

GUADALUPE COUNTY, TEXAS

*COMPREHENSIVE ANNUAL
FINANCIAL REPORT*

*FISCAL YEAR ENDED
SEPTEMBER 30, 2005*

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GUADALUPE COUNTY, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

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Office of County Auditor

County of Guadalupe, Texas

Kristen Klein, CPA

County Auditor

307 W. Court, Suite 205

Seguin, Texas 78155

(830) 303-4188 Ext. 328 Fax (830) 303-1541

March 28, 2006

The Honorable Dwight E. Peschel, Judge, 25th Judicial District Court
The Honorable W.C. Kirkendall, Judge, 2nd 25th Judicial District Court
The Honorable Gary Steel, Judge, 274th Judicial District Court
Honorable County Commissioners Court

Donald L. Schraub, Sr., County Judge

Roger K. Baenziger, County Commissioner, Precinct 1

Cesareo Guadarrama, III, County Commissioner, Precinct 2

Jim Wolverton, County Commissioner, Precinct 3

Judy Cope, County Commissioner, Precinct 4

Dear Judges and Commissioners:

The County Auditor's office is pleased to present the Comprehensive Annual Financial Report (CAFR) of the County of Guadalupe, Texas, (County) for the fiscal year ended September 30, 2005. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County.

The accompanying financial statements were prepared in accordance with generally accepted accounting principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB) and this report submitted is in compliance with Section 114.025, Vernon's Texas Codes Annotated (V.T.C.A.), Local Government Code. We believe that the information presented is accurate in all material respects and reported in a manner designed to show the financial position and operating results of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have also been included.

The CAFR is presented in four sections: Introductory, Financial, Statistical and Single Audit.

- The **Introductory Section**, which is unaudited, contains this letter of transmittal, the organizational chart of the County and a list of elected and certain appointed officials.
- The **Financial Section** includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), and the Basic Financial Statements (including notes), and required supplementary information. The Basic Financial Statements include the government-wide financial statements that provide an overview of the County's entire financial operations and the fund financial statements that present financial information of each of the County's major funds, as well as nonmajor funds, fiduciary funds and other funds.
- The **Statistic Section** includes selected financial, demographic and statistical data that are generally presented on a multi-year basis and other information, which includes supplemental disclosures to comply with the Securities Exchange Commission Rule 15c2-12.

- The **Single Audit Section** contains information related to the County's Single Audit which is required under the provisions of the Single Audit Act of 1984 as amended by the Act of 1996. The Act comes under the oversight of the Office of Management and Budget Circular A-133, *Audits of States and Local Governments, and Non-Profit Organizations*. Information related to this single audit includes: Independent Auditor's Report on Internal Controls over Financial Reporting and on Compliance based on an Audit of Financial Statements performed in accordance with Government Auditing Standards, Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program; Schedule of Findings and Questioned Costs; Supplemental Schedule of Federal and State Awards; and Notes to Schedule of Expenditures of Federal and State Awards.

Armstrong, Vaughan, & Associates, P.C., a firm of licensed certified public accountants, has audited the County's financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County, for the fiscal year ended September 30, 2005, are free of material misstatement. The examination was conducted in accordance with generally accepted governmental auditing standards. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified ("clean") opinion that the County's financial statement for the fiscal year ended September 30, 2005 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Immediately following the independent auditors report is a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The independent audit of the financial statements of the County was part of the broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are included in the Single Audit section of this report.

Profile of Guadalupe County

Guadalupe County is located approximately one hundred miles inland from the Gulf of Mexico in south central Texas and is bounded by Comal, Hays, Caldwell, Gonzales, Wilson, and Bexar counties and is a component of the "San Antonio Area Metropolitan Statistical Area" (MSA) by the Texas Comptroller of Public Accounts. The county covers 715 square miles of flat to rolling terrain with local depressions and escarpments, and its elevation ranges from 450 to 800 feet above sea level. The area has a mild subtropical climate, with temperatures ranging from an average high of 96° in July and an average low of 42° in January.



History. The central Texas region, including Guadalupe County, has supported human habitation for several thousand years. Archaeologists believe some of the artifacts found in the area to be from the Archaic Period (ca. 5000 B.C. to 500 A.D.); other pieces are more recent, dating from 1200 to 1500 A.D. Indian tribes in the area included the Karankawas, Tonkawas, Comanches, and Lipan Apaches.

Guadalupe County takes its name from the Guadalupe River, which Alonso de Leon named in 1689 in honor of the Lady of Guadalupe depicted on his standard. In 1838 a group of former Texas Rangers and other settlers founded the community of Walnut Springs, which changed its name to Seguin in 1839 to honor Juan Nepumocemo Seguin, a hero in the Texas Revolution, who had served as mayor of San Antonio and had been a senator for the Republic of Texas. When Texas became part of the Union in 1846, the Texas legislature established Guadalupe County from parts of Bexar and Gonzales counties with Seguin as its county seat.

Population. The County population has grown significantly since 1850. In 1850 the U.S. Census Bureau shows the county population at 1511, by 1900 the population had grown to 21,835, and in 2000 the population was 89,023 and an estimated population in 2004 of 99,620. The increased growth is evident in the increased demand for service at the county level.

Highway System. The County is traversed, along its northwestern border, by Interstate Highway 35 and bisected centrally by Interstate Highway 10 (east to west). US highway 90 and US Highway 90A both branch off of Interstate Highway 10 in Seguin and continue eastward to the county line toward Luling and Bastrop, respectfully. Additionally, the County has two major state highways (State Highway 46 and State Highway 123) that both bisect the county (north to south).

Governmental Entity. Guadalupe County is a public corporation and political subdivision of the State of Texas. The county seat is the City of Seguin. The general governing body of the County is an elected five-member Commissioners Court (Court) in accordance with Article 5, Paragraph 18 of the Texas Constitution. The Court is comprised of the county judge, who is the presiding officer, and four Commissioners. The County Judge is elected at large to serve a four-year term. Commissioners serve four-year staggered terms, two members elected every two years.

The Court, which generally meets four times per month, sets the calendar for regularly scheduled Commissioners Court dates on an annual basis. This calendar is available from the County Judge's office or from the County Clerk.

The Court sets the tax rate, approves contracts for the County, and adopts the County budget within the resources as estimated by the county auditor. The Court is also responsible for development of policies, approves financial commitments, and makes appointments of various department heads. The management and leadership provided by members of the Court and the elected and appointed officials of other departments are crucial to the success of the County's financial management and growth.

The county auditor has responsibilities for prescribing the systems and procedures for handling the finances of the County and "examining, auditing and approving" all disbursements from County funds prior to their submission to the Commissioners Court for approval. The district judges of Guadalupe County appoint the county auditor for a two-year term.

The County serves an estimated 2004 population of 99,620 and provides many varied services for the public it serves. These services include, but are not limited to, the operation of the district, county and justices of the peace judicial systems, voting operations for national, state and some local elections, maintenance on and construction of county owned roads and bridges, recording functions relating to property rights and vital statistics, operation of law enforcement agencies (sheriff and constables), operation of the county jail, property tax collections for multiple agencies and general governmental administration. The County, while not directly providing the service, does provide funding for Emergency Medical Services (EMS), Volunteer Fire Departments and Libraries.

The annual budget serves as the foundation for the County's financial planning and control. All departments of the County are required to submit requests for appropriation to the county judge during May each year. The county judge, whom is the budget officer for the county, then uses these requests as the starting point for developing a

proposed budget. The proposed budget is filed with the county clerk and presented to the Court for review by the end of July. The Court then holds the public hearings on the proposed budget. The county is required to adopt a final budget by the first day of the new fiscal year. The appropriated budget is prepared by fund, department, budget summary and line item. The Court approves the budget on a summary line basis with any changes to personnel or capital outlay required to be approved by Commissioners Court.

Budget-to-actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the Supplemental Nonmajor Governmental Funds subsection of this report.

Factor Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local economy. The County has benefited from the recent national and state economic resurgences; especially pertaining to construction activities and retail sales. The county is transitioning from a primarily rural community to a suburban community servicing the San Antonio/Austin corridor. There has been large-scale growth in the northwestern region of the county, primarily in the cities of Schertz and Cibolo. With the surge in residential growth has come supporting commercial industries (examples: restaurants, retail shops, offices). Another sign of the positive economic conditions has been the double-digit growth in sales tax revenue in FY2004-2005 with a 12.4 percent increase over the prior year's 13.4 percent gain. The half-cent (.005) county sales tax adopted by the voters of the county directly reduces the county property taxes.

Cash management policies and practices. The Court has adopted a formal investment policy for the County and has designated the county treasurer as the County's investment officer. The general objectives set forth in the policy provide for financial security and optimum liquidity of County funds while achieving the maximum yield on funds invested and maximum levels of invested funds.

Risk Management. The County provides for the management of risks through a combination of self-insurance and traditional insurance.

The County insures through private carriers against catastrophic losses to its infrastructure and certain major items of person property. Items so insured include buildings and contents, data media and valuable papers.

The County has elected to self-insure against risks from claim from workers' compensation and health and dental insurance. Third-party coverage is currently maintained to protect against excess and/or catastrophic loss.

Pension and other post employment benefits. The County provides retirement, disability and death benefits for all of its regular employees through a nontraditional, joint-contributory, defined contribution pension plan in the statewide Texas County and District Retirement System (TCDRS). The County, within the options available in the state statutes governing TCDRS, adopts specific plan provisions. Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer financed monetary credits. The level of these monetary credits is adopted within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed. Detailed information on the retirement plan can be found in the notes to the financial statements.

Acknowledgments. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Auditor's Office, and the professional services provide by our Independent Auditors, Armstrong, Vaughan & Associates, P.C. We also wish to commend the county officials, department heads and all members of the departments who assisted and contributed to the preparation of this report. Furthermore, it is important to recognize the members of the Commissioners Court for their interest and support in

planning and conducting the financial operations of the County. I should also like to thank the District Judges of Guadalupe County for their unwavering support, enabling this office to perform its duties in a responsible and progressive manner. I am very honored to serve the citizens of this County and work with the outstanding officials and employees that help make Guadalupe County one of the best in Texas.

Request for information. This financial report is designated to provide an overview of the County's finances for individuals who are interested in this information. Questions concerning any of the data provided in this report or requests for additional financial information should be addressed to the Guadalupe County Auditor, 307 W. Court, Suite 205, Seguin, Texas 78155.

Respectfully submitted,

Kristen Klein, CPA
Guadalupe County Auditor

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GUADALUPE COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2005

PRINCIPAL OFFICIALS

COUNTY JUDGE	DONALD L. SCHRAUB, SR.
COMMISSIONER, PRECINCT 1	ROGER BAENZIGER
COMMISSIONER, PRECINCT 2	CESAREO GUADARRAMA III
COMMISSIONER, PRECINCT 3	JIM WOLVERTON
COMMISSIONER, PRECINCT 4	JUDY COPE
COUNTY AUDITOR	KRISTEN KLEIN
COUNTY TREASURER	LINDA DOUGLASS
ASSESSOR-COLLECTOR OF TAXES	TAVIE MURPHY
COUNTY CLERK	TERESA KIEL
DISTRICT CLERK	JAMES BEHRENDT
SHERIFF	ARNOLD ZWICKE
COUNTY ROAD ADMINISTRATOR	LARRY TIMMERMANN
COUNTY ATTORNEY	ELIZABETH MURRAY-KOLB
DISTRICT ATTORNEY	VICKI PATTILLO
COUNTY COURT-AT-LAW JUDGE	LINDA Z. JONES
COUNTY COURT-AT-LAW JUDGE NO. 2	FRANK FOLLIS

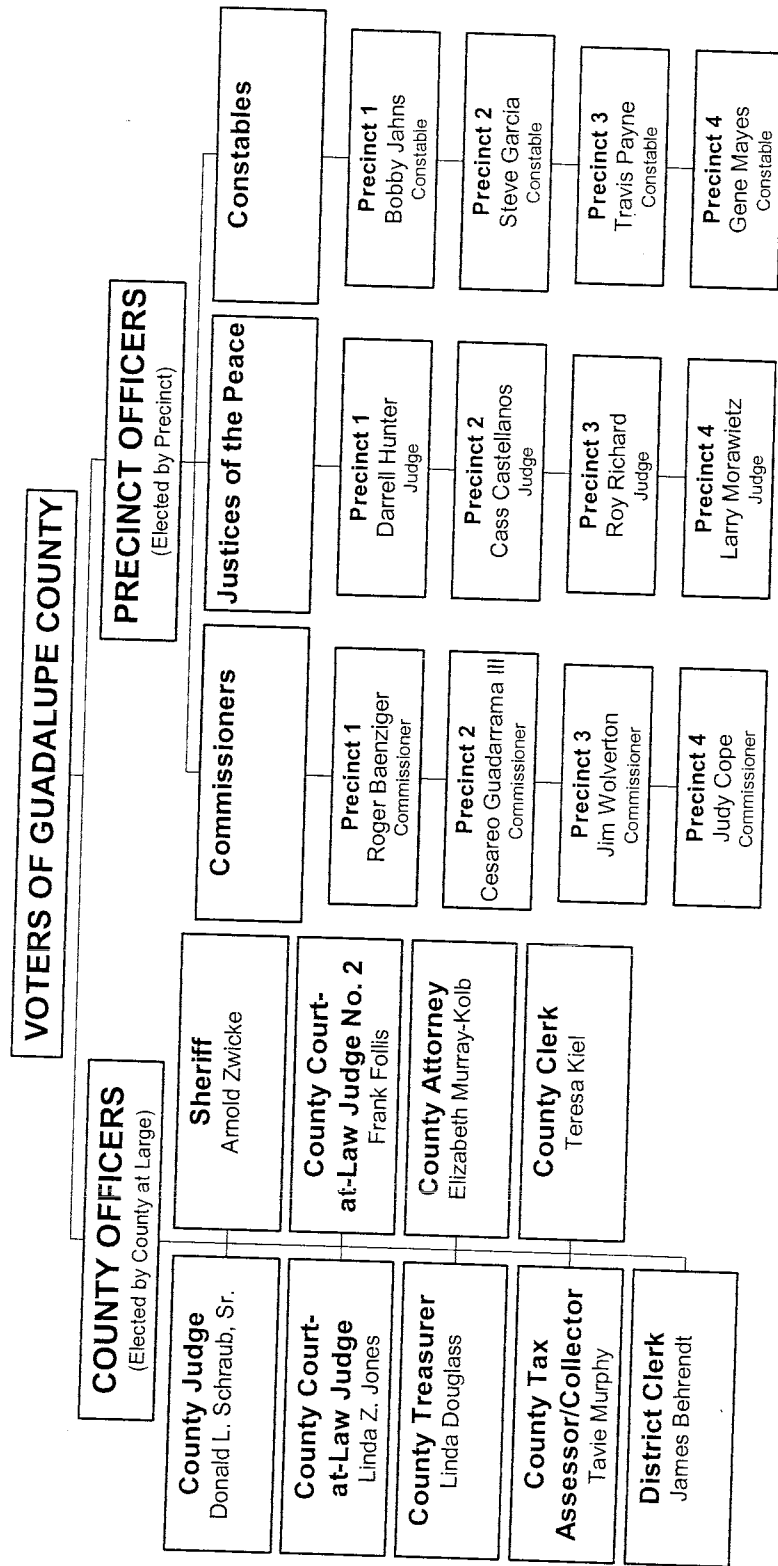
OFFICIAL ISSUING REPORT

COUNTY AUDITOR

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GUADALUPE COUNTY ORGANIZATIONAL CHART

