

GONZALES COUNTY, TEXAS

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED SEPTEMBER 30, 2007*

Gonzales County, Texas  
Annual Financial Report  
For The Year Ended September 30, 2007

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*Financial Section*

**FLOYD AND GINDLER, P.C.**  
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Gonzales, TX 78629  
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**Independent Auditor's Report on Financial Statements**

Commissioner's Court  
Gonzales County, Texas  
414 St. Joseph  
Gonzales, Texas 78629

Members of the Commissioner's 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, 2007, 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 two 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, 2007, 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

February 18, 2008

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## 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, 2007. 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 \$2,657,919 at September 30, 2007.
- During the year, the County's expenses were \$1,089,034 less than the \$8,817,950 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 \$2,218,117.
- The County's issued no bonds during fiscal year September 30, 2007.

### 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.
- *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.

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

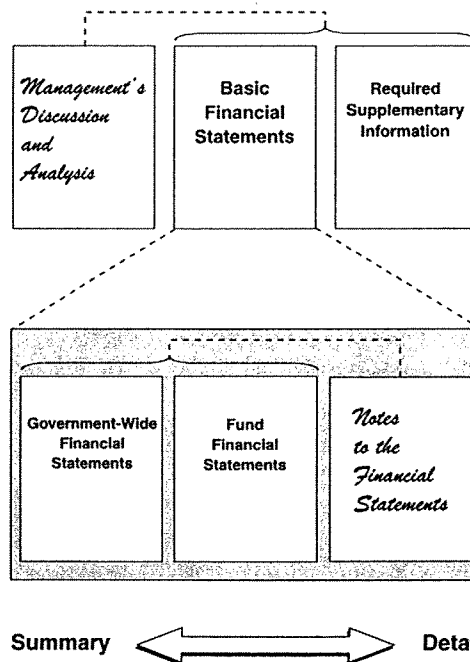


Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each 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 Gonzales County Underground Water Conservation District's Government-wide and Fund Financial Statements

Types of Statements	Fund Statements		
	Government-wide	Governmental Funds	Fiduciary Funds
<i>Scope</i>	Entire District's government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	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 fiduciary net assets
	Statement of activities	Statement of revenues, expenditures and changes in fund balances	Statement of changes in fiduciary net assets
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resource focus	Modified accrual accounting and current financial resource focus	Accrual accounting and economic resource focus
<i>Types 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	All assets and liabilities, both short-term and long-term; the fiduciary's funds do not currently contain capital assets, although they can
		included.	
<i>Types of Inflow/outflow information</i>	All revenues and expenses during the 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 the 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.
- *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 \$2,657,919 at September 30, 2007. (See Table A-1).

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

	Governmental Activities		Total		Total Percentage Change 2007-2006
	2007	2006 (1)	2007	2006 (1)	
<b>Assets</b>					
<b>Current assets:</b>					
Cash and equivalents	\$ 4,568,819	-	4,568,819	-	n/a
Receivables, net of allowance					
Taxes	404,105	-	404,105	-	n/a
Notes	690,378	-	690,378	-	n/a
Due from other governments	60,080	-	60,080	-	n/a
Due from others	25,640	-	25,640	-	n/a
Restricted cash and cash equivalents	136,173	-	136,173	-	n/a
Total current assets	<u>5,885,195</u>	<u>-</u>	<u>5,885,195</u>	<u>-</u>	<u>n/a</u>
<b>Noncurrent assets:</b>					
Capital assets, net of accumulated depreciation	1,029,006	-	199,534	-	n/a
Total assets	<u>6,914,201</u>	<u>-</u>	<u>6,084,729</u>	<u>-</u>	<u>n/a</u>
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Accounts payable	274,760	-	274,760	-	n/a
Accrued wages	80,678	-	80,678	-	n/a
Compensated absences	113,863	-	113,863	-	n/a
Due to others	4,133	-	4,133	-	n/a
Current portion capital leases and bond payable	371,947	-	371,947	-	n/a
Total current liabilities	<u>845,381</u>	<u>-</u>	<u>845,381</u>	<u>-</u>	<u>n/a</u>
<b>Long-term liabilities:</b>					
Capital leases payable	235,901	-	235,901	-	n/a
Bond and notes payable	3,175,000	-	3,175,000	-	n/a
Total long-term liabilities	<u>3,410,901</u>	<u>-</u>	<u>3,410,901</u>	<u>-</u>	<u>n/a</u>
Total liabilities	<u>4,256,282</u>	<u>-</u>	<u>4,256,282</u>	<u>-</u>	<u>n/a</u>
<b>Net assets</b>					
Investment in capital assets	(2,753,842)	-	(2,753,842)	-	n/a
Restricted-debt service	136,173	-	136,173	-	n/a
Unrestricted	5,275,588	-	1,366,359	-	n/a
Total net assets	<u>2,657,919</u>	<u>-</u>	<u>(1,251,310)</u>	<u>-</u>	<u>n/a</u>

(1) Comparative data will be presented in future years.

The County's restricted net assets represent proceeds that when spent are restricted for payment of tax supported debt. The \$5,275,588 of unrestricted net assets represents resources available to fund the programs of the County next year.

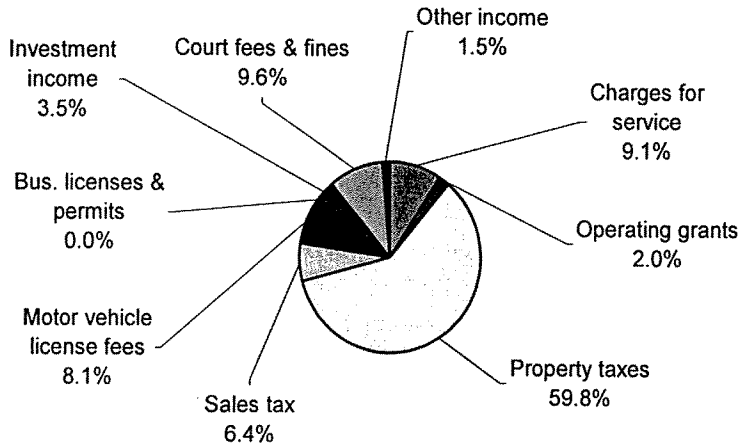
**Changes in net assets.** The County's total revenues were \$8,817,950. (Table A-2.) A significant portion, 59.8% of the County's revenue comes from property taxes. (See Figure A-3.) 9.1% percent comes from charges for services, 6.4% from sales taxes, 8.1% from motor vehicle licenses, 9.6% from court fines, 3.5% from investment income and 3.5% from all other sources.

The total cost of all governmental programs and services was \$7,728,916; 33.3% of these costs were for public safety; 27.1% were for public transportation; 15.1% for general government; 6.6% for financial administration; 11.3% for judicial; and 6.6% for all others.

