

GUADALUPE COUNTY, TEXAS

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

***FISCAL YEAR ENDED
SEPTEMBER 30, 2006***

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GUADALUPE COUNTY, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

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KRISTEN KLEIN, CPA
COUNTY AUDITOR

Guadalupe County Administration Building
307 West Court Street, Suite 205
Seguin, Texas 78155
(830) 303-8876
kris@co.guadalupe.tx.us

March 28, 2007

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
 Mike Wiggins, 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, 2006. 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 Statistical 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 by the federal government 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, 2006, 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, 2006 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 2006 of 105,077. 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 Interstate Highway 10 in Seguin and continue eastward to the county line toward Luling and Gonzales, respectively. 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 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 2006 population of 105,077 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.

Factors 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 FY 2005-2006 with a 12.6 percent increase over the prior year's 12.4 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,

A handwritten signature in black ink, appearing to read 'Kristen Klein', with a stylized flourish at the end.

Kristen Klein, CPA
Guadalupe County Auditor

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GUADALUPE COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2006

PRINCIPAL OFFICIALS

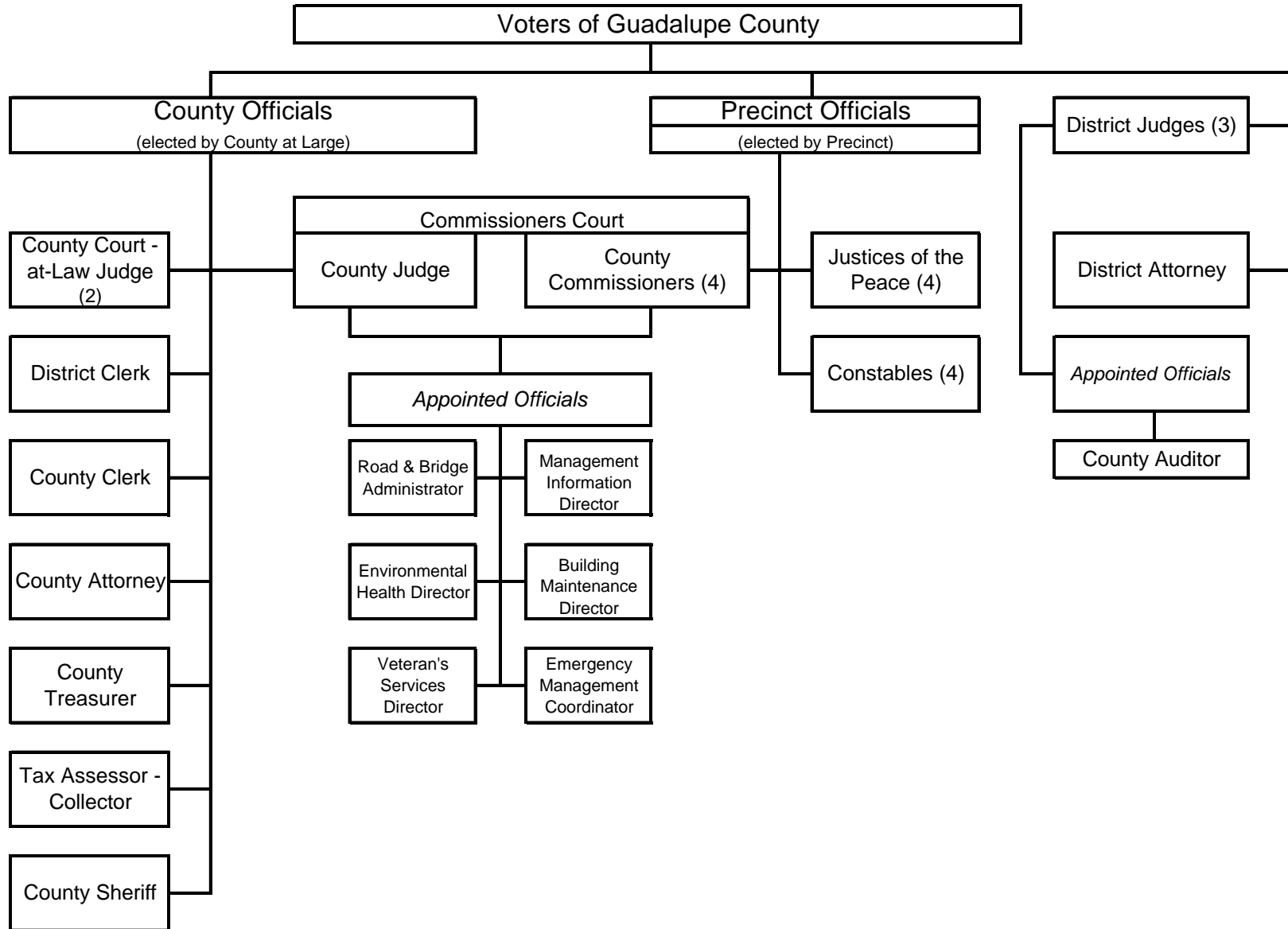
COUNTY JUDGE	DONALD L. SCHRAUB, SR.
COMMISSIONER, PRECINCT 1	ROGER BAENZIGER
COMMISSIONER, PRECINCT 2	CESAREO GUADARRAMA III
COMMISSIONER, PRECINCT 3	JIM WOLVERTON
COMMISSIONER, PRECINCT 4	JUDY COPE
COUNTY AUDITOR	KRISTEN KLEIN
COUNTY TREASURER	LINDA DOUGLASS
ASSESSOR-COLLECTOR OF TAXES	TAVIE MURPHY
COUNTY CLERK	TERESA KIEL
DISTRICT CLERK	DEBRA CROW
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

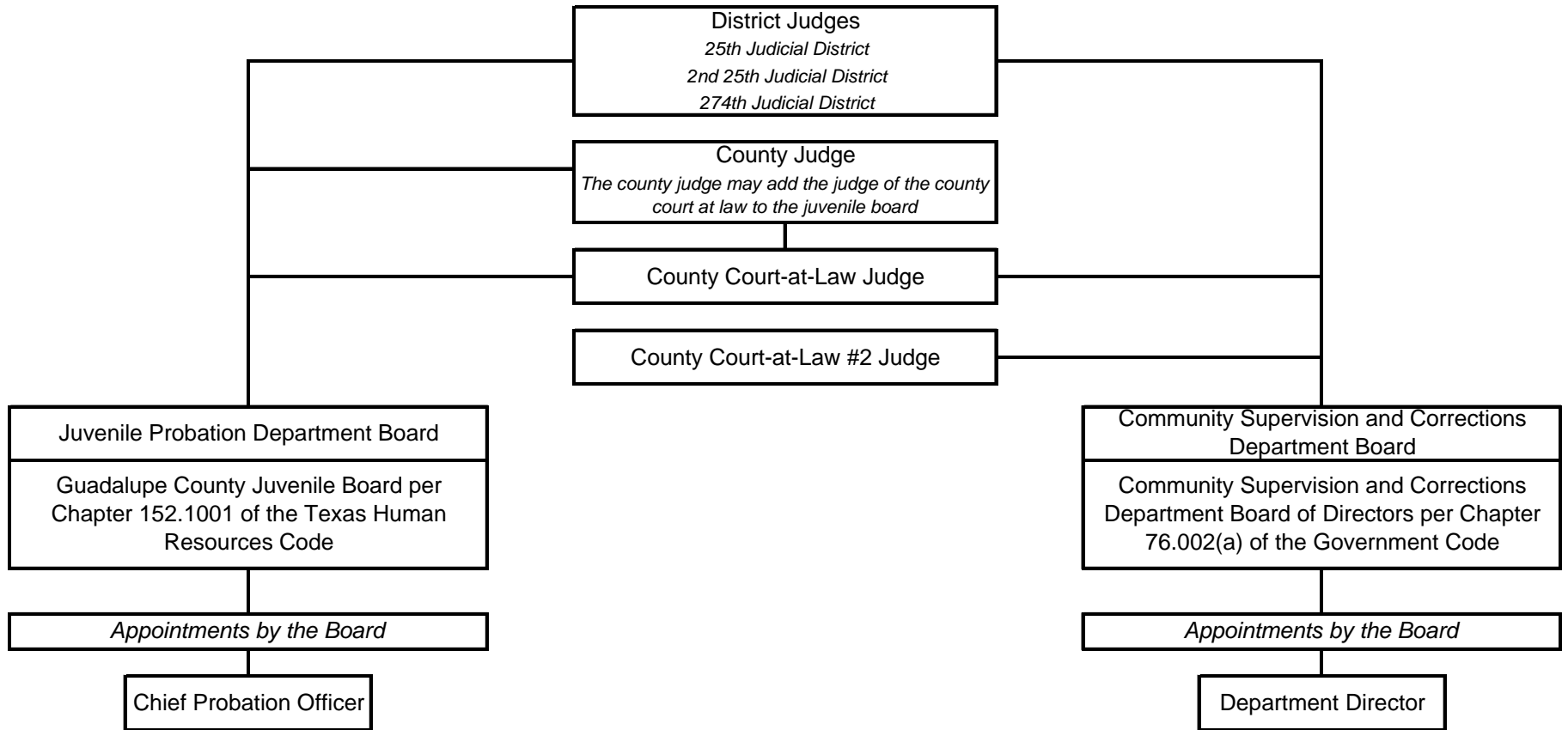
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GUADALUPE COUNTY ORGANIZATIONAL CHART



GUADALUPE COUNTY ORGANIZATIONAL CHART

Juvenile Probation Department and Community Supervision and Corrections Department (Adult Probation)



SHAREHOLDERS:

Nancy L. Vaughan, CPA
Deborah F. Fraser, 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, 2006, 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, 2006, 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 19, 2007, 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.

The management's discussion and analysis and budgetary comparison information on pages 3 through 13 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. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit 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.

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

Armstrong, Vaughan & Assoc., P.C.

March 19, 2007

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, 2006. 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, 2006 by \$41,559,988 (net assets), an increase from the previous year of 14%.
- Of this amount, \$268,840 is restricted for debt service, \$24,513,144 is invested in capital assets, net of related debt, and \$16,778,004 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

Statement of Activities

- During the year, the County's expenses were \$34,592,138, which was \$5,094,318 less than the \$39,666,456 generated in taxes and other revenues for governmental activities.

Sales Tax

- Sales tax collections for the fiscal year were \$4.1 million, which was 12.6% greater than the previous year. Additionally, the sales tax collections exceeded budget by almost \$700,000.
- Note: January 1, 1988 the voters of Guadalupe County enacted a ½ cents (.005) sales and use tax for property tax relief. The county tax is collected in addition to state tax and any other local taxes (city, transit, and special purpose district) when applicable.

Inmate Board Bills

- Revenues from Inmate Board Bills (out of county paying inmates at the Adult Detention Facility) were \$3,310,000. This exceeded the original budget by \$2,560,000 and was 200% (double) the funds received from the previous year.

Other Revenues

- Other revenues that exceeded expectations included the County Clerk's fees of office. During the bi-annual legislative session that ended in August of 2005, the State of Texas increased the fees for filing records, which became effective January 1, 2006.
- Interest Income for the general fund was \$598,000, which was over 200% greater than the previous year. This increase is attributable mainly to the increasing interest rates and to the increased unrestricted reserve funds that were available to be invested. (The federal funds rate, set by the Federal Reserve, was 1.75% October 1, 2004 and increased to 5.25% by September 30, 2006).

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 \$8,347,582 equals 29% of the FY 2006 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 October 2005, the County completed the refunding (refinancing) of \$9,495,000 of the \$12,680,000 outstanding balance on the Series 1999, Certificates of Obligation, Jail Expansion project.
- The aggregate difference in debt service between the refunded debt (Series 1999) and the refunding debt (Series 2005) is an additional \$320,000 in debt issued. The economic gain from the transaction (Net Present Value Benefit) was \$385,831.