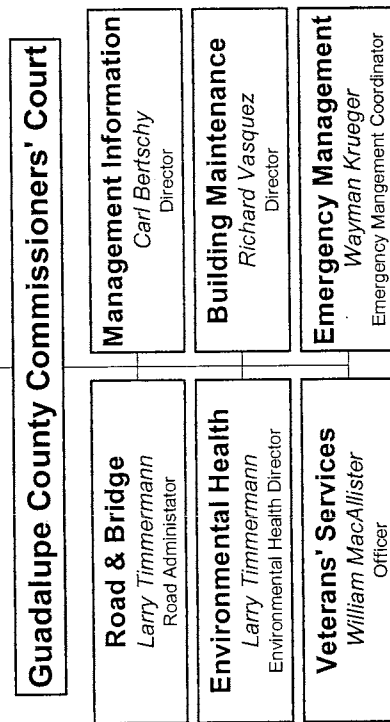
COUNT AND PRECINCT ELECTED OFFICIALS OF GUADALUPE COUNTY



GUADALUPE COUNTY ORGANIZATIONAL CHART

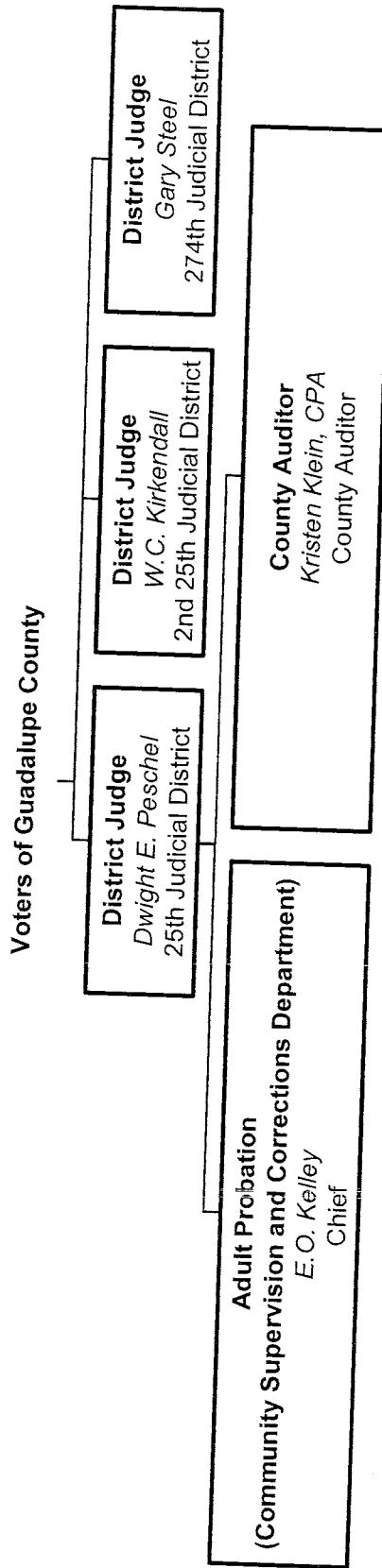
OFFICIALS APPOINTED BY THE COMMISSIONERS' COURT

VOTERS OF GUADALUPE COUNTY



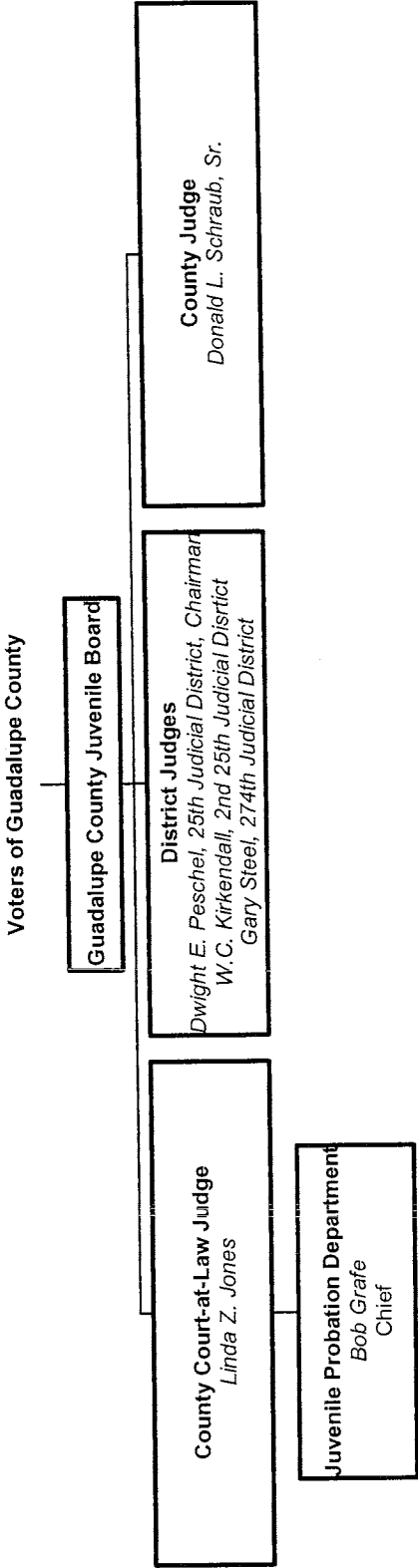
Guadalupe County Organizational Chart

Officials Appointed by the District Court of Guadalupe



Guadalupe County Organizational Chart

Officials Appointed by the Juvenile Board



SHAREHOLDERS:
Gordon S. Armstrong, CPA
Nancy L. Vaughan, CPA
Richard E. Krampe, Jr., CPA



Armstrong, Vaughan & Associates, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Judge and
Members of the Commissioner's Court
Guadalupe County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Guadalupe County, Texas, as of and for the year ended September 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Guadalupe County, Texas', management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Guadalupe County, Texas, as of September 30, 2005, and the respective changes in financial position, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 28, 2006, on our consideration of Guadalupe County, Texas', internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As discussed in Note A, the county implemented the retroactive reporting requirement for major general infrastructure assets, as allowed by the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management Discussion Analysis – for State and Local governments*.

The management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 44 through 58, 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise Guadalupe County, Texas', basic financial statements. The introductory section, other supplementary information, and statistical tables are presented for purposes of additional analysis and are not a required part of these basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is also presented for purposes of additional analysis as required by U.S. Official of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profits Organizations* and is not a required part of the basic financial statements. The other supplementary information, as well as the Schedule of Expenditures of Federal Awards, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Armstrong, Vaughan & Assoc, P.C.

Armstrong, Vaughan & Assoc., P.C.

March 28, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Guadalupe (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2005. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, basic financial statements, and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

Net Assets

- The total government-wide assets of the County exceeded the liabilities at September 30, 2005 by \$36,465,670 (net assets). Of this amount, \$49,274 is restricted for debt service and \$22,322,060 is invested in capital assets, net of related debt.
- The County's total net assets increased by \$15,680,459, of which \$14.2 million is attributable to the inclusion of infrastructure (roads, bridges, culverts and right-of-way) on the County's financial statements.

Statement of Activities

- During the year, the County's expenses were \$31,480,022, which was \$3,307,774 less than the \$34,787,796 generated in taxes and other revenues for governmental activities (as shown in the Statement of Activities).

Shortfall on Current Property Tax Revenue

- The County's budget for current property tax revenues exceeded the collections by \$665,000 for the fiscal year ended September 30, 2005. This budget problem was caused by a change in format of the data provided by the appraisal district to the tax office for the effective tax rate calculation, which is used in projecting the budget for property tax revenue. The error occurred when the protested properties were entered into the effective tax rate calculation both at the appraisal district assigned value and the homeowner's rendition.

Services

- The total services provided by the County were virtually unchanged from last year, and no new programs were added this year.

Fund Balance

- The general fund unreserved fund balance of \$7,000,966 equals 27.8% of the FY 2005 total general fund original budget. The county's target budgetary fund balance target is 25% to 33% (three to four months) of operating revenue.

Long-term Debt

- In September 2005, the County authorized the refunding (refinancing) of \$9,495,000 of the \$12,680,000 outstanding balance on the Series 1999, Certificates of Obligation, Jail Expansion Project.

New Grants

- The County received two new major grants during the fiscal year.

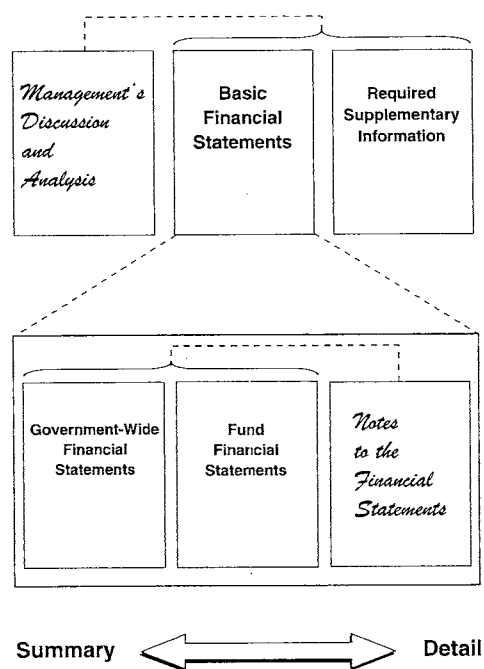
- State Equipment Domestic Preparedness Program - The grant was from U.S. Department of Homeland Security for first responder equipment in the amount of \$298,000. This equipment was distributed within the county's departments and to the Volunteer Fire Departments.
- Help Americans Vote Act (HAVA) - This grant was from Office of the Secretary of State to comply with the federal legislation, which created many new mandates for state and local government. HAVA requires many election-related changes. This funding is provided for training, providing accessible voting systems to the public and general HAVA compliance purchases in an effort to improve the voting process. Fiscal year 2004-2005, the first year of a multi-year, was funded \$403,000 of the total \$1,008,000 grant.

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*, such as self-funded employee medical insurance.
- *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-1F, 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.

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

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

Government-wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. They present the financial picture of the County from an economic resource measurement focus using the accrual basis of accounting. These statements include all assets of the County (except for infrastructure) and all liabilities.

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.

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, judicial, public safety, public transportation, etc. Property taxes and charges for services 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 County 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.
- We use *internal service funds* to report activities that provide supplies and services for the County’s other programs and activities.
- *Fiduciary funds*—The County is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County’s fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in 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 \$36,465,670 at September 30, 2005. (See Table A-1).

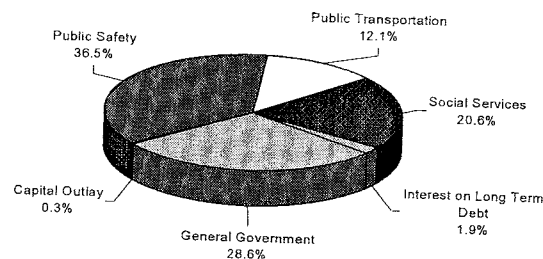
Table A-1
Guadalupe County's Net Assets
(In millions/thousands dollars)

	Governmental Activities		Total	
	2005	2004	2005	2004
Current Assets:				
Cash and cash equivalents	\$ 13.1	\$ 11.8	\$ 13.1	\$ 11.8
Receivables:				
Taxes	1.5	1.4	1.5	1.4
Accounts	1.9	1.6	1.9	1.6
Prepaid Expenses	0.3	0.4	0.3	0.4
Deferred Charges	-	0.1	-	0.1
Deferred Charges	0.1	-	0.1	-
Deposits				
Inventoris - supplies and materials (at cost)	0.1	0.1	0.1	0.1
Total Current Assets:	<u>17.0</u>	<u>15.4</u>	<u>17.0</u>	<u>15.4</u>
Non-Current Assets:				
Land	1.2	1.2	1.2	1.2
Infrastructure - Roads	12.3	-	12.3	-
Infrastructure - Bridges	1.9	-	1.9	-
Buildings & Improvements	25.6	25.6	25.6	25.6
Furniture & Equipment	8.9	8.3	8.9	8.3
Less Accumulated Depreciation	<u>(14.8)</u>	<u>(13.6)</u>	<u>(14.8)</u>	<u>(13.6)</u>
Total Non-Current Assets:	<u>35.1</u>	<u>21.5</u>	<u>35.1</u>	<u>21.5</u>
Total Assets	<u>\$ 52.1</u>	<u>\$ 36.9</u>	<u>\$ 52.1</u>	<u>\$ 36.9</u>

	Governmental Activities		Total	
	2005	2004	2005	2004
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 1.9	\$ 2.0	\$ 1.9	\$ 2.0
Deferred/Unearned Revenue	0.2	0.2	0.2	0.2
Accrued Interest Payable	0.1	0.1	0.1	0.1
Due to Other Governments	0.4	0.2	0.4	0.2
Total Current Liabilities	2.6	2.5	2.6	2.5
Long-Term Liabilities:				
Claims Payable	13.1	13.7	13.1	13.7
Total Liabilities	15.7	16.2	15.7	16.2
Net Assets:				
Invested in Capital Assets	23.0	8.1	23.0	8.1
Restricted for:				
Debt Service	-	0.1	-	0.1
Unrestricted	13.4	12.5	13.4	12.5
Total Net Assets	\$ 36.4	\$ 20.7	\$ 36.4	\$ 20.7

The County's assets exceeded liabilities by \$36.4 million at the close of the current fiscal year. Of this amount, \$23.0 million represents the portion the County has invested in capital assets (e.g. land, buildings, machinery and equipment), net of accumulated depreciation less any outstanding debt used to construct or acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these funds are not available for future spending. An additional portion of the County's net assets, \$49,274, represents funds that are restricted to the Debt Service Fund. These proceeds are raised from property taxes and are restricted for payment of the long-term debt (certificates of obligation and bonds) owed by the County.

Figure A-4 County Expenditures
for Fiscal Year 2005

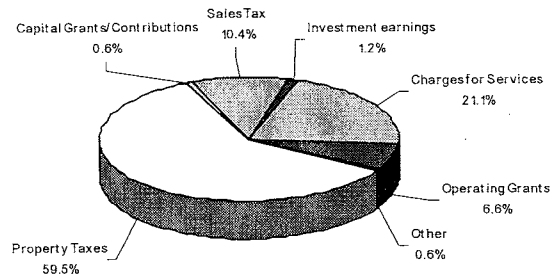


Statement of Activities - Expenditures

The total cost of all programs and services was \$31,480,022 (See Figure A-5). Of these costs 37% are for Public Safety, and 29% for General Government and 12% for public transportation.

- General Government includes the general administration, judicial branch (justice, county and district courts), elections administration.
- Public Safety includes the Sheriff's office, Constables, County Jail, Community Supervision and Corrections (Adult Probation), Juvenile Probation and Detention Service, Fire Protection costs, Emergency Management and County's expenses related to the Department of Public Safe
- Public Transportation includes the Road and Bridge department.
- Social Services include EMS, indigent health care, Veteran's Services Office, Senior Volunteers, Animal Control, Collection Stations and Environmental Health.
- Conservation includes Agricultural Extension Service and Soil and Water Conservation departments.

**Figure A-5 County Revenues
for Fiscal Year 2005**



Statement of Activities - Revenues.

The County's total revenues were \$34,787,796. A significant portion, 70%, of the County's revenue comes from taxes, including primarily property tax and sales tax. (See Figure A-4.) Other revenue sources include 21% from charges for services, with only 8% from grants and contributions.

Table A-2
Changes in Guadalupe County's Net Assets
(In millions/thousands dollars)

	Governmental Activities		Total	
	2005	2004	2005	2004
Program Revenues:				
Charges for Services	\$ 7.3	\$ 7.5	\$ 7.3	\$ 7.5
Operating grants and Contributions	2.3	2.0	2.3	2.0
Capital grants and Contributions	0.3	0.2	0.3	0.2
General Revenues:				
Property Taxes	20.6	19.2	20.6	19.2
Sales Tax	3.6	3.2	3.6	3.2
Other Taxes	0.1	-	0.1	-
Investment Earnings	0.4	0.2	0.4	0.2
Special Item-Loss on				
Disposal of Capital Assets	0.1	(0.9)	0.1	(0.9)
Other	0.1	0.1	0.1	0.1
Total Program Revenues:	<u>34.8</u>	<u>31.5</u>	<u>34.8</u>	<u>31.5</u>
General Government	9.00	8.10	9.00	8.10
Public Safety	11.50	10.60	11.50	10.60
Public Transportation	3.80	4.50	3.80	4.50
Social Services	6.50	5.80	6.50	5.80
Conservation	-	0.20	-	0.20
Capital Outlay	0.10	0.10	0.10	0.10
Interest on Long Term Debt	0.60	0.70	0.60	0.70
Total Expenses	<u>31.50</u>	<u>30.00</u>	<u>31.50</u>	<u>30.00</u>
Increase (Decrease) in Net Assets	<u>\$ 3.30</u>	<u>\$ 1.50</u>	<u>\$ 3.30</u>	<u>\$ 1.50</u>

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

- The cost of all *governmental* activities this year was \$31.5 million.
- However, the amount that our taxpayers paid for these activities through property taxes was \$20.6 million.
- The cost paid by those who directly benefited from the programs was \$7.3 million.
- The total received by the County for grants and contributions was \$2.6 million.

Table A-3
Net Cost of Selected County Functions
(In millions of dollars)

	Total Cost of Services		Net Cost of Services	
	2005	2004	2005	2004
General Government	9.0	8.1	(5.3)	(4.5)
Public Safety	11.5	10.6	(8.4)	(7.4)
Public Transportation	3.8	4.5	(3.2)	(3.9)
Social Services	6.5	5.8	(3.9)	(3.7)

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

General Fund and Major Funds Budgetary Highlights

Over the course of the year, the County revised its budget 169 times. The major unanticipated expenditures were as follows:

- In November 2004, the County had a localized flood event. The County amended the budget by \$175,000 to cover road repairs and debris removal.
- The County amended the budget by \$114,000 to fund vehicles for the Sheriff's department that were ordered during the prior fiscal year, but were not received until after October 1, 2005.
- The County received \$194,000 from the Secretary of State from the Help American Vote Act grant for prior year's expenditures. These funds were reallocated to the elections department to purchase additional voting equipment.
- Due to the increased medical and prescription costs for county inmates, the County allocated additional funding for inmate medical and prescription costs in the amount of \$100,000.
- The County allocated an additional \$80,000 to the non-departmental budget to cover legal and expert witness expenses. This expense is primarily attributable to the cost of the lawsuit (Guadalupe County v. Burns Fletcher Gill Architects, Inc.) regarding the County's Jail Expansion Project.
- Escalating gas prices required the County to add \$135,000 to the gasoline/fuel budgets for county vehicles. The two departments most affected were the Road and Bridge Department and the Sheriff's Office.

Even with these adjustments, actual expenditures were \$85,000 below the original budget amounts. The most significant positive variance resulted from staffing. While staffing is budgeted for full employment throughout the full year, a number of departments had significant employee turnover, attrition and retirement. This coupled with the time to replace these positions, left budgeted money unspent at the end of the year which offset the additional expenditures approved by the Commissioners Court.

On the other hand, resources available were \$724,700 above the original budgeted amount.

- Sales tax collections were \$684,000 more than expected.
- Interest earnings exceeded expectations by \$185,000.
- Inmate Board Bills (revenue from inmates from other jurisdictions) exceeded the budget by \$159,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the County are those assets (land, buildings, improvements, and equipment), which are used in the performance of the County's functions. Capital assets also include infrastructure assets -- roads and bridges. At the end of 2005, the County had invested \$35.1 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$13.6 million or 63.2% percent more than last year. Depreciation on capital assets (except for infrastructure -- roads which are reported under the modified approach, described below) is recognized in the government-wide financial statements. Total accumulated depreciation for the year ended September 30, 2005 was \$14.8 million.