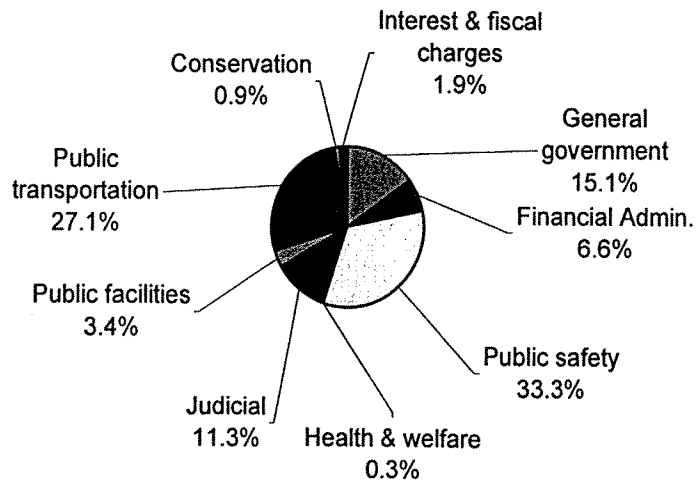
**Governmental Activities**

The tax rate for the 2006-2007 budget year decreased slightly from .6867 to .6700

**Figure A-3 County  
Sources of Revenues for Fiscal Year 2007**



**Figure A-3 County  
Sources of Expenses for Fiscal Year 2007**



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

	Governmental Activities		Total		Total Percentage Change 2007-2006
	2007	2006 (1)	2007	2006	
Revenues					
Program revenues					
Charges for services	\$ 806,588	-	806,588	-	n/a
Operating grants	176,131	-	176,131	-	n/a
General revenues					
Property taxes	5,271,776	-	5,271,776	-	n/a
Sales taxes	563,404	-	563,404	-	n/a
Motor vehicle license fees	711,656	-	711,656	-	n/a
Bus. licenses & permits	2,399	-	2,399	-	n/a
Investment income	309,321	-	309,321	-	n/a
Court fees and fines	843,074	-	843,074	-	n/a
Other income	133,601	-	133,601	-	n/a
Total revenues	<u>8,817,950</u>	<u>-</u>	<u>8,817,950</u>	<u>-</u>	<u>n/a</u>
Expenses					
General government	1,168,449	-	1,168,449	-	n/a
Financial administration	511,488	-	511,488	-	n/a
Public safety	2,574,337	-	2,574,337	-	n/a
Health & welfare	24,596	-	24,596	-	n/a
Judicial	873,869	-	873,869	-	n/a
Public facilities	260,107	-	260,107	-	n/a
Public transportation	2,096,135	-	2,096,135	-	n/a
Conservation	72,594	-	72,594	-	n/a
Interest & fiscal charges	147,341	-	147,341	-	n/a
Total expenses	<u>7,728,916</u>	<u>-</u>	<u>7,728,916</u>	<u>-</u>	<u>n/a</u>
Increase in net assets	<u>1,089,034</u>	<u>-</u>	<u>1,089,034</u>	<u>-</u>	<u>n/a</u>
Net assets - beginning	4,038,246	-	4,038,246	-	n/a
Prior period adjustment	(2,469,361)	-	(2,469,361)	-	n/a
Net assets - ending	<u>2,657,919</u>	<u>-</u>	<u>2,657,919</u>	<u>-</u>	<u>n/a</u>

(1) Comparative data will be presented in future years.

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 local revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$7,728,916.
- The amount that taxpayers paid for these activities through property taxes was \$5,271,776.
- Some of the costs were paid by those who directly benefited from the programs, \$806,588, and others by operating grants of \$176,131.

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

	Total Cost of Services			Net Cost of Services		
	2007	2006 (1)	% Change	2007	2006 (1)	% Change
General government	1,168,449	-	n/a	904,160	-	n/a
Public safety	2,574,337	-	n/a	2,239,927	-	n/a
Judicial	873,869	-	n/a	827,509	-	n/a
Public transportation	2,096,135	-	n/a	2,067,207	-	n/a

(1) Comparative data will be presented in future years.

**Business-type Activities**

The County's has no business-type activities.

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

Revenues from governmental fund types totaled \$8,799,771 an increase of \$56,782 or 0.6%. The most significant changes took place in property taxes and court fees and fines. Court fees and fines decreased \$247,993. Even with a slight property tax rate reduction, property tax collections increased by \$247,155 due to increased appraised values. Other revenues showed increases with the exception of grant revenues. In 2006, the County received \$319,179 through ORCA and HAVA grants, but during 2007, they received only \$60,696 through the HAVA grant.

**General Fund Budgetary Highlights**

Over the course of the year, the County revised its budget. Even with these adjustments, actual expenditures were \$528,293 below final budget amounts for the general fund. Road and Bridge Precincts #1,2 and 4 were under budget for the year by \$52,627, \$192,570, and \$399,328, respectively. Road and Bridge Precinct # 3 as over budget due to the improper recording of a capital lease.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2007, the County had not fully reported all capital asset owned on the government-wide financial statements. Only those assets acquired within the last two years are reported. The County had invested \$1,029,006 in capital assets, net of accumulated depreciation. (See Table A-4.)

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

	Governmental Activites		Total		Total Percentage Change 2007-2006
	2007	2006 (1)	2007	2006 (1)	
Equipment	830,641	-	830,641	-	n/a
Assets under capital leases	336,029	-	336,029	-	n/a
Total capital assets	<u>1,166,670</u>	<u>-</u>	<u>1,166,670</u>	<u>-</u>	<u>n/a</u>
Accumulated depreciation	<u>(137,664)</u>	<u>-</u>	<u>(137,664)</u>	<u>-</u>	<u>n/a</u>
Net capital assets	<u><u>1,029,006</u></u>	<u><u>-</u></u>	<u><u>1,029,006</u></u>	<u><u>-</u></u>	<u><u>n/a</u></u>

(1) Comparative data will presented in future years.

### Long Term Debt

At year-end the County had \$3,782,848 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 Activites		Total		Total Percentage Change 2007-2006
	2007	2006 (1)	2007	2006 (1)	
Bonds payable	3,440,000	-	3,440,000	-	n/a
Capital leases	342,848	-	342,848	-	n/a
Total long term debt	<u>3,782,848</u>	<u>-</u>	<u>3,782,848</u>	<u>-</u>	<u>n/a</u>

(1) Comparative data will be presented in future years.

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

- The tax rate for the 2007-2008 budget year decreased, from .6700 to .6562 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 Auditor's office.

*Basic Financial Statements*



**GONZALES COUNTY, TEXAS**

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2007

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Assets:	
Cash and cash equivalents	\$ 4,568,819
Receivables (net of allowances for uncollectibles):	
Taxes	404,105
Notes	690,378
Due from other governments	60,080
Due from others	25,640
Restricted assets:	
Cash and cash equivalents	136,173
Fixed assets (net of depreciaton)	1,029,006
Total assets	<u>6,914,201</u>
<b>LIABILITIES</b>	
Accounts payable	274,760
Accrued wages payable	80,678
Compensated absences payable	113,863
Due to others	4,133
Non current liabilities:	
Due within one year	371,947
Due in more than one year	3,410,901
Total liabilities	<u>4,256,282</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	(2,753,842)
Restricted for:	
Debt service	136,173
Unrestricted	5,275,588
Total net assets	<u>\$ 2,657,919</u>

The accompanying notes are an integral part of this statement.

**GONZALES COUNTY, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

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	\$ 1,168,449	\$ 165,889	\$ 98,400	\$ (904,160)
Financial administration	511,488	306,732	--	(204,756)
Public safety	2,574,337	292,605	41,805	(2,239,927)
Health and welfare	24,596	--	2,000	(22,596)
Judicial	873,869	41,362	4,998	(827,509)
Public facilities	260,107	--	--	(260,107)
Public transportation	2,096,135	--	28,928	(2,067,207)
Conservation	72,594	--	--	(72,594)
Interest and fiscal charges	147,341	--	--	(147,341)
Total government activities	<u>7,728,916</u>	<u>806,588</u>	<u>176,131</u>	<u>(6,746,197)</u>
Total Primary Government	\$ <u>7,728,916</u>	\$ <u>806,588</u>	\$ <u>176,131</u>	<u>(6,746,197)</u>
General revenues:				
Property taxes				5,271,776
Sales taxes				563,404
License and permits				2,399
Motor vehicle license				711,656
Court fines				843,074
Other revenues				133,601
Investment earnings				309,321
Transfers				--
Total general revenues				<u>7,835,231</u>
Change in net assets				1,089,034
Net assets - beginning				4,038,246
Prior period adjustment				(2,469,361)
Net assets - ending				<u>\$ 2,657,919</u>

The accompanying notes are an integral part of this statement.