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

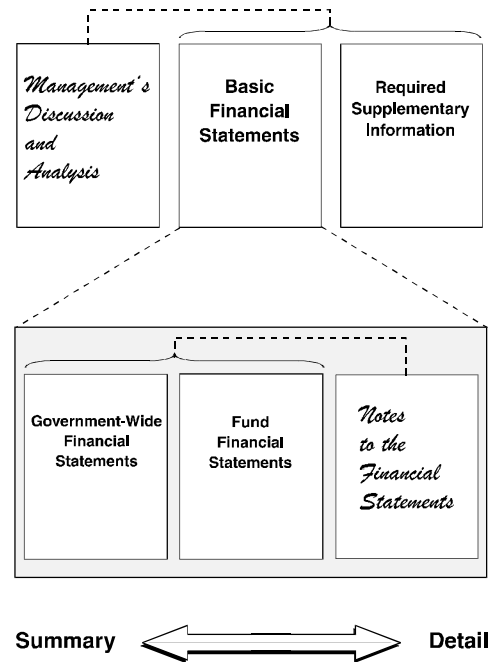


Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

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 County that are not proprietary or fiduciary	Activities the County operates similar to private businesses: self insurance	Instances in which the county is the trustee or agent for someone else's resources
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 cash flows	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

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

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

Government-Wide Statements

The *government-wide 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. Additionally, certain adjustments have occurred to eliminate

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

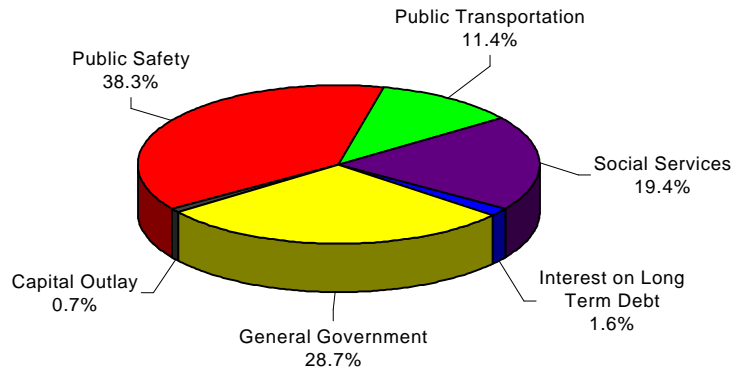
Net assets. The County's combined net assets were \$41,598,6950 at September 30, 2006. (See Table A-1).

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

	Governmental Activities		Total	
	2006	2005	2006	2005
<i>Current Assets:</i>				
Cash and cash equivalents	\$ 16.2	\$ 13.1	\$ 16.2	\$ 13.1
Receivables:				
Taxes	1.4	1.5	1.4	1.5
Accounts	2.3	1.9	2.3	1.9
Prepaid Expenses	0.4	0.3	0.4	0.3
Deferred Charges	0.2	-	0.2	-
Deposits				
Inventories - Supplies and Materials (at Cost)	0.1	0.1	0.1	0.1
Bond Issue Costs	0.1	0.1	0.1	0.1
<i>Total Current Assets:</i>	<u>20.7</u>	<u>17.0</u>	<u>20.7</u>	<u>17.0</u>
<i>Non-Current Assets:</i>				
Land	1.2	1.2	1.2	1.2
Infrastructure - Roads	13.5	12.3	13.5	12.3
Infrastructure - Bridges	1.9	1.9	1.9	1.9
Buildings and Improvements	26.1	25.6	26.1	25.6
Furniture and Equipment	9.7	8.9	9.7	8.9
Construction in Progress	0.1	-	0.1	-
Less: Accumulated Depreciation	(15.7)	(14.8)	(15.7)	(14.8)
<i>Total Non-Current Assets:</i>	<u>36.8</u>	<u>35.1</u>	<u>36.8</u>	<u>35.1</u>
Total Assets	<u><u>57.5</u></u>	<u><u>52.1</u></u>	<u><u>57.5</u></u>	<u><u>52.1</u></u>
<i>Current Liabilities:</i>				
Accounts Payable and				
Accrued Liabilities	3.0	1.9	3.0	1.9
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	0.1	0.4	0.1	0.4
<i>Total Current Liabilities</i>	<u>3.4</u>	<u>2.6</u>	<u>3.4</u>	<u>2.6</u>
Long-Term Liabilities:				
Claims Payable	12.5	13.1	12.5	13.1
<i>Total Liabilities</i>	<u>15.9</u>	<u>15.7</u>	<u>15.9</u>	<u>15.7</u>
<i>Net Assets:</i>				
Invested in Capital Assets	24.5	23.0	24.5	23.0
Reserved for Inventory	-	-	-	-
Reserved for Debt Service	0.3	-	0.3	-
Restricted for Prepaid Insurance	-	-	-	-
Restricted for Workers Comp Claims	-	-	-	-
Unrestricted	16.8	13.4	16.8	13.4
<i>Total Net Assets</i>	<u><u>\$ 41.6</u></u>	<u><u>\$ 36.4</u></u>	<u><u>\$ 41.6</u></u>	<u><u>\$ 36.4</u></u>

The County's assets exceeded liabilities by \$41.6 million at the close of the current fiscal year. Of this amount \$24.5 million represents the portion the County has invested in capital assets (eg. 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, \$268,840, 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 2006**

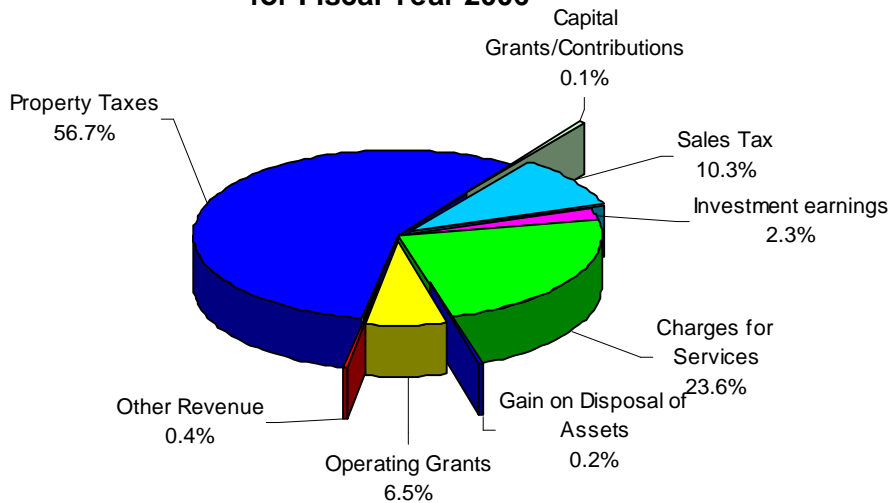


Statement of Activities - Expenditures

The total cost of all programs and services was \$34,572,138 (See Figure A-5). Of these costs 38% are for Public Safety, and 29% for General Government and 11% 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 2006**



Statement of Activities - Revenues.

The County’s total revenues were \$39,664,456. 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 7% from grants and contributions.

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

	Governmental		Total	
	2006	2005	2006	2005
Program Revenues:				
Charges for Services	\$ 9.3	\$ 7.3	\$ 9.3	\$ 7.3
Operating Grants and Contributions	2.6	2.3	2.6	2.3
Capital Grants and Contributions	-	0.3	-	0.3
General Revenues:				
Property Taxes	22.5	20.6	22.5	20.6
Sales Tax	4.1	3.6	4.1	3.6
Other Taxes	0.1	0.1	0.1	0.1
Investment Earnings	0.9	0.4	0.9	0.4
Special Item-Loss on				
Disposal of Capital Assets	0.1	0.1	0.1	0.1
Other	0.1	0.1	0.1	0.1
Total Program Revenues:	<u>39.7</u>	<u>34.8</u>	<u>39.7</u>	<u>34.8</u>
Expenses:				
General Government	9.9	9.0	9.9	9.0
Public Safety	13.2	11.5	13.2	11.5
Public Transportation	4.0	3.8	4.0	3.8
Social Services	6.7	6.5	6.7	6.5
Capital Outlay	0.2	0.1	0.2	0.1
Interest on Long Term Debt	0.6	0.6	0.6	0.6
Total Expenses	<u>34.6</u>	<u>31.5</u>	<u>34.6</u>	<u>31.5</u>
Increase (Decrease) in				
Net Assets	<u>5.1</u>	<u>3.3</u>	<u>5.1</u>	<u>3.3</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 \$34.6 million.
- However, the amount that our taxpayers paid for these activities through property taxes was \$22.5 million.
- The cost paid by those who directly benefited from the programs was \$9.3 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	
	2006	2005	2006	2005
General Government	9.9	9.0	(5.6)	(5.3)
Public Safety	13.2	11.5	(8.8)	(8.4)
Public Transportation	3.9	3.8	(3.4)	(3.2)
Social Services	6.7	6.5	(4.1)	(3.9)

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 200 times. The major unanticipated expenditures were as follows:

- The County amended the budget by \$234,000 to fund vehicles for the Sheriff's department that were ordered during the prior fiscal year, but were not received until after October 1, 2006. In August of 2006, the County used reserve funds to amend the Sheriff's budget by \$450,000 to purchase fleet vehicles.
- The County amended the budget, due to the increased medical and prescription costs for county inmates, by \$239,000.
- The County amended the budget by \$89,000 to cover varies legal expenses.
- Escalating gas prices required the County to amend its budget by \$279,000 for the gasoline/fuel budgets for county vehicles. The two departments most affected were the Road and Bridge Department and the Sheriff's Office.
- Proposals for financial software were received in June 2006, but a selection had not been made by the end of the fiscal year, so \$681,000 of budgeted funds from the General Fund was transferred to the Capital Projects Fund.
- The County, in March 2006, signed a contract with Jamail Construction to construct an addition on to the Schertz Annex and amended the budget by \$389,000, from reserve funds, however, as of September 30, 2006 the project was not underway.

Major items affecting revenues were as follows:.

- Sales tax collections were \$692,000 more than expected.
- Interest earnings exceeded expectations by \$298,000.
- Inmate Board Bills (revenue from inmates from other jurisdictions) exceeded the original budget by \$2,373,000.

The original budget anticipated using \$1.8 million in fund balance (unrestricted reserves), however even with the adjustments to the expenditure budget, actual revenues exceeded actual expenditures by \$1 million. The most significant positive variance resulted from increased revenues from inmate board bills and sales tax collections.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2006, the County had invested \$36.8 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 \$1.8 million or 5% percent more than last year.

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

	Governmental Activities		Total	
	2006	2005	2006	2005
Land	1.2	1.2	1.2	1.2
Infrastructure - Roads	13.5	12.3	12.3	-
Infrastructure - Bridges	1.9	1.9	1.9	-
Buildings and Improvements	26.1	25.6	25.6	25.6
Construction In Progress	0.1	25.6	-	-
Equipment	9.7	8.9	8.9	8.3
Totals at Historical Cost	52.5	49.9	49.9	35.1
Total Accumulate Depreciation	(15.7)	(14.8)	(14.8)	(13.6)
Net Capital Assets	36.8	35.1	35.1	21.5

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 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 2005-2006 fiscal year, the County had 93.2% of the County roads at this level or above. See the *Infrastructure Assets (Roads) Under the Modified Approach* in the Required Supplementary Information after the Notes for more information.

Capital Projects/Expenditures for FY06

The County’s fiscal year 2007 Capital Projects Fund estimates spending \$1,881,700 for capital projects, the major projects are as follows:

- \$700,000 – New financial software and hardware
- \$200,000 – Computer Aided Dispatch (CAD) for the Sheriff’s office
- \$500,000 – Renovations of the old section of the Adult Detention Facility.

The Road and Bridge fund has budgeted \$140,000 in capital equipment purchases for replacement equipment for the Road and Bridge Department. The General Fund has budgeted \$85,000 to remodel the Law Enforcement Center, \$125,000 to upgrade the existing camera surveillance system at the Adult Detention Facility, and \$51,700 was budgeted for other equipment. 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 \$12.3 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 & Poors "AAA".