Table A-4
City's Long-Term Debt
(In thousands dollars)

	Governmental		Total	
	2005	2004	2005	2004
Land	1.2	1.2	1.2	1.2
Infrastructure - Roads	12.3	-	12.3	-
Infrastructure - Bridges	1.9	-	1.9	-
Buildings & Improvements	25.6	25.6	25.6	25.6
Equipment	8.9	8.3	8.9	8.3
Totals at Historical Cost	49.9	35.1	49.9	35.1
Total Accumulate	(14.8)	(13.6)	(14.8)	(13.6)
	<u>35.1</u>	<u>21.5</u>	<u>35.1</u>	<u>21.5</u>

The major change in the County's Capital Assets are the change in the County's Asset Policy and Procedures was to include infrastructure, specifically bridges, roads, right-of-way and culverts. The County has elected to report infrastructure using the depreciation method for the bridges and the "Modified Approach," as defined by the Government Accounting Standards Board Statement No. 34, for reporting the 693 miles of county roads, right-of-way and culverts.

In order to meet the requirements of the "Modified Approach," the Guadalupe County Road and Bridge Department performs condition assessments of county road continually throughout the year and evaluates and prioritizes the results annually. The condition of the road pavement is measured using the Pavement Condition Ratings and Images (PCR) management system, which is based on a weighted average of six distress factors found in pavement surfaces. The County has made a commitment to incur the maintenance expenses necessary to preserve 80% of its road system at a good (3.3) or better condition level, on a scale of zero to five with five as the highest. For the 2004-2005 fiscal years, the County completed a condition assessment of its roads for the 2005 fiscal year and had 89.9% of the County roads at this level or above.

The County expended \$2,393,419 on road maintenance for the fiscal year ended September 30, 2005. These expenditures delayed deterioration, extended the useful life and in some cases improved the overall condition of the roads. The County had determined that the amount of annual expenditures required to maintain the County's roads at the minimum of good (3.3) out of 5.0 (excellent) was a minimum of \$2,283,691 based on the previous year's actual expenditures. Major capital improvements to roads this year included paving 8.4 miles of gravel road, reconstructing 5.1 miles of pavement and completing construction of three bridges. Additional details on infrastructure assets can be found in the Required Supplementary Information.

Capital Projects/Expenditures for FY06

The County's fiscal year 2006 Capital Projects Fund estimates spending \$553,000 for capital projects, as follows:

- \$325,000 - Construction of an office building and furniture and equipment for the Justice of the Peace, Precinct Four, (originally budgeted in FY05)
- \$60,000 - Generator to run the Sheriff's department computer system in case of a power outage
- \$28,000 - Construction of one new scale to be replaced at the weigh stations on the west bound side on Interstate Highway 10
- \$60,000 - Renovation of Schertz Annex Building
- \$80,000 - Addition to Road and Bridge Office

The Road and Bridge fund has budgeted \$265,500 in capital equipment purchases for replacement equipment for the Road and Bridge Department. The General Fund has budgeted \$1,116,511 in capital equipment purchases; of this \$700,000 is budgeted to purchase new financial software and hardware, \$107,725 will be used to purchase computer equipment, and \$100,000 to purchase new vehicle for the Sheriff's office. More detailed information about the County's capital assets is available under the 'Capital Outlay' in the County's Budget.

Long Term Debt

At year-end the County had \$12.8 million in bonds and notes outstanding as shown in Table A-5. More detailed information about the County's debt is presented in the Notes to the financial statements.

Bond Ratings
 The County's bonds presently carry "AAA" ratings with underlying ratings as follows: Moody's Investor Services "A1" and Standard & Poor's "AAA".

Table A-5
 County's Long Term Debt
 (In millions of dollars)

	Governmental Activities		Total	
	2005	2004	2005	2004
1993 General Obligation Bond	0.1	0.3	0.1	0.3
1999 Certificates of Obligation	12.7	13.0	12.7	13.0
Compensated Absences	0.3	0.3	0.3	0.3

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The annual budget is developed to provide efficient, effective, and economic uses of the County's resources, as well as a means to accomplish the highest priority objectives. Through the budget, the Commissioners Court sets the direction of the county, allocates its resources, and establishes its priorities.

In calculating the taxes for the FY06 budget, as of July 25, 2005, Guadalupe County had a net taxable appraised value of \$4,381 million. The net taxable value includes new improvements/construction of \$294 million.

These indicators were taken into account when adopting the general fund budget for 2006. Property tax revenue increased due to new property and an effective tax rate increase of 4.46%, which set tax rate for the new fiscal year at \$0.4031 per hundred dollar valuation. Before the adjustment for newly added property, the effective tax rate adjusts to only allow the county to receive the same tax levy as the previous year. Therefore, additional property tax revenue is generated from new property and tax rate increases in accordance with the State of Texas' Truth-In Taxation laws.

The general operating fund spending increases in the 2006 budget to \$27.6 from \$25.2 million in the 2005 budget. This is a 9.4% increase. The largest increases are health insurance, raises for employees and additional staffing. The County has added no new major programs or initiatives to the 2005 budget.

Even though there is a net decrease in fund balance between budgeted revenue and budgeted expenditures, if revenue come in as projected and expenditures come in at a historic levels of approximately 1-2% below budget (mainly due to attrition and retirement), the County's budgeted general fund's fund balance is not expected to change appreciably by the close of 2006.

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 at:

County of Guadalupe, Texas
Office of County Auditor
County Administration Building
307 W. Court, Suite 205
Seguin, Texas 78155

GUADALUPE COUNTY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2005

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – wide financial statements
- Fund financial statements:
 - Governmental funds
 - Fiduciary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

GUADALUPE COUNTY, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2005

ASSETS	<u>Governmental Activities</u>
Cash and Temporary Investments	\$ 13,070,475
Receivables (net of allowances for uncollectibles)	
Taxes	1,492,981
Other Receivables	1,887,808
Due From Other Governments	51,076
Inventories	79,505
Prepays	357,431
Deferred Charges	92,966
Capital Assets:	
Land	1,211,699
Infrastructure:	
Roads	12,293,541
Bridges	1,899,928
Buildings & Improvements	25,591,504
Equipment	8,852,690
Construction in Progress	2,920
Accumulated Depreciation	<u>(14,775,222)</u>
 TOTAL ASSETS	 <u><u>\$ 52,109,302</u></u>

GUADALUPE COUNTY, TEXAS
STATEMENT OF NET ASSETS (CONTINUED)
SEPTEMBER 30, 2005

LIABILITIES AND NET ASSETS	<u>Governmental Activities</u>
Liabilities:	
Accounts Payable and Other Current Liabilities	\$ 1,902,328
Deferred/Unearned Revenue	176,929
Accrued Interest Payable	103,767
Due to Other Governments	400,155
Noncurrent Liabilities:	
Due within One Year	950,453
Due in more than One Year	12,110,000
TOTAL LIABILITIES	<u>15,643,632</u>
Net Assets:	
Invested in Capital Assets, net of related debt	22,322,060
Restricted for:	
Debt Service	49,274
Unrestricted	14,094,336
TOTAL NET ASSETS	<u>36,465,670</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 52,109,302</u>

See accompanying notes to basic financial statements.

GUADALUPE COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2005

<u>Functions and Programs</u>	<u>Expenditures</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General Government	\$ (8,979,348)	\$ 3,327,476	\$ 101,296	\$ 229,536
Public Safety	(11,503,670)	2,976,254	10,528	100,501
Public Transportation	(3,753,443)	477,021	47,184	-
Social Services	(6,544,199)	568,213	2,113,167	-
Capital Outlay	(57,001)	-	-	-
Interest on Long-term Debt	(642,361)	-	-	-
Total Governmental Activities	<u>\$ (31,480,022)</u>	<u>\$ 7,348,964</u>	<u>\$ 2,272,175</u>	<u>\$ 330,037</u>

General Revenues and Special Items:

Taxes
 General Property Taxes
 Sales Taxes
 Other Taxes
Interest and Investment Earnings
Miscellaneous
Special Item - Gain (Loss) on Disposal of Capital Assets
Total General Revenues and Special Items

Change in Net Assets

Net Assets at Beginning of Year
Prior Period Adjustment
Net Assets at End of Year

Net (Expense)
Revenue and
Changes in
Net Assets

Governmental
Activities

\$ (5,321,040)
(8,416,387)
(3,229,238)
(3,862,819)
(57,001)
(642,361)

(21,528,846)

\$ 20,624,494
3,634,415
70,768
440,656
26,690
39,597

24,836,620

3,307,774

20,785,211
12,372,685

\$ 36,465,670

GUADALUPE COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2005

ASSETS	General Fund	Road & Bridge Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash and Temporary Investments	\$ 7,446,124	\$ 727,234	\$ 2,910,271	\$ 11,083,629
Receivables (net of allowances for uncollectibles):				
Taxes	1,161,005	232,969	99,007	1,492,981
Other	1,104,092	-	418,968	1,523,060
Due from Other Governments	43,130	-	-	43,130
Due from Other Funds	-	-	27,752	27,752
Inventories	-	67,112	12,393	79,505
Prepaid Items	317,035	17,649	636	335,320
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 10,071,386</u></u>	<u><u>\$ 1,044,964</u></u>	<u><u>\$ 3,469,027</u></u>	<u><u>\$ 14,585,377</u></u>
LIABILITIES AND FUND BALANCES				
<i>Liabilities:</i>				
Accounts Payable	\$ 1,093,526	\$ 199,261	\$ 307,181	\$ 1,599,968
Accrued Wages & Benefits	208,008	38,052	-	246,060
Due to Other Governments	90,354	-	35,324	125,678
Due to Other Funds	27,752	-	-	27,752
Deferred/Unearned Revenues	1,333,745	185,331	101,152	1,620,228
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u><u>2,753,385</u></u>	<u><u>422,644</u></u>	<u><u>443,657</u></u>	<u><u>3,619,686</u></u>
<i>Fund Balances:</i>				
<i>Reserved for:</i>				
Inventory & Prepays	317,035	84,761	13,029	414,825
Debt Service	-	-	49,274	49,274
<i>Unreserved, reported in:</i>				
General Fund	7,000,966	-	-	7,000,966
Road & Bridge Fund	-	537,559	-	537,559
Special Revenue Funds	-	-	2,537,213	2,537,213
Capital Projects Funds	-	-	425,854	425,854
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total Fund Balances</i>	<u><u>7,318,001</u></u>	<u><u>622,320</u></u>	<u><u>3,025,370</u></u>	<u><u>10,965,691</u></u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES & FUND BALANCES	<u><u>\$ 10,071,386</u></u>	<u><u>\$ 1,044,964</u></u>	<u><u>\$ 3,469,027</u></u>	<u><u>\$ 14,585,377</u></u>

See accompanying notes to basic financial statements.

GUADALUPE COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2005

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$ 10,965,691
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	35,077,060
Internal service funds are used by management to charge costs related to employee insurance. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	2,050,876
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,443,297
Unamortized bond issue costs are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	92,966
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.	(13,060,453)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.	(103,767)
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 36,465,670</u>

See accompanying notes to basic financial statements.

GUADALUPE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	General Fund	Road & Bridge Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 19,041,864	\$ 4,020,298	\$ 1,153,413	\$ 24,215,575
Licenses and Permits	347,351	5,000	-	352,351
Intergovernmental	989,912	47,184	1,360,219	2,397,315
Charges for Services	3,758,008	-	824,384	4,582,392
Fines and Forfeits	872,904	468,109	184,222	1,525,235
Miscellaneous	735,157	68,437	753,527	1,557,121
TOTAL REVENUES	<u>25,745,196</u>	<u>4,609,028</u>	<u>4,275,765</u>	<u>34,629,989</u>
EXPENDITURES				
Current:				
General Government	8,375,519	-	302,654	8,678,173
Public Safety	10,779,986	-	332,556	11,112,542
Public Transportation	-	4,792,572	-	4,792,572
Social Services	3,184,646	-	3,667,299	6,851,945
Capital Projects/Outlay	614,881	333,500	433,105	1,381,486
Debt Service:				
Principal	-	-	610,000	610,000
Interest and Other Charges	-	-	641,278	641,278
TOTAL EXPENDITURES	<u>22,955,032</u>	<u>5,126,072</u>	<u>5,986,892</u>	<u>34,067,996</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,790,164</u>	<u>(517,044)</u>	<u>(1,711,127)</u>	<u>561,993</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	78,388	2,169,461	2,247,849
Operating Transfers (Out)	(2,247,849)	-	-	(2,247,849)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,247,849)</u>	<u>78,388</u>	<u>2,169,461</u>	<u>-</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing (Uses)	542,315	(438,656)	458,334	561,993
Fund Balances at Beginning of Year	6,775,686	1,060,976	2,567,036	10,403,698
Fund Balances at End of Year	<u>\$ 7,318,001</u>	<u>\$ 622,320</u>	<u>\$ 3,025,370</u>	<u>\$ 10,965,691</u>

See accompanying notes to basic financial statements.

GUADALUPE 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, 2005

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 561,993
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation.	1,201,206
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	114,102
The issuance of long-term-debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the net effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term-debt and related items.	608,917
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	9,081
In the Statement of Activities, the gain or loss on the disposal of capital assets is reported, while in the governmental funds only the proceeds (if any) are reported.	(8,941)
Internal service funds are used by management to charge the costs of employee insurance to individual funds. The net revenue/(loss) is reported with governmental activities.	821,416
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,307,774</u>

See accompanying notes to basic financial statements.

GUADALUPE COUNTY, TEXAS
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
SEPTEMBER 30, 2005

	Governmental Activities
	Internal Service Funds
ASSETS	
<i>Current Assets:</i>	
Cash and Temporary Investments	\$ 1,986,846
Receivables (net of allowances for uncollectibles):	
Accounts	344,944
Prepaid Expense	20,001
Other Assets	2,110
TOTAL CURRENT ASSETS	2,353,901
 <i>Capital Assets:</i>	
Equipment	7,385
Accumulated Depreciation	(7,385)
TOTAL CAPITAL ASSETS	-
TOTAL ASSETS	\$ 2,353,901
 LIABILITIES AND NET ASSETS	
<i>Current Liabilities:</i>	
Outstanding Claims and Payables	\$ 302,360
Accounts Payable	665
TOTAL LIABILITIES	303,025
 <i>Net Assets:</i>	
<i>Restricted for:</i>	
Future Claims	399,639
Unrestricted	1,651,237
TOTAL NET ASSETS	2,050,876
TOTAL LIABILITIES & NET ASSETS	\$ 2,353,901

GUADALUPE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Governmental Activities
	<u>Internal</u>
	Service
	Funds
OPERATING REVENUES	
Premiums and Reimbursements	\$ 3,470,826
TOTAL OPERATING REVENUES	<u>3,470,826</u>
 OPERATING EXPENSES	
Personnel Services	41,674
Claims Paid	1,927,989
Administrative Fees	181,401
Premiums for Excess Coverage	550,990
TOTAL OPERATING EXPENSES	<u>2,702,054</u>
 OPERATING INCOME (LOSS)	 <u>768,772</u>
 NONOPERATING REVENUES (EXPENSES)	
Interest Income	48,465
Miscellaneous Income	4,179
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>52,644</u>
 CHANGE IN NET ASSETS	 821,416
 NET ASSETS AT BEGINNING OF YEAR	 1,229,460
NET ASSETS AT END OF YEAR	<u><u>\$ 2,050,876</u></u>

See accompanying notes to basic financial statements.

GUADALUPE COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Governmental Activities <u>Internal Service Funds</u>
Cash Flows From Operating Activities:	
Cash Received From Participants	\$ 3,137,951
Cash Paid for Employee Wages & Benefits	(41,674)
Cash Paid to Benefit Claims & Excess Coverage	(1,764,305)
Cash Paid Other Costs	(732,391)
Net Cash Provided (Used) by Operating Activities	<u>599,581</u>
Cash Flows From Noncapital Financing Activities:	
Nonoperating Activity	4,179
Net Cash Provided (Used) by Noncapital Financing Activities	<u>4,179</u>
Cash Flows From Investing Activities:	
Interest Received	48,465
Net Cash Provided (Used) by Investing Activities	<u>48,465</u>
Net Increase (Decrease) in Cash and Cash Equivalents	652,225
Cash and Equivalents at Beginning of Year	<u>1,334,621</u>
Cash and Equivalents at End of Year	<u>\$ 1,986,846</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income	\$ 768,772
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in Operating Assets:	
Accounts Receivable	(332,875)
Prepaid Expenses	1,621
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	163,164
Due to Other Funds	(1,101)
Net Cash Provided (Used) by Operating Activities	<u>\$ 599,581</u>

See accompanying notes to basic financial statements.

GUADALUPE COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
SEPTEMBER 30, 2005

ASSETS	Private Purpose Trust Funds	Agency Funds
Cash and Temporary Investments	\$ 1,306,388	\$ 1,495,124
Accounts Receivable	-	271,222
	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 1,306,388</u></u>	<u><u>\$ 1,766,346</u></u>
LIABILITIES & NET ASSETS		
Liabilities:		
Accounts Payable	\$ -	\$ 1,094,783
Due to Other Governments	-	671,563
Total Liabilities	<u> </u>	<u> </u>
	<u> </u>	<u>1,766,346</u>
Net Assets:		
Held in Trust for County Clerk Court Registry	408,289	-
Held in Trust for District Clerk Court Registry	898,099	-
Total Net Assets	<u> </u>	<u> </u>
	<u>1,306,388</u>	<u> </u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 1,306,388</u></u>	<u><u>\$ 1,766,346</u></u>

See accompanying notes to basic financial statements.

