,886	2,767,544	3,514,799	3,824,210	4,097,631	4,955,561
Environmental Protection	527,921	526,691	511,919	482,734	482,484	513,081	585,339	628,191	523,349	739,031
Public Transportation	1,459,687	1,532,608	1,434,210	1,553,940	1,543,857	1,659,133	1,692,280	2,158,841	2,009,868	2,039,414
Flood Control	--	--	--	--	--	--	--	--	--	12,101
Health and Welfare	1,015,244	1,059,373	1,118,275	1,174,364	1,491,223	1,344,930	1,186,536	1,350,620	1,387,693	1,408,423
Culture and Recreation	306,705	265,803	270,447	198,094	156,148	182,580	205,538	258,915	261,008	322,716
Conservation	26,138	32,237	49,471	34,226	37,442	37,868	46,852	45,564	57,302	71,979
Capital Outlay	1,788,938	795,020	601,716	433,068	2,478,785	9,293,425	1,766,414	1,517,701	1,214,829	3,388,586
Debt Service										
Interest	--	--	6,581	848	--	626,194	463,804	423,479	434,369	449,754
Principal	--	--	15,979	122,572	--	--	395,000	454,155	506,612	646,559
Total Expenditures	8,908,125	8,725,928	8,785,452	9,314,310	11,759,988	19,661,876	13,190,315	14,469,533	14,607,425	18,685,717
Excess of Revenues Over (Under) Expenditures	(75,887)	(160,111)	(211,608)	(391,560)	(1,921,589)	(8,159,079)	556,755	685,366	397,629	(2,477,158)
Other Financing Sources (Uses)										
Bonds Proceeds	--	--	--	--	11,246,104	--	--	--	2,396,139	--
Other Proceeds	--	--	138,551	--	--	--	--	--	14,841	11,722
Transfers In	1,255,428	1,405,508	1,144,450	1,259,809	1,524,588	1,422,082	1,610,024	1,586,698	1,703,503	1,849,331
Transfers Out	(1,255,428)	(1,405,508)	(1,158,450)	(1,259,809)	(1,524,588)	(1,422,082)	(1,610,024)	(1,586,698)	(1,744,234)	(1,851,388)
Total Other Financing Sources (Uses)	--	--	124,551	--	11,246,104	--	--	--	2,370,249	9,665
Prior period adjustments	(121,031)	--	--	--	5,379	--	--	--	--	--
Net Change in Fund Balances	\$ (196,918)	\$ (160,111)	\$ (87,057)	\$ (391,560)	\$ 9,329,894	\$ (8,159,079)	\$ 556,755	\$ 685,366	\$ 2,767,878	\$ (2,467,493)
Debt Service As A Percentage Of Noncapital Expenditures	--	--	0.3%	1.4%	--	6.0%	7.5%	6.8%	7.0%	7.2%

ARANSAS COUNTY, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

UNAUDITED

<u>Fiscal Year</u>	<u>Land</u>	<u>Personal Property</u>	<u>Minerals</u>	<u>Total Taxable Assessed Value</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
1999	\$ 1,136,852,707	\$ 40,774,790	\$ 72,975,370	\$ 1,250,602,867	\$ 1,250,602,867	\$ 100.00%
2000	1,244,168,548	41,994,930	67,803,780	1,353,967,258	1,353,967,258	100.00%
2001	1,406,493,227	41,087,338	88,012,415	1,535,592,980	1,535,592,980	100.00%
2002	1,589,834,481	40,407,001	77,030,725	1,707,272,207	1,707,272,207	100.00%
2003	1,791,097,019	41,873,917	95,702,090	1,928,673,026	1,928,673,026	100.00%
2004	1,924,729,499	45,098,637	136,414,380	2,106,242,516	2,106,242,516	100.00%
2005	2,112,812,529	53,382,346	120,835,530	2,287,030,405	2,287,030,405	100.00%
2006	2,143,550,620	56,007,822	103,163,510	2,302,721,952	2,302,721,952	100.00%
2007	2,502,792,053	56,471,618	138,541,806	2,697,805,477	2,697,805,477	100.00%
2008	3,105,763,236	56,190,007	181,887,950	3,343,841,193	3,343,841,193	100.00%

Source: Aransas County Appraisal District

ARANSAS COUNTY, TEXAS
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Cabot Oil & Gas Corp	\$ 53,837,250	1	1.61%	\$		
EOG Resources, Inc.	15,358,570	2	0.46%			
Degussa Engineered Carb.	13,452,080	3	0.40%	8,249,370	2	0.83%
AEP Texas Central Co	12,595,430	4	0.38%	6,269,030	5	0.63%
H.E. Butt Grocery	10,888,786	5	0.33%	4,883,314	6	0.49%
Waterfront Land Inv. Fund	10,446,020	6	0.31%			
Helmerich & Payne Int'l	8,000,000	7	0.24%			
Crowley, Christopher J	7,813,772	8	0.23%			
Wal-Mart Real Estate	7,793,250	9	0.23%			
Rockport Harborfront LP	7,457,774	10	0.22%			
Southwestern Bell Tele.				8,881,220	1	0.90%
Mitchell Energy Corp				7,706,310	3	0.78%
Reynolds Metals, Inc.				6,875,470	4	0.69%
Forcentergy				3,041,120	7	0.31%
Falcon Telecable				2,886,350	8	0.29%
Rockport Partners				2,832,240	9	0.29%
Bracht Lumber				2,526,660	10	0.26%
Total	\$ 147,642,932		4.42%	\$ 54,151,084		5.47%

Source: Aransas County Appraisal District

ARANSAS COUNTY, TEXAS
 PROPERTY TAX LEVIES AND COLLECTIONS
 LAST TEN FISCAL YEARS
 UNAUDITED

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 3,594,470	\$ 3,391,507	94.35%	\$ 187,123	\$ 3,578,630	99.56%
2000	3,801,378	3,580,138	94.18%	204,030	3,784,168	99.55%
2001	3,962,560	3,602,608	90.92%	342,111	3,944,719	99.55%
2002	4,433,324	3,922,012	88.47%	486,492	4,408,504	99.44%
2003	4,721,790	4,504,200	95.39%	182,222	4,686,422	99.25%
2004	5,148,009	4,934,915	95.86%	163,156	5,098,071	99.03%
2005	5,375,639	5,229,778	97.29%	85,782	5,315,560	98.88%
2006	5,401,809	5,273,741	97.63%	62,942	5,336,683	98.79%
2007	5,693,032	5,550,730	97.50%	29,245	5,579,975	98.01%
2008	6,582,987	2,249,502 *	34.17%			

* Current collections on the 2008 roll continue to July 1, 2009.

ARANSAS COUNTY, TEXAS

DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED

TABLE E-9

<u>Governmental Unit</u>	<u>Debt Outstanding 12-31-08</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid With Property Taxes			
City of Rockport	\$ 23,449,571	100.000%	\$ 23,449,571
Aransas County Navigation District No. 1	5,930,000	100.000%	5,930,000
City of Aransas Pass	19,387,000	0.100%	19,387
Town of Fulton	2,855,000	100.000%	2,855,000
Aransas Pas ISD	2,745,000	47.570%	1,305,797
Aransas County ISD	12,895,000	100.000%	12,895,000
Subtotal, Overlapping Debt			46,454,755
County Direct Debt			12,272,309
Total Direct and Overlapping Debt			\$ 58,727,064