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

	Governmental		Total	
	Activities			
	2006	2005	2006	2005
1993 General Obligation Bond	-	0.1	-	0.1
1999 Certificates of Obligation	2.9	3.5	2.9	3.5
2005 Refunding Bonds	9.4	9.5	9.4	9.5
Compensated Absences	0.3	0.3	0.3	0.3
	<u>12.6</u>	<u>13.4</u>	<u>12.6</u>	<u>13.4</u>

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 FY07 budget, as of July 25, 2006, Guadalupe County had a net taxable appraised value of \$4,822 million. The net taxable value includes new improvements/construction of \$401 million.

These indicators were taken into account when adopting the general fund budget for 2007. Property tax revenue increased due to new property and an effective tax rate increase of 2.96%, 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 2007 budget to \$31.3 from \$27.6 million in the 2006 budget. This is a 13.5% increase. The largest increases are from rising health insurance costs, additional staffing, raises for existing employees and increased cost of oil and oil related products (oil, gasoline, diesel, asphalt, etc.). The County has added no new major programs or initiatives to the 2007 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 2007.

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
(830) 303-4188 Ext. 328.

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GUADALUPE COUNTY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2006

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, 2006

ASSETS	<u>Governmental Activities</u>
Cash and Temporary Investments	\$ 16,212,163
Receivables (Net of Allowances for Uncollectibles)	
Taxes	1,432,791
Other Receivables	2,242,393
Due From Other Governments	52,190
Inventories	112,574
Prepays	364,025
Deferred Charges	247,146
Capital Assets:	
Land	1,211,699
Infrastructure:	
Roads	13,489,174
Bridges	1,899,928
Buildings and Improvements	26,081,656
Equipment	9,705,962
Construction in Progress	115,820
Accumulated Depreciation	<u>(15,671,095)</u>
 TOTAL ASSETS	 <u><u>\$ 57,496,426</u></u>

See accompanying notes to basic financial statements.

GUADALUPE COUNTY, TEXAS
STATEMENT OF NET ASSETS (CONTINUED)
SEPTEMBER 30, 2006

LIABILITIES AND NET ASSETS	<u>Governmental Activities</u>
<i>Liabilities:</i>	
Accounts Payable and Other Current Liabilities	\$ 2,956,168
Deferred/Unearned Revenue	195,970
Accrued Interest Payable	102,342
Due to Other Governments	144,428
<i>Noncurrent Liabilities:</i>	
Due Within One Year	1,038,861
Due in More than One Year	11,498,669
<i>Total Liabilities</i>	<u>15,936,438</u>
 <i>Net Assets:</i>	
Invested in Capital Assets, Net of Related Debt	24,513,144
<i>Restricted for:</i>	
Debt Service	268,840
Unrestricted	16,778,004
<i>Total Net Assets</i>	<u>41,559,988</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 57,496,426</u></u>

See accompanying notes to basic financial statements.

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GUADALUPE COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2006

<u>Functions and Programs</u>	<u>Expenditures</u>	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Assets
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:					
General Government	\$ (9,923,683)	\$ 4,147,774	\$ 188,756	\$ 34,396	\$ (5,552,757)
Public Safety	(13,227,482)	4,404,129	10,469	11,528	(8,801,356)
Public Transportation	(3,934,746)	464,452	102,202	-	(3,368,092)
Social Services	(6,709,576)	326,910	2,261,457	-	(4,121,209)
Capital Outlay	(226,969)	-	-	-	(226,969)
Interest on Long-Term Debt	(549,682)	-	-	-	(549,682)
Total Governmental Activities	<u>\$ (34,572,138)</u>	<u>\$ 9,343,265</u>	<u>\$ 2,562,884</u>	<u>\$ 45,924</u>	<u>(22,620,065)</u>
General Revenues and Special Items:					
Taxes					
General Property Taxes					22,471,764
Sales Taxes					4,092,473
Other Taxes					87,224
Interest and Investment Earnings					916,132
Miscellaneous					53,279
Gain (Loss) on Disposal of Capital Assets					93,511
Total General Revenues and Special Items					<u>27,714,383</u>
Change in Net Assets					5,094,318
Net Assets at Beginning of Year					36,465,670
Net Assets at End of Year					<u>\$ 41,559,988</u>

See accompanying notes to basic financial statements.

GUADALUPE COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2006

ASSETS	General Fund	Road and Bridge Fund	Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Cash and Temporary Investments	\$ 8,789,835	\$ 860,070	\$ 173,107	\$ 4,167,539	\$ 13,990,551
Receivables (Net of Allowances for Uncollectibles):					
Taxes	1,153,642	183,263	95,733	153	1,432,791
Other	1,571,766	68,126	-	74,442	1,714,334
Due from Other Governments	52,190	-	-	-	52,190
Inventories	-	90,032	-	22,542	112,574
Prepaid Items	326,353	15,944	-	1,498	343,795
TOTAL ASSETS	\$ 11,893,786	\$ 1,217,435	\$ 268,840	\$ 4,266,174	\$ 17,646,235
LIABILITIES AND FUND BALANCES					
<i>Liabilities:</i>					
Accounts Payable	\$ 1,835,720	\$ 210,360	\$ -	\$ 223,647	\$ 2,269,727
Accrued Wages & Benefits	219,248	40,497	-	-	259,745
Due to Other Governments	144,428	-	-	-	144,428
Deferred/Unearned Revenues	1,346,808	183,263	95,733	2,805	1,628,609
TOTAL LIABILITIES	3,546,204	434,120	95,733	226,452	4,302,509
<i>Fund Balances:</i>					
Reserved for:					
Inventory & Prepays	326,353	105,976	-	23,326	455,655
Debt Service	-	-	173,107	-	173,107
Unreserved, reported in:					
General Fund	8,021,229	-	-	-	8,021,229
Road & Bridge Fund	-	677,339	-	-	677,339
Special Revenue Funds	-	-	-	3,111,804	3,111,804
Capital Projects Funds	-	-	-	904,592	904,592
<i>Total Fund Balances</i>	8,347,582	783,315	173,107	4,039,722	13,343,726
TOTAL LIABILITIES & FUND BALANCES	\$ 11,893,786	\$ 1,217,435	\$ 268,840	\$ 4,266,174	\$ 17,646,235

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, 2006

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$ 13,343,726
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.	36,833,144
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.	2,112,087
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,432,639
The outstanding receivables for the district and county clerks are not considered a current financial resource and therefore not represented in the fund statements	231,117
Unamortized bond issue costs are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	247,146
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.	(12,537,529)
Uncompensated Absences	338,138
Bonds Payable	12,320,000
Bond Premium	280,064
Deferred Difference on Bond Refunding	(400,673)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.	<u>(102,342)</u>
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 41,559,988</u></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, 2006

	General Fund	Road and Bridge Fund	Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$21,082,381	\$ 4,259,761	\$ 1,319,984	\$ -	\$ 26,662,126
Licenses and Permits	429,810	6,550	-	-	436,360
Intergovernmental	1,539,010	102,202	-	923,278	2,564,490
Charges for Services	5,960,591	-	-	851,208	6,811,799
Fines and Forfeits	850,480	450,323	-	107,879	1,408,682
Miscellaneous	832,158	135,672	64,744	477,247	1,509,821
TOTAL REVENUES	<u>30,694,430</u>	<u>4,954,508</u>	<u>1,384,728</u>	<u>2,359,612</u>	<u>39,393,278</u>
EXPENDITURES					
Current:					
General Government	9,034,064	-	-	396,684	9,430,748
Public Safety	11,837,489	-	-	-	11,837,489
Public Transportation	-	4,828,281	-	308,743	5,137,024
Social Services	3,651,399	-	-	3,032,541	6,683,940
Capital Projects/Outlay	1,246,815	539,347	-	878,985	2,665,147
Debt Service:					
Principal	-	-	755,000	-	755,000
Interest and Other Charges	-	-	696,009	-	696,009
TOTAL EXPENDITURES	<u>25,769,767</u>	<u>5,367,628</u>	<u>1,451,009</u>	<u>4,616,953</u>	<u>37,205,357</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,924,663</u>	<u>(413,120)</u>	<u>(66,281)</u>	<u>(2,257,341)</u>	<u>2,187,921</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	25,329	574,115	-	3,346,296	3,945,740
Refunding Bond Issued			9,495,000		9,495,000
Payment to Bond Escrow			(9,606,494)		(9,606,494)
Bond Premium			301,608		301,608
Operating Transfers (Out)	<u>(3,920,411)</u>	<u>-</u>	<u>-</u>	<u>(25,329)</u>	<u>(3,945,740)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,895,082)</u>	<u>574,115</u>	<u>190,114</u>	<u>3,320,967</u>	<u>190,114</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing (Uses)	1,029,581	160,995	123,833	1,063,626	2,378,035
Fund Balances at Beginning of Year	<u>7,318,001</u>	<u>622,320</u>	<u>49,274</u>	<u>2,976,096</u>	<u>10,965,691</u>
Fund Balances at End of Year	<u>\$ 8,347,582</u>	<u>\$ 783,315</u>	<u>\$ 173,107</u>	<u>\$ 4,039,722</u>	<u>\$ 13,343,726</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, 2006

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 2,378,035

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. 1,662,578

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 220,454

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.

Bond Principal Payments	755,000
Proceeds of Refunding Bond	(9,796,608)
Payment to Bond Escrow	9,606,494

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.

Compensated Absences	(32,684)
Bond Issue Costs	154,180
Accrued Interest on Bond	1,425
Amortization of Bond Premium	21,543
Amortization of Deferred Difference on Refunding	(30,821)

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. 93,511

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. 61,211

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 5,094,318

GUADALUPE COUNTY, TEXAS
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
SEPTEMBER 30, 2006

	Governmental Activities
	Internal Service Funds
ASSETS	
<i>Current Assets:</i>	
Cash and Temporary Investments	\$ 2,221,612
Receivables (Net of Allowances for Uncollectibles):	
Accounts	296,942
Prepaid Expense	20,230
TOTAL CURRENT ASSETS	2,538,784
 <i>Capital Assets:</i>	
Equipment	7,385
Accumulated Depreciation	(7,385)
TOTAL CAPITAL ASSETS	-
TOTAL ASSETS	\$ 2,538,784
 LIABILITIES AND NET ASSETS	
<i>Current Liabilities:</i>	
Outstanding Claims and Payables	\$ 423,172
Accounts Payable	3,525
TOTAL LIABILITIES	426,697
 Net Assets:	
Restricted for:	
Future Claims	451,869
Unrestricted	1,660,218
TOTAL NET ASSETS	2,112,087
TOTAL LIABILITIES & NET ASSETS	\$ 2,538,784

See accompanying notes to basic financial statements.

GUADALUPE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Governmental Activities
	Internal Service Funds
OPERATING REVENUES	
Premiums and Reimbursements	\$ 3,845,353
TOTAL OPERATING REVENUES	3,845,353
 OPERATING EXPENSES	
Personnel Services	71,069
Claims Paid	3,125,693
Administrative Fees	219,342
Premiums for Excess Coverage	446,683
TOTAL OPERATING EXPENSES	3,862,787
 OPERATING INCOME (LOSS)	(17,434)
 NONOPERATING REVENUES (EXPENSES)	
Interest Income	78,645
TOTAL NONOPERATING REVENUES (EXPENSES)	78,645
 CHANGE IN NET ASSETS	61,211
 NET ASSETS AT BEGINNING OF YEAR	2,050,876
NET ASSETS AT END OF YEAR	\$ 2,112,087

GUADALUPE COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Governmental Activities
	Internal Service Funds
Cash Flows From Operating Activities:	
Cash Received From Participants	\$ 3,893,355
Cash Paid for Employee Wages & Benefits	(71,069)
Cash Paid to Benefit Claims & Excess Coverage	(3,000,140)
Cash Paid Other Costs	(666,025)
Net Cash Provided (Used) by Operating Activities	156,121
Cash Flows From Investing Activities:	
Interest Received	78,645
Net Cash Provided (Used) by Investing Activities	78,645
Net Increase (Decrease) in Cash and Cash Equivalents	234,766
Cash and Equivalents at Beginning of Year	1,986,846
Cash and Equivalents at End of Year	\$ 2,221,612
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (17,434)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in Operating Assets:	
Accounts Receivable	48,002
Prepaid Expenses	1,881
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	123,672
Net Cash Provided (Used) by Operating Activities	\$ 156,121

See accompanying notes to basic financial statements.