**GONZALES COUNTY, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**

	General Fund	Road and Bridge Fund Pct. #1	Road and Bridge Fund Pct. #2
<b>ASSETS</b>			
<b>Assets:</b>			
<i>Cash and cash equivalents</i>	\$ 2,396,623	\$ 682,167	\$ 87,581
<i>Receivables (net of allowances for uncollectibles):</i>			
<i>Taxes</i>	404,105	--	--
<i>Notes</i>	8,130	--	--
<i>Due from other governments</i>	60,080	--	--
<i>Due from others</i>	25,640	--	--
<b>Restricted assets:</b>			
<i>Cash and cash equivalents</i>	--	--	--
<b>Total assets</b>	<u>\$ 2,894,578</u>	<u>\$ 682,167</u>	<u>\$ 87,581</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities:</b>			
<i>Accounts payable</i>	\$ 202,642	\$ 27,594	\$ 8,933
<i>Accrued wages payable</i>	61,584	4,815	4,768
<i>Interfund payables</i>	--	--	--
<i>Deferred revenue</i>	412,235	--	--
<b>Total liabilities</b>	<u>676,461</u>	<u>32,409</u>	<u>13,701</u>
<b>Equity:</b>			
<b>Fund balances:</b>			
<i>Reserved for debt service</i>	--	--	--
<i>Reserved for state court fees</i>	172,915	--	--
<i>Unreserved, undesignated</i>	2,045,202	649,758	73,880
<b>Total equity</b>	<u>2,218,117</u>	<u>649,758</u>	<u>73,880</u>
<b>Total liabilities and equity</b>	<u>\$ 2,894,578</u>	<u>\$ 682,167</u>	<u>\$ 87,581</u>

The accompanying notes are an integral part of this statement.

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Road and Bridge Fund Pct. #3	Road and Bridge Fund Pct. #4	Revolving Loan Fund	Other Governmental Funds	Total Governmental Funds
\$ 708,960	\$ 280,627	\$ 171,533	\$ 240,004	\$ 4,567,495
--	--	--	--	404,105
--	--	682,248	--	690,378
--	--	--	--	60,080
--	--	--	--	25,640
--	--	--	136,173	136,173
<u>\$ 708,960</u>	<u>\$ 280,627</u>	<u>\$ 853,781</u>	<u>\$ 376,177</u>	<u>\$ 5,883,871</u>
\$ 20,449	\$ 11,599	\$ --	\$ 2,219	\$ 273,436
4,445	4,731	--	335	80,678
--	--	--	4,132	4,132
--	--	682,248	--	1,094,483
<u>24,894</u>	<u>16,330</u>	<u>682,248</u>	<u>6,686</u>	<u>1,452,729</u>
--	--	--	136,173	136,173
--	--	--	205,797	378,712
684,066	264,297	171,533	27,521	3,916,257
<u>684,066</u>	<u>264,297</u>	<u>171,533</u>	<u>369,491</u>	<u>4,431,142</u>
<u>\$ 708,960</u>	<u>\$ 280,627</u>	<u>\$ 853,781</u>	<u>\$ 376,177</u>	<u>\$ 5,883,871</u>

**GONZALES COUNTY, TEXAS**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2007

Total fund balances - governmental funds balance sheet	\$ 4,431,142
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.	1,029,006
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	404,104
Payables for bond principal which are not due in the current period are not reported in the funds.	(3,440,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(342,848)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(113,863)
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.	<u>690,378</u>
Net assets of governmental activities - statement of net assets	<u>\$ 2,657,919</u>

The accompanying notes are an integral part of this statement.

# GONZALES COUNTY, TEXAS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2007

	General Fund	Road and Bridge Fund Pct. #1	Road and Bridge Fund Pct. #2
<b>Revenue:</b>			
Taxes	\$ 3,682,648	\$ 490,535	\$ 428,411
Licenses and permits	21,961	173,023	173,023
Intergovernmental	95,831	--	--
Charges for services	716,304	--	--
Fines	767,300	--	--
Interest	162,085	37,486	7,748
Miscellaneous	105,453	1,199	1,710
Grants	--	--	--
<b>Total revenues</b>	<u>5,551,582</u>	<u>702,243</u>	<u>610,892</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	1,217,818	--	--
Financial administration	509,755	--	--
Public safety	2,573,712	--	--
Health and welfare	23,989	--	--
Judicial	839,951	--	--
Public facilities	214,783	--	--
Public transportation	--	629,678	752,481
Conservation	66,007	--	--
<b>Debt service:</b>			
Principal	--	--	--
Interest and fiscal charges	--	--	--
<b>Total expenditures</b>	<u>5,446,015</u>	<u>629,678</u>	<u>752,481</u>
<b>Excess (deficiency) of revenues (under) expenditures</b>	<b>105,567</b>	<b>72,565</b>	<b>(141,589)</b>
<b>Other financing sources (uses):</b>			
Principal received on loans	--	--	--
Proceeds from capital leases	--	--	79,479
<b>Total other financing sources (uses)</b>	<u>--</u>	<u>--</u>	<u>79,479</u>
<b>Net change in fund balance</b>	<b>105,567</b>	<b>72,565</b>	<b>(62,110)</b>
Fund balances/equity, October 1	2,067,619	580,848	139,771
Increase (decrease) in fund balance	44,931	(3,655)	(3,781)
<b>Fund balances/equity, September 30</b>	<u>\$ 2,218,117</u>	<u>\$ 649,758</u>	<u>\$ 73,880</u>

The accompanying notes are an integral part of this statement.

Road and Bridge Fund Pct. #3	Road and Bridge Fund Pct. #4	Revolving Loan Fund	Other Governmental Funds	Total Governmental Funds
\$ 403,562	\$ 388,376	\$ --	\$ 423,469	\$ 5,817,001
173,024	173,024	--	--	714,055
--	--	--	30,799	126,630
--	--	--	35,284	751,588
--	--	--	75,774	843,074
41,765	18,220	31,109	10,907	309,320
23,100	1,140	--	1,000	133,602
--	--	--	104,501	104,501
<u>641,451</u>	<u>580,760</u>	<u>31,109</u>	<u>681,734</u>	<u>8,799,771</u>
--	--	3,358	78,376	1,299,552
--	--	--	--	509,755
--	--	--	41,805	2,615,517
--	--	--	155	24,144
--	--	--	32,985	872,936
--	--	--	44,613	259,396
769,327	551,947	--	28,927	2,732,360
--	--	--	--	66,007
--	--	--	235,000	235,000
--	--	--	157,341	157,341
<u>769,327</u>	<u>551,947</u>	<u>3,358</u>	<u>619,202</u>	<u>8,772,008</u>
(127,876)	28,813	27,751	62,532	27,763
--	--	98,160	--	98,160
156,180	--	--	--	235,659
<u>156,180</u>	<u>--</u>	<u>98,160</u>	<u>--</u>	<u>333,819</u>
28,304	28,813	125,911	62,532	361,582
659,127	239,227	45,622	306,035	4,038,249
(3,365)	(3,743)	--	924	31,311
<u>\$ 684,066</u>	<u>\$ 264,297</u>	<u>\$ 171,533</u>	<u>\$ 369,491</u>	<u>\$ 4,431,142</u>



**GONZALES COUNTY, TEXAS**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Net change in fund balances - total governmental funds	\$ 361,582
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	775,649
The depreciation of capital assets used in governmental activities is not reported in the funds.	(104,015)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	18,182
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	245,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	137,546
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(11,091)
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(235,659)
Revolving loan principle repaid is not reported as income in the SOA, but is reported in the funds.	<u>(98,160)</u>
Change in net assets of governmental activities - statement of activities	<u>\$ 1,089,034</u>

The accompanying notes are an integral part of this statement.

