

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>
FINANCIAL SECTION		
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

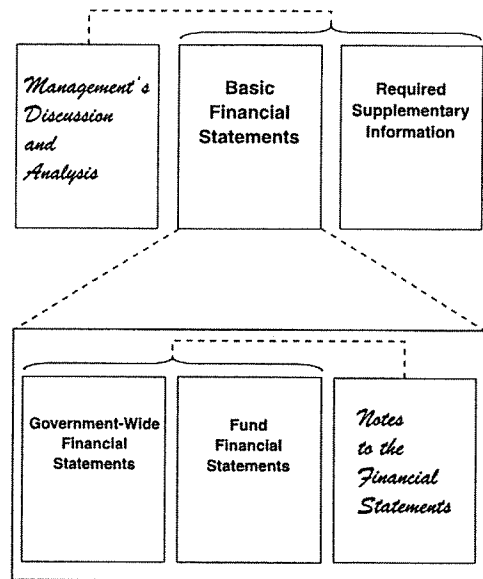
- The County's total combined net assets were \$3,102,685 at September 30, 2008.
- During the year, the County's expenses were \$444,766 less than the \$9,210,872 generated in taxes and other revenues for governmental activities.
- The total cost of the County's programs was virtually unchanged from 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.