GUADALUPE COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
SEPTEMBER 30, 2006

ASSETS	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and Temporary Investments	\$ 1,565,090	\$ 1,637,398
Accounts Receivable	-	325,266
TOTAL ASSETS	<u>\$ 1,565,090</u>	<u>\$ 1,962,664</u>
 LIABILITIES & NET ASSETS		
<i>Liabilities:</i>		
Accounts Payable	\$ -	\$ 1,197,052
Due to Other Governments	-	765,612
<i>Total Liabilities</i>	<u>-</u>	<u>1,962,664</u>
 <i>Net Assets:</i>		
Held in Trust for County Clerk Court Registry	479,798	-
Held in Trust for District Clerk Court Registry	1,085,292	-
<i>Total Net Assets</i>	<u>1,565,090</u>	<u>-</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 1,565,090</u>	<u>\$ 1,962,664</u>

See accompanying notes to basic financial statements.

GUADALUPE COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Interest	\$ 17,555
Court Registry Contributions	<u>1,769,982</u>
Total Additions	1,787,537
DEDUCTIONS	
Court Registry Distributions	<u>(1,528,835)</u>
CHANGE IN NET ASSETS	258,702
NET ASSETS BEGINNING OF YEAR	<u>1,306,388</u>
NET ASSETS END OF YEAR	<u><u>\$ 1,565,090</u></u>

See accompanying notes to basic financial statements.

GUADALUPE COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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.

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.

Excluded from the Reporting Entity:

Guadalupe Regional Medical Center. 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.

GUADALUPE COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2006

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

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, Road and Bridge (Special Revenue) Fund, and the Debt Service Fund meet the criteria as **major governmental funds**. Each major fund is reported in separate columns in the fund financial statements. Nonmajor funds include other Special Revenue and Capital Projects. 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.

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.

GUADALUPE COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2006

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

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

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.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on general long term debt associated with equipment and facilities.

Nonmajor funds include special revenue funds and capital projects funds.

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).

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.

GUADALUPE COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2006

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

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

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, 2005 and past due after January 31, 2006. 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, 2006

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 AND 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 constructed. 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, 2006

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 for use for a specific purpose. Fund reservations include encumbrances, capital projects, debt service, inventories and prepaids. Designation of fund balance represents tentative management plans that are subject to change.

GUADALUPE COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2006

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, 2006, the carrying amount of the primary government's cash on hand was \$2,953 and deposits in bank were \$4,367,084 and the bank balance was \$4,324,795. 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 \$7,426,135 and market value of \$7,364,574 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, 2006

NOTE B -- CASH AND INVESTMENTS (Continued)

Investment Type	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Primary Government		
MBIA Texas Class Portfolio (Local Government Investment Pool)	\$ 7,828,593	0.10
TexPool (Local Government Investment Pool)	7,540,238	0.15
	<u>\$ 15,368,831</u>	
Portfolio Weighted Average Maturity		0.125

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, 2006, the investment in TexPool was rated AAAM and the investment in MBIA was rated AAA/VI+.

The County may also invest in certificates of deposit or share certificates 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, 2006, the government's deposits were insured and collateralized with securities held by the pledging financial institution's agent (Independent Banker's Bank) as pledged to Guadalupe County.

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, 2006, the County's U.S. Government Agency Securities were held in government investment pools.

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, 2006

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 2005 tax roll (Guadalupe County and Special Road) to finance operations and debt service for the fiscal year ended September 30, 2006, was \$.4031 per \$100 assessed valuation. The total tax levy for the fiscal year 2006 was \$20,428,930, of which \$533,968 remained outstanding in current delinquent taxes as of September 30, 2006.

NOTE D -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2006, was as follows:

<u><i>Governmental Activities</i></u>	Balance 9/30/2005	Additions	Disposals	Balance 9/30/2006
<i>Capital Assets Not Depreciated:</i>				
Construction in Progress	\$ 2,920	\$ 115,820	\$ (2,920)	\$ 115,820
Land	1,211,699	-	-	1,211,699
Infrastructure - Roads	12,293,541	1,195,633	-	13,489,174
<i>Total Capital Assets Not Depreciated</i>	<u>13,508,160</u>	<u>1,311,453</u>	<u>(2,920)</u>	<u>14,816,693</u>
<i>Capital Assets Being Depreciated:</i>				
Infrastructure - Bridges	1,899,928	-	-	1,899,928
Buildings and Improvements	25,591,504	490,152	-	26,081,656
Equipment	8,852,690	1,583,343	(730,071)	9,705,962
<i>Total Capital Assets Depreciated</i>	<u>36,344,122</u>	<u>2,073,495</u>	<u>(730,071)</u>	<u>37,687,546</u>
Totals at Historical Cost	<u>49,852,282</u>	<u>3,384,948</u>	<u>(732,991)</u>	<u>52,504,239</u>
<i>Less Accumulated Depreciation:</i>				
Infrastructure - Bridges	(350,390)	(37,285)	-	(387,675)
Buildings and Improvements	(8,786,742)	(620,203)	-	(9,406,945)
Equipment	(5,638,090)	(942,535)	704,150	(5,876,475)
<i>Total Accumulated Depreciation</i>	<u>(14,775,222)</u>	<u>(1,600,023)</u>	<u>704,150</u>	<u>(15,671,095)</u>
Governmental Capital Assets, Net	<u>\$ 35,077,060</u>	<u>\$ 1,784,925</u>	<u>\$ (28,841)</u>	<u>\$ 36,833,144</u>

Depreciation was charged to the governmental functions as follows:

General Government	\$ 244,773
Public Safety	952,414
Public Transportation	387,345
Social Services	22,875
Total Depreciation Expense - General Activities	<u>\$ 1,607,407</u>

GUADALUPE COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2006

NOTE E -- LONG-TERM DEBT

The County had the following changes in long-term debt outstanding for the year ended September 30, 2006:

	Original Issue <u>Interest Rates</u>	Balance Outstanding <u>9/30/2005</u>	Added During Year <u>During Year</u>	Retired During Year <u>During Year</u>	Balance Outstanding 9/30/2006	Due Within One Year <u>One Year</u>
General Long-Term Debt						
1993 General Obligation Refunding Bonds	\$ 1,850,000 3.8-5.4%	\$ 75,000	\$ -	\$ 75,000	\$ -	\$ -
Certificate of Obligation, Series 1999	14,000,000 4.35-5.6%	12,680,000	-	9,745,000	2,935,000	680,000
General Obligation Refunding Bonds Series 2005	9,495,000 3.25-4.00%	-	9,495,000	110,000	9,385,000	30,000
Bond Premium Series 2005		-	301,608	(21,544)	280,064	21,544
Less:						
Deferred Difference Refunding		-	(431,494)	30,821	(400,673)	(30,821)
Employee Compensated Absences		305,453	32,685	-	338,138	338,138
		<u>\$ 13,060,453</u>	<u>\$9,397,799</u>	<u>\$ 9,939,277</u>	<u>\$ 12,537,529</u>	<u>\$ 1,038,861</u>

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 Principal and Interest	Premiums	Difference on Refunding	Total
2007	\$ 710,000	\$ 501,894	\$ 1,211,894	\$ 21,544	\$ (30,821)	\$ 1,202,617
2008	745,000	466,573	1,211,573	21,544	(30,821)	1,202,296
2009	785,000	433,524	1,218,524	21,544	(30,821)	1,209,247
2010	825,000	398,151	1,223,151	21,544	(30,821)	1,213,874
2011	860,000	362,625	1,222,625	21,544	(30,821)	1,213,348
Thereafter	8,395,000	1,435,663	9,830,663	172,344	(246,568)	9,756,439
	<u>\$ 12,320,000</u>	<u>\$ 3,598,430</u>	<u>\$ 15,918,430</u>	<u>\$ 280,064</u>	<u>\$ (400,673)</u>	<u>\$ 15,797,821</u>

GUADALUPE COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2006

NOTE F -- DEFEASEMENT OF BOND

On October 13, 2005, the county issued \$9,495,000 in General Obligation refunding bonds with an average interest rate of 3.74% to advance refund \$9,175,000 of outstanding Series 1999 Bonds which had an average interest rate of 5%. The total proceeds included \$301,608 in premium and \$186,064 in underwriting and other issuance costs. Net proceeds of \$9,606,494 were used to purchase state and local securities to be held in irrevocable trust with the escrow agent. Subsequent debt service payments on the refunded bonds will be paid from the irrevocable trust. Tax revenue will be used to pay the remaining debt service due on the unrefunded bonds of \$3,055,000. As a result, the refunded bonds are considered to be defeased as of issuance date and the liability for the defeased bonds of \$9,175,000 removed from the financial statements. The County advance refunded these bonds to benefit from declines in interest rates and achieved an economic gain of \$332,747.

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.

GUADALUPE COUNTY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2006

NOTE G -- EMPLOYEES' RETIREMENT SYSTEM (Continued)

Texas County and District Retirement System (Continued)

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 2005, and 8.71% for the months of the accounting year in 2006.

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.

C. Annual Pension Cost

For the employer's accounting year ending September 30, 2006, the annual pension cost for the TCDRS plan for its employees was \$1,243,609 and the actual contributions were \$1,243,609.

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, 2003 and December 31, 2004, the basis for determining contribution rates for calendar years 2005 and 2006. The December 31, 2005 actuarial valuation is the most recent valuation.

D. Actuarial Valuation Information

Actuarial Valuation Date	<u>12/31/2003</u>	<u>12/31/2004</u>	<u>12/31/2005</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%	5.30%
Inflation	3.50%	3.50%	3.50%
Cost of Living Adjustment	0.00%	0.00%	0.00%

GUADALUPE COUNTY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2006

NOTE G -- EMPLOYEES' RETIREMENT SYSTEM (Continued)

Texas County and District Retirement System (Continued)

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, 2004	\$1,191,507	100%	\$0
September 30, 2005	\$1,186,138	100%	\$0
September 30, 2005	\$1,243,609	100%	\$0

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as a Percentage Of Covered Payroll ((b-a)/c)</u>
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%
12/31/2005	21,328,771	25,538,218	4,209,447	83.52%	14,816,804	28.41%

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:

1st year employed	1.5385 hours per biweekly pay period
13th month thru 10th anniversary	3.0769 hours per biweekly pay period
10 years and 1 month thru 20th anniversary	4.6154 hours per biweekly pay period
20 years plus one month forward	6.1538 hours per biweekly pay period

Earned vacation leave may be used only after 12 months of employment. Employees may accrue and retain vacation days of not more than ten (10) working days. Each year on January 1, all unused vacation leave in excess of 10 days is dropped from the employee's account without compensation. No payment is made in lieu of vacation time. As employees leave the service of the County, they will be paid for the accrued vacation leave balance up to a maximum of 10 days or 80 hours.

Sick leave accrues at the rate of 2.1538 hours per biweekly pay period, up to a maximum balance of 480 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.

GUADALUPE COUNTY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2006

NOTE H -- EMPLOYEE BENEFITS (Continued)

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 K).

\$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).