GUADALUPE COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Interest	\$ 8,387
Court Registry Contributions	<u>792,232</u>
Total Additions	800,619
DEDUCTIONS	
Court Registry Distributions	<u>(898,263)</u>
CHANGE IN NET ASSETS	(97,644)
NET ASSETS BEGINNING OF YEAR	<u>1,404,032</u>
NET ASSETS END OF YEAR	<u><u>\$ 1,306,388</u></u>

GUADALUPE COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the county have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Propriety type funds apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, APB opinions, and ARB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

This year the county has prepared the financial statements in accordance with GASB Statement No. 34 issued June 1999. Under GASB Statement No. 34 "*Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments*" infrastructure recognition has been implemented and retroactively reported. The implementation required the following changes:

- 1) Infrastructure for roads will be recorded using the “modified approach” for reporting eligible road infrastructure assets. The “modified approach” allows that one complete condition assessment is made and the county documents that the eligible infrastructure assets are being preserved approximately at (or above) the condition level the government has established and disclosed.
- 2) The bridges will be recognized as capital assets and depreciation expense recorded over the estimated life of the bridges.

The more significant of the County’s accounting policies are described below:

1. **REPORTING ENTITY**

Primary Government

Guadalupe County (the County) is a public corporation and political subdivision of the State of Texas. The Commissioners Court, which is made up of four commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: general government (e.g. administration, judicial & legal, elections administration, and financial administration), public safety (fire protection, law enforcement and corrections), public transportation (highways and streets), social services and conservation.

In evaluating how to define the government, for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, “The Financial Reporting Entity.” The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

GUADALUPE COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Excluded from the Reporting Entity:

Guadalupe Valley Hospital. The Hospital is governed by a Board of Directors, appointed by Guadalupe County and the City of Seguin. The annual budget is submitted for approval to both the Seguin City Council and the Guadalupe County Commissioner's Court. The Hospital is intended to be self-supporting, however, with the County and City contingently liable for operating losses. Therefore, financial information pertaining to the Hospital is included under Note J entitled Contingencies, rather than as part of this reporting entity as it is classified as a joint venture.

2. **GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The **government-wide financial statements** include the statement of net assets and the statement of activities. Government-wide statements report information on all of the activities of the County (except for County fiduciary activity). The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and charges for services.

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund, and Road and Bridge (Special Revenue) Fund meet criteria as **major governmental funds**. Each major fund is reported in separate columns in the fund financial statements. Nonmajor funds include other Special Revenue, Capital Projects, and Debt Service Funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for nonmajor funds are presented within Combining and Individual Fund Statements and Schedules.

3. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

GUADALUPE COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued.)

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

The General Fund is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, social services, and capital acquisition.

Road and Bridge Fund accounts for taxes assessed, along with fines and forfeitures associated with the support of the development and maintenance of County highways, streets and bridges.

Nonmajor funds include special revenue funds, capital projects funds and debt service.

Proprietary fund level financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The County's only proprietary fund is the Internal Service Fund used to account for the County's group medical insurance program and workers compensation benefits. Revenues are derived from charges for County contributions, employee and retiree/cobra premiums, investment of idle funds and stop loss collections. Expenses are claims, premiums for stop loss coverage and administrative expenses.

The **Proprietary Fund** is accounted for using the accrual basis of accounting as follows:

1. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
2. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations (e.g. insurance payments).

GUADALUPE COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

Fiduciary fund level financial statements include fiduciary funds which are classified into private purpose trust and agency funds. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business type activities subject to this same limitation. The County has elected not to follow subsequent private sector guidance.

4. CASH AND INVESTMENTS

Cash and temporary investments include amounts in demand deposits, short-term certificates of deposit with a maturity date within three months of the date acquired by the government, and deposits in TexPool and MBIA, local government investment pools.

State statutes authorize the government to invest in obligations of the U.S. Government, federal agency and instrumentality obligations, and certificates of deposit collateralized by obligations of the U.S. Treasury. Investments are stated at fair market value, except for deposits in local government investment pools and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost.

For purposes of the statement of cash flows, the Internal Service Funds consider all highly liquid investments including cash in banks, cash on hand, money market accounts, and deposits in local government investment pools to be cash equivalents.

5. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 and become due October 1, 2004 and past due after January 31, 2005. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

GUADALUPE COUNTY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2005

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund statements.

7. INVENTORIES & PREPAID ITEMS

Inventories of consumable supplies are valued at cost, which approximates market, using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and in the fund financial statements are offset by a reservation of fund balance which indicates they do not represent "available spendable resources".

8. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets are reported in the government-wide financial statements. Capital assets, such as equipment, are defined as assets with a cost of \$5,000 or more. Infrastructure assets include County-owned streets, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or donated. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

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

<u>ASSETS</u>	<u>YEARS</u>
Buildings and improvements	20 to 40 years
Improvements other than buildings	20 to 40 years
Bridges	30 to 50 years
Machinery and equipment	5 to 15 years

The county uses the modified approach to report its infrastructure assets in the government-wide statements of net assets. Road infrastructure assets in the government are listed at historical costs but they are not depreciated. Rather, under the modified approach allowed by GASB Statement No. 34, the County reports annual expenses for maintaining roads and the estimated costs for preserving them at a 3.3 level out of a 5.0 scale. Bridge infrastructure is recorded at historical costs and depreciated over the estimated life of the bridge.

GUADALUPE COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. COMPENSATED ABSENCES

The County permits employees to accumulate earned but unused vacation pay benefits up to 80 hours. Upon resignation, an employee may receive pay for any unused accrued vacation provided the employee is not subject to discharge for misconduct. Unused sick leave may be accumulated to certain limits. In the event of termination, no reimbursement is made for accumulated sick leave. No liability is reported for unpaid accumulated sick leave.

Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

10. DEFERRED/UNEARNED REVENUE

Property tax revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenues not expected to be available for the current period are reflected as deferred revenue.

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue.

11. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities. On new bond issues, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

12. FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties of use for a specific purpose. Fund reservations include encumbrances, capital projects, debt service, inventories and prepaids.

GUADALUPE COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

14. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B -- 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 pledge 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.

1. Cash

At September 30, 2005, the carrying amount of the primary government's cash on hand was \$2,953 and deposits in bank were \$3,182,730 and the bank balance was \$3,455,624. Of the bank balance, \$100,000 was covered by federal deposit insurance and the County's depository had pledged securities having a face value of \$8,206,536 and market value of \$8,202,825 as collateral for the County's deposits. All of the County's cash was fully collateralized.

2. Investments

State statutes authorize the County to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

GUADALUPE COUNTY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2005

NOTE B -- CASH AND INVESTMENTS (Continued)

Investment Type	Fair Value	Weighted Average Maturity (Years)
Primary Government		
MBIA Texas Class Portfolio (Local Government Investment Pool)	\$ 4,232,642	0.11
TexPool (Local Government Investment Pool)	6,683,227	0.15
Certificate of Deposit with Schertz Bank & Trust	1,500,000	
	<u>\$ 12,415,869</u>	

Portfolio Weighted Average Maturity

Credit Risk. The County's investment policy limits investments to obligations of the state or of the United States, obligations, the principle and interest that are unconditionally guaranteed or insured by this state or state rated as to investment quality by a nationally recognized investment rating firm not less than a or its equivalent.

The County may also invest its funds in state law authorized government investment pools provided the pool maintains a AAA rating, the pool maintains a stable asset value, and the average dollar weighted maturity does not exceed 90 days, and Commissioner's Court must approve of the investment. As of September 30, 2005, the investment in TexPool was rated AAAM and the investment in MBIA was rated AAA/VI+.

The County may also invest in a certificate of deposit or share certificate issued by a depository institution which has its main office or a branch office in this state and is guaranteed or insured by FDIC or the NCUSIC, or is secured by collateral or other method provided for by state law.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of September 30, 2005, the government's deposits were insured and collateralized with securities held by the pledging financial institution's agent (Frost National Bank) in the County's name.

Custodial Credit Risk – Investment. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2005, the County's U.S. Government Agency Securities were held by the Federal Reserve Bank in Dallas.

NOTE C -- PROPERTY TAX CALENDAR

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are payable in full by the following January 31. The County bills and collects its own property taxes and also the taxes for several other taxing agencies. The County acts only as an intermediary in the collection and distribution of property taxes to other entities. Tax collections deposited for the County are distributed as collected to the General, Road and Bridge and Debt Service Funds of the County. The distribution is based upon the tax rate established for each fund by Commissioner's Court for the tax year for which the collections are made.

GUADALUPE COUNTY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2005

NOTE C – PROPERTY TAX CALENDAR (Continued)

The County is authorized by the tax laws for the State of Texas to levy taxes up to .80 per \$100 of the assessed valuation for general government invoices and the payment of principal and interest on certain permanent improvement long-term debt. Taxes may be levied in unlimited amounts for the payment of principal and interest on road bond long-term debt issued under article 3, Section 52 of the Texas Constitution. Net taxes receivable at the end of the fiscal year are treated as deferred revenues.

The combined tax rate assessed on the 2004 tax roll (Guadalupe County and Special Road) to finance operations and debt service for the fiscal year ended September 30, 2005, was \$.4031 per \$100 assessed valuation. The total tax levy for the fiscal year 2005 was \$18,616,842, of which \$608,038 remained outstanding in current delinquent taxes as of September 30, 2005.

NOTE D -- INTERFUND RECEIVABLE/PAYABLE

	Due From	Due To
General Fund	\$ -	\$ 27,752
Combined Grant Fund - Juvenile Probation	27,752	-
Total Interfund Receivable/Payables	\$ 27,752	\$ 27,752

NOTE E -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2005, was as follows:

	Balance 10/1/2004	Additions	Disposals	Balance 9/30/2005
<i>Governmental Activities</i>				
<i>Capital Assets not depreciated:</i>				
Construction in Progress	\$ -	\$ 2,920	\$ -	\$ 2,920
Land	1,165,823	45,876	-	1,211,699
Infrastructure - Roads	11,145,037	1,148,504	-	12,293,541
<i>Total Capital Assets not depreciated</i>	12,310,860	1,197,300	-	13,508,160
<i>Capital Assets being depreciated:</i>				
Infrastructure - Bridges	1,583,133	385,529	(68,734)	1,899,928
Buildings and Improvements	25,591,504	-	-	25,591,504
Equipment	8,316,470	1,152,070	(615,850)	8,852,690
<i>Total Capital Assets depreciated</i>	35,491,107	1,537,599	(684,584)	36,344,122
Totals at Historical Cost	\$ 47,801,967	\$ 2,734,899	\$ (684,584)	\$ 49,852,282
Less Accumulated Depreciation:				
Infrastructure - Bridges	\$ (355,485)	\$ (33,674)	\$ 38,769	\$ (350,390)
Buildings and Improvements	(8,168,856)	(617,886)	-	(8,786,742)
Equipment	(5,392,834)	(847,379)	602,123	(5,638,090)
<i>Total Accumulated Depreciation</i>	(13,917,175)	(1,498,939)	640,892	(14,775,222)
Governmental Capital Assets, Net	\$ 33,884,792	\$ 1,235,960	\$ (43,692)	\$ 35,077,060

GUADALUPE COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE E -- CAPITAL ASSETS (CONTINUED)

Depreciation was charged to the governmental functions as follows:

General Government	\$	165,346
Public Safety		922,107
Public Transportation		383,588
Social Services		27,898
Total Depreciation Expense - General Activities		\$ 1,498,939

NOTE F -- LONG-TERM DEBT

The County had the following changes in long-term debt outstanding for the year ended September 30, 2005:

	Original Issue	Balance			Balance	Due
	Interest	Outstanding	Added	Retired	Outstanding	Within
	Rates	9/30/2004	During Year	During Year	9/30/2005	One Year
General Long-Term Debt						
1993 General Obligation Refunding Bonds	\$ 1,850,000 3.8-5.4%	\$ 345,000	\$ -	\$ 270,000	\$ 75,000	\$ 75,000
Certificate of Obligation, Series 1999	14,000,000 4.35-5.6%	13,020,000	-	340,000	12,680,000	570,000
Employee Compensated Absences		314,534	-	9,081	305,453	305,453
		\$ 13,679,534	\$ -	\$ 619,081	\$ 13,060,453	\$ 950,453

General Obligation Refunding Bonds and Certificates of Obligation require that taxes collected for the annual principal and interest payments be deposited in an interest and sinking fund. Annual interest payments are due in semi-annual installments on February 1st and August 1st. Principal payments are due annually on August 1st.

Following is a summary of debt service requirements to maturity for long-term bonds:

Year Ending December 31	Principal	Interest	Total
2006	645,000	604,760	1,249,760
2007	680,000	568,048	1,248,048
2008	715,000	533,626	1,248,626
2009	750,000	501,575	1,251,575
2010	790,000	467,300	1,257,300
Thereafter	9,175,000	2,200,591	11,375,591
	\$ 12,755,000	\$ 4,875,900	\$ 17,630,900

GUADALUPE COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE G -- EMPLOYEES' RETIREMENT SYSTEM

Texas County and District Retirement System

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined pension plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 559 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at PO Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the County, within the options available in the Texas State statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump-sum are not entitled to any amounts contributed by the employer.

Pension Plan Obligations

A. Plan Description

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

B. 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 9.03% for the months of the accounting year in 2004, and 8.71% for the months of the accounting year in 2005.

The deposit rate payable by the employee members for calendar year 2004 and 2005 is the rate of 7% as adopted by the governing body of the County. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

GUADALUPE COUNTY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2005

NOTE G -- EMPLOYEES' RETIREMENT SYSTEM (Continued)

Texas County and District Retirement System (Continued)

C. Annual Pension Cost

For the employer's accounting year ending September 30, 2005, the annual pension cost for the TCDRS plan for its employees was \$1,186,136, and the actual contributions were \$1,186,136.

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, 2002 and December 31, 2003, the basis for determining contribution rates for calendar years 2004 and 2005. The December 31, 2004 actuarial valuation is the most recent valuation.

D. Actuarial Valuation Information

Actuarial Valuation Date	<u>12/31/2002</u>	<u>12/31/2003</u>	<u>12/31/2004</u>
Actuarial Cost Method	entry age	entry age	entry age
Amortization Method	level percentage of payroll, open	level percentage of payroll, open	level percentage of payroll, open
Amortization Period in Years	20	20	20
Asset Valuation Method	long-term appreciation with adjustment	long-term appreciation with adjustment	long-term appreciation with adjustment
Actuarial Assumptions:			
Investment Return	8.00%	8.00%	8.00%
Projected Salary Increases	5.50%	5.50%	5.50%
Inflation	3.50%	3.50%	3.50%
Cost of Living Adjustment	0.00%	0.00%	0.00%

Trend Information

For the Retirement Plan for the Employees of Guadalupe County

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2003	\$1,104,422	100%	\$0
September 30, 2004	\$1,191,507	100%	\$0
September 30, 2005	\$1,186,136	100%	\$0

GUADALUPE COUNTY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2005

NOTE G -- EMPLOYEES' RETIREMENT SYSTEM (Continued)

Texas County and District Retirement System (Continued)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
12/31/2001	\$12,497,057	\$15,500,275	\$3,003,218	80.62%	\$10,132,901	29.64%
12/31/2002	\$13,784,157	\$17,220,489	\$3,436,332	80.05%	\$11,254,778	30.53%
12/31/2003	\$16,377,582	\$19,532,474	\$3,154,892	83.84%	\$12,573,293	25.09%
12/31/2004	\$18,797,418	\$22,561,486	\$3,764,068	83.32%	\$13,584,414	27.71%

NOTE H -- EMPLOYEE BENEFITS

Substantially all employees of the County are compensated on an hourly basis. There are a few employees (salaried elected and appointed officials) who are compensated on a salary basis.

Vacation leave is accrued by each hourly employee of the County as follows:

Beginning thru 1st anniversary	1.5385 hours per biweekly pay period
2nd thru 10th anniversary	3.0769 hours per biweekly pay period
11th thru 20th anniversary	4.6154 hours per biweekly pay period
21st on	6.1538 hours per biweekly pay period

No leave may be taken during the first six (6) months of employment. A maximum of ten (10) vacation days can be accrued.

Sick leave accrues at the rate of 2.1538 hours per biweekly pay period, up to a maximum balance of 60 days. No payment is made for any unused sick leave. Employees are authorized personal leave of 24 hours per year. No payment is made for any unused personal leave.

Medical insurance coverage is provided by the County at its expense for each official and full-time employee. These officials and employees may, at their own option and expense, have their families included in the insurance coverage. Dental insurance is also available and the County will pay half of the premium. All insurance is available immediately to elected and appointed officials and after three (3) months for all full-time employees. The County has elected to self-insure for this coverage (see Note J).

\$20,000 term life insurance coverage is provided to all full-time employees at County expense.

The County is required by state statute to provide workers' compensation coverage for its employees. The County has elected to self-insure for this coverage through a separate internal service fund (see Note K).

GUADALUPE COUNTY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2005

NOTE H -- EMPLOYEE BENEFITS (Continued)

The County is also required by state statute to provide unemployment insurance coverage for its employees on either a reimbursing basis or a tax basis. To comply with this requirement, the County has elected to participate as a reimbursing employer in the Texas Association of Counties' Unemployment Insurance Fund.

