

GONZALES COUNTY, TEXAS

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED SEPTEMBER 30, 2008*

Gonzales County, Texas  
Annual Financial Report  
For The Year Ended September 30, 2008

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
<b>FINANCIAL SECTION</b>		
Independent Auditor's Report on Financial Statements.....	1	
Management's Discussion and Analysis (Required Supplementary Information).....	3	
 <u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Assets.....	11	A-1
Statement of Activities.....	12	A-2
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	13	A-3
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Assets.....	15	A-4
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	16	A-5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	18	A-6
Statement of Fiduciary Net Assets - Fiduciary Funds.....	19	A-7
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds.....	20	A-8
Notes to the Financial Statements .....	21	
 <u>Required Supplementary Information</u>		
Budgetary Comparison Schedules:		
General Fund.....	32	B-1
Road and Bridge Fund Pct. #1.....	33	B-2
Road and Bridge Fund Pct. #2.....	34	B-3
Road and Bridge Fund Pct. #3.....	35	B-4
Road and Bridge Fund Pct. #4.....	36	B-5
Revolving Loan Fund.....	37	B-6
 Schedule of Funding Progress - Texas County and District Retirement System.....	 38	
 <u>Combining Statements as Supplementary Information</u>		
Combining Balance Sheet - Nonmajor Governmental Funds.....	39	C-1
Combining Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Nonmajor Governmental Funds.....	40	C-2
 Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	41	C-3
Combining Statement of Revenues, Expenditures, and Changes		
in Fund Balances - Nonmajor Special Revenue Funds.....	48	C-4

Gonzales County, Texas  
Annual Financial Report  
For The Year Ended September 30, 2008

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Fiduciary Funds:		
Agency Funds:		
Combining Statement of Fiduciary Assets and Liabilities.....	55	C-5

*Financial Section*

**FLOYD AND GINDLER, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
421 ST. JAMES – P.O. BOX 638  
Gonzales, TX 78629  
(830)-672-2824

**Independent Auditor's Report on Financial Statements**

Commissioners' Court  
Gonzales County, Texas  
414 St. Joseph  
Gonzales, Texas 78629

Members of the Commissioners' Court:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gonzales County, Texas as of and for the year ended September 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Gonzales County, Texas' 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. 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.

Gonzales County has not fully accounted for all capital assets owned nor the depreciation on those assets. Capital assets reported on the financial statement represent those assets acquired within the last three years. Accounting principles generally accepted in the United States of America require that all assets owned by the County, net of accumulated depreciation be reported on the government-wide financial statements. The amount by which this departure would affect assets and net assets of the government-wide financial statements is not reasonably determinable.

In our opinion, except for the effect on the financial statements of the omission discussed in the previous paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Gonzales County, Texas as of September 30, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 Gonzales County, Texas' basic financial statements. The accompanying combining 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.

Respectfully submitted,

Floyd & Gindler, PC

March 28, 2009

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Gonzales County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended September 30, 2008. Please read it in conjunction with the County's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

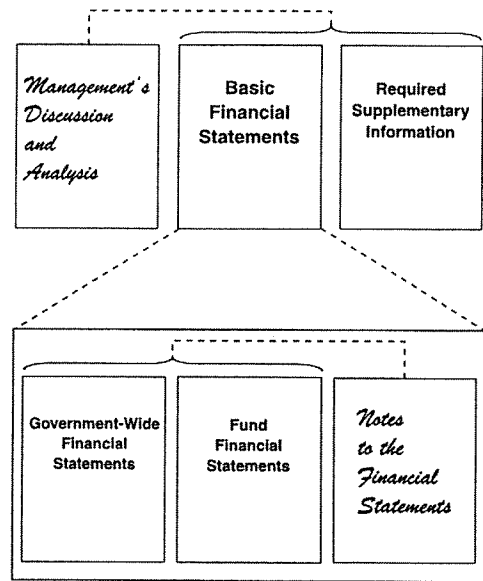
- The County's total combined net assets were \$3,102,685 at September 30, 2008.
- During the year, the County's expenses were \$444,766 less than the \$9,210,872 generated in taxes and other revenues for governmental activities.
- The total cost of the County's programs was virtually unchanged from last year, and no new programs were added this year.
- The general fund reported a fund balance this year of \$1,822,812.
- The County's issued no bonds during fiscal year September 30, 2008.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the County's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.
- *Fiduciary fund* statements provide information about the financial relationships in which the County acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