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, 2006, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government		
General Fund	\$ 25,329	\$ 3,920,411
Road and Bridge Fund:		
General Fund	574,115	1,500
	574,115	1,500
Nonmajor Governmental Funds		
Grant Funds	3,346,296	23,829
	3,346,296	23,829
Total	\$ 3,945,740	\$ 3,945,740

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, 2006

NOTE J -- COMMITMENTS AND CONTINGENCIES (Continued)

Guadalupe Regional Medical Center

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, 2005:

ASSETS:

Current Assets	\$ 11,874,900
Other Assets	6,806,866
Property, Plant and Equipment (Net)	18,613,085
TOTAL ASSETS	\$ 37,294,851

LIABILITIES & NET ASSETS

Current Liabilities	\$ 8,666,367
Other Liabilities	7,491,769
TOTAL LIABILITIES	16,158,136
Net Assets	21,136,715
TOTAL LIABILITIES AND NET ASSETS	\$ 37,294,851

Operating Revenues:	
Net Revenues from Patient Services	\$ 55,997,405
Other Operating Revenues	692,908
Total Operating Revenues	56,690,313
Operating Expenses	52,358,368
Operating Income	4,331,945
Nonoperating Revenues and (Expenses)	(87,995)
Increase (Decrease) in Net Assets	\$ 4,243,950

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, 2006, settled claims resulting from these risks did not exceed commercial insurance coverage.

GUADALUPE COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2006

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.

Other Commitments

The county signed a contract with Jamail Construction in March 2006 for \$389,000 for the construction of the Schertz Annex. As of September 30, 2006, the project had not yet begun.

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 \$75,000 per employee/dependent unit per annum up to an aggregate claim for all County employees/dependents of \$1,000,000 for 2006. 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, 2006, the County had four participants in this category, with specific deductibles of \$225,000, \$200,000, \$150,000 and \$75,000, respectively.

As of September 30, 2006, outstanding claims amounted to \$296,942 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, 2005	\$ 271,721
Claims Submitted for FY 2006	2,887,242
Claims Paid	<u>(2,862,021)</u>
Outstanding Claims at September 30, 2006	<u>\$ 296,942</u>

GUADALUPE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2006

NOTE K -- SELF-INSURANCE FUND (Continued)

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.

The County has assumed the risk of claims up to \$400,000 per specific claim, with minimum retention of \$1,078,549 for a one-year contract beginning February 21, 2006.

As of September 30, 2006, outstanding claims amounted to \$10,400 and were recorded as a current liability of the workers' compensation fund. Also, based on actuarial calculations, the estimated reserve for future claims is \$451,869, which has been recorded as a reserve in the workers' compensation fund as of September 30, 2006. A reconciliation of outstanding claims is as follows:

Outstanding Claims at October 1, 2005	\$ 30,639
Claims Submitted for FY 2006	218,026
Claims Paid	<u>(238,265)</u>
Outstanding Claims at September 30, 2006	<u>\$ 10,400</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, 2006

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 20,367,000	\$ 20,367,000	\$ 21,082,381	\$ 715,381
Licenses and Permits	349,600	349,600	429,810	80,210
Intergovernmental	639,796	1,506,352	1,539,010	32,658
Charges for Services	3,003,015	3,003,015	5,960,591	2,957,576
Fines and Forfeits	940,000	940,000	850,480	(89,520)
Miscellaneous	469,925	469,925	832,158	362,233
TOTAL REVENUES	25,769,336	26,635,892	30,694,430	4,058,538
EXPENDITURES				
General Government	9,031,963	9,421,638	9,034,064	387,574
Public Safety	11,828,131	12,187,112	11,837,489	349,623
Social Services	3,148,940	3,686,610	3,651,399	35,211
Capital Outlay	1,040,911	1,562,437	1,246,815	315,622
TOTAL EXPENDITURES	25,049,945	26,857,797	25,769,767	1,088,030
Excess (Deficiency) of Revenues Over (Under) Expenditures	719,391	(221,905)	4,924,663	5,146,568
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	1,500	25,329	25,329
Operating Transfers Out	2,547,306	(4,235,411)	(3,920,411)	315,000
TOTAL OTHER FINANCING SOURCES (USES)	2,547,306	(4,233,911)	(3,895,082)	340,329
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	3,266,697	(4,455,816)	1,029,581	5,485,397
Fund Balance at Beginning of Year	7,318,001	7,318,001	7,318,001	-
Fund Balance at End of Year	\$ 10,584,698	\$ 2,862,185	\$ 8,347,582	\$ 5,485,397

GUADALUPE COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006

GENERAL GOVERNMENT	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
<i>General Administration:</i>				
<i>County Judge:</i>				
Personal Services	\$ 125,718	\$ 112,775	\$ 112,088	\$ 687
Supplies	900	900	303	597
Other Services and Charges	4,550	4,550	2,659	1,891
Capital Outlay	2,500	2,500	-	2,500
<i>Total County Judge</i>	133,668	120,725	115,050	5,675
 <i>County Commissioners:</i>				
Personal Services	282,502	305,550	301,546	4,004
Supplies	1,950	4,425	3,993	432
Other Services and Charges	17,830	18,120	12,797	5,323
Capital Outlay	-	15,960	17,659	(1,699)
<i>Total County Commissioners</i>	302,282	344,055	335,995	8,060
 <i>County Clerk:</i>				
Personal Services	618,552	604,052	572,586	31,466
Supplies	20,300	20,300	17,401	2,899
Other Services and Charges	36,290	36,290	29,521	6,769
Capital Outlay	-	14,500	7,496	7,004
<i>Total County Clerk</i>	675,142	675,142	627,004	48,138
 <i>General Expense:</i>				
<i>(Non-Departmental)</i>				
Personal Services	70,000	35,000	17,547	17,453
Supplies	22,000	22,000	21,914	86
Other Services and Charges	1,322,806	1,416,126	1,423,616	(7,490)
<i>Total General Expense</i>	\$ 1,414,806	\$ 1,473,126	\$ 1,463,077	\$ 10,049

GUADALUPE COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
GENERAL GOVERNMENT				
<i>General Administration:</i>				
<i>Facility Operations/Repairs:</i>				
Personal Services	\$ 312,700	\$ 304,790	\$ 300,358	\$ 4,432
Supplies	36,990	51,740	47,539	4,201
Other Services and Charges	128,838	180,348	180,606	(258)
Capital Outlay	-	9,000	4,895	4,105
<i>Total Facility Operations/Repairs</i>	<u>478,528</u>	<u>545,878</u>	<u>533,398</u>	<u>12,480</u>
<i>Management Information Systems:</i>				
Personal Services	202,378	202,378	198,059	4,319
Supplies	38,000	67,992	66,717	1,275
Other Services and Charges	418,430	355,430	291,474	63,956
Capital Outlay	822,725	360,773	300,974	59,799
<i>Total Computer Operations/Repairs</i>	<u>1,481,533</u>	<u>986,573</u>	<u>857,224</u>	<u>129,349</u>
<i>Total General Administration</i>	<u>4,485,959</u>	<u>4,145,499</u>	<u>3,931,748</u>	<u>213,751</u>
<i>Judicial:</i>				
<i>County Court at Law:</i>				
Personal Services	336,606	347,156	338,286	8,870
Supplies	2,000	2,000	1,626	374
Other Services and Charges	216,814	266,814	254,645	12,169
<i>Total County Court at Law</i>	<u>555,420</u>	<u>615,970</u>	<u>594,557</u>	<u>21,413</u>
<i>District Courts:</i>				
Personal Services	340,170	340,805	340,066	739
Supplies	3,740	3,920	3,308	612
Other Services and Charges	424,111	622,296	537,418	84,878
Capital Outlay	-	5,425	-	5,425
<i>Total District Courts</i>	<u>\$ 768,021</u>	<u>\$ 972,446</u>	<u>\$ 880,792</u>	<u>\$ 91,654</u>

GUADALUPE COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2006

GENERAL GOVERNMENT	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
<i>Judicial (Cont.):</i>				
<i>District Clerk:</i>				
Personal Services	\$ 373,193	\$ 366,713	\$ 359,160	\$ 7,553
Supplies	17,200	20,575	19,942	633
Other Services and Charges	18,700	19,796	18,069	1,727
Capital Outlay	1,500	9,009	8,922	87
<i>Total District Clerk</i>	410,593	416,093	406,093	10,000
 <i>Justice of the Peace - Precinct 1:</i>				
Personal Services	193,604	193,604	190,406	3,198
Supplies	7,700	9,250	8,755	495
Other Services and Charges	18,100	20,275	15,562	4,713
Capital Outlay	1,700	1,700	-	1,700
<i>Total Justice of the Peace - Precinct 1</i>	221,104	224,829	214,723	10,106
 <i>Justice of the Peace - Precinct 2:</i>				
Personal Services	102,043	102,043	100,245	1,798
Supplies	1,700	1,700	1,064	636
Other Services and Charges	4,391	4,391	3,543	848
<i>Total Justice of the Peace - Precinct 2</i>	108,134	108,134	104,852	3,282
 <i>Justice of the Peace - Precinct 3:</i>				
Personal Services	99,465	99,465	98,707	758
Supplies	2,150	2,150	1,814	336
Other Services and Charges	3,871	3,871	3,163	708
Capital Outlay	1,000	1,000	-	1,000
<i>Total Justice of the Peace - Precinct 3</i>	\$ 106,486	\$ 106,486	\$ 103,684	\$ 2,802

GUADALUPE COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2006

GENERAL GOVERNMENT	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
<i>Judicial (Cont.):</i>				
<i>Justice of the Peace - Precinct 4:</i>				
Personal Services	\$ 145,812	\$ 145,812	\$ 145,511	\$ 301
Supplies	2,900	3,300	3,029	271
Other Services and Charges	16,428	19,928	17,143	2,785
Capital Outlay	-	769	769	-
<i>Total Justice of the Peace - Precinct 4</i>	165,140	169,809	166,452	3,357
<i>Total Judicial</i>	2,334,898	2,613,767	2,471,153	142,614
<i>Legal:</i>				
<i>County Attorney:</i>				
Personal Services	731,279	735,963	720,335	15,628
Supplies	11,500	14,801	12,432	2,369
Other Services and Charges	35,800	31,899	29,550	2,349
Capital Outlay	-	11,225	11,179	46
<i>Total County Attorney</i>	778,579	793,888	773,496	20,392
<i>Criminal District Attorney:</i>				
Other Services and Charges	471,323	471,323	441,017	30,306
<i>Total Criminal Dist. Attorney</i>	471,323	471,323	441,017	30,306
<i>Total Legal</i>	1,249,902	1,265,211	1,214,513	50,698
<i>Elections Administration:</i>				
Personal Services	254,125	268,195	236,869	31,326
Supplies	24,100	26,300	25,848	452
Other Services and Charges	79,650	82,394	73,092	9,302
<i>Total Elections Administration</i>	\$ 357,875	\$ 376,889	\$ 335,809	\$ 41,080

GUADALUPE COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
GENERAL GOVERNMENT				
<i>Financial Administration:</i>				
<i>County Auditor:</i>				
Personal Services	\$ 413,317	\$ 412,317	\$ 409,122	\$ 3,195
Supplies	8,410	10,610	10,203	407
Other Services and Charges	15,855	12,760	10,037	2,723
Capital Outlay	-	17,855	20,054	(2,199)
<i>Total County Auditor</i>	<u>437,582</u>	<u>453,542</u>	<u>449,416</u>	<u>4,126</u>
<i>County Treasurer:</i>				
Personal Services	213,131	212,041	212,254	(213)
Supplies	10,400	10,272	8,201	2,071
Other Services and Charges	12,915	13,915	13,270	645
Capital Outlay	-	7,128	8,268	(1,140)
<i>Total County Treasurer</i>	<u>236,446</u>	<u>243,356</u>	<u>241,993</u>	<u>1,363</u>
<i>County Tax Assessor-Collector:</i>				
Personal Services	688,661	698,153	696,170	1,983
Supplies	36,130	48,130	45,977	2,153
Other Services and Charges:				
Miscellaneous	33,935	33,935	27,501	6,434
Capital Outlay	-	2,933	2,932	1
<i>Total County Tax Assessor-Collector</i>	<u>758,726</u>	<u>783,151</u>	<u>772,580</u>	<u>10,571</u>
<i>Total Financial Administration</i>	<u>1,432,754</u>	<u>1,480,049</u>	<u>1,463,989</u>	<u>16,060</u>
TOTAL GENERAL GOVERNMENT	<u>\$ 9,861,388</u>	<u>\$ 9,881,415</u>	<u>\$ 9,417,212</u>	<u>\$ 464,203</u>