The costs to the County have been substantially less than they would have been under any other option available to the County.

NOTE I -- OPERATING TRANSFERS

Operating transfers during the year ended September 30, 2005, were as follows:

	Transfers In	Transfers Out
Primary Government		
General Fund	\$ -	\$ 2,247,849
Road & Bridge Fund:		
General Fund	78,388	-
	78,388	-
Nonmajor Governmental Funds		
Grant Funds	2,169,461	-
	2,169,461	-
Total	\$ 2,247,849	\$ 2,247,849

NOTE J -- COMMITMENTS AND CONTINGENCIES

Litigation

The County is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the County's liability in these cases, if decided adversely to the County, will not have a material effect on the County's financial position.

GUADALUPE COUNTY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2005

NOTE J -- COMMITMENTS AND CONTINGENCIES (Continued)

Guadalupe Valley Hospital

Guadalupe County is contingently liable for 50% of operating deficits produced by Guadalupe Valley Hospital, if any, with the City of Seguin contingently responsible for the remainder. In addition, the County would be responsible for 50% of any long-term obligations should the Hospital be in default (See Note A1). The following is a summary of financial data as reported in the Guadalupe Valley Hospital's most recent audited financial statements dated September 30, 2004:

ASSETS:

Current Assets	
Other Assets	\$ 13,623,049
Property, Plant and Equipment (Net)	2,804,004
TOTAL ASSETS	<u>19,076,895</u>
	<u>\$ 35,503,948</u>

LIABILITIES & NET ASSETS

Current Liabilities	
Other Liabilities	\$ 9,122,143
TOTAL LIABILITIES	<u>9,489,240</u>
	<u>18,611,383</u>

Net Assets

TOTAL LIABILITIES AND NET ASSETS	<u>16,892,565</u>
	<u>\$ 35,503,948</u>

Operating Revenues:

Net Revenues from Patient Services	
Other Operating Revenues	\$ 53,529,835
Total Operating Revenues	<u>1,052,136</u>
	54,581,971

Operating Expenses

Operating Income	<u>52,551,212</u>
	2,030,759

Nonoperating Revenues and (Expenses)

Capital Grants & Contributions	(38,682)
Prior Period Adjustment	-
Increase (Decrease) in Net Assets	<u>(302,404)</u>
	<u>\$ 1,689,673</u>

Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County carries commercial insurance for all such risks. During the year ended September 30, 2005, settled claims resulting from these risks did not exceed commercial insurance coverage.

GUADALUPE COUNTY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2005

NOTE J -- COMMITMENTS AND CONTINGENCIES (Continued)

Federal Financial Assistance

The County receives significant financial assistance from the U.S. Government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to audits by the grantors. Findings from these audits could result in disallowances that become a liability of the fund that received the grant.

NOTE K -- SELF-INSURANCE FUND

1. Medical Benefits Fund

The County has established a medical self-insurance fund to pay medical, dental and claims of all full-time County employees and their covered dependents, and to minimize the total cost of annual medical insurance to the County. The costs are accounted for as quasi-external interfund transactions. Premium rates are established by an actuary, and recorded as expenditures of the governmental fund paying them. Corresponding revenues are recorded in the self-insurance fund, with actual claims paid from the self-insurance fund recorded as an expense.

The County has assumed the risk of claims up to \$60,000 per employee/dependent unit per annum up to an aggregate claim for all County employees/dependents of \$1,614,836 for 2005. Claims over and above these amounts were insured by a private insurance carrier. The County is also responsible for employees who are deemed uninsurable by the private carrier or have been assigned separate specific retentions and aggregate loss fund limitations. As of September 30, 2005, the County had one participant in this category, with a specific deductible of \$250,000.

As of September 30, 2005, outstanding claims amounted to \$271,721 and were recorded as a current liability of the medical benefit fund. A reconciliation of outstanding claims is as follows:

Outstanding Claims at October 1, 2004	\$ 126,282
Claims Submitted for FY 2005	1,760,275
Claims Paid	<u>(1,614,836)</u>
 Outstanding Claims at September 30, 2005	 <u><u>\$ 271,721</u></u>

2. Workers' Compensation Fund

The County has also established a fund to pay workers' compensation claims that may arise from County employees. The costs are also accounted for as quasi-external interfund transactions, with the premiums recorded as expenditures in the general and special revenue funds paying them, and as revenue in the workers' compensation fund. Actual claims paid from the self-insurance fund are recorded as expenditures in that fund.

GUADALUPE COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2005

NOTE K -- SELF-INSURANCE FUND (Continued)

2. Workers' Compensation Fund (Cont.)

The County has assumed the risk of claims up to \$250,000 (\$350,000 for sheriff deputies and firefighters) per specific claim, with minimum retention of \$1,117,298 for a one-year contract beginning February 21, 2005.

As of September 30, 2005, outstanding claims amounted to \$30,639 and were recorded as a current liability of the workers' compensation fund. Also, based on actuarial calculations, the estimated reserve for future claims is \$366,834 which has been recorded as a reserve in the workers' compensation fund as of September 30, 2005. A reconciliation of outstanding claims is as follows:

Outstanding Claims at October 1, 2004	\$ 12,914
Claims Submitted for FY 2005	185,439
Claims Paid	<u>(167,714)</u>
Outstanding Claims at September 30, 2005	<u>\$ 30,639</u>

NOTE L -- SUBSEQUENT EVENTS

In October 2005, the Guadalupe County Commissioner's Court issued \$9,495,000 in Series 2005 Refunding Bonds to defease the Series 1999 Certificates of Obligation for the Jail facility expansion. The aggregate difference in debt service between the refunded debt (Series 1999) and the refunding debt (Series 2005) is an additional \$325,000 in debt issued. The economic gain from the transaction is \$385,831.

The Series 2005 was issued with interest rates ranging from 3.0% to 4.5%.

NOTE M -- PRIOR PERIOD ADJUSTMENT

The beginning balance of capital assets was restated in the government-wide statement of net assets to reflect the retroactive reporting of infrastructure assets as follows:

Beginning Net Assets as Reported	\$ 20,785,211
Estimated Historical Costs of Infrastructure	
Add: Roads	11,145,037
Bridges	1,583,133
Less: Accumulated Depreciation, Bridges	<u>(355,485)</u>
Total Prior Period Adjustment	12,372,685
Beginning Net Assets as Adjusted	<u>\$ 33,157,896</u>

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REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedules – General Fund
- Budgetary Comparison Schedule – Road and Bridge Fund
- Notes to Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
- Infrastructure Assets Under Modified Approach

GUADALUPE COUNTY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 17,000,000	\$ 18,970,000	\$ 19,041,864	\$ 71,864
Licenses and Permits	320,900	328,800	347,351	18,551
Intergovernmental	921,492	954,143	989,912	35,769
Charges for Services	3,528,004	3,331,581	3,758,008	426,427
Fines and Forfeits	869,000	923,000	872,904	(50,096)
Miscellaneous	285,850	512,115	735,157	223,042
TOTAL REVENUES	<u>22,925,246</u>	<u>25,019,639</u>	<u>25,745,196</u>	<u>725,557</u>
EXPENDITURES				
General Government	8,700,438	8,808,357	8,375,519	432,838
Public Safety	11,050,273	10,987,751	10,779,986	207,765
Social Services	3,053,861	3,249,248	3,184,646	64,602
Capital Outlay	193,711	752,434	614,881	137,553
TOTAL EXPENDITURES	<u>22,998,283</u>	<u>23,797,790</u>	<u>22,955,032</u>	<u>842,758</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(73,037)</u>	<u>1,221,849</u>	<u>2,790,164</u>	<u>1,568,315</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	(2,222,289)	(2,255,264)	(2,247,849)	7,415
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,222,289)</u>	<u>(2,255,264)</u>	<u>(2,247,849)</u>	<u>7,415</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	<u>(2,295,326)</u>	<u>(1,033,415)</u>	<u>542,315</u>	<u>1,575,730</u>
Fund Balance at Beginning of Year	6,775,686	6,775,686	6,775,686	-
Fund Balance at End of Year	<u>\$ 4,480,360</u>	<u>\$ 5,742,271</u>	<u>\$ 7,318,001</u>	<u>\$ 1,575,730</u>

GUADALUPE COUNTY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 GENERAL FUND
 SCHEDULE OF EXPENDITURES BY DEPARTMENT
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

GENERAL GOVERNMENT	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General Administration:				
County Judge:				
Personal Services	\$ 118,728	\$ 114,772	\$ 114,733	\$ 39
Supplies	1,100	3,300	2,763	537
Other Services and Charges	3,800	3,800	2,306	1,494
Capital Outlay	675	2,271	1,950	321
Total County Judge	124,303	124,143	121,752	2,391
County Commissioners:				
Personal Services	271,803	271,803	268,722	3,081
Supplies	2,950	2,950	765	2,185
Other Services and Charges	17,374	17,374	11,228	6,146
Capital Outlay	-	-	-	-
Total County Commissioners	292,127	292,127	280,715	11,412
County Clerk:				
Personal Services	601,503	591,108	549,683	41,425
Supplies	21,200	23,200	20,110	3,090
Other Services and Charges	37,740	39,240	37,554	1,686
Capital Outlay	3,500	10,400	7,977	2,423
Total County Clerk	663,943	663,948	615,324	48,624
General Expense: (Non-Departmental)				
Personal Services	50,000	75,000	65,635	9,365
Supplies	24,500	24,500	23,128	1,372
Other Services and Charges	1,407,806	1,450,216	1,384,314	65,902
Total General Expense	\$1,482,306	\$1,549,716	\$ 1,473,077	\$ 76,639

GUADALUPE COUNTY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 GENERAL FUND
 SCHEDULE OF EXPENDITURES BY DEPARTMENT
 BUDGET AND ACTUAL (CONT.)
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

GENERAL GOVERNMENT	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
General Administration:				
Facility Operations/Repairs:				
Personal Services	\$ 298,213	\$ 298,213	\$ 292,834	\$ 5,379
Supplies	41,890	43,590	38,686	4,904
Other Services and Charges	111,220	126,720	123,101	3,619
Capital Outlay	-	-	-	-
Total Facility Operations/Repairs	451,323	468,523	454,621	13,902
Management Information Systems:				
Personal Services	195,782	195,782	190,878	4,904
Supplies	16,000	16,600	16,529	71
Other Services and Charges	404,596	379,340	337,310	42,030
Capital Outlay	132,800	160,156	156,382	3,774
Total Computer Operations/Repairs	749,178	751,878	701,099	50,779
Total General Administration	3,763,180	3,850,335	3,646,588	203,747
Judicial:				
County Court at Law:				
Personal Services	327,744	333,142	327,410	5,732
Supplies	2,200	2,200	1,920	280
Other Services and Charges	245,386	253,686	213,740	39,946
Capital Outlay	-	-	-	-
Total County Court at Law	575,330	589,028	543,070	45,958
District Courts:				
Personal Services	310,348	310,348	302,731	7,617
Supplies	3,530	4,980	3,573	1,407
Other Services and Charges	394,964	426,264	354,284	71,980
Capital Outlay	4,000	1,250	1,239	11
Total District Courts	\$ 712,842	\$ 742,842	\$ 661,827	\$ 81,015

GUADALUPE COUNTY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 GENERAL FUND
 SCHEDULE OF EXPENDITURES BY DEPARTMENT
 BUDGET AND ACTUAL (CONT.)
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

GENERAL GOVERNMENT	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Judicial (Cont.):				
District Clerk:				
Personal Services	\$ 356,959	\$ 355,559	\$ 347,101	\$ 8,458
Supplies	9,000	8,350	13,204	(4,854)
Other Services and Charges	17,840	17,360	16,921	439
Capital Outlay	800	3,330	3,330	-
Total District Clerk	384,599	384,599	380,556	4,043
Justice of the Peace - Precinct 1:				
Personal Services	184,728	184,728	183,404	1,324
Supplies	5,300	6,800	6,203	597
Other Services and Charges	15,771	17,771	14,939	2,832
Capital Outlay	1,500	1,500	1,316	184
Total Justice of the Peace - Precinct 1	207,299	210,799	205,862	4,937
Justice of the Peace - Precinct 2:				
Personal Services	98,496	98,496	97,231	1,265
Supplies	1,600	2,664	2,093	571
Other Services and Charges	5,141	4,077	3,519	558
Total Justice of the Peace - Precinct 2	105,237	105,237	102,843	2,394
Justice of the Peace - Precinct 3:				
Personal Services	86,290	86,290	85,804	486
Supplies	1,550	1,888	1,837	51
Other Services and Charges	3,850	3,512	3,259	253
Total Justice of the Peace - Precinct 3	\$ 91,690	\$ 91,690	\$ 90,900	\$ 790

GUADALUPE COUNTY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 GENERAL FUND
 SCHEDULE OF EXPENDITURES BY DEPARTMENT
 BUDGET AND ACTUAL (CONT.)
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

GENERAL GOVERNMENT	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
Judicial (Cont.):				
Justice of the Peace - Precinct 4:				
Personal Services	\$ 139,867	\$ 139,867	\$ 138,476	\$ 1,391
Supplies	27,800	3,541	3,366	175
Other Services and Charges	18,821	18,080	16,606	1,474
Total Justice of the Peace - Precinct 4	186,488	161,488	158,448	3,040
Total Judicial	2,263,485	2,285,683	2,143,506	142,177
Legal:				
County Attorney:				
Personal Services	704,720	701,998	698,612	3,386
Supplies	12,100	14,872	12,786	2,086
Other Services and Charges	34,600	34,600	30,977	3,623
Capital Outlay	-	2,400	1,320	1,080
Total County Attorney	751,420	753,870	743,695	10,175
Criminal District Attorney:				
Other Services and Charges	369,083	369,083	347,458	21,625
Total Criminal Dist. Attorney	369,083	369,083	347,458	21,625
Total Legal	1,120,503	1,122,953	1,091,153	31,800
Elections Administration:				
Personal Services	236,584	256,589	237,467	19,122
Supplies	10,600	11,200	10,587	613
Other Services and Charges	83,100	83,665	77,874	5,791
Capital Outlay	-	198,155	189,966	8,189
Total Elections Administration	\$ 330,284	\$ 549,609	\$ 515,894	\$ 33,715

GUADALUPE COUNTY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 GENERAL FUND
 SCHEDULE OF EXPENDITURES BY DEPARTMENT
 BUDGET AND ACTUAL (CONT.)
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT				
Financial Administration:				
County Auditor:				
Personal Services	\$ 405,814	\$ 398,889	\$ 375,407	\$ 23,482
Supplies	7,810	13,210	13,027	183
Other Services and Charges	15,485	17,285	14,586	2,699
Capital Outlay	1,275	1,000	899	101
Total County Auditor	<u>430,384</u>	<u>430,384</u>	<u>403,919</u>	<u>26,465</u>
County Treasurer:				
Personal Services	214,799	216,819	215,289	1,530
Supplies	9,000	9,000	7,805	1,195
Other Services and Charges	12,600	10,488	10,185	303
Capital Outlay	-	15,562	14,957	605
Total County Treasurer	<u>236,399</u>	<u>251,869</u>	<u>248,236</u>	<u>3,633</u>
County Tax Assessor-Collector:				
Personal Services	631,088	645,093	633,631	11,462
Supplies	37,130	35,920	43,902	(7,982)
Other Services and Charges:				
Miscellaneous	32,535	32,535	28,026	4,509
Capital Outlay	6,000	21,210	20,326	884
Total County Tax Assessor-Collector	<u>706,753</u>	<u>734,758</u>	<u>725,885</u>	<u>8,873</u>
Total Financial Administration	<u>1,373,536</u>	<u>1,417,011</u>	<u>1,378,040</u>	<u>38,971</u>
TOTAL GENERAL GOVERNMENT	<u>\$ 8,850,988</u>	<u>\$ 9,225,591</u>	<u>\$ 8,775,181</u>	<u>\$ 450,410</u>

GUADALUPE COUNTY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 GENERAL FUND
 SCHEDULE OF EXPENDITURES BY DEPARTMENT
 BUDGET AND ACTUAL (CONT.)
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

PUBLIC SAFETY	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Fire Protection:				
Personal Services	\$ 15,660	\$ 8,809	\$ -	\$ 8,809
Other Services and Charges	469,550	477,924	477,924	-
Total Fire Protection	<u>485,210</u>	<u>486,733</u>	<u>477,924</u>	<u>8,809</u>
Law Enforcement:				
Constable - Precinct 1:				
Personal Services	46,309	46,309	44,465	1,844
Supplies	6,100	6,200	6,226	(26)
Other Services and Charges	4,675	3,500	3,315	185
Capital Outlay	-	1,375	1,375	-
Total Constable - Precinct 1	<u>57,084</u>	<u>57,384</u>	<u>55,381</u>	<u>2,003</u>
Constable - Precinct 2:				
Personal Services	46,301	46,301	43,671	2,630
Supplies	3,100	2,350	1,147	1,203
Other Services and Charges	3,400	2,025	906	1,119
Capital Outlay	-	2,225	2,147	78
Total Constable - Precinct 2	<u>52,801</u>	<u>52,901</u>	<u>47,871</u>	<u>5,030</u>
Constable - Precinct 3:				
Personal Services	58,448	58,448	58,104	344
Supplies	3,300	4,105	3,749	356
Other Services and Charges	5,501	2,671	2,086	585
Capital Outlay	618	2,643	2,374	269
Total Constable - Precinct 3	<u>67,867</u>	<u>67,867</u>	<u>66,313</u>	<u>1,554</u>
Constable - Precinct 4:				
Personal Services	46,309	46,674	46,171	503
Supplies	4,950	4,585	4,098	487
Other Services and Charges	5,150	5,100	4,520	580
Capital Outlay	500	3,250	2,750	500
Total Constable - Precinct 4	<u>\$ 56,909</u>	<u>\$ 59,609</u>	<u>\$ 57,539</u>	<u>\$ 2,070</u>