**Figure A-1, Required Components of the County's Annual Financial Report**



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

## Government-wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

**Figure A-2. Major Features of the County's Government-wide and Fund Financial Statements**

<i>Type of Statements</i>	<b>Fund Statements</b>			
	<b>Government-wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<i>Scope</i>	Entire County's government (except fiduciary funds)	The activities of the County that are not proprietary or fiduciary	Activities the County operates similar to private businesses: self insurance	Instances in which the County is the trustee or agent for someone else's resources
<i>Required financial statements</i>	♦ Statement of net assets	♦ Balance sheet	♦ Statement of net assets	♦ Statement of fiduciary net assets
	♦ Statement of activities	♦ Statement of revenues, expenditures & changes in fund balances	♦ Statement of revenues, expenses and changes in fund net assets	♦ Statement of changes in fiduciary net assets
			♦ Statement of cash flows	
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

The two government-wide statements report the County's net assets and how they have changed. Net assets—the difference between the County's assets and liabilities—is one way to measure the County's financial health or position.

- Over time, increases or decreases in the County's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County, one needs to consider additional nonfinancial factors such as changes in the County's tax base.

The government-wide financial statements of the County include the *Governmental activities*. Most of the County's basic services are included here, such as general government, financial administration, public safety, health and welfare, judicial



courts, public facilities, public transportation, conservation, and interest on long-term debt. Property taxes, charges for services, court fines and grants finance most of these activities.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the County's most significant funds—not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Commissioners Court establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The County has the following kinds of funds:

- *Governmental funds*—Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*—Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
- *Internal service funds* are used to report activities that provide supplies and services for the County's other programs and activities.
- *Fiduciary funds*—The County is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

### **FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

Net assets. The County's combined net assets were \$3,102,685 at September 30, 2008. (See Table A-1).

**Table A-1**  
Gonzales County-Net Assets

	Governmental Activities		Year to Year Change	Total Percentage Change 2008-2007
	2008	2007		
<b>Assets</b>				
Current assets:				
Cash and equivalents	\$ 4,281,760	4,568,819	(287,059)	-6%
Receivables, net of allowance				
Taxes	440,533	404,105	36,428	9%
Notes	605,522	690,378	(84,856)	-12%
Due from other governments	53,874	60,080	(6,206)	-10%
Due from others	-	25,640	(25,640)	-100%
Restricted cash and cash equivalents	152,433	136,173	16,260	12%
Total current assets	<u>5,534,122</u>	<u>5,885,195</u>	<u>(351,073)</u>	<u>-6%</u>
Noncurrent assets:				
Capital assets, net of accumulated depreciation	1,829,249	1,029,006	800,243	78%
Total assets	<u>7,363,371</u>	<u>6,914,201</u>	<u>449,170</u>	<u>7%</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	354,731	274,760	79,971	29%
Accrued wages	110,364	80,678	29,686	37%
Compensated absences	155,607	113,863	41,744	37%
Due to others	-	4,133	(4,133)	-100%
Current portion capital leases and bond payable	420,183	371,947	48,236	13%
Total current liabilities	<u>1,040,885</u>	<u>845,381</u>	<u>195,504</u>	<u>23%</u>
Long-term liabilities:				
Capital leases payable	324,801	235,901	88,900	38%
Bond and notes payable	2,895,000	3,175,000	(280,000)	-9%
Total long-term liabilities	<u>3,219,801</u>	<u>3,410,901</u>	<u>(191,100)</u>	<u>-6%</u>
Total liabilities	<u>4,260,686</u>	<u>4,256,282</u>	<u>4,404</u>	<u>0%</u>
<b>Net assets</b>				
Investment in capital assets	(1,810,735)	(2,753,842)	943,107	-34%
Restricted-debt service	152,433	136,173	16,260	12%
Restricted-economic development.	270,412	171,533	98,879	58%
Unrestricted	4,490,575	5,104,055	(613,480)	-12%
Total net assets	<u>3,102,685</u>	<u>2,657,919</u>	<u>444,766</u>	<u>17%</u>

The County's restricted net assets represent proceeds that when spent, are restricted for payment of tax supported debt and economic development through the revolving loan fund. The \$4,490,575 of unrestricted net assets represents resources available to fund the programs of the County next year.