GUADALUPE COUNTY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 GENERAL FUND
 SCHEDULE OF EXPENDITURES BY DEPARTMENT
 BUDGET AND ACTUAL (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
PUBLIC SAFETY				
<i>Fire Protection:</i>				
Other Services and Charges	\$ 485,210	\$ 487,460	\$ 487,460	\$ -
<i>Total Fire Protection</i>	485,210	487,460	487,460	-
<i>Law Enforcement:</i>				
<i>Constable - Precinct 1:</i>				
Personal Services	48,131	48,131	47,436	695
Supplies	6,100	10,800	9,177	1,623
Other Services and Charges	2,145	4,045	3,898	147
Capital Outlay	22,618	43,568	43,308	260
<i>Total Constable - Precinct 1</i>	78,994	106,544	103,819	2,725
<i>Constable - Precinct 2:</i>				
Personal Services	48,131	48,131	46,595	1,536
Supplies	3,250	6,218	2,540	3,678
Other Services and Charges	2,300	3,300	1,585	1,715
Capital Outlay	750	21,782	21,782	-
<i>Total Constable - Precinct 2</i>	54,431	79,431	72,502	6,929
<i>Constable - Precinct 3:</i>				
Personal Services	60,919	60,919	60,517	402
Supplies	3,450	2,800	2,248	552
Other Services and Charges	2,355	2,355	1,420	935
Capital Outlay	618	2,018	1,975	43
<i>Total Constable - Precinct 3</i>	67,342	68,092	66,160	1,932
<i>Constable - Precinct 4:</i>				
Personal Services	48,131	48,131	47,943	188
Supplies	4,800	5,800	4,570	1,230
Other Services and Charges	3,500	3,500	1,877	1,623
Capital Outlay	-	22,257	-	22,257
<i>Total Constable - Precinct 4</i>	\$ 56,431	\$ 79,688	\$ 54,390	\$ 25,298

GUADALUPE COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
PUBLIC SAFETY				
<i>Law Enforcement (Cont.):</i>				
<i>County Sheriff:</i>				
Personal Services	\$ 4,111,081	\$ 4,142,667	\$ 3,966,154	\$ 176,513
Supplies	278,900	377,564	343,068	34,496
Other Services and Charges	218,025	225,845	198,076	27,769
Capital Outlay	142,000	848,907	720,681	128,226
<i>Total County Sheriff</i>	<u>4,750,006</u>	<u>5,594,983</u>	<u>5,227,979</u>	<u>367,004</u>
<i>Dept. of Public Safety:</i>				
Personal Services	119,164	119,164	118,593	571
Supplies	3,200	5,396	4,575	821
Other Services and Charges	27,271	24,875	19,492	5,383
Capital Outlay	-	892	837	55
<i>Total Dept. of Public Safety</i>	<u>149,635</u>	<u>150,327</u>	<u>143,497</u>	<u>6,830</u>
<i>Total Law Enforcement</i>	<u>5,156,839</u>	<u>6,079,065</u>	<u>5,668,347</u>	<u>410,718</u>
<i>Corrections:</i>				
<i>Feeding and Care of Prisoners:</i>				
Personal Services	4,758,258	4,481,158	4,462,713	18,445
Supplies	741,200	910,961	898,075	12,886
Other Services and Charges	633,800	918,580	876,791	41,789
Capital Outlay	22,000	132,498	48,509	83,989
<i>Prisoners</i>	<u>6,155,258</u>	<u>6,443,197</u>	<u>6,286,088</u>	<u>157,109</u>
<i>Adult & Juvenile Probation:</i>				
Personal Services	19,221	19,221	19,178	43
Supplies	880	1,592	1,542	50
Other Services and Charges	120,130	140,780	132,158	8,622
Capital Outlay	-	788	-	788
<i>Total Adult & Juvenile Probation</i>	<u>140,231</u>	<u>162,381</u>	<u>152,878</u>	<u>9,503</u>
<i>Total Corrections</i>	<u>\$ 6,295,489</u>	<u>\$ 6,605,578</u>	<u>\$ 6,438,966</u>	<u>\$ 166,612</u>

GUADALUPE COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
PUBLIC SAFETY				
<i>Other Protection:</i>				
<i>Civil Defense:</i>				
Personal Services	\$ 53,889	\$ 57,854	\$ 54,017	\$ 3,837
Supplies	1,525	8,440	7,789	651
Other Services and Charges	23,165	21,425	18,002	3,423
Capital Outlay	-	5,775	2,497	3,278
<i>Total Other Protection</i>	<u>78,579</u>	<u>93,494</u>	<u>82,305</u>	<u>11,189</u>
 TOTAL PUBLIC SAFETY	 <u>12,016,117</u>	 <u>13,265,597</u>	 <u>12,677,078</u>	 <u>588,519</u>
 SOCIAL SERVICES				
<i>Health Services:</i>				
Personal Services	-	-	-	-
Other Services and Charges:				
Indigent Care	1,704,500	2,232,438	2,131,335	101,103
Emergency Medical Services	691,990	691,990	691,990	-
Miscellaneous	-	-	91,325	(91,325)
<i>Total Health Services</i>	<u>2,396,490</u>	<u>2,924,428</u>	<u>2,914,650</u>	<u>9,778</u>
 <i>Veterans Services:</i>				
Personal Services	33,896	33,896	33,895	1
Supplies	1,150	966	881	85
Other Services and Charges	2,265	2,449	2,368	81
<i>Total Veterans Services</i>	<u>37,311</u>	<u>37,311</u>	<u>37,144</u>	<u>167</u>
 <i>Senior Volunteers:</i>				
Other Services and Charges	4,770	4,800	4,779	21
<i>Total Senior Volunteers</i>	<u>\$ 4,770</u>	<u>\$ 4,800</u>	<u>\$ 4,779</u>	<u>\$ 21</u>

GUADALUPE COUNTY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 GENERAL FUND
 SCHEDULE OF EXPENDITURES BY DEPARTMENT
 BUDGET AND ACTUAL (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
SOCIAL SERVICES				
<i>Environmental Health:</i>				
Personal Services	\$ 200,484	\$ 200,484	\$ 200,552	\$ (68)
Supplies	9,800	11,975	10,207	1,768
Other Services and Charges	13,361	13,361	10,370	2,991
Capital Outlay	-	325	313	12
<i>Total Environmental Health</i>	<u>223,645</u>	<u>226,145</u>	<u>221,442</u>	<u>4,703</u>
 <i>Animal Control:</i>				
Personal Services	121,872	120,432	106,675	13,757
Supplies	10,775	13,015	12,368	647
Other Services and Charges	65,200	66,490	65,458	1,032
Capital Outlay	-	-	-	-
<i>Total Animal Control</i>	<u>197,847</u>	<u>199,937</u>	<u>184,501</u>	<u>15,436</u>
 <i>Solid Waste Disposal:</i>				
Other Services and Charges	113,500	113,500	113,499	1
<i>Total Solid Waste Disposal</i>	<u>113,500</u>	<u>113,500</u>	<u>113,499</u>	<u>1</u>
 <i>Agricultural Extension Service:</i>				
Personal Services	149,456	146,243	145,248	995
Supplies	9,050	14,200	12,420	1,780
Other Services and Charges	16,871	20,371	18,029	2,342
Capital Outlay	23,500	23,850	23,765	85
<i>Total Agricultural Extension Service</i>	<u>198,877</u>	<u>204,664</u>	<u>199,462</u>	<u>5,202</u>
 TOTAL SOCIAL SERVICES	<u>3,172,440</u>	<u>3,710,785</u>	<u>3,675,477</u>	<u>35,308</u>
 TOTAL EXPENDITURES	<u>\$ 25,049,945</u>	<u>\$ 26,857,797</u>	<u>\$ 25,769,767</u>	<u>\$ 1,088,030</u>

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, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 4,147,000	\$ 4,147,000	\$ 4,259,761	\$ 112,761
Licenses and Permits	6,000	6,000	6,550	550
Intergovernmental	47,000	61,287	102,202	40,915
Fines and Forfeits	445,000	445,000	450,323	5,323
Miscellaneous Income	43,000	43,000	135,672	92,672
TOTAL REVENUES	<u>4,688,000</u>	<u>4,702,287</u>	<u>4,954,508</u>	<u>252,221</u>
EXPENDITURES				
Public Transportation:				
Personal Services	2,767,979	2,724,094	2,671,367	52,727
Supplies	1,873,350	2,057,925	1,966,520	91,405
Other Services and Charges	327,800	312,800	190,394	122,406
Capital Outlay	226,550	554,450	539,347	15,103
TOTAL EXPENDITURES	<u>5,195,679</u>	<u>5,649,269</u>	<u>5,367,628</u>	<u>281,641</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(507,679)</u>	<u>(946,982)</u>	<u>(413,120)</u>	<u>533,862</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (Out)	<u>150,000</u>	<u>68,594</u>	<u>574,115</u>	<u>505,521</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	<u>(357,679)</u>	<u>(878,388)</u>	<u>160,995</u>	<u>1,039,383</u>
Fund Balance at Beginning of Year	<u>622,320</u>	<u>622,320</u>	<u>622,320</u>	-
Fund Balance at End of Year	<u>\$ 264,641</u>	<u>\$ (256,068)</u>	<u>\$ 783,315</u>	<u>\$ 1,039,383</u>

GUADALUPE COUNTY, TEXAS
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
SEPTEMBER 30, 2006

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 summary 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, 2006

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, 2006

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>2006</u>	<u>2005</u>	<u>2004</u>
Budget	\$ 2,393,419	\$ 2,283,691	Not Available
Actual	\$ 3,084,479	\$ 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
- Comparative Statements – Debt Service 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, 2006 AND 2005

ASSETS	<u>2006</u>	<u>2005</u>
Cash and Temporary Investments	\$ 8,789,835	\$ 7,446,124
Receivables (Net of Allowances for Estimated Uncollectibles of \$35,020 and \$29,365):		
Taxes	1,153,642	1,161,005
Other Receivables	1,571,766	1,104,092
Due from Other Governments	52,190	43,130
Prepaid Items	326,353	317,035
TOTAL ASSETS	<u><u>\$ 11,893,786</u></u>	<u><u>\$ 10,071,386</u></u>
LIABILITIES & FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	\$ 1,835,720	\$ 1,093,526
Accrued Wages & Benefits	219,248	208,008
Due to Other Governments	144,428	90,354
Due to Other Funds	-	27,752
Deferred Revenues	1,346,808	1,333,745
<i>Total Liabilities</i>	<u><u>3,546,204</u></u>	<u><u>2,753,385</u></u>
<i>Fund Balance:</i>		
Reserved for Prepaid Items	326,353	317,035
Unreserved - Undesignated	8,021,229	7,000,966
<i>Total Fund Balance</i>	<u><u>8,347,582</u></u>	<u><u>7,318,001</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 11,893,786</u></u>	<u><u>\$ 10,071,386</u></u>

GUADALUPE COUNTY, TEXAS
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED SEPTEMBER 30, 2006 AND 2005