GUADALUPE COUNTY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 GENERAL FUND
 SCHEDULE OF EXPENDITURES BY DEPARTMENT
 BUDGET AND ACTUAL (CONT.)
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
PUBLIC SAFETY				
Law Enforcement (Cont.):				
County Sheriff:				
Personal Services	\$ 3,743,644	\$ 3,667,969	\$ 3,631,810	\$ 36,159
Supplies	221,550	265,755	260,667	5,088
Other Services and Charges	214,550	193,073	179,962	13,111
Capital Outlay	33,700	272,496	180,584	91,912
Total County Sheriff	<u>4,213,444</u>	<u>4,399,293</u>	<u>4,253,023</u>	<u>146,270</u>
Dept. of Public Safety:				
Personal Services	114,648	108,648	106,910	1,738
Supplies	2,850	3,975	3,813	162
Other Services and Charges	31,892	32,714	22,970	9,744
Capital Outlay	-	4,053	3,278	775
Total Dept. of Public Safety	<u>149,390</u>	<u>149,390</u>	<u>136,971</u>	<u>12,419</u>
Total Law Enforcement	<u>4,597,495</u>	<u>4,786,444</u>	<u>4,617,098</u>	<u>169,346</u>
Corrections:				
Feeding and Care of Prisoners:				
Personal Services	4,583,068	4,387,778	4,300,407	87,371
Supplies	692,100	725,840	718,471	7,369
Other Services and Charges	515,800	690,430	642,525	47,905
Capital Outlay	5,000	25,828	24,697	1,131
Total Feeding and Care of Prisoners	<u>5,795,968</u>	<u>5,829,876</u>	<u>5,686,100</u>	<u>143,776</u>
Adult & Juvenile Probation:				
Personal Services	19,237	19,237	19,194	43
Supplies	1,280	668	668	-
Other Services and Charges	126,560	112,322	111,451	871
Capital Outlay	-	15,300	15,263	37
Total Adult & Juvenile Probation	<u>147,077</u>	<u>147,527</u>	<u>146,576</u>	<u>951</u>
Total Corrections	<u>\$ 5,943,045</u>	<u>\$ 5,977,403</u>	<u>\$ 5,832,676</u>	<u>\$ 144,727</u>

GUADALUPE COUNTY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 GENERAL FUND
 SCHEDULE OF EXPENDITURES BY DEPARTMENT
 BUDGET AND ACTUAL (CONT.)
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
PUBLIC SAFETY				
Other Protection:				
Civil Defense:				
Personal Services	\$ 51,606	\$ 51,606	\$ 51,390	\$ 216
Supplies	1,225	1,225	840	385
Other Services and Charges	11,510	11,510	7,829	3,681
Capital Outlay	625	625	625	-
Total Other Protection	<u>64,966</u>	<u>64,966</u>	<u>60,684</u>	<u>4,282</u>
TOTAL PUBLIC SAFETY	<u>11,090,716</u>	<u>11,315,546</u>	<u>10,988,382</u>	<u>327,164</u>
SOCIAL SERVICES				
Health Services:				
Personal Services	1,200	1,200	900	300
Other Services and Charges:				
Indigent Care	1,473,295	1,660,543	1,656,642	3,901
Emergency Medical Services	691,000	691,990	691,990	-
Miscellaneous	110,500	106,400	78,058	28,342
Total Health Services	<u>2,275,995</u>	<u>2,460,133</u>	<u>2,427,590</u>	<u>32,543</u>
Veterans Services:				
Personal Services	30,824	28,499	27,305	1,194
Supplies	700	775	401	374
Other Services and Charges	1,650	1,900	1,210	690
Capital Outlay	-	2,000	1,739	261
Total Veterans Services	<u>33,174</u>	<u>33,174</u>	<u>30,655</u>	<u>2,519</u>
Senior Volunteers:				
Other Services and Charges	4,770	4,770	4,608	162
Total Senior Volunteers	<u>\$ 4,770</u>	<u>\$ 4,770</u>	<u>\$ 4,608</u>	<u>\$ 162</u>

GUADALUPE COUNTY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 GENERAL FUND
 SCHEDULE OF EXPENDITURES BY DEPARTMENT
 BUDGET AND ACTUAL (CONT.)
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
SOCIAL SERVICES				
Environmental Health:				
Personal Services	\$ 244,071	\$ 242,071	\$ 231,071	\$ 11,000
Supplies	10,320	10,818	10,342	476
Other Services and Charges	15,070	15,070	8,897	6,173
Capital Outlay	618	3,120	2,846	274
Total Environmental Health	270,079	271,079	253,156	17,923
Animal Control:				
Personal Services	116,578	112,853	111,994	859
Supplies	15,025	12,069	10,680	1,389
Other Services and Charges	52,600	71,370	65,772	5,598
Capital Outlay	-	185	186	(1)
Total Animal Control	184,203	196,477	188,632	7,845
Solid Waste Disposal:				
Other Services and Charges	115,000	115,000	113,464	1,536
Total Solid Waste Disposal	115,000	115,000	113,464	1,536
Agricultural Extension Service:				
Personal Services	143,958	144,920	144,037	883
Supplies	8,050	9,750	8,902	848
Other Services and Charges	19,250	19,250	18,373	877
Capital Outlay	2,100	2,100	2,052	48
Total Agricultural Extension Service	173,358	176,020	173,364	2,656
TOTAL SOCIAL SERVICES	3,056,579	3,256,653	3,191,469	65,184
TOTAL EXPENDITURES	\$ 22,998,283	\$23,797,790	\$ 22,955,032	\$ 842,758

GUADALUPE COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,972,500	\$ 3,972,500	\$ 4,020,298	\$ 47,798
Intergovernmental	47,000	47,000	47,184	184
Licenses and Permits	6,500	6,500	5,000	(1,500)
Fines and Forfeits	500,000	500,000	468,109	(31,891)
Miscellaneous Income	37,000	37,000	68,437	31,437
TOTAL REVENUES	<u>4,563,000</u>	<u>4,563,000</u>	<u>4,609,028</u>	<u>46,028</u>
EXPENDITURES				
Public Transportation:				
Personnel Services	2,672,588	2,612,588	2,566,531	46,057
Supplies	1,823,450	2,041,450	2,017,757	23,693
Other Services and Charges	393,115	385,115	230,463	154,652
Capital Outlay	265,500	333,500	311,321	22,179
TOTAL EXPENDITURES	<u>5,154,653</u>	<u>5,372,653</u>	<u>5,126,072</u>	<u>246,581</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(591,653)</u>	<u>(809,653)</u>	<u>(517,044)</u>	<u>292,609</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (Out)	<u>68,594</u>	<u>68,594</u>	<u>78,388</u>	<u>9,794</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	<u>(523,059)</u>	<u>(741,059)</u>	<u>(438,656)</u>	<u>302,403</u>
Fund Balance at Beginning of Year	<u>1,060,976</u>	<u>1,060,976</u>	<u>1,060,976</u>	-
Fund Balance at End of Year	<u>\$ 537,917</u>	<u>\$ 319,917</u>	<u>\$ 622,320</u>	<u>\$ 302,403</u>

GUADALUPE COUNTY, TEXAS
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
SEPTEMBER 30, 2005

Budget and Budgetary Accounting

An annual budget is adopted for substantially all governmental funds of the County. Actual expenditures may not legally exceed budgeted appropriations at the fund level.

The procedures followed by Guadalupe County in establishing the budgetary data reflected in the financial statements are as follows:

Budget Preparation – The County Judge, assisted by the County Auditor, prepares a proposed operating budget for the fiscal year beginning the following October 1, and files the proposed budget with the County Clerk in whose office it is available for public inspection. The operating budget includes proposed expenditures and the means of financing them.

Public Hearing – After proper publication of notice, a budget hearing is conducted by the Commissioners Court to obtain taxpayer comments.

Budget Adoption – During a regular term of the Commissioners Court the budget is adopted through the passage of an order. A separate order is provided in the budget.

Amendments to Budget – Amendments to the budget to transfer budgeted amounts from one budget classification (summary line) to another may be made by the Commissioners Court at its discretion. Amendments to provide for items not included in the original budget may be made by the Commissioners Court upon finding and declaring the existence of an emergency sufficient to require such action. The final amended budget is presented in this report.

Formal Budgetary Integration – Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Debt Service, Capital Projects, and Internal Service Funds.

Budgets on GAAP Basis – Budgets for all governmental fund types are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).

Expenditure Classifications – Budget classifications are adopted by department for personal services, supplies, other services and charges and capital outlay. For management purposes, however, accounting records are maintained to match actual expenditures against several more detailed classifications within each of the budget categories.

Lapse of Appropriations – All budget appropriations lapse at the end of each fiscal period. Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at the end of each year and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year.

GUADALUPE COUNTY, TEXAS
 INFRASTRUCTURE ASSETS (ROADS) UNDER THE MODIFIED APPROACH
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

The county performs periodic physical condition assessments to determine whether infrastructure assets are being maintained at levels requested.

The condition of road pavement is measured using the Pavement Condition Ratings and Images (PCR) management system, which is based on a weighted average of six distress factors found in pavement surfaces. The PCR uses the following scale to measure pavement surfaces.

<u>Condition</u>	<u>Rating</u>	<u>Description</u>
Excellent	5	New or nearly new pavements.
Good to Excellent	4	Free of cracks, patches or rutting. Pavements exhibiting few, if any variable signs of surface deterioration.
Good	3.3	Evidence of initial deterioration, including hairline cracks and minor rutting.
Fair to Poor	2.4	Visible defects, including moderate cracking, distortion and rutting. Some patches may now be present.
Poor	1.2	Extremely deteriorated pavement. Defects include severe cracking, distortion, and rutting. Very extensive patching.
Very Poor	0.8	Pavement is completely deteriorated.

The condition of the county roads is rated according to the PCR in linear feet as follows:

<u>Condition</u>	<u>2005</u>
Excellent	9.33
Good to Excellent	34.86
Good	49.05
Fair to Poor	5.84
Poor	0.92
Very Poor	0

The County policy is to maintain at least 80% of its road system at a good (3.3%) or better condition level.

GUADALUPE COUNTY, TEXAS
 INFRASTRUCTURE ASSETS (ROADS) UNDER THE MODIFIED APPROACH (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

The County spends the amount necessary to maintain its infrastructure assets at or above a condition level of 3.3 or above. As a measure of the county's maintenance efforts, the following chart shows actual to budget infrastructure maintenance expenses of the Road & Bridge Department. These infrastructure maintenance costs consist of all personnel and operating costs within the Road and Bridge Department that are used to maintain roads, as well as resurfacing and roadway landscaping costs.

Budget versus actual infrastructure maintenance costs:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Budget	\$ 2,283,691	Not Available	Not Available
Actual	\$ 2,393,419	"	"

By using the "modified approach" the County's accounting practices for infrastructure assets are in agreement with the County's plans for maintaining its infrastructure at the least overall cost over individual life cycles.

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OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Statements – General Fund
- Comparative Statements – Road and Bridge Fund
- Combining Statements – Nonmajor Governmental Funds
- Combining Statements – Internal Service Funds
- Combining Statements – Fiduciary (Agency) Funds

GUADALUPE COUNTY, TEXAS
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2005 AND 2004

ASSETS	<u>2005</u>	<u>2004</u>
Cash and Temporary Investments	\$ 7,446,124	\$ 7,108,292
Receivables (net of allowances for estimated uncollectibles of \$35,020 and \$29,365):		
Taxes	1,161,005	1,067,661
Other Receivables	1,104,092	999,771
Due from Other Funds	-	46,043
Due from Other Governments	43,130	-
Prepaid Items	317,035	360,903
TOTAL ASSETS	<u>\$ 10,071,386</u>	<u>\$ 9,582,670</u>
LIABILITIES & FUND BALANCE		
Liabilities:		
Accounts Payable	\$ 1,093,526	\$ 796,246
Accrued Wages & Benefits	208,008	617,760
Due to Other Governments	90,354	154,598
Due to Other Funds	27,752	-
Deferred Revenues	1,333,745	1,238,380
Total Liabilities	<u>2,753,385</u>	<u>2,806,984</u>
Fund Balance:		
Reserved for Prepaid Items	317,035	360,903
Unreserved - Undesignated	7,000,966	6,414,783
Total Fund Balance	<u>7,318,001</u>	<u>6,775,686</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 10,071,386</u>	<u>\$ 9,582,670</u>

GUADALUPE COUNTY, TEXAS
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED SEPTEMBER 30, 2005 AND 2004

REVENUES	<u>2005</u>	<u>2004</u>
Taxes		
Licenses and Permits	\$ 19,041,864	\$ 17,566,361
Intergovernmental	347,351	332,070
Charges for Services	989,912	1,025,606
Fines and Forfeits	3,758,008	4,199,493
Miscellaneous	872,904	905,544
TOTAL REVENUES	<u>735,157</u>	<u>307,156</u>
	<u>25,745,196</u>	<u>24,336,230</u>
 EXPENDITURES		
Current:		
General Government	8,375,519	7,675,422
Public Safety	10,779,986	9,384,571
Social Services	3,184,646	3,065,190
Capital Outlay	614,881	353,657
Debt Service	-	132,521
TOTAL EXPENDITURES	<u>-</u>	<u>132,521</u>
	<u>22,955,032</u>	<u>20,611,361</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,790,164</u>	<u>3,724,869</u>
 OTHER FINANCING SOURCES (USES)		
Operating Transfers (In)	-	12,956
Operating Transfers (Out)	(2,247,849)	(1,995,267)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,247,849)</u>	<u>(1,982,311)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	<u>542,315</u>	<u>1,742,558</u>
Fund Balance at Beginning of Year	<u>6,775,686</u>	<u>5,193,720</u>
Fund Balance at End of Year	<u>\$ 7,318,001</u>	<u>\$ 6,936,278</u>

GUADALUPE COUNTY, TEXAS
ROAD AND BRIDGE FUND
COMPARATIVE BALANCE SHEET
SEPTEMBER 30, 2005 AND 2004

ASSETS	Totals	
	2005	2004
Cash and Temporary Investments	\$ 727,234	\$ 1,268,620
Receivables (net of allowances for uncollectibles):		
Taxes	232,969	223,266
Accounts	-	-
Prepaid Insurance	17,649	21,025
Inventory of supplies at cost	67,112	79,423
TOTAL ASSETS	\$ 1,044,964	\$ 1,592,334
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$ 199,261	\$ 248,372
Performance Bond	-	-
Accrued Wages & Benefits	38,052	106,993
Deferred Revenues	185,331	175,993
Total Liabilities	422,644	531,358
Fund Balance:		
Reserved	84,761	100,448
Unreserved	537,559	960,528
Total Fund Balance	\$ 622,320	\$ 1,060,976

GUADALUPE COUNTY, TEXAS
ROAD AND BRIDGE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED SEPTEMBER 30, 2005 AND 2004

	Totals	
	2005 Actual	2004 Actual
REVENUES		
Taxes	\$ 4,020,298	\$ 3,675,474
Licenses and Permits	5,000	5,925
Intergovernmental	47,184	47,251
Fines and Forfeits	468,109	554,748
Miscellaneous	68,437	37,776
	4,609,028	4,321,174
EXPENDITURES		
Public Transportation:		
Personal Services	2,566,531	2,436,533
Supplies	2,017,757	1,682,292
Other Services and Charges	230,463	307,770
Capital Outlay	311,321	399,330
	5,126,072	4,825,925
Excess (Deficiency) of Revenues Over (Under) Expenditures	(517,044)	(504,751)
OTHER FINANCING SOURCES		
Operating Transfers In (Out)	78,388	143,110
	(438,656)	(361,641)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	(438,656)	(361,641)
Fund Balance at Beginning of Year	1,060,976	1,422,617
Fund Balance at End of Year	\$ 622,320	\$ 1,060,976

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GUADALUPE COUNTY, TEXAS
COMBINING FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for resources which are legally restricted to expenditures for specified current operating purposes, or to the acquisition of furniture, fixtures, machinery, equipment, or other relatively minor or comparatively short – lived fixed assets. The Special Revenue Funds used by the County are as follows:

County Sheriff Fund – To account for federal and state forfeitures restricted to expenditures for law enforcement. Also accounts for revenues and expenditures of the jail commissary.

County Attorney Fund – To account for fees collected for administration of the collection of “hot checks.” These fees are used for items not otherwise budgeted by Guadalupe County General Fund for the County Attorney.

District Attorney Hot Check Fund – To account for fees collected for administration of the collection of “hot checks.” These funds are used for items not otherwise budgeted by Guadalupe County.

Combined Grant Funds – To account for all grants received from sources outside the County to be used for specific grant contracts.

Other Nonmajor Funds – To account for revenues from various sources that are restricted to a specific use.

DEBT SERVICE FUND

Debt Service funds are used to account for the accumulation of resources and the subsequent disbursement of such resources to pay principal and interest on general long-term debt.

CAPITAL PROJECTS FUNDS

Capital Projects funds are used to account for proceeds from bond issues and other resources specifically designated for capital expenditures.