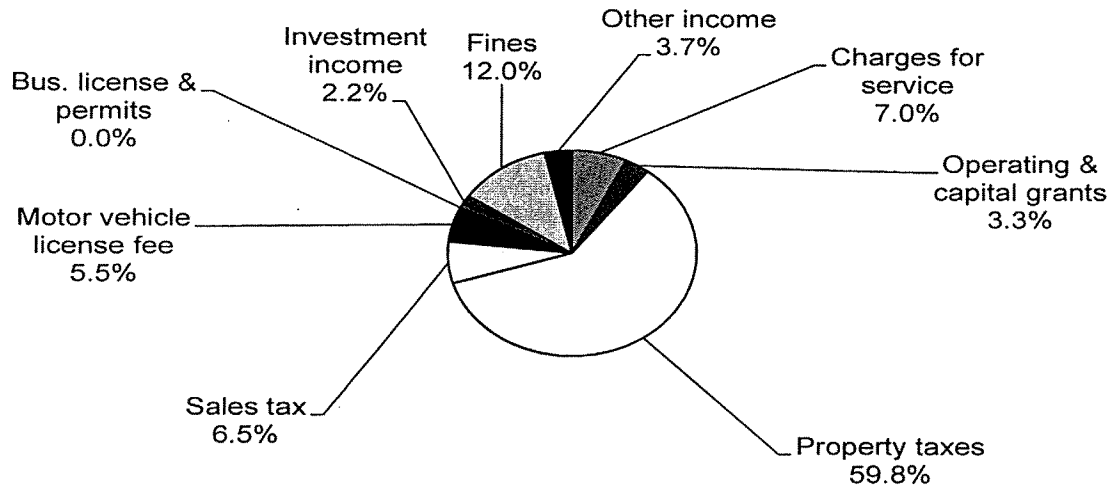
**Changes in net assets.** The County's total revenues were \$9,210,872. (Table A-2.) A significant portion, 59.8% of the County's revenue comes from property taxes. (See Figure A-3.) 7.0% percent comes from charges for services, 6.5% from sales taxes, 5.5% from motor vehicle licenses, 12.0% from court fines, 2.2% from investment income 3.3% from operating grants and 3.7% from all other sources.

The total cost of all governmental programs and services was \$8,766,106; 32.2% of these costs were for public safety; 29.1% were for public transportation; 15.9% for general government; 6.3% for financial administration; 11.4% for judicial; and 5.1% for all others.