REVENUES	<u>2006</u>	<u>2005</u>
Taxes	\$ 21,082,381	\$ 19,041,864
Licenses and Permits	429,810	347,351
Intergovernmental	1,539,010	989,912
Charges for Services	5,960,591	3,758,008
Fines and Forfeits	850,480	872,904
Miscellaneous	832,158	735,157
TOTAL REVENUES	<u>30,694,430</u>	<u>25,745,196</u>
EXPENDITURES		
Current:		
General Government	9,034,064	8,375,519
Public Safety	11,837,489	10,779,986
Social Services	3,651,399	3,184,646
Capital Outlay	1,246,815	614,881
TOTAL EXPENDITURES	<u>25,769,767</u>	<u>22,955,032</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,924,663</u>	<u>2,790,164</u>
OTHER FINANCING SOURCES (USES)		
Operating Transfers (In)	25,329	-
Operating Transfers (Out)	(3,920,411)	(2,247,849)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,895,082)</u>	<u>(2,247,849)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	<u>1,029,581</u>	<u>542,315</u>
Fund Balance at Beginning of Year	<u>7,318,001</u>	<u>6,775,686</u>
Fund Balance at End of Year	<u>\$ 8,347,582</u>	<u>\$ 7,318,001</u>

GUADALUPE COUNTY, TEXAS
ROAD AND BRIDGE FUND
COMPARATIVE BALANCE SHEET
SEPTEMBER 30, 2006 AND 2005

ASSETS	<u>2006</u>	<u>2005</u>
Cash and Temporary Investments	\$ 860,070	\$ 727,234
Receivables (Net of Allowances for Uncollectibles):		
Taxes	183,263	185,331
Accounts	68,126	47,638
Prepaid Insurance	15,944	17,649
Inventory of Supplies at Cost	<u>90,032</u>	<u>67,112</u>
 TOTAL ASSETS	 <u>\$ 1,217,435</u>	 <u>\$ 1,044,964</u>
 LIABILITIES AND FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	\$ 210,360	\$ 199,261
Accrued Wages & Benefits	40,497	38,052
Deferred Revenues	<u>183,263</u>	<u>185,331</u>
<i>Total Liabilities</i>	<u>434,120</u>	<u>422,644</u>
 <i>Fund Balance:</i>		
Reserved for Inventory and Prepaid Items	105,976	84,761
Unreserved	<u>677,339</u>	<u>537,559</u>
<i>Total Fund Balance</i>	<u>783,315</u>	<u>622,320</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 1,217,435</u>	 <u>\$ 1,044,964</u>

GUADALUPE COUNTY, TEXAS
ROAD AND BRIDGE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED SEPTEMBER 30, 2006 AND 2005

	2006	2005
	Actual	Actual
REVENUES		
Taxes	\$ 4,259,761	\$ 4,020,298
Licenses and Permits	102,202	5,000
Intergovernmental	6,550	47,184
Fines and Forfeits	450,323	468,109
Miscellaneous	135,672	68,437
	<u>4,954,508</u>	<u>4,609,028</u>
EXPENDITURES		
Public Transportation:		
Personal Services	2,671,367	2,566,531
Supplies	1,966,520	2,017,757
Other Services and Charges	190,394	230,463
Capital Outlay	539,347	311,321
	<u>5,367,628</u>	<u>5,126,072</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(413,120)</u>	<u>(517,044)</u>
OTHER FINANCING SOURCES		
Operating Transfers In (Out)	<u>574,115</u>	<u>78,388</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	160,995	(438,656)
Fund Balance at Beginning of Year	<u>622,320</u>	<u>1,060,976</u>
Fund Balance at End of Year	<u><u>\$ 783,315</u></u>	<u><u>\$ 622,320</u></u>

GUADALUPE COUNTY, TEXAS
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEET
SEPTEMBER 30, 2006 AND 2005

ASSETS	<u>2006</u>	<u>2005</u>
Cash and Temporary Investments	\$ 173,107	\$ 49,274
Receivables (Net of Allowances for Uncollectibles):		
Taxes	<u>95,733</u>	<u>99,007</u>
TOTAL ASSETS	<u>\$ 268,840</u>	<u>\$ 148,281</u>
LIABILITIES AND FUND BALANCE		
<i>Liabilities:</i>		
Deferred Revenues	<u>95,733</u>	<u>99,007</u>
<i>Total Liabilities</i>	<u>95,733</u>	<u>99,007</u>
<i>Fund Balance:</i>		
Reserved	<u>173,107</u>	<u>49,274</u>
<i>Total Fund Balance</i>	<u>173,107</u>	<u>49,274</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 268,840</u>	<u>\$ 148,281</u>

GUADALUPE COUNTY, TEXAS
DEBT SERVICE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED SEPTEMBER 30, 2006 AND 2005

	<u>2006</u> <u>Actual</u>	<u>2005</u> <u>Actual</u>
REVENUES		
Taxes	\$ 1,319,984	\$ 1,153,413
Miscellaneous	<u>64,744</u>	<u>6,347</u>
TOTAL REVENUES	<u>1,384,728</u>	<u>1,159,760</u>
EXPENDITURES		
Bond Principal	755,000	610,000
Bond Interest	508,446	639,278
Bond Agent Fees	<u>187,563</u>	<u>2,000</u>
TOTAL EXPENDITURES	<u>1,451,009</u>	<u>1,251,278</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(66,281)</u>	<u>(91,518)</u>
OTHER FINANCING SOURCES		
Refunding Bond Issued	9,495,000	-
Payment to Bond Escrow Agent	(9,606,494)	-
Bond Premium	<u>301,608</u>	<u>-</u>
Operating Transfers In (Out)	<u>190,114</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	123,833	(91,518)
Fund Balance at Beginning of Year	<u>49,274</u>	<u>140,792</u>
Fund Balance at End of Year	<u><u>\$ 173,107</u></u>	<u><u>\$ 49,274</u></u>

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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.

Juvenile Service Funds – To account for revenues that are restricted for juvenile in the County.

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, 2006

ASSETS	<u>County Sheriff Fund</u>	<u>County Attorney Fund</u>	<u>District Attorney Fund</u>
Cash and Temporary Investments	\$ 487,483	\$ 17,295	\$ 3,963
Receivables (Net of Allowances for Uncollectibles)			
Taxes		-	-
Accounts	4,184	-	-
Prepaid Expenses	-	-	-
Inventory, at Cost	22,542	-	-
	<u>514,209</u>	<u>17,295</u>	<u>3,963</u>
TOTAL ASSETS	<u>\$ 514,209</u>	<u>\$ 17,295</u>	<u>\$ 3,963</u>
 LIABILITIES AND FUND BALANCE			
<i>Liabilities:</i>			
Accounts Payable	\$ 65,862	\$ 578	\$ -
Deferred Revenues	-	-	-
<i>Total Liabilities</i>	<u>65,862</u>	<u>578</u>	<u>-</u>
 <i>Fund Balance:</i>			
Reserved	22,542	-	-
Unreserved	425,805	16,717	3,963
<i>Total Fund Balance</i>	<u>448,347</u>	<u>16,717</u>	<u>3,963</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 514,209</u>	 <u>\$ 17,295</u>	 <u>\$ 3,963</u>

Combined Grant Funds	Other Nonmajor Funds	Juvenile Service Funds	Capital Projects Fund	Totals
\$ 16,605	\$ 1,236,089	\$ 1,462,946	\$ 943,158	\$ 4,167,539
-	153	-	-	153
23,350	23,218	23,690	-	74,442
-	440	1,058	-	1,498
-	-	-	-	22,542
<u>\$ 39,955</u>	<u>\$ 1,259,900</u>	<u>\$ 1,487,694</u>	<u>\$ 943,158</u>	<u>\$ 4,266,174</u>
\$ 19,384	\$ 26,446	\$ 72,811	\$ 38,566	\$ 223,647
-	-	2,805	-	2,805
<u>19,384</u>	<u>26,446</u>	<u>75,616</u>	<u>38,566</u>	<u>226,452</u>
-	-	784	-	23,326
<u>20,571</u>	<u>1,233,454</u>	<u>1,411,294</u>	<u>904,592</u>	<u>4,016,396</u>
<u>20,571</u>	<u>1,233,454</u>	<u>1,412,078</u>	<u>904,592</u>	<u>4,039,722</u>
<u>\$ 39,955</u>	<u>\$ 1,259,900</u>	<u>\$ 1,487,694</u>	<u>\$ 943,158</u>	<u>\$ 4,266,174</u>

GUADALUPE COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2006

REVENUES	<u>County Sheriff Fund</u>	<u>County Attorney Fund</u>	<u>District Attorney Fund</u>
Intergovernmental	\$ -	\$ -	\$ -
Charges for Services	-	27,025	790
Fines and Forfeits	107,879	-	-
Miscellaneous	335,206	-	-
TOTAL REVENUES	<u>443,085</u>	<u>27,025</u>	<u>790</u>
EXPENDITURES			
General Government	-	18,066	-
Public Safety	297,215	-	-
Social Services	-	-	-
Capital Outlay	100,499	226	-
TOTAL EXPENDITURES	<u>397,714</u>	<u>18,292</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>45,371</u>	<u>8,733</u>	<u>790</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	-	-	-
Operating Transfers (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	45,371	8,733	790
Fund Balance at Beginning of Year	402,976	7,984	3,173
Fund Balance at End of Year	<u>\$ 448,347</u>	<u>\$ 16,717</u>	<u>\$ 3,963</u>

Combined Grant Funds	Other Nonmajor Funds	Juvenile Service Funds	Capital Projects Fund	Totals
\$ 184,617	\$ -	\$ 738,661	\$ -	\$ 923,278
-	663,670	159,723	-	851,208
-	-	-	-	107,879
41,822	35,394	48,068	16,757	477,247
<u>226,439</u>	<u>699,064</u>	<u>946,452</u>	<u>16,757</u>	<u>2,359,612</u>
-	378,618	-	-	396,684
11,528	-	-	-	308,743
176,072	-	2,856,469	-	3,032,541
17,096	15,674	31,981	713,509	878,985
<u>204,696</u>	<u>394,292</u>	<u>2,888,450</u>	<u>713,509</u>	<u>4,616,953</u>
<u>21,743</u>	<u>304,772</u>	<u>(1,941,998)</u>	<u>(696,752)</u>	<u>(2,257,341)</u>
-	-	2,169,306	1,176,990	3,346,296
(23,829)	-	-	(1,500)	(25,329)
<u>(23,829)</u>	<u>-</u>	<u>2,169,306</u>	<u>1,175,490</u>	<u>3,320,967</u>
(2,086)	304,772	227,308	478,738	1,063,626
22,657	928,682	1,184,770	425,854	2,976,096
<u>\$ 20,571</u>	<u>\$ 1,233,454</u>	<u>\$ 1,412,078</u>	<u>\$ 904,592</u>	<u>\$ 4,039,722</u>

GUADALUPE COUNTY, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
SEPTEMBER 30, 2006
(WITH COMPARATIVE TOTALS FOR 2005)

ASSETS	Workers'	Medical	Totals	
	Compensation Fund	Benefits Fund	2006	2005
<i>Current Assets:</i>				
Cash and Temporary Investments	\$ 635,722	\$ 1,585,890	\$ 2,221,612	\$ 1,986,846
Accounts Receivable	-	296,942	296,942	344,944
Prepaid Expense	20,230	-	20,230	22,111
<i>Total Current Assets</i>	<u>655,952</u>	<u>1,882,832</u>	<u>2,538,784</u>	<u>2,353,901</u>
<i>Capital Assets:</i>				
Equipment	7,385	-	7,385	7,385
Accumulated Depreciation	(7,385)	-	(7,385)	(7,385)
<i>Total Capital Assets</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 655,952</u>	<u>\$ 1,882,832</u>	<u>\$ 2,538,784</u>	<u>\$ 2,353,901</u>
LIABILITIES AND NET ASSETS				
<i>Liabilities:</i>				
Outstanding Claims and Payables	\$ 10,495	\$ 412,677	\$ 423,172	\$ 302,360
Accounts Payable	2,039	1,486	3,525	665
<i>Total Liabilities</i>	<u>12,534</u>	<u>414,163</u>	<u>426,697</u>	<u>303,025</u>
<i>Net Assets:</i>				
Restricted For Future Claims	419,064	32,805	451,869	399,639
Unrestricted	224,354	1,435,864	1,660,218	1,651,237
<i>Total Net Assets</i>	<u>643,418</u>	<u>1,468,669</u>	<u>2,112,087</u>	<u>2,050,876</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 655,952</u>	<u>\$ 1,882,832</u>	<u>\$ 2,538,784</u>	<u>\$ 2,353,901</u>