GUADALUPE COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2005

ASSETS	County Sheriff Fund	County Attorney Fund	District Attorney Fund
	<u> </u>	<u> </u>	<u> </u>
Cash and Temporary Investments	\$ 364,835	\$ 8,548	\$ 3,173
Receivables (net of allowances for uncollectibles)			
Taxes		-	-
Accounts	49,386	-	-
Due from Other Funds	-	-	-
Prepaid Expenses	-	-	-
Inventory, at cost	12,393	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 426,614</u>	<u>\$ 8,548</u>	<u>\$ 3,173</u>
LIABILITIES AND FUND BALANCE			
Current Liabilities:			
Accounts Payable	\$ 23,638	\$ 564	\$ -
Deferred Revenues	-	-	-
Total Current Liabilities	<u>23,638</u>	<u>564</u>	<u>-</u>
Fund Balance:			
Reserved	12,393	-	-
Unreserved	390,583	7,984	3,173
Total Fund Balance	<u>402,976</u>	<u>7,984</u>	<u>3,173</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 426,614</u>	<u>\$ 8,548</u>	<u>\$ 3,173</u>

<u>Combined Grant Funds</u>	<u>Other Nonmajor Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
\$ 1,104,686	\$ 938,967	\$ 49,274	\$ 440,788	\$ 2,910,271
-	-	99,007	-	99,007
368,830	752	-	-	418,968
27,752	-	-	-	27,752
200	436	-	-	636
-	-	-	-	12,393
<u>\$ 1,501,468</u>	<u>\$ 940,155</u>	<u>\$ 148,281</u>	<u>\$ 440,788</u>	<u>\$ 3,469,027</u>
\$ 291,896	\$ 11,473	\$ -	\$ 14,934	\$ 342,505
2,145	-	99,007	-	101,152
<u>294,041</u>	<u>11,473</u>	<u>99,007</u>	<u>14,934</u>	<u>443,657</u>
200	436	49,274	-	62,303
1,207,227	928,246	-	425,854	2,963,067
<u>1,207,427</u>	<u>928,682</u>	<u>49,274</u>	<u>425,854</u>	<u>3,025,370</u>
<u>\$ 1,501,468</u>	<u>\$ 940,155</u>	<u>\$ 148,281</u>	<u>\$ 440,788</u>	<u>\$ 3,469,027</u>

GUADALUPE COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2005

REVENUES	County Sheriff Fund	County Attorney Fund	District Attorney Fund
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for Services	-	21,485	104
Fines and Forfeits	184,222	-	-
Miscellaneous	244,877	-	91
TOTAL REVENUES	429,099	21,485	195
EXPENDITURES			
General Government	-	18,494	1,400
Public Safety	232,088	-	-
Social Services	-	-	-
Capital Outlay	40,801	550	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
TOTAL EXPENDITURES	272,889	19,044	1,400
Excess (Deficiency) of Revenues Over (Under) Expenditures	156,210	2,441	(1,205)
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	-	-	-
Operating Transfers (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	156,210	2,441	(1,205)
Fund Balance at Beginning of Year	246,766	5,543	4,378
Fund Balance at End of Year	<u>\$ 402,976</u>	<u>\$ 7,984</u>	<u>\$ 3,173</u>

Combined Grant Funds	Other Nonmajor Funds	Debt Service Fund	Capital Projects Fund	Totals
\$ -	\$ -	\$ 1,153,413	\$ -	\$ 1,153,413
1,360,219	-	-	-	1,360,219
228,596	574,199	-	-	824,384
-	-	-	-	184,222
230,532	14,043	6,347	257,637	753,527
<u>1,819,347</u>	<u>588,242</u>	<u>1,159,760</u>	<u>257,637</u>	<u>4,275,765</u>
-	282,760	-	-	302,654
100,468	-	-	-	332,556
3,667,299	-	-	-	3,667,299
10,157	72,484	-	309,113	433,105
-	-	610,000	-	610,000
-	-	641,278	-	641,278
<u>3,777,924</u>	<u>355,244</u>	<u>1,251,278</u>	<u>309,113</u>	<u>5,986,892</u>
<u>(1,958,577)</u>	<u>232,998</u>	<u>(91,518)</u>	<u>(51,476)</u>	<u>(1,711,127)</u>
2,098,461	-	-	71,000	2,169,461
-	-	-	-	-
<u>2,098,461</u>	<u>-</u>	<u>-</u>	<u>71,000</u>	<u>2,169,461</u>
139,884	232,998	(91,518)	19,524	458,334
1,067,543	695,684	140,792	406,330	2,567,036
<u>\$ 1,207,427</u>	<u>\$ 928,682</u>	<u>\$ 49,274</u>	<u>\$ 425,854</u>	<u>\$ 3,025,370</u>

GUADALUPE COUNTY, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
SEPTEMBER 30, 2005
(WITH COMPARATIVE TOTALS FOR 2004)

ASSETS	Workers'	Medical	Totals	
	Compensation Fund	Benefits Fund	2005	2004
Current Assets:				
Cash and Temporary Investments	\$ 708,511	\$ 1,278,335	\$ 1,986,846	\$ 1,334,621
Accounts Receivable	2,850	342,094	344,944	8,843
Due From Other Funds	-	-	-	3,226
Prepaid Expense	20,001	-	20,001	21,622
Total Current Assets	<u>731,362</u>	<u>1,620,429</u>	<u>2,351,791</u>	<u>1,368,312</u>
Capital Assets				
Equipment	7,385	-	7,385	7,385
Accumulated Depreciation	<u>(7,385)</u>	<u>-</u>	<u>(7,385)</u>	<u>(7,385)</u>
Total Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Assets:				
Deposits	<u>-</u>	<u>2,110</u>	<u>2,110</u>	<u>2,110</u>
TOTAL ASSETS	<u><u>\$ 731,362</u></u>	<u><u>\$ 1,622,539</u></u>	<u><u>\$ 2,353,901</u></u>	<u><u>\$ 1,370,422</u></u>
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Outstanding Claims and Payables	\$ 30,639	\$ 271,721	\$ 302,360	\$ 139,196
Accounts Payable	<u>-</u>	<u>665</u>	<u>665</u>	<u>1,766</u>
Total Current Liabilities	<u>30,639</u>	<u>272,386</u>	<u>303,025</u>	<u>140,962</u>
Net Assets:				
Restricted For Future Claims	366,834	32,805	399,639	463,743
Unrestricted	<u>333,889</u>	<u>1,317,348</u>	<u>1,651,237</u>	<u>765,717</u>
Total Net Assets	<u>700,723</u>	<u>1,350,153</u>	<u>2,050,876</u>	<u>1,229,460</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 731,362</u></u>	<u><u>\$ 1,622,539</u></u>	<u><u>\$ 2,353,901</u></u>	<u><u>\$ 1,370,422</u></u>

GUADALUPE COUNTY, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2005
(WITH COMPARATIVE TOTALS FOR 2004)

	Workers' Compensation Fund	Medical Benefits Fund	Totals	
			2005	2004
OPERATING REVENUES				
Fees Paid by County	\$ 344,028	\$ 2,678,588	\$ 3,022,616	\$ 2,803,841
Fees Paid by Employees	-	443,627	443,627	382,867
Other Premiums Paid	-	4,583	4,583	7,075
TOTAL OPERATING REVENUES	<u>344,028</u>	<u>3,126,798</u>	<u>3,470,826</u>	<u>3,193,783</u>
OPERATING EXPENSES				
Personnel Services	7,380	34,294	41,674	43,956
Claims Paid	167,714	1,760,275	1,927,989	2,285,105
Administrative Fees	38,520	142,881	181,401	162,418
Premiums for Excess Coverage	134,625	416,365	550,990	699,280
TOTAL OPERATING EXPENDITURES	<u>348,239</u>	<u>2,353,815</u>	<u>2,702,054</u>	<u>3,190,759</u>
NET OPERATING INCOME (LOSS)	<u>(4,211)</u>	<u>772,983</u>	<u>768,772</u>	<u>3,024</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	17,624	30,841	48,465	14,918
Miscellaneous Income	32	4,147	4,179	512
Operating Transfers	(45,000)	45,000	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(27,344)</u>	<u>79,988</u>	<u>52,644</u>	<u>15,430</u>
Change in Net Assets	<u>(31,555)</u>	<u>852,971</u>	<u>821,416</u>	<u>18,454</u>
Net Assets at Beginning of Year	732,278	497,182	1,229,460	1,219,292
Prior Period Adjustment	-	-	-	(8,286)
Net Assets at End of Year	<u>\$ 700,723</u>	<u>\$ 1,350,153</u>	<u>\$ 2,050,876</u>	<u>\$ 1,229,460</u>

GUADALUPE COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 SEPTEMBER 30, 2005

	Inmate Fund	Child Support	District Clerk	Tax Assesor- Collector
Assets:				
Cash and Temporary Investments	\$ 22,763	\$ -	\$ -	\$ 1,254,053
Accounts Receivable	-	-	-	-
Total Assets	\$ 22,763	\$ -	\$ -	\$ 1,254,053
Liabilities:				
Accounts Payable	\$ 22,763	\$ -	\$ -	\$ 582,490
Due to Other Governments	-	-	-	671,563
Total Liabilities	\$ 22,763	\$ -	\$ -	\$ 1,254,053

<u>Payroll Fund</u>	<u>Adult Probation</u>	<u>Child Protection</u>	<u>Country Attorney</u>	<u>Third Admin Judicial District</u>	<u>Unclaimed Property</u>	<u>Totals</u>
\$ - 265,298	\$ 191,669 -	\$ 1,701 -	\$ 12,533 -	\$ - 5,924	\$ 12,405 -	\$ 1,495,124 271,222
<u>\$ 265,298</u>	<u>\$ 191,669</u>	<u>\$ 1,701</u>	<u>\$ 12,533</u>	<u>\$ 5,924</u>	<u>\$ 12,405</u>	<u>\$ 1,766,346</u>
\$ 265,298 -	\$ 191,669 -	\$ 1,701 -	\$ 12,533 -	\$ 5,924 -	\$ 12,405 -	\$ 1,094,783 671,563
<u>\$ 265,298</u>	<u>\$ 191,669</u>	<u>\$ 1,701</u>	<u>\$ 12,533</u>	<u>\$ 5,924</u>	<u>\$ 12,405</u>	<u>\$ 1,766,346</u>

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STATISTICAL SECTION

The following unaudited Statistical Tables reflect social and economic data, financial trends and fiscal capacity of the County.

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GUADALUPE COUNTY, TEXAS
NET ASSETS BY COMPONENT
LAST TWO FISCAL YEARS

	Fiscal Year	
	2004	2005
Governmental activities		
Invested in capital assets, net of related debt	\$ 8,147,107	\$ 22,322,060 (1)
Restricted	140,792	49,274
Unrestricted	12,497,312	14,094,336
Total governmental activities net assets	\$ 20,785,211	\$ 36,465,670

(1) Retroactive Reporting of Infrastructure Assets under GASB 34.

GUADALUPE COUNTY, TEXAS
CHANGE IN NET ASSETS
LAST TWO FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2004	2005
Expenses		
Governmental activities:		
General Government	\$ 8,131,328	\$ 8,979,348
Public Safety	10,640,424	11,503,670
Public Transportation	4,524,406	3,753,443
Social Services	6,025,349	6,544,199
Capital Outlay	73,570	57,001
Interest on long-term debt	678,162	642,361
Total governmental activities expenses	\$ 30,073,239	\$ 31,480,022
 Program Revenues		
Governmental activities:		
Charges for service:		
General Government	\$ 3,346,519	\$ 3,327,476
Public Safety	3,089,937	2,976,254
Public Transportation	580,148	477,021
Social Services	523,526	568,213
Operating grants and contributions	2,021,487	2,272,175
Capital grants and contributions	156,732	330,037
Total governmental activities program revenues	\$ 9,718,349	\$ 9,951,176

GUADALUPE COUNTY, TEXAS
NET ASSETS BY COMPONENT (CONTINUED)
LAST TWO FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2004</u>	<u>2005</u>
Net (Expenses) Revenue		
Governmental activities	\$ (20,354,890)	\$ (21,528,846)
Total primary government net expenses	<u>\$ (20,354,890)</u>	<u>\$ (21,528,846)</u>
Governmental Revenues and Other Changes in Net Assets		
Governmental activities:		
Taxes		
Property Taxes	\$ 19,235,320	\$ 20,624,494
Sales Taxes	3,232,326	3,634,415
Other Taxes	66,857	70,768
Interest and investment earnings	167,814	440,656
Miscellaneous	36,102	26,690
Special Item - loss on disposal of capital assets	(915,189)	39,597
Total governmental activities	<u>21,823,230</u>	<u>24,836,620</u>
Changes In Net Assets		
Government activities	\$ 1,468,340	\$ 3,307,774
Total primary government	<u>\$ 1,468,340</u>	<u>\$ 3,307,774</u>

GUADALUPE COUNTY, TEXAS
 GOVERNMENTAL REVENUE BY SOURCE*
 LAST TEN FISCAL YEARS
 (Unaudited)

YEAR	TAXES	LICENSES AND PERMITS	INTERGOVERN- MENTAL	CHARGES FOR SERVICES
1996	\$ 10,478,139	\$ 290,654	\$ 803,953	\$ 1,490,532
1997	11,147,702	317,191	442,058	1,388,155
1998	12,460,016	298,248	791,356	1,590,753
1999	13,679,013	327,752	2,922,525	1,683,429
2000	15,225,444	336,108	1,122,245	1,695,399
2001	16,290,091	333,902	1,456,362	1,760,061
2002	18,990,088	339,959	2,035,369	4,008,628
2003	20,597,935	335,781	1,635,078	5,567,763
2004	22,455,124	337,995	2,177,821	5,213,198
2005	24,215,575	352,351	2,397,315	4,582,392

* Including General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

<u>FINES AND FORFEITURES</u>	<u>MISC.</u>	<u>TOTAL</u>
\$ 897,847	\$ 489,167	\$ 14,450,292
845,838	492,398	14,633,342
926,346	591,632	16,658,351
903,074	1,048,865	20,564,658
1,154,243	1,452,544	20,985,983
1,262,774	888,880	21,992,070
1,260,910	374,855	27,009,809
1,458,806	539,248	30,134,611
1,609,128	568,696	32,361,962
1,525,235	1,557,121	34,629,989

GUADALUPE COUNTY, TEXAS
 GOVERNMENTAL EXPENDITURES BY FUNCTION*
 LAST TEN FISCAL YEARS
 (Unaudited)

FISCAL YEAR	GENERAL GOVERNMENT	PUBLIC SAFETY	PUBLIC TRANSPORTATION	SOCIAL SERVICES
1996	\$ 4,162,442	\$ 3,724,334	\$ 2,542,021	\$ 2,056,690
1997	4,489,606	3,860,913	2,687,481	2,332,496
1998	4,809,124	4,165,216	2,974,266	2,706,723
1999	5,402,549	4,491,373	3,263,791	2,510,203
2000	5,856,868	4,658,370	3,523,263	3,169,567
2001	6,162,250	6,119,503	3,760,560	3,580,025
2002	6,690,433	7,641,135	3,810,151	4,369,991
2003	7,461,347	8,899,846	4,048,591	5,195,988
2004	7,968,486	9,716,968	4,426,595	6,041,205
2005	8,678,173	11,112,542	4,792,572	6,851,945

* Including General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

<u>CAPITAL OUTLAY</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
\$ 1,645,990	\$ 257,441	\$ 14,388,918
1,696,437	258,238	15,325,171
1,749,879	394,627	16,799,835
3,049,131	402,689	19,119,736
10,558,914	1,606,499	29,373,481
7,355,573	1,257,720	28,235,631
1,223,609	1,256,340	24,991,659
1,249,888	1,258,138	28,113,798
848,756	1,386,204	30,388,214
1,381,486	1,251,278	34,067,996

GUADALUPE COUNTY, TEXAS
AD VALOREM TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
(Unaudited)

<u>FISCAL YEAR</u>	<u>ASSESSED VALUATION</u>	<u>TAX RATE</u>	<u>TOTAL TAXES LEVIED</u>	<u>** COLLECTIONS</u>	<u>PERCENT COLLECTED</u>
1996	\$1,864,023,630	0.3851	\$ 7,178,355	\$ 7,172,598	99.9%
1997	2,055,492,144	0.3755	7,718,373	7,451,971	96.5%
1998	2,300,547,745	0.3770	8,673,065	8,653,923	99.8%
1999	2,492,313,027	0.3792	9,450,851	9,442,513	99.9%
2000	2,646,693,510	0.3999	10,722,760	10,375,612	96.8%
2001	3,023,917,426	0.3823	11,533,506	11,472,196	99.5%
2002	3,598,225,390	0.4129	14,081,141	13,672,504	97.1%
2003	3,840,819,520	0.4131	15,846,914	15,994,142	100.9%
2004	4,180,700,798	0.4131	17,270,475	17,196,856	99.6%
2005	4,624,745,890	0.4031	18,616,842	18,491,195	99.3%

** Includes Current and Delinquent Collection

GUADALUPE COUNTY, TEXAS
 PRINCIPAL TAXPAYERS*
 FOR THE YEAR ENDED SEPTEMBER 30, 2005
 (Unaudited)

<u>TAXPAYER</u>	<u>MARKET VALUE</u>	<u>TAXABLE VALUE</u>
1. Guadalupe Power Partners LP	\$ 173,656,195	\$ 80,057,766
2. Motorola Inc.	\$ 134,214,020	\$ 78,832,794
3. Structural Metals, Inc.	\$ 73,355,493	\$ 64,034,299
4. Rio Nogales Power Project	\$ 132,057,730	\$ 52,450,168
5. LCRA Transmission Services Corp.	\$ 38,387,000	\$ 39,357,000
6. Sanfilippo John B. & Son/Sunshine Nut	\$ 77,838,554	\$ 33,580,900
7. Southwestern Bell Telephone Co.	\$ 30,330,380	\$ 30,330,380
8. San Antonio MTA LP	\$ 28,643,590	\$ 28,643,590
9. Vintage Petroleum Inc.	\$ 22,838,840	\$ 22,838,840
10. Hexcel Corp.	\$ 29,629,435	\$ 19,878,877

* Source: Guadalupe County Appraisal District.