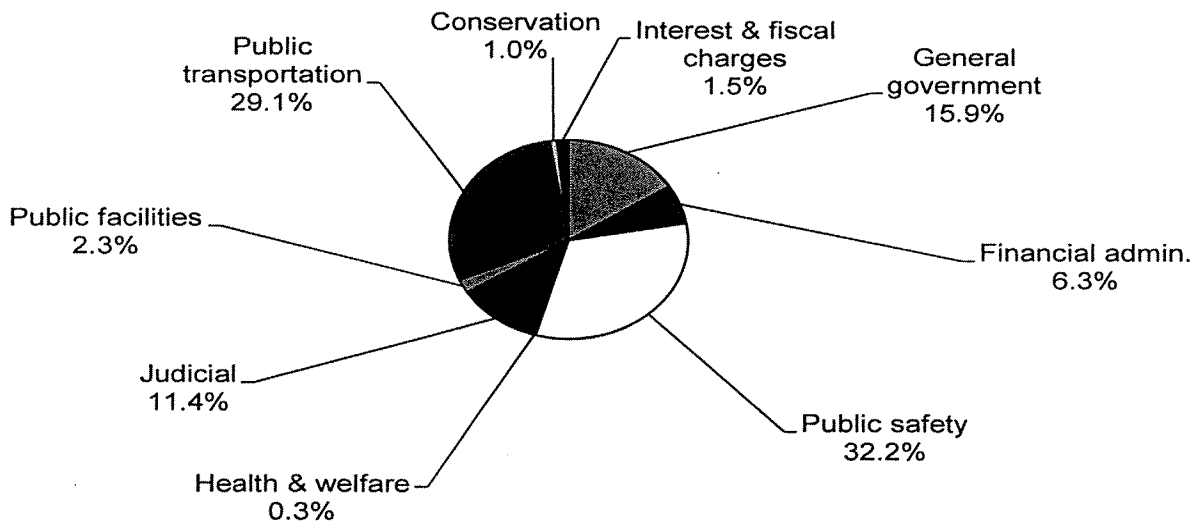
**Governmental Activities**

The tax rate for the 2007-2008 budget year increased from .6700 to .7042

**Figure A-3 County  
Sources of Revenues for Fiscal Year 2008**



**Figure A-4 County  
Sources of Expenditures for Fiscal Year 2008**



**Table A-2**  
Changes in Gonzales County Net Assets

	Governmental Activities		Year to Year Change	Total Percentage Change 2008-2007
	2008	2007		
Revenues				
Program revenues:				
Charges for services	\$ 648,903	806,588	(157,685)	-20%
Operating grants	303,047	176,131	126,916	72%
General revenues:				
Property taxes	5,512,615	5,271,776	240,839	5%
Sales taxes	600,668	563,404	37,264	7%
Motor vehicle license fees	506,126	711,656	(205,530)	-29%
Bus. licenses & permits	1,814	2,399	(585)	-24%
Investment income	198,932	309,321	(110,389)	-36%
Court fees and fines	1,107,791	843,074	264,717	31%
Other income	330,976	133,601	197,375	148%
Total revenues	<u>9,210,872</u>	<u>8,817,950</u>	<u>392,922</u>	<u>4%</u>
Expenses				
General government	1,396,821	1,168,449	228,372	20%
Financial administration	550,575	511,488	39,087	8%
Public safety	2,824,203	2,574,337	249,866	10%
Health & welfare	26,717	24,596	2,121	9%
Judicial	994,977	873,869	121,108	14%
Public facilities	198,868	260,107	(61,239)	-24%
Public transportation	2,551,795	2,096,135	455,660	22%
Conservation	86,181	72,594	13,587	19%
Interest and fiscal charges	135,969	147,341	(11,372)	-8%
Total expenses	<u>8,766,106</u>	<u>7,728,916</u>	<u>1,037,190</u>	<u>13%</u>
Increase in net assets	444,766	1,089,034	(644,268)	-59%
Net assets - beginning	2,657,919	4,038,246	2,657,919	66%
Prior period adjustment	-	(2,469,361)	(2,469,361)	100%
Net assets - ending	<u>3,102,685</u>	<u>2,657,919</u>	<u>(455,710)</u>	<u>-17%</u>

Table A-3 presents the cost of each of the County's largest functions, as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$8,766,106
- The amount that taxpayers paid for these activities through property taxes was \$5,512,615.
- Some of the costs were paid by those who directly benefited from the programs, \$648,903, and others by operating grants of \$303,047.

**Table A-3**  
Net Cost of Selected Gonzales County Functions

	Total cost of Services			Net cost of Services		
	2008	2007	% Change	2008	2007	% Change
General government	1,396,821	1,168,449	-20%	1,169,366	904,160	-29%
Public safety	2,824,203	2,574,337	-10%	2,665,211	2,239,927	-19%
Judicial	994,977	873,869	-14%	937,282	827,509	-13%
Public transportation	2,551,795	2,096,135	-22%	2,342,971	2,067,207	-13%

**Business-type Activities**

The County's has no business-type activities.

**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

Revenues from governmental fund types totaled \$9,153,547 an increase of \$353,776 or 4.%. The most significant changes took place in property taxes and court fees and fines. Court fees and fines increased \$264,717. Property tax collections increased by \$240,839 due to increased tax rates and appraised values.

**General Fund Budgetary Highlights**

Over the course of the year, the County revised its budget. Even with these adjustments, actual expenditures were \$402,825 below final budget amounts.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2008, the County had fully reported all capital asset owned on the government-wide financial statements. Only those assets acquired within the last three years are reported. The County had invested \$1,829,249 in capital assets, net of accumulated depreciations. (See Table A-4.)

**Table A-4**  
Gonzales County Capital Assets

	Governmental Activites		Year to Year 2008	Total Percentage Change 2008-2007
	2008	2007		
Buildjngs and improvements	50,236	-	50,236	n/a
Equipment	1,145,864	830,641	315,223	38%
Assets under capital leases	647,689	336,029	311,660	93%
Construction in progress	286,169	-	286,169	n/a
Total capital assets	2,129,958	1,166,670	963,288	83%
Accumulated depreciation	(300,709)	(137,664)	(163,045)	118%
Net capital assets	1,829,249	1,029,006	800,243	78%

**Long Term Debt**

At year-end the County had \$3.639,984 outstanding long term debt as shown in Table A-5. More detailed information about the County's debt is presented in the notes to the financial statements.