**GONZALES COUNTY, TEXAS**  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 SEPTEMBER 30, 2007

	Private-purpose Trust Fund	
	Permanent School Fund	Agency Funds
<b>ASSETS</b>		
<b>Assets:</b>		
<i>Cash and cash equivalents</i>	\$ 209,225	\$ 7,460
Total assets	<u>\$ 209,225</u>	<u>\$ 7,460</u>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>		
<b>Liabilities:</b>		
<i>Interfund payables</i>	\$ --	\$ 431
Total liabilities	<u>--</u>	<u>431</u>
<b>Equity</b>		
<b>Retained earnings:</b>		
<i>Reserved</i>	209,225	--
<b>Fund balances:</b>		
<i>Reserved</i>	--	7,029
Total equity	<u>209,225</u>	<u>7,029</u>
Total liabilities and equity	<u>\$ 209,225</u>	<u>\$ 7,460</u>

The accompanying notes are an integral part of this statement.

**GONZALES COUNTY, TEXAS**  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Private- Purpose Trusts	Permanent School Fund
<b>Additions:</b>		
Investment income	\$ 10,754	
Total additions	<u>10,754</u>	
<b>Deductions:</b>		
Payments to school districts		11,368
Total deductions		<u>11,368</u>
<b>Change in net assets</b>		(614)
Net assets-beginning of the year		<u>209,839</u>
Net assets-end of the year		<u><u>\$ 209,225</u></u>

The accompanying notes are an integral part of this statement.

**GONZALES COUNTY, TEXAS**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2007*

A. Summary of Significant Accounting Policies

The combined financial statements of Gonzales 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

The County's basic financial statements include the accounts of all its operations. The County evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the County's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County
- the exclusion of the organization would result in misleading or incomplete financial statements

The County also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the County to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the County, its component units or its constituents; and 2) The County or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the County.

Based on these criteria, the County has no component units. Additionally, the County is not a component unit of any other reporting entity as defined by the GASB Statement.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

**Government-wide Statements:** The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

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

## **GONZALES COUNTY, TEXAS**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

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.

**Road and Bridge Precinct Funds.** These funds account for all resources of the County that are used to maintain all County roads. The County is divided into four precincts, with each precinct responsible for the roads located within their assigned areas.

**Revolving Loan Fund.** This fund is used to account for all loans and collections in the County's economic development fund. Low interest loans are made to local businesses to encourage economic development. Loan repayments come back into the fund to be loaned out again.

In addition, the County reports the following fund types:

**Agency Funds:** These funds are used to report resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support County programs, these funds are not included in the government-wide statements.

#### **b. Measurement Focus, Basis of Accounting**

**Government-wide and Fiduciary Fund Financial Statements:** These financial statements are reported using the economic resources measurement focus. They 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.

### **3. Financial Statement Amounts**

#### **a. 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

**GONZALES COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

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.

Analysis of property taxes receivable at year end:

Gross taxes receivable	\$ 808,210
Less: Allowance for uncollectible taxes	(404,105)
Taxes receivable, net of allowance for uncollectible	<u>\$ 404,105</u>

Allowances for uncollectible tax receivables 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.

b. Inventories

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

c. 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>
Vehicles	2-15
Equipment	3-15

d. 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.

There are no significant receivables which are not scheduled for collection within one year of year end.

e. 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.

**GONZALES COUNTY, TEXAS**  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

f. 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. 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 reported	Not applicable	Not applicable

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 September 30, 2007, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$113,587 and the bank balance was \$234,200. The County's cash deposits at September 30, 2007 and during the year ended September 30, 2007, were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

Investments:

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

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

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

**GONZALES COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

The County's investment at September 30, 2007 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Texpool-governmental funds	N/A	\$ 2,070,993
Texpool-private purpose funds	N/A	209,225
Total investments		<u>\$ 2,280,218</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 September 30, 2007, the County's investments, other than those which are obligations of or guaranteed by the United States Government, are rated as to credit quality as follows:

<u>Investment or Investment Type</u>	<u>Rating</u>	<u>Rating Service</u>
Texpool	AAAm	Standard and 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.

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



**GONZALES COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

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. Capital Assets**

Capital asset activity for the year ended September 30, 2007, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<i>Capital assets being depreciated:</i>				
Equipment	290,651	539,990	--	830,641
Assets under capital lease	100,370	235,659	--	336,029
Total capital assets being depreciated	<u>391,021</u>	<u>775,649</u>	<u>--</u>	<u>1,166,670</u>
Less accumulated depreciation for:				
Equipment	(30,303)	(89,468)	--	(119,771)
Assets under capital lease	(3,346)	(14,547)	--	(17,893)
Total accumulated depreciation	<u>(33,649)</u>	<u>(104,015)</u>	<u>--</u>	<u>(137,664)</u>
Total capital assets being depreciated, net	<u>357,372</u>	<u>671,634</u>	<u>--</u>	<u>1,029,006</u>
Governmental activities capital assets, net	<u>\$ 357,372</u>	<u>\$ 671,634</u>	<u>\$ --</u>	<u>\$ 1,029,006</u>

Depreciation was charged to functions as follows:

General government	\$ 26,227
Public safety	37,136
Transportation	34,390
Conservation	6,262
	<u>\$ 104,015</u>

**GONZALES COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**E. Long-Term Obligations**

**1. Long-Term Obligation Activity**

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2007, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 3,685,000	\$ --	\$ 245,000	\$ 3,440,000	265,000
Capital leases	244,735	235,659	137,546	342,848	106,947
<b>Total governmental activities</b>	<b>\$ 3,929,735</b>	<b>\$ 235,659</b>	<b>\$ 382,546</b>	<b>\$ 3,782,848</b>	<b>\$ 371,947</b>

**Analysis of General Obligation Bonds**

	Interest Rates	Beginning Balance	Increases	Decreases	Ending Balance
General Obligation Bonds Series 2000	5.0-6.25%	\$ 825,000	\$ --	\$ 115,000	\$ 710,000
General Obligation Refunding Bonds-Series 2002	2.0-3.9%	1,120,000	--	120,000	1,000,000
Bonds-Series 2002	3.55-4.15%	1,740,000	--	10,000	1,730,000
<b>Total general obligations bonds</b>		<b>\$ 3,685,000</b>	<b>\$ --</b>	<b>\$ 245,000</b>	<b>\$ 3,440,000</b>

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

Liability	Activity Type	Fund
Compensated absences	Governmental	General Fund and Road and Bridge Precint Funds
Claims and judgments	Governmental	General Fund and Road and Bridge Precint Funds

**2. Debt Service Requirements**

Debt service requirements on long-term debt at September 30, 2007, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2008	\$ 265,000	\$ 135,319	\$ 400,319
2009	280,000	123,990	403,990
2010	290,000	112,156	402,156
2011	310,000	99,442	409,442
2012	320,000	85,833	405,833
2013-2017	1,290,000	253,849	1,543,849
2018-2020	685,000	43,083	728,083
<b>Totals</b>	<b>\$ 3,440,000</b>	<b>\$ 853,672</b>	<b>\$ 4,293,672</b>

**GONZALES COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

3. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of September 30, 2007, as follows:

<u>Year Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 106,947	\$ 16,114	\$ 123,061
2009	84,780	10,505	95,285
2010	78,895	6,111	85,006
2011	51,417	2,745	54,162
2012	20,809	431	21,240
Totals	<u>\$ 342,848</u>	<u>\$ 35,906</u>	<u>\$ 378,754</u>

The effective interest rate on capital leases is 5.450%.

