

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

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.....	31	B-1
Road and Bridge Fund Pct. #1.....	32	B-2
Road and Bridge Fund Pct. #2.....	33	B-3
Road and Bridge Fund Pct. #3.....	34	B-4
Road and Bridge Fund Pct. #4.....	35	B-5
Revolving Loan Fund.....	36	B-6
Schedule of Funding Progress - Texas County And District Retirement Plan.....	37	
<u>Combining Statements as Supplementary Information:</u>		
Combining Balance Sheet - Nonmajor Governmental Funds.....	38	C-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds.....	39	C-2
Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	40	C-3
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	47	C-4
Fiduciary Funds:		
Combining Statement of Fiduciary Assets and Liabilities -Agency Funds.....	53	C-5

This page is left blank intentionally.

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

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

This page intentionally left blank

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

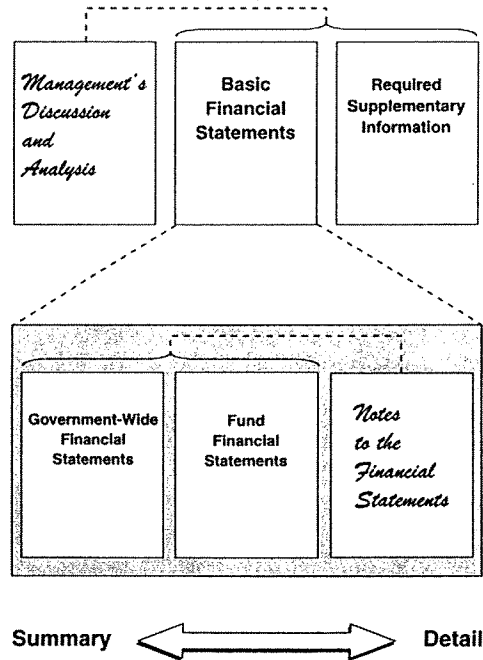


Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each 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)	
Assets					
Current assets:					
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>
Noncurrent assets:					
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>
Liabilities					
Current liabilities:					
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>
Long-term liabilities:					
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>
Net assets					
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.

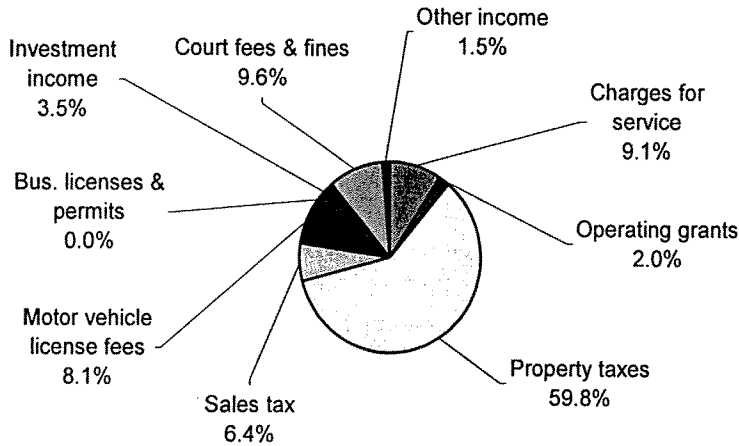
Changes in net assets. The County's total revenues were \$8,817,950. (Table A-2.) A significant portion, 59.8% of the County's revenue comes from property taxes. (See Figure A-3.) 9.1% percent comes from charges for services, 6.4% from sales taxes, 8.1% from motor vehicle licenses, 9.6% from court fines,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

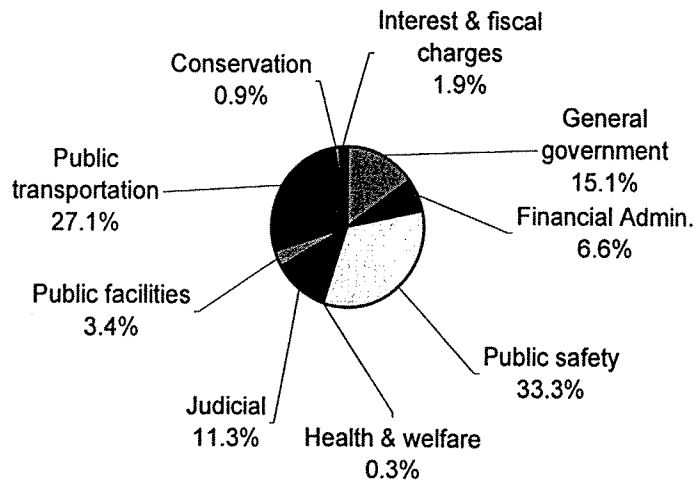


Table A-2
Changes in Gonzales County Net Assets

	Governmental Activities		Total		Total Percentage Change
	2007	2006 (1)	2007	2006	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>
ASSETS	
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>
LIABILITIES	
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>
NET ASSETS	
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	
Primary Government				
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
ASSETS			
Assets:			
<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	--	--
Restricted assets:			
<i>Cash and cash equivalents</i>	--	--	--
Total assets	\$ 2,894,578	\$ 682,167	\$ 87,581
LIABILITIES AND EQUITY			
Liabilities:			
<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	--	--
Total liabilities	676,461	32,409	13,701
Equity:			
Fund balances:			
<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
Total equity	2,218,117	649,758	73,880
Total liabilities and equity	\$ 2,894,578	\$ 682,167	\$ 87,581

The accompanying notes are an integral part of this statement.

This page intentionally left blank

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
Revenue:			
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	--	--	--
Total revenues	<u>5,551,582</u>	<u>702,243</u>	<u>610,892</u>
Expenditures:			
Current:			
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	--	--
Debt service:			
Principal	--	--	--
Interest and fiscal charges	--	--	--
Total expenditures	<u>5,446,015</u>	<u>629,678</u>	<u>752,481</u>
Excess (deficiency) of revenues (under) expenditures	105,567	72,565	(141,589)
Other financing sources (uses):			
Principal received on loans	--	--	--
Proceeds from capital leases	--	--	79,479
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>79,479</u>
Net change in fund balance	105,567	72,565	(62,110)
Fund balances/equity, October 1	2,067,619	580,848	139,771
Increase (decrease) in fund balance	44,931	(3,655)	(3,781)
Fund balances/equity, September 30	<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.	(98,160)
	<u>1,089,034</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
ASSETS		
Assets:		
<i>Cash and cash equivalents</i>	\$ 209,225	\$ 7,460
Total assets	<u>\$ 209,225</u>	<u>\$ 7,460</u>
LIABILITIES, EQUITY AND OTHER CREDITS		
Liabilities:		
<i>Interfund payables</i>	\$ --	\$ 431
Total liabilities	<u>--</u>	<u>431</u>
Equity		
Retained earnings:		
<i>Reserved</i>	209,225	--
Fund balances:		
<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
Additions:		
Investment income	\$ 10,754	
Total additions	<u>10,754</u>	
Deductions:		
Payments to school districts		11,368
Total deductions		<u>11,368</u>
Change in net assets		(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.