**Table A-5**  
Gonzales County Long-Term Debt

	Governmental Activities		Year to Year 2008	Total Percentage Change 2008-2007
	2008	2007		
Bonds payable	3,175,000	3,440,000	(265,000)	-8%
Capital leases	464,984	342,848	122,136	36%
Total long term debt	<u>3,639,984</u>	<u>3,782,848</u>	<u>(142,864)</u>	<u>-4%</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The tax rate for the 2008-2009 budget year decreased, from .7042 to .6450 due to increasing property tax valuations and the Commissioner's Court adopting the effective tax rate.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditors office.

**GONZALES COUNTY, TEXAS**

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2008

	<u>Governmental Activities</u>
ASSETS	
Assets:	
<i>Cash and cash equivalents</i>	\$ 4,281,759
Receivables (net of allowances for uncollectibles):	
<i>Taxes</i>	440,533
<i>Notes</i>	605,522
<i>Due from other governments</i>	53,875
Restricted assets:	
<i>Cash and cash equivalents</i>	152,433
<i>Fixed asset not subject to depreciation</i>	286,169
<i>Fixed assets (net of depreciaton)</i>	1,543,080
Total assets	<u>7,363,371</u>
LIABILITIES	
<i>Accounts payable</i>	354,731
<i>Accrued wages payable</i>	110,364
<i>Compensated absences payable</i>	155,607
Non current liabilities:	
<i>Due within one year</i>	420,183
<i>Due in more than one year</i>	3,219,801
Total liabilities	<u>4,260,686</u>
NET ASSETS	
Invested in capital assets, net of related debt	(1,810,735)
Restricted for:	
Debt service	152,433
Economic development	270,412
Unrestricted	4,490,575
Total net assets	<u>\$ 3,102,685</u>

The accompanying notes are an integral part of this statement.

**GONZALES COUNTY, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
<b>Primary Government</b>				
Governmental activities				
General government	\$ 1,396,821	\$ 196,535	\$ 30,920	\$ (1,169,366)
Financial administration	550,575	298,984	--	(251,591)
Public safety	2,824,203	121,183	37,809	(2,665,211)
Health and welfare	26,717	--	--	(26,717)
Judicial	994,977	32,201	25,494	(937,282)
Public facilities	198,868	--	--	(198,868)
Public transportation	2,551,795	--	208,824	(2,342,971)
Conservation	86,181	--	--	(86,181)
Interest and fiscal charges	135,969	--	--	(135,969)
Total government activities	<u>8,766,106</u>	<u>648,903</u>	<u>303,047</u>	<u>(7,814,156)</u>
Total primary government	<u>\$ 8,766,106</u>	<u>\$ 648,903</u>	<u>\$ 303,047</u>	<u>(7,814,156)</u>
General revenues:				
Property taxes				5,512,615
Sales taxes				600,668
License and permits				1,814
Motor vehicle license				506,126
Court fines				1,107,791
Other revenues				330,976
Investment earnings				198,932
Total general revenues				<u>8,258,922</u>
Change in net assets				444,766
Net assets - beginning				2,657,919
Net assets - ending				<u>\$ 3,102,685</u>

The accompanying notes are an integral part of this statement.



**GONZALES COUNTY, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2008**

	General Fund	Road and Bridge Fund Pct. #1	Road and Bridge Fund Pct. #2
<b>ASSETS</b>			
Assets:			
<i>Cash and cash equivalents</i>	\$ 2,515,953	\$ 566,383	\$ 149,480
Receivables (net of allowances for uncollectibles):			
<i>Taxes</i>	440,533	--	--
<i>Notes</i>	8,130	--	--
<i>Due from other governments</i>	53,875	--	--
Restricted assets:			
<i>Cash and cash equivalents</i>	--	--	--
 Total assets	\$ 3,018,491	\$ 566,383	\$ 149,480
 <b>LIABILITIES AND EQUITY</b>			
Liabilities:			
<i>Accounts payable</i>	\$ 274,820	\$ 13,755	\$ 21,189
<i>Bank overdraft</i>	388,103	--	--
<i>Accrued wages payable</i>	84,092	7,066	5,844
<i>Deferred revenue</i>	448,664	--	--
Total liabilities	1,195,679	20,821	27,033
Equity:			
Fund balances:			
<i>Reserved for debt service</i>	--	--	--
<i>Unreserved, designated</i>	--	--	--
<i>Unreserved, undesignated</i>	1,822,812	545,562	122,447
Total equity	1,822,812	545,562	122,447
 Total liabilities and equity	\$ 3,018,491	\$ 566,383	\$ 149,480

The accompanying notes are an integral part of this statement.