F. Risk Management

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2007, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for any of the past three fiscal years.

G. 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 retirement system consisting of nontraditional defined benefit pension plans. The 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, TX 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 8 years or more of service, with 20 years of service regardless of age, or when the sum of their age and years of service equal 75 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefits. Members who withdraw their personal deposits 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 deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is 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 deposit 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 (variable-rate) 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. The employer contributed using the actuarially determined rate of 7.75%.

The deposit rate payable by the employee members for the fiscal year ending in 2007 is 7% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by

**GONZALES COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

the governing body of the employer within the options available in the TCDRS Act.

**3. Annual Pension Cost**

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 valuations as of December 31, 2005 and 2006, the basis for determining the contribution rates for 2006 and 2007.

**Actuarial Valuation Information**

Actuarial valuation date	12/31/04	12/31/05	12/31/06
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percent of payroll	level percent of payroll	level percent of payroll
Amortization period in years	16.9	17.3	10.8
Asset valuation method	long term appreciation with adjustment	long term appreciation with adjustment	SAF: 10-yr smoothed value ESF: Fund value
<b>Actuarial assumptions:</b>			
Investment return	8.0%	8.0%	8.0%
Projected salary increase	5.5%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of living adjustment	0.0%	0.0%	0.0%

**Trend Information for the Plan**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2005	\$ 218,602	100%	\$ --
September 30, 2006	\$ 233,381	100%	\$ --
September 30, 2006	\$ 248,567	100%	\$ --

**H. Health Care Coverage**

During the year ended September 30, 2007, employees of the County were covered by a health insurance plan (the Plan). The County paid premiums of \$525 per month per employee to the Plan. Employees authorize payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the County and the licensed insurer is renewable yearly, and terms of coverage and premium costs are included in the contractual provisions.

The latest financial statements for Humana have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

**I. Commitments and Contingencies**

**1. Contingencies**

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

**GONZALES COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

accompanying basic financial statements for such contingencies.

2. **Litigation**

No reportable litigation was pending against the County at September 30, 2007.

J. **Notes Receivables - Revolving Loan Fund**

Activity in notes receivables in the revolving loan fund

	Beginning Balance	Increases	Decreases	Ending Balance
Fehner & Sons Grain	\$ 180,796	\$ --	\$ 17,234	163,562
Lynn Theater-Galan Jansky	90,776	--	7,337	83,439
Kactus Korral	26,255	--	12,177	14,078
Mr. Taco	31,932	--	2,841	29,091
Adams Extract #1	164,758	--	24,543	140,215
Adams Extract #2	170,925	--	24,307	146,618
Gonzales Nursing & Rehabilitation	114,966	--	9,721	105,245
<b>Total loans receivable</b>	<b>\$ 780,408</b>	<b>\$ --</b>	<b>\$ 98,160</b>	<b>\$ 682,248</b>

Maturity analysis is as follows:

Year Ending August 31,	Principal	Interest	Total
2008	\$ 103,973	\$ 22,489	\$ 126,462
2009	95,141	18,971	114,112
2010	97,131	15,858	112,989
2011	100,355	12,633	112,988
2012	103,636	9,353	112,989
2013-2016	182,012	10,583	192,595
<b>Totals</b>	<b>\$ 682,248</b>	<b>\$ 89,887</b>	<b>\$ 772,135</b>

K. **Prior Period Adjustment**

Prior period adjustments reflect the net impact on fund balance or net assets as a result of the County adopting the financial reporting model in accordance with Government Accounting Standards Board Statement Number 34.

## *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.

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**GONZALES COUNTY, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
<i>Taxes</i>	\$ 3,711,098	\$ 3,711,098	\$ 3,682,648	\$ (28,450)
<i>Licenses and permits</i>	21,600	21,600	21,961	361
<i>Intergovernmental</i>	92,833	92,833	95,831	2,998
<i>Charges for services</i>	545,302	545,302	716,304	171,002
<i>Fines</i>	839,050	839,050	767,300	(71,750)
<i>Interest</i>	75,000	75,000	162,085	87,085
<i>Miscellaneous</i>	31,337	31,337	105,453	74,116
Total revenues	<u>5,316,220</u>	<u>5,316,220</u>	<u>5,551,582</u>	<u>235,362</u>
Expenditures:				
Current:				
<i>General government</i>	1,591,934	1,613,124	1,217,818	395,306
<i>Financial administration</i>	522,641	526,000	509,755	16,245
<i>Public safety</i>	2,614,527	2,619,120	2,573,712	45,408
<i>Health and welfare</i>	24,104	25,154	23,989	1,165
<i>Judicial</i>	878,646	900,105	839,951	60,154
<i>Public facilities</i>	209,003	216,041	214,783	1,258
<i>Conservation</i>	72,594	74,764	66,007	8,757
Total expenditures	<u>5,913,449</u>	<u>5,974,308</u>	<u>5,446,015</u>	<u>528,293</u>
Net change in fund balance	(597,229)	(658,088)	105,567	763,655
Fund balances/equity, October 1	2,067,619	2,067,619	2,067,619	--
Increase (decrease) in fund balance	--	--	44,931	44,931
Fund balances/equity, September 30	<u>\$ 1,470,390</u>	<u>\$ 1,409,531</u>	<u>\$ 2,218,117</u>	<u>\$ 808,586</u>



**GONZALES COUNTY, TEXAS**  
ROAD AND BRIDGE FUND PCT. #1  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
<i>Taxes</i>	\$ 498,426	\$ 498,426	\$ 490,535	\$ (7,891)
<i>Licenses and permits</i>	163,879	163,879	173,023	9,144
<i>Interest</i>	20,000	20,000	37,486	17,486
<i>Miscellaneous</i>	--	--	1,199	1,199
Total revenues	<u>682,305</u>	<u>682,305</u>	<u>702,243</u>	<u>19,938</u>
Expenditures:				
Current:				
<i>Public transportation</i>	682,305	682,305	629,678	52,628
Total expenditures	<u>682,305</u>	<u>682,305</u>	<u>629,678</u>	<u>52,628</u>
Excess (deficiency) of revenues (under) expenditures	--	--	72,565	72,565
Other financing sources (uses):				
<i>Operating transfers out</i>	--	(22,040)	--	(22,040)
Total other financing sources (uses)	<u>--</u>	<u>(22,040)</u>	<u>--</u>	<u>22,040</u>
Net change in fund balance	--	(22,040)	72,565	94,605
Fund balances/equity, October 1	580,848	580,848	580,848	--
Increase (decrease) in fund balance	--	--	(3,655)	(3,655)
Fund balances/equity, September 30	<u>\$ 580,848</u>	<u>\$ 558,806</u>	<u>\$ 649,758</u>	<u>\$ 90,950</u>