GUADALUPE COUNTY, TEXAS
PROPERTY TAX RATES – ALL OVERLAPPING GOVERNMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005
(Unaudited)

Fiscal Period	Schertz-UC ISD	City of Seguin	Marion ISD	Seguin ISD	Navorro ISD	County	City of Schertz
1996	1.4089	0.42080	1.39940	1.56030	1.3800	0.38510	0.37190
1997	1.4293	0.39670	1.39940	1.54030	1.4300	0.37550	0.35440
1998	1.6923	0.38460	1.47940	1.54030	1.6184	0.37700	0.35440
1999	1.4945	0.39400	1.50820	1.64000	1.6140	0.37920	0.34550
2000	1.6287	0.39640	1.54500	1.64000	1.5874	0.39990	0.34050
2001	1.7100	0.39470	1.15440	1.64000	1.6545	0.38230	0.38260
2002	1.7300	0.38910	1.78000	1.64000	1.6380	0.39190	0.38250
2003	1.7800	0.40070	1.78000	1.68500	1.6203	0.41310	0.38250
2004	1.7400	0.39760	1.76790	1.68500	1.8551	0.41310	0.37600
2005	1.7200	0.43260	1.69050	1.68900	1.8800	0.40310	0.39770

City of Cibolo	City of Marion	City of Selma	Guadalupe County MUD #1	Guadalupe County MUD #2	York Creek Water	Total
0.32320	0.39400	0.45000	0.00000	1.22190	0.00430	9.31980
0.32840	0.38670	0.45000	0.53500	1.21440	0.00410	9.84420
0.35200	0.37280	0.45000	0.59060	1.42000	0.00370	10.63550
0.36990	0.35420	0.45000	0.56750	1.21870	0.00370	10.33940
0.38000	0.34950	0.39000	0.58570	1.21170	0.00330	10.45810
0.35730	0.34950	0.39000	0.43000	1.71100	0.00330	10.55960
0.32150	0.37950	0.37000	0.00000	0.00000	0.00330	9.02580
0.28950	0.37910	0.49000	0.00000	0.00000	0.00330	9.22350
0.24950	0.38560	0.31990	0.00000	0.00000	0.00340	9.19310
0.31780	0.39000	0.31930	0.00000	0.00000	0.00340	9.24340

GUADALUPE COUNTY, TEXAS
ESTIMATED OVERLAPPING DEBT STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2005

Taxing Body	Net Debt		% Overlapping	Amount Overlapping
	Amount	As Of		
Cibolo Creek MA	-	10/31/05	0.00	-
Cibolo, City of	2,985,000 *	10/31/05	100.00	2,985,000
Comal ISD	163,681,311	2/15/05	2.75	4,501,236
La Vernia ISD	18,776,069	8/31/04	9.90	1,858,831
Luling ISD	4,830,000 *	10/31/05	14.94	721,602
Marion ISD	4,540,000 *	10/31/05	100.00	4,540,000
Marion, City of	310,000 *	10/31/05	100.00	310,000
Navarro ISD	27,231,066	10/31/05	100.00	27,231,066
New Braunfels ISD	81,286,597	12/15/04	6.90	5,608,775
New Braunfels, City of	34,360,000 *	10/31/05	0.67	230,212
Nixon-Smiley CISD	1,500,000 *	10/31/05	1.61	24,150
Prairie Lea ISD	-	10/31/05	24.12	-
San Marcos CISD	126,248,911	4/30/05	4.09	5,163,580
Schertz, City of	15,158,709	9/30/04	85.17	12,910,672
Schertz-Cibolo-Universal City ISD	88,515,612 *	10/31/05	73.10	64,704,912
Seguin ISD	46,770,000 *	10/31/05	100.00	46,770,000
Seguin, City of	12,655,271	2/29/04	100.00	12,655,271
Selma, City of	6,340,000 *	10/31/05	34.89	2,212,026
Total Net Overlapping Debt:				192,427,334
Guadalupe County		9/30/05		12,705,726
Total Direct and Overlapping Debt:				<u>205,133,060</u>
Total Direct and Overlapping Debt % of A.V.:				4.16%
Total Direct and Overlapping Debt % of Capita:				\$ 2,196

GUADALUPE COUNTY, TEXAS
INSURANCE AND BOND COVERAGE
FOR THE YEAR ENDED SEPTEMBER 30, 2005

COVERAGE: PROPERTY INSURANCE
 Coverage Period May 1, 2005 – May 1, 2006
 Policy No. 3584-17-83 DAL
 Deductible \$5,000 (unless otherwise specified)
 Company Chubb Group of Insurance Companies

Limits: Buildings \$27,859,000
 Personal Property \$1,403,000
 Business Income with Extra Expense (Road & Bridge) \$2,000,000;
 Valuable Papers (Administration Building) waiting period 48 hours
 \$315,000; deductible \$1,000
 Personal Property – EDP Property \$2,312,192; deductible \$1,000
 Communication Equipment \$509,070; deductible \$1,000
 Contractor's Equipment \$2,580,908; deductible \$1,000

COVERAGE: GENERAL LIABILITY
 Coverage Period May 1, 2005 – May 1, 2006
 Coverage Document No. 940
 Deductible \$25,000
 Company Texas Association of Counties, County Government Risk Management Pool

Limits of Liability:
 Bodily Injury per person \$100,000; per occurrence \$300,000
 Property Damage per occurrence \$100,000
 Damage to Premises Rented \$50,000
 Personal & Advertising Injury Liability per person \$100,000; per offence/aggregate \$300,000
 Employee Benefits \$300,000
 Medical Payment Per Person \$100,000
 \$1,000

COVERAGE: AUTO LIABILITY (county owned, non-owned and hired vehicles)
 Coverage Period May 1, 2005 – May 1, 2006
 Coverage Document No. 940
 Deductible \$1,000
 Company Texas Association of Counties, County Government Risk Management Pool

Limits: Bodily Injury Liability each person \$100,000; each accident \$300,000
 Property Damage Liability each accident \$100,000

COVERAGE: PUBLIC OFFICIALS LIABILITY
 Coverage Period May 1, 2005 – May 1, 2006
 Coverage Document No. P940
 Deductible \$25,000
 Company Texas Association of Counties, County Government Risk Management Pool

Limits of Liability:
 Each Wrongful Act \$2,000,000
 Aggregate \$2,000,000; plus CPOL/CCE&O Endorsement \$1,000,000; plus
 CPOL/DCE&O Endorsement \$625,000

GUADALUPE COUNTY, TEXAS
 INSURANCE AND BOND COVERAGE (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

COVERAGE: LAW ENFORCEMENT PROFESSIONAL LIABILITY
 Coverage Period May 1, 2005 – May 1, 2006
 Policy No. 1940
 Deductible \$25,000
 Company Texas Association of Counties, County Government Risk Management Pool

Limits of Liability:
 Each Wrongful Act \$2,000,000
 Aggregate \$2,000,000

COVERAGE: CRIME POLICY, PUBLIC EMPLOYEE DISHONESTY
 Coverage Period January 1, 2005 – January 1, 2006
 Policy No. CCP 1484622 I2
 Deductible \$2,500
 Company F&D Co. of Maryland

Limits: Per occurrence \$100,000 (excludes active law enforcement personnel)

COVERAGE: COMMERCIAL CRIME, EMPLOYEE DISHONESTY
 Coverage Period August 21, 1995 (continuous)
 Policy No. 88000184
 Deductible \$500
 Company Universal Surety of America

Limits: Per occurrence \$5,000 (includes active law enforcement personnel)

COVERAGE: COMMERCIAL CRIME, EXCESS EMPLOYEE DISHONESTY
 Coverage Period August 21, 1995 (continuous)
 Policy No. 88000195
 Deductible \$4,500
 Company Universal Surety of America

Limits: Per occurrence \$45,000 (includes active law enforcement personnel)

COVERAGE: FLOOD INSURANCE (1101 ELBEL ROAD, SCHERTZ, TX)
 Coverage Period July 9, 2005 – July 9, 2006
 Policy No. 99-02025480-2005
 Deductible \$5,000
 Company Fidelity National Insurance

Limits: Building \$500,000
 Contents \$268,100

COVERAGE: EXCESS FLOOD INSURANCE (1101 ELBEL ROAD, SCHERTZ, TX)
 Coverage Period July 9, 2005 – July 9, 2006
 Certificate No. 34548
 Deductible \$500,000 (Basic Flood Coverage)
 Company WNC Insurance Services

Limits: Building \$300,000

GUADALUPE COUNTY, TEXAS
INSURANCE AND BOND COVERAGE (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2005

COVERAGE: FLOOD INSURANCE (307 W. COURT, SEGUIN, TX)
 Coverage Period July 9, 2005 – July 9, 2006
 Policy No. 99-02025481-2005
 Deductible \$5,000
 Company Fidelity National Insurance

Limits: Building \$500,000
 Contents \$164,900

COVERAGE: EXCESS FLOOD INSURANCE (307 W. COURT, SEGUIN, TX)
 Coverage Period July 9, 2005 – July 9, 2006
 Certificate No. 34549
 Deductible \$500,000 (Basic Flood Insurance)
 Company WNC Insurance Services

Limits: Building \$500,000

COVERAGE: JUVENILE BOARD DISHONESTY
 Coverage Period: November 1, 2003 (continuous)
 Policy No. 65BPECN6623
 Deductible \$100
 Company Hartford Casualty Insurance

Limits: Per occurrence \$5,000

COVERAGE: JUDGES' PROFESSIONAL LIABILITY INSURANCE
 Coverage Period: Dwight Eric Peschel 01/26/06 – 01/26/06
 Gary L. Steel 12/21/04 – 12/21/05
 W.C. Kirkendall 01/27/05 – 01/27/06
 Linda Z. Jones 03/29/05 – 03/29/06
 Deductible \$1,000
 Company Texas Layers' Insurance Exchange

Limits: Per occurrence \$1,000,000
 Aggregate \$1,000,000

COVERAGE: WORKERS COMPENSATION & EMPLOYERS LIABILITY
 Coverage Period February 21, 2005 – February 21, 2006
 Policy No. EWC006102
 Company Midwest Employers Casualty Company

Specific Retention each accident \$400,000;
 each employee for disease \$400,000
 Specific Limit Each Accident W/C (policy, part one) – statutory;
 Employers liability (policy, part two) \$1,000,000
 Specific Limit Each Employee For Disease W/C (policy, part one) – statutory;
 Employers Liability (policy, part two) \$1,000,000
 Aggregate Retention Rate as a % of normal premium 192.80%
 Estimated Normal Premium \$591,338
 Minimum Retention \$1,117,298
 Aggregate Limit \$2,000,000

GUADALUPE COUNTY, TEXAS
SURETY BONDS OF PRINCIPAL OFFICERS
SEPTEMBER 30, 2005

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Donald L. Schraub, SR.	County Judge	\$ 5,000
Roger Baenziger	Commissioners, Precinct 1	\$ 3,000
Cesareo Guadarrama, III	Commissioners, Precinct 2	\$ 3,000
Jim Wolverton	Commissioners, Precinct 3	\$ 3,000
Judy Cope	Commissioners, Precinct 4	\$ 3,000
Linda Z. Jones	County Court-at-Law Judge	\$ 5,000
Frank Follis	County Court-at-Law Judge No. 2	\$ 5,000
Linda Douglass	Treasurer	\$ 25,000
Elizabeth Murray-Kolb	County Attorney	\$ 2,500
Arnold Zwicke	Sheriff	\$ 7,500
Teresa Kiel	County Clerk	\$ 100,000
Tavie Murphy	Tax Assessor-Collector	\$ 100,000
James Behrendt	District Clerk	\$ 100,000
Kristen Klein	County Auditor	\$ 5,000
J.R. Perez	Election Administrator	\$ 10,000
D. Hunter	Justice of the Peace, Precinct 1	\$ 1,000
Edmundo "Cass" Castellanos	Justice of the Peace, Precinct 2	\$ 1,000
R. Richard	Justice of the Peace, Precinct 3	\$ 5,000
L. Morawietz	Justice of the Peace, Precinct 4	\$ 1,000
Bobby Jahns	Constable, Precinct 1	\$ 1,000
Steve Garcia	Constable, Precinct 2	\$ 1,000
Travis Payne	Constable, Precinct 3	\$ 1,000
Eugene Mayes	Constable, Precinct 4	\$ 1,000

Source: Applicable court orders and payroll records

GUADALUPE COUNTY, TEXAS
 MISCELLANEOUS STATISTICS
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

Date Created	March 30, 1846
Date Organized	August 7, 1846
Area	715 Square Miles
Population	33,544 in 1970 46,708 in 1980 64,873 in 1990 89,023 in 2000
Miles of Roads	693
Fire Protection - Number of Stations	13 Volunteer Fire Departments in the County. The City of Seguin employs full-time firemen who assist the volunteer firemen.
Number of Emergency Medical Technicians	20 City/County
Sheriff's Department	
Number of Stations	1
Number of Deputies	55
Number of County Employees	
Elected Officials	20
Other Employees (Full-Time)	467
(totals include Adult Probation and Juvenile Probation employees)	

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FEDERAL AWARD SECTION

SHAREHOLDERS:
Gordon S. Armstrong, CPA
Nancy L. Vaughan, CPA
Richard E. Krampe, Jr., CPA



Armstrong, Vaughan & Associates, P.C.
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Honorable Judge and Members of Commissioner's Court
Guadalupe County, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Guadalupe County, Texas, as of and for the year ended September 30, 2005, which collectively comprise the County of Guadalupe's basic financial statements and have issued our report thereon dated March 28, 2006. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Guadalupe County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by an error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

However, we noted other matters involving the internal control over financial reporting that we have reported to management of Guadalupe County in a separate letter dated March 28, 2006.

This report is intended for the information of the Commissioner's Court, management, and others within the organization and is not intended to, and should not, be used by anyone other than these specific parties.

Armstrong, Vaughan & Assoc, P.C.

Armstrong, Vaughan & Assoc., P.C.

March 28, 2006



INDEPENDENT AUDITOR'S REPORT

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Judge and Members of Commissioner's Court
Guadalupe County, Texas

Compliance

We have audited the compliance of Guadalupe County, Texas with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2005. Guadalupe County, Texas major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Guadalupe County, Texas' management. Our responsibility is to express an opinion on Guadalupe County, Texas' compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Guadalupe County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Guadalupe County's compliance with those requirements.

In our opinion Guadalupe County, Texas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2005.

Internal Control Over Compliance

The management of Guadalupe County, Texas, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Guadalupe County, Texas' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by an error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Respectfully submitted,

A handwritten signature in black ink that reads "Armstrong, Vaughan & Assoc, P.C." in a cursive, professional style.

Armstrong, Vaughan & Assoc., P.C.

March 28, 2006

GUADALUPE COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
SEPTEMBER 30, 2005

None

GUADALUPE COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

A. Summary of Auditor's Results

1. An unqualified opinion was issued on the financial statements.
2. The audit disclosed no noncompliance which is material to the financial statements.
3. An unqualified opinion was issued on compliance for major programs.
4. No reportable condition in internal control over major federal award programs was disclosed during the audit.
5. Major programs tested are as follows:
 - A) Department of Homeland Security
 1. Hazard Mitigation Grant
 2. State Domestic Preparedness Equipment Support Program
 - B) Election Assistance Commission
 1. Help America Vote Act Requirement Payments
6. The threshold used to distinguish between Type A and Type B federal programs was \$300,000.
7. The County was classified as a low-risk auditee in the context of OMB Circular A-133.

B. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

C. Findings and Questioned Costs for Federal Awards

None

GUADALUPE COUNTY, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

Federal Grantor/Pass-through Grantor/Program Title	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
DEPARTMENT OF HOMELAND SECURITY		
Passed Through Texas Department of Public Safety		
Unmet Needs	None	\$ 286,449
Emergency Management Performance	97.042	13,615
State Domestic Preparedness Equipment Support Program	97.004	297,727
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed Through Texas Attorney General		
Title IV-D Child Support Enforcement Program	93.563	84,176
U.S. DEPARTMENT OF JUSTICE		
Federal Forfeiture Program	16.000	80,650
Passed Through Alamo Area Council of Governments		
Juvenile Accountability Incentive Block Grant	16.523	14,435
Passed Through Texas Office of Governor		
Criminal Justice Division		
Local Law Enforcement Block Grant	16.592	69,755
Passed Through US Bureau of Justice Assistance		
State Criminal Alien Assistance Program	16.606	10,469
Bullet Proof Vest Partnership Program	16.607	1,509
Election Assistance Commission Passed Through		
Texas Office of the Secretary of State		
Help America Vote Act Requirements Payments	90.401	<u>208,122</u>
TOTAL FEDERAL AWARDS EXPENDED		<u><u>\$ 1,066,907</u></u>

GUADALUPE COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Guadalupe County, Texas and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

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