**GONZALES COUNTY, TEXAS**  
ROAD AND BRIDGE FUND PCT. #2  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT B-3

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
<i>Taxes</i>	\$ 433,868	\$ 433,868	\$ 428,411	\$ (5,457)
<i>Licenses and permits</i>	163,879	163,879	173,023	9,144
<i>Interest</i>	2,000	2,000	7,748	5,748
<i>Miscellaneous</i>	--	--	1,710	1,710
Total revenues	<u>599,747</u>	<u>599,747</u>	<u>610,892</u>	<u>11,145</u>
Expenditures:				
Current:				
<i>Public transportation</i>	<u>599,747</u>	<u>945,051</u>	<u>752,481</u>	<u>192,570</u>
Total expenditures	<u>599,747</u>	<u>945,051</u>	<u>752,481</u>	<u>192,570</u>
Excess (deficiency) of revenues (under) expenditures	--	(345,304)	(141,589)	203,715
Other financing sources (uses):				
<i>Proceeds from capital leases</i>	<u>--</u>	<u>--</u>	<u>79,479</u>	<u>79,479</u>
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>79,479</u>	<u>79,479</u>
Net change in fund balance	--	(345,304)	(62,110)	283,194
Fund balances/equity, October 1	139,771	139,771	139,771	--
Increase (decrease) in fund balance	--	--	(3,781)	(3,781)
Fund balances/equity, September 30	<u>\$ 139,771</u>	<u>\$ (205,533)</u>	<u>\$ 73,880</u>	<u>\$ 279,413</u>

**GONZALES COUNTY, TEXAS**  
ROAD AND BRIDGE FUND PCT. #3  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT B-4

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
<i>Taxes</i>	\$ 408,674	\$ 408,674	\$ 403,562	\$ (5,112)
<i>Licenses and permits</i>	163,879	163,879	173,024	9,145
<i>Interest</i>	23,000	23,000	41,765	18,765
<i>Miscellaneous</i>	--	--	23,100	23,100
Total revenues	<u>595,553</u>	<u>595,553</u>	<u>641,451</u>	<u>45,898</u>
Expenditures:				
Current:				
<i>Public transportation</i>	595,533	676,824	769,327	(92,503)
Total expenditures	<u>595,533</u>	<u>676,824</u>	<u>769,327</u>	<u>(92,503)</u>
Excess (deficiency) of revenues (under) expenditures	20	(81,271)	(127,876)	(46,605)
Other financing sources (uses):				
<i>Proceeds from capital leases</i>	--	--	156,180	156,180
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>156,180</u>	<u>156,180</u>
Net change in fund balance	20	(81,271)	28,304	109,575
Fund balances/equity, October 1	659,127	659,127	659,127	--
Increase (decrease) in fund balance	--	--	(3,365)	(3,365)
Fund balances/equity, September 30	<u>\$ 659,147</u>	<u>\$ 577,856</u>	<u>\$ 684,066</u>	<u>\$ 106,210</u>

**GONZALES COUNTY, TEXAS**  
ROAD AND BRIDGE FUND PCT. #4  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT B-5

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
<i>Taxes</i>	\$ 393,236	\$ 393,236	\$ 388,376	\$ (4,860)
<i>Licenses and permits</i>	163,879	163,879	173,024	9,145
<i>Interest</i>	11,000	11,000	18,220	7,220
<i>Miscellaneous</i>	--	--	1,140	1,140
Total revenues	<u>568,115</u>	<u>568,115</u>	<u>580,760</u>	<u>12,645</u>
Expenditures:				
Current:				
<i>Public transportation</i>	<u>568,115</u>	<u>951,275</u>	<u>551,947</u>	<u>399,328</u>
Total expenditures	<u>568,115</u>	<u>951,275</u>	<u>551,947</u>	<u>399,328</u>
Excess (deficiency) of revenues (under) expenditures	--	(383,160)	28,813	411,973
Other financing sources (uses):				
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balance	--	(383,160)	28,813	411,973
Fund balances/equity, October 1	239,227	239,227	239,227	--
Increase (decrease) in fund balance	--	--	(3,743)	(3,743)
Fund balances/equity, September 30	<u>\$ 239,227</u>	<u>\$ (143,933)</u>	<u>\$ 264,297</u>	<u>\$ 408,230</u>

**GONZALES COUNTY, TEXAS**  
 REVOLVING LOAN FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT B-6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
<i>Interest</i>	\$ 26,166	\$ 26,166	\$ 31,109	\$ 4,943
Total revenues	<u>26,166</u>	<u>26,166</u>	<u>31,109</u>	<u>4,943</u>
Expenditures:				
Current:				
<i>General government</i>	--	4,760	3,358	1,402
Total expenditures	<u>--</u>	<u>4,760</u>	<u>3,358</u>	<u>1,402</u>
Excess (deficiency) of revenues (under) expenditures	26,166	21,406	27,751	6,345
Other financing sources (uses):				
<i>Principal received on loans</i>	<u>97,541</u>	<u>97,541</u>	<u>98,160</u>	<u>619</u>
Total other financing sources (uses)	<u>97,541</u>	<u>97,541</u>	<u>98,160</u>	<u>619</u>
Net change in fund balance	123,707	118,947	125,911	6,964
Fund balances/equity, October 1	45,622	45,622	45,622	--
Fund balances/equity, September 30	<u>\$ 169,329</u>	<u>\$ 164,569</u>	<u>\$ 171,533</u>	<u>\$ 6,964</u>

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**GONZALES COUNTY, TEXAS**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

YEAR ENDED SEPTEMBER 30, 2007

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/06	\$ 5,709,829	\$ 6,540,638	\$ 830,809	87.3%	\$ 3,027,097	27.4%
12/31/05	5,150,420	6,260,339	1,109,919	82.3%	2,828,355	39.2%
12/31/04	4,573,689	5,675,602	1,101,913	80.6%	2,630,412	41.9%

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*Combining Statements  
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.

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**GONZALES COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS</b>			
<b>Assets:</b>			
<i>Cash and cash equivalents</i>	\$ 240,004	\$ --	\$ 240,004
<b>Restricted assets:</b>			
<i>Cash and cash equivalents</i>	--	136,173	136,173
<b>Total assets</b>	<u>\$ 240,004</u>	<u>\$ 136,173</u>	<u>\$ 376,177</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities:</b>			
<i>Accounts payable</i>	\$ 2,219	\$ --	\$ 2,219
<i>Accrued wages payable</i>	335	--	335
<i>Interfund payables</i>	4,132	--	4,132
<b>Total liabilities</b>	<u>6,686</u>	<u>--</u>	<u>6,686</u>
<b>Equity:</b>			
<b>Fund balances:</b>			
<i>Reserved for debt service</i>	--	136,173	136,173
<i>Reserved for state court fees</i>	205,797	--	205,797
<i>Unreserved, undesignated</i>	27,521	--	27,521
<b>Total equity</b>	<u>233,318</u>	<u>136,173</u>	<u>369,491</u>
<b>Total liabilities and equity</b>	<u>\$ 240,004</u>	<u>\$ 136,173</u>	<u>\$ 376,177</u>

**GONZALES COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:			
<i>Taxes</i>	\$ --	\$ 423,469	\$ 423,469
<i>Intergovernmental</i>	30,799	--	30,799
<i>Charges for services</i>	35,284	--	35,284
<i>Fines</i>	75,774	--	75,774
<i>Interest</i>	787	10,120	10,907
<i>Miscellaneous</i>	1,000	--	1,000
<i>Grants</i>	104,501	--	104,501
Total revenues	<u>248,145</u>	<u>433,589</u>	<u>681,734</u>
Expenditures:			
Current:			
<i>General government</i>	78,376	--	78,376
<i>Public safety</i>	41,805	--	41,805
<i>Health and welfare</i>	155	--	155
<i>Judicial</i>	32,985	--	32,985
<i>Public facilities</i>	44,613	--	44,613
<i>Public transportation</i>	28,927	--	28,927
Debt service:			
<i>Principal</i>	--	235,000	235,000
<i>Interest and fiscal charges</i>	--	157,341	157,341
Total expenditures	<u>226,861</u>	<u>392,341</u>	<u>619,202</u>
Net change in fund balance	21,284	41,248	62,532
Fund balances/equity, October 1	212,077	93,958	306,035
Increase (decrease) in fund balance	(43)	967	924
Fund balances/equity, September 30	<u>\$ 233,318</u>	<u>\$ 136,173</u>	<u>\$ 369,491</u>

**GONZALES COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2007**

	<u>Lateral Road Fund Pct. #1</u>	<u>Lateral Road Fund Pct. #2</u>	<u>Lateral Road Fund Pct. #3</u>	<u>Lateral Road Fund Pct. #4</u>
<b>ASSETS</b>				
<b>Assets:</b>				
<i>Cash and cash equivalents</i>	\$ 2	\$ 1	\$ 1	\$ 1
<b>Total assets</b>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities:</b>				
<i>Accounts payable</i>	\$ --	\$ --	\$ --	\$ --
<i>Accrued wages payable</i>	--	--	--	--
<i>Interfund payables</i>	--	--	--	--
<b>Total liabilities</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Equity:</b>				
<b>Fund balances:</b>				
<i>Reserved for state court fees</i>	--	--	--	--
<i>Unreserved, undesignated</i>	2	1	1	1
<b>Total equity</b>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>
<b>Total liabilities and equity</b>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>

Law Library Fund	Voter Registration Fund	Crime Stoppers Fund	Attorney Hot Check Fund	Record Mgmt. County Clerk
\$ 7,850	\$ 3,404	\$ 13,942	\$ 4,132	\$ 26,532
<u>\$ 7,850</u>	<u>\$ 3,404</u>	<u>\$ 13,942</u>	<u>\$ 4,132</u>	<u>\$ 26,532</u>
\$ 1,867	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	4,132	--
<u>1,867</u>	<u>--</u>	<u>--</u>	<u>4,132</u>	<u>--</u>
536	3,404	13,942	--	26,532
5,447	--	--	--	--
<u>5,983</u>	<u>3,404</u>	<u>13,942</u>	<u>--</u>	<u>26,532</u>
<u>\$ 7,850</u>	<u>\$ 3,404</u>	<u>\$ 13,942</u>	<u>\$ 4,132</u>	<u>\$ 26,532</u>

**GONZALES COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2007**

	<u>Record Management Courthouse</u>	<u>Court Reporter Services</u>	<u>Probate Court Fund</u>	<u>Courthouse Security Fund</u>
<b>ASSETS</b>				
<b>Assets:</b>				
<i>Cash and cash equivalents</i>	\$ 27,191	\$ 12,789	\$ 3,209	\$ 19,013
<b>Total assets</b>	<u>\$ 27,191</u>	<u>\$ 12,789</u>	<u>\$ 3,209</u>	<u>\$ 19,013</u>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities:</b>				
<i>Accounts payable</i>	\$ --	\$ 300	\$ --	\$ --
<i>Accrued wages payable</i>	--	--	--	335
<i>Interfund payables</i>	--	--	--	--
<b>Total liabilities</b>	<u>--</u>	<u>300</u>	<u>--</u>	<u>335</u>
<b>Equity:</b>				
<b>Fund balances:</b>				
<i>Reserved for state court fees</i>	27,191	941	213	18,678
<i>Unreserved, undesignated</i>	--	11,548	2,996	--
<b>Total equity</b>	<u>27,191</u>	<u>12,489</u>	<u>3,209</u>	<u>18,678</u>
<b>Total liabilities and equity</b>	<u>\$ 27,191</u>	<u>\$ 12,789</u>	<u>\$ 3,209</u>	<u>\$ 19,013</u>

Indigent Health Fund	Courthouse and Jail Improv. Fund	Justice Court Technology	Appellate Judicial Fund	Homeland Security Fund
\$ 15,385 \$ 15,385	\$ -- \$ --	\$ 75,379 \$ 75,379	\$ 9,455 \$ 9,455	\$ -- \$ --
\$ -- -- -- --	\$ -- -- -- --	\$ 52 -- -- 52	\$ -- -- -- --	\$ -- -- -- --
15,385 -- 15,385	-- -- --	75,327 -- 75,327	1,930 7,525 9,455	-- -- --
\$ 15,385	\$ --	\$ 75,379	\$ 9,455	\$ --



**GONZALES COUNTY, TEXAS**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 SEPTEMBER 30, 2007

	<u>Tobacco Grant</u>	<u>Dist. Clk. Records Management</u>	<u>ORCA Grant</u>	<u>FEMA Grant</u>
<b>ASSETS</b>				
Assets:				
<i>Cash and cash equivalents</i>	\$ 1,845	\$ 2,839	\$ --	\$ --
<b>Total assets</b>	<u>\$ 1,845</u>	<u>\$ 2,839</u>	<u>\$ --</u>	<u>\$ --</u>
<b>LIABILITIES AND EQUITY</b>				
Liabilities:				
<i>Accounts payable</i>	\$ --	\$ --	\$ --	\$ --
<i>Accrued wages payable</i>	--	--	--	--
<i>Interfund payables</i>	--	--	--	--
<b>Total liabilities</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Equity:				
Fund balances:				
<i>Reserved for state court fees</i>	1,845	2,839	--	--
<i>Unreserved, undesignated</i>	--	--	--	--
<b>Total equity</b>	<u>1,845</u>	<u>2,839</u>	<u>--</u>	<u>--</u>
<b>Total liabilities and equity</b>	<u>\$ 1,845</u>	<u>\$ 2,839</u>	<u>\$ --</u>	<u>\$ --</u>

<u>TX Wildfire Grant</u>	<u>HAVA Grant Fund</u>	<u>County Judge Excess State Supplement</u>	<u>Justice Court Building Security Fund</u>	<u>Family Protection Fee</u>
\$ --	\$ --	\$ 5,037	\$ 8,524	\$ 60
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,037</u>	<u>\$ 8,524</u>	<u>\$ 60</u>
\$ --	\$ --	\$ --	\$ --	\$ --
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
--	--	5,037	8,524	60
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,037</u>	<u>\$ 8,524</u>	<u>\$ 60</u>

**GONZALES COUNTY, TEXAS**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 SEPTEMBER 30, 2007

	<u>Child Abuse Prevention Fund</u>	<u>Records Mgmt. and Protection Fund</u>	<u>HAVA Fund</u>	<u>Total Nonmajor Special Revenue Funds (See Exhibit C-1)</u>
<b>ASSETS</b>				
<b>Assets:</b>				
<i>Cash and cash equivalents</i>	\$ 200	\$ 938	\$ 2,275	\$ 240,004
<b>Total assets</b>	<u>\$ 200</u>	<u>\$ 938</u>	<u>\$ 2,275</u>	<u>\$ 240,004</u>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities:</b>				
<i>Accounts payable</i>	\$ --	\$ --	\$ --	\$ 2,219
<i>Accrued wages payable</i>	--	--	--	335
<i>Interfund payables</i>	--	--	--	4,132
<b>Total liabilities</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>6,686</u>
<b>Equity:</b>				
<b>Fund balances:</b>				
<i>Reserved for state court fees</i>	200	938	2,275	205,797
<i>Unreserved, undesignated</i>	--	--	--	27,521
<b>Total equity</b>	<u>200</u>	<u>938</u>	<u>2,275</u>	<u>233,318</u>
<b>Total liabilities and equity</b>	<u>\$ 200</u>	<u>\$ 938</u>	<u>\$ 2,275</u>	<u>\$ 240,004</u>

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**GONZALES COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Lateral Road Fund Pct. #1	Lateral Road Fund Pct. #2	Lateral Road Fund Pct. #3	Lateral Road Fund Pct. #4
Revenue:				
Intergovernmental	\$ 7,232	\$ 7,232	\$ 7,232	\$ 7,232
Charges for services	--	--	--	--
Fines	--	--	--	--
Interest	--	--	--	--
Miscellaneous	--	--	--	--
Grants	--	--	--	--
Total revenues	<u>7,232</u>	<u>7,232</u>	<u>7,232</u>	<u>7,232</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public safety	--	--	--	--
Health and welfare	--	--	--	--
Judicial	--	--	--	--
Public facilities	--	--	--	--
Public transportation	7,231	7,232	7,232	7,232
Total expenditures	<u>7,231</u>	<u>7,232</u>	<u>7,232</u>	<u>7,232</u>
Net change in fund balance	1	--	--	--
Fund balances/equity, October 1	1	1	1	1
Increase (decrease) in fund balance	--	--	--	--
Fund balances/equity, September 30	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>

Law Library Fund	Voter Registration Fund	Crime Stoppers Fund	Attorney Hot Check Fund	Record Mgmt. County Clerk
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	5,627	20,860
13,090	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>13,090</u>	<u>--</u>	<u>--</u>	<u>5,627</u>	<u>20,860</u>
--	--	--	--	17,680
--	--	--	--	--
--	--	--	--	--
12,554	--	--	8,266	--
--	--	--	--	--
<u>12,554</u>	<u>--</u>	<u>--</u>	<u>8,266</u>	<u>17,680</u>
536	--	--	(2,639)	3,180
5,447	3,404	13,942	2,639	23,352
--	--	--	--	--
<u>\$ 5,983</u>	<u>\$ 3,404</u>	<u>\$ 13,942</u>	<u>\$ --</u>	<u>\$ 26,532</u>

**GONZALES COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Record Management Courthouse	Court Reporter Services	Probate Court Fund	Courthouse Security Fund
Revenue:				
<i>Intergovernmental</i>	\$ --	\$ --	\$ --	\$ --
<i>Charges for services</i>	--	--	213	--
<i>Fines</i>	9,013	3,871	--	20,682
<i>Interest</i>	--	--	--	--
<i>Miscellaneous</i>	--	--	--	--
<i>Grants</i>	--	--	--	--
<b>Total revenues</b>	<u>9,013</u>	<u>3,871</u>	<u>213</u>	<u>20,682</u>
Expenditures:				
Current:				
<i>General government</i>	--	--	--	--
<i>Public safety</i>	--	--	--	--
<i>Health and welfare</i>	--	--	--	--
<i>Judicial</i>	--	2,929	--	--
<i>Public facilities</i>	--	--	--	44,613
<i>Public transportation</i>	--	--	--	--
<b>Total expenditures</b>	<u>--</u>	<u>2,929</u>	<u>--</u>	<u>44,613</u>
Net change in fund balance	9,013	942	213	(23,931)
Fund balances/equity, October 1	18,178	11,547	2,996	42,652
Increase (decrease) in fund balance	--	--	--	(43)
Fund balances/equity, September 30	<u>\$ 27,191</u>	<u>\$ 12,489</u>	<u>\$ 3,209</u>	<u>\$ 18,678</u>

Indigent Health Fund	Justice Court Technology	Appellate Judicial Fund	Homeland Security Fund	Tobacco Grant
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	24,465	1,930	--	--
787	--	--	--	--
--	--	--	--	--
--	--	--	41,805	--
<u>787</u>	<u>24,465</u>	<u>1,930</u>	<u>41,805</u>	<u>2,000</u>
--	--	--	--	--
--	--	--	41,805	--
--	9,236	--	--	155
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>9,236</u>	<u>--</u>	<u>41,805</u>	<u>155</u>
787	15,229	1,930	--	1,845
14,598	60,098	7,525	--	--
--	--	--	--	--
<u>\$ 15,385</u>	<u>\$ 75,327</u>	<u>\$ 9,455</u>	<u>\$ --</u>	<u>\$ 1,845</u>



**GONZALES COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Dist. Clk. Records Management	HAVA Grant Fund	County Judge Excess State Supplement	Justice Court Building Security Fund
Revenue:				
Intergovernmental	\$ --	\$ --	\$ 1,871	\$ --
Charges for services	--	--	--	8,524
Fines	1,785	--	--	--
Interest	--	--	--	--
Miscellaneous	--	--	--	--
Grants	--	60,696	--	--
Total revenues	<u>1,785</u>	<u>60,696</u>	<u>1,871</u>	<u>8,524</u>
Expenditures:				
Current:				
General government	--	60,696	--	--
Public safety	--	--	--	--
Health and welfare	--	--	--	--
Judicial	--	--	--	--
Public facilities	--	--	--	--
Public transportation	--	--	--	--
Total expenditures	<u>--</u>	<u>60,696</u>	<u>--</u>	<u>--</u>
Net change in fund balance	1,785	--	1,871	8,524
Fund balances/equity, October 1	1,054	--	3,166	--
Increase (decrease) in fund balance	--	--	--	--
Fund balances/equity, September 30	<u>\$ 2,839</u>	<u>\$ --</u>	<u>\$ 5,037</u>	<u>\$ 8,524</u>

Family Protection Fee	Child Abuse Prevention Fund	Records Mgmt. and Protection Fund	HAVA Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ --	\$ --	\$ --	\$ --	\$ 30,799
60	--	--	--	35,284
--	--	938	--	75,774
--	200	--	--	787
--	--	--	800	1,000
--	--	--	--	104,501
<u>60</u>	<u>200</u>	<u>938</u>	<u>800</u>	<u>248,145</u>
--	--	--	--	78,376
--	--	--	--	41,805
--	--	--	--	155
--	--	--	--	32,985
--	--	--	--	44,613
--	--	--	--	28,927
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>226,861</u>
60	200	938	800	21,284
--	--	--	1,475	212,077
--	--	--	--	(43)
<u>\$ 60</u>	<u>\$ 200</u>	<u>\$ 938</u>	<u>\$ 2,275</u>	<u>\$ 233,318</u>

**GONZALES COUNTY, TEXAS**

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

SEPTEMBER 30, 2007

	<u>JP #4 Unclaimed Property</u>	<u>Unclaimed Property Fund</u>	<u>Total Agency Funds (See Exhibit A-7)</u>
<b>ASSETS AND OTHER DEBITS</b>			
<b>Assets:</b>			
<i>Cash and cash equivalents</i>	\$ <u>7,029</u>	\$ <u>431</u>	\$ <u>7,460</u>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>			
<b>Liabilities:</b>			
<i>Interfund payables</i>	\$ --	\$ 431	\$ 431
<b>Total liabilities</b>	<u>--</u>	<u>431</u>	<u>431</u>
<b>Equity:</b>			
<b>Fund balances:</b>			
<i>Reserved</i>	<u>7,029</u>	<u>--</u>	<u>7,029</u>
<b>Total equity</b>	<u>7,029</u>	<u>--</u>	<u>7,029</u>
<b>Total liabilities and equity</b>	<u>\$ 7,029</u>	<u>\$ 431</u>	<u>\$ 7,460</u>