GUADALUPE COUNTY, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(WITH COMPARATIVE TOTALS FOR 2005)

	Workers'	Medical	Totals	
	Compensation Fund	Benefits Fund	2006	2005
OPERATING REVENUES				
Fees Paid by County	\$ 386,376	\$ 2,969,862	\$ 3,356,238	\$ 3,022,616
Fees Paid by Employees	-	470,245	470,245	443,627
Other Premiums Paid	5	18,865	18,870	4,583
TOTAL OPERATING REVENUES	386,381	3,458,972	3,845,353	3,470,826
OPERATING EXPENSES				
Personnel Services	40,215	30,854	71,069	41,674
Claims Paid	238,451	2,887,242	3,125,693	1,927,989
Administrative Fees	66,761	152,581	219,342	181,401
Premiums for Excess Coverage	128,745	317,938	446,683	550,990
TOTAL OPERATING EXPENDITURES	474,172	3,388,615	3,862,787	2,702,054
NET OPERATING INCOME (LOSS)	(87,791)	70,357	(17,434)	768,772
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	30,486	48,159	78,645	48,465
Miscellaneous Income	-	-	-	4,179
TOTAL NON-OPERATING REVENUES (EXPENSES)	30,486	48,159	78,645	52,644
Change in Net Assets	(57,305)	118,516	61,211	821,416
Net Assets at Beginning of Year	700,723	1,350,153	2,050,876	1,229,460
Net Assets at End of Year	\$ 643,418	\$ 1,468,669	\$ 2,112,087	\$ 2,050,876

GUADALUPE COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 SEPTEMBER 30, 2006

	Inmate Fund	Child Support	District Clerk	Tax Assesor- Collector	Payroll Fund
ASSETS:					
Cash and Temporary Investments	\$ 37,286	\$ 356	\$ 237	\$ 1,394,186	\$ -
Accounts Receivable	-	-	-	-	318,251
TOTAL ASSETS	\$ 37,286	\$ 356	\$ 237	\$ 1,394,186	\$ 318,251
LIABILITIES:					
Accounts Payable	\$ 37,286	\$ 356	\$ 237	\$ 628,574	\$ 318,251
Due to Other Governments	-	-	-	765,612	-
TOTAL LIABILITIES	\$ 37,286	\$ 356	\$ 237	\$ 1,394,186	\$ 318,251

<u>Adult Probation</u>	<u>Child Protection</u>	<u>County Attorney</u>	<u>Third Admin Judicial District</u>	<u>Unclaimed Property</u>	<u>Totals</u>
\$ 173,097	\$ 4,039	\$ 12,971	\$ -	\$ 15,226	\$ 1,637,398
608	-	-	6,407	-	325,266
<u>\$ 173,705</u>	<u>\$ 4,039</u>	<u>\$ 12,971</u>	<u>\$ 6,407</u>	<u>\$ 15,226</u>	<u>\$ 1,962,664</u>
\$ 173,705	\$ 4,039	\$ 12,971	\$ 6,407	\$ 15,226	\$ 1,197,052
-	-	-	-	-	765,612
<u>\$ 173,705</u>	<u>\$ 4,039</u>	<u>\$ 12,971</u>	<u>\$ 6,407</u>	<u>\$ 15,226</u>	<u>\$ 1,962,664</u>

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**GUADALUPE COUNTY, TEXAS
STATISTICAL SECTION
SEPTEMBER 30, 2006**

This part of the Guadalupe County's annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Guadalupe County's overall financial health.

Financial Trends

Net Assets by Component
Change in Net Assets
Fund Balances, Governmental Funds
Changes in Fund Balances, Governmental Funds

Revenue Capacity

Tax Revenues by Source, Governmental Funds
Assessed Value and Actual Value of Property
Property Tax Rates – All Overlapping Governments
Principal Taxpayers
Property Tax Levies and Collections

Debt Capacity

Ratios of Outstanding Debt by Type
Ratios of General Bonded Debt Outstanding
Direct and Overlapping Governmental Activities Debt
Legal Debt Margin

Demographic and Economic Information

Demographic and Economic Statistics
Principal Employers

Operating Information

Operating Indicators by Function
Tax Rate Chart
Insurance Bond Coverage
Surety Bonds of Principal Officers
Miscellaneous Statistics

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

TABLE 1

	Fiscal Year		
	2004	2005	2006
Governmental Activities			
Invested in Capital Assets, Net of Related Debt	\$ 8,147,107 ⁽¹⁾	\$ 22,322,060	\$ 24,513,144
Restricted	140,792	49,274	268,840
Unrestricted	12,497,312	14,094,336	16,778,004
Total Governmental Activities Net Assets	\$ 20,785,211	\$ 36,465,670	\$ 41,559,988

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

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

TABLE 2

	Fiscal Year		
	2004	2005	2006
EXPENSES			
<i>Governmental Activities:</i>			
General Government	\$ 8,131,328	\$ 8,979,348	\$ 9,923,683
Public Safety	10,640,424	11,503,670	13,227,482
Public Transportation	4,524,406	3,753,443	3,934,746
Social Services	6,025,349	6,544,199	6,709,576
Capital Outlay	73,570	57,001	226,969
Interest on Long-Term Debt	678,162	642,361	549,682
<i>Total Governmental Activities Expenses</i>	<u>\$ 30,073,239</u>	<u>\$ 31,480,022</u>	<u>\$ 34,572,138</u>
PROGRAM REVENUES			
<i>Governmental Activities:</i>			
Charges for Service:			
General Government	\$ 3,346,519	\$ 3,327,476	\$ 4,147,774
Public Safety	3,089,937	2,976,254	4,404,129
Public Transportation	580,148	477,021	464,452
Social Services	523,526	568,213	326,910
Operating Grants and Contributions	2,021,487	2,272,175	2,562,884
Capital Grants and Contributions	156,732	330,037	45,924
<i>Total Governmental Activities Program Revenues</i>	<u>\$ 9,718,349</u>	<u>\$ 9,951,176</u>	<u>\$ 11,952,073</u>

GUADALUPE COUNTY, TEXAS
 CHANGES IN NET ASSETS (CONTINUED)
 LAST THREE FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

TABLE 2 (Continued)

	Fiscal Year		
	2004	2005	2006
NET (EXPENSES) REVENUE			
Governmental Activities	\$ (20,354,890)	\$ (21,528,846)	\$ (22,620,065)
Total Primary Government Net Expenses	<u>\$ (20,354,890)</u>	<u>\$ (21,528,846)</u>	<u>\$ (22,620,065)</u>
GOVERNMENTAL REVENUES AND OTHER CHANGES IN NET ASSETS			
<i>Governmental Activities:</i>			
Taxes			
Property Taxes	\$ 19,235,320	\$ 20,624,494	\$ 22,471,764
Sales Taxes	3,232,326	3,634,415	4,092,473
Other Taxes	66,857	70,768	87,224
Interest and Investment Earnings	167,814	440,656	916,132
Miscellaneous	36,102	26,690	53,279
Special Item - Gain (Loss) on Disposal of Capital Assets	(915,189)	39,597	93,511
<i>Total Governmental Activities</i>	<u>21,823,230</u>	<u>24,836,620</u>	<u>27,714,383</u>
CHANGE IN NET ASSETS			
Government Activities	\$ 1,468,340	\$ 3,307,774	\$ 5,094,318
Total Primary Government	<u>\$ 1,468,340</u>	<u>\$ 3,307,774</u>	<u>\$ 5,094,318</u>

GUADALUPE COUNTY, TEXAS
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST THREE FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

TABLE 3

	Fiscal Year		
	2004	2005	2006
<i>General Fund:</i>			
Reserved	\$ 360,903	\$ 317,035	\$ 326,353
Unreserved	6,414,783	7,000,966	8,021,229
<i>Total General Fund</i>	<u>6,775,686</u>	<u>7,318,001</u>	<u>8,347,582</u>
<i>All Other Governmental Funds:</i>			
Unreserved Reported in:			
Road and Bridge	960,528	537,559	677,339
Debt Service	140,792	49,274	173,107
Capital Projects Fund	406,330	425,854	904,592
Other NonMajor	2,007,377	2,537,213	3,111,804
Reserved Reported in:			
Road and Bridge	100,448	84,761	105,976
Other NonMajor	12,537	13,029	23,326
<i>Total Other Governmental Funds</i>	<u>3,628,012</u>	<u>3,647,690</u>	<u>4,996,144</u>
TOTAL ALL GOVERNMENTAL FUNDS	<u>\$ 10,403,698</u>	<u>\$ 10,965,691</u>	<u>\$ 13,343,726</u>

GUADALUPE COUNTY, TEXAS
 CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
 LAST THREE FISCAL YEARS

TABLE 4

	Fiscal Year		
	2004	2005	2006
REVENUES			
Taxes	\$ 22,455,124	\$ 24,215,575	\$ 26,662,126
Licenses and Permits	337,995	352,351	436,360
Intergovernmental	2,177,821	2,397,315	2,564,490
Charges for Services	5,213,198	4,582,392	6,811,799
Fines and Forfeits	1,609,128	1,525,235	1,408,682
Miscellaneous	568,696	1,557,121	1,509,821
TOTAL REVENUES	32,361,962	34,629,989	39,393,278
EXPENDITURES			
Current:			
General Government	7,968,486	8,678,173	9,430,748
Public Safety	9,716,968	11,112,542	11,837,489
Public Transportation	4,426,595	4,792,572	5,137,024
Social Services	5,880,613	6,851,945	6,683,940
Conservation	160,592	-	-
Capital Projects/Outlay	848,756	1,381,486	2,665,147
Debt Service:			
Principal	580,000	610,000	755,000
Interest and Other Charges	806,204	641,278	576,292
TOTAL EXPENDITURES	30,388,214	34,067,996	37,085,640
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,973,748	561,993	2,307,638
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	2,008,223	2,247,849	3,945,740
Refunding Bond Issued	-	-	9,495,000
Payment to Bond Escrow	-	-	(9,726,211)
Bond Premium	-	-	301,608
Operating Transfers (Out)	(2,008,223)	(2,247,849)	(3,945,740)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	70,397
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing (Uses)	1,973,748	561,993	2,378,035
Fund Balances at Beginning of Year	8,429,950	10,403,698	10,965,691
Fund Balances at End of Year	\$ 10,403,698	\$ 10,965,691	\$ 13,343,726

GUADALUPE COUNTY, TEXAS
 TAX REVENUES BY SOURCE
 LAST THREE FISCAL YEARS
 (UNAUDITED)

TABLE 5

Year	Property Tax	Sales and Use Tax	Other Tax	Total
2004	\$ 19,155,941	\$ 3,232,326	\$ 66,857	\$ 22,455,124
2005	20,510,392	3,634,415	70,768	24,215,575
2006	22,482,429	4,092,473	87,224	26,662,126

GUADALUPE COUNTY, TEXAS
 ASSESSED VALUE AND OF PROPERTY
 LAST THREE FISCAL YEARS
 (UNAUDITED)

TABLE 6

Fiscal Year	Residential Property	Commercial Property	Industrial Property	All Other	Less Tax-Exempt Property	Total Taxable Assessed Value
2004	\$ 3,341,149,747	\$ 540,927,049	\$ 811,855,573	\$ 1,093,528,761	\$ (68,013,302)	\$ 5,719,447,828
2005	3,708,328,379	604,569,412	841,973,961	1,211,540,420	(77,589,283)	6,288,822,889
2006	4,276,407,896	715,290,536	795,054,840	1,499,119,564	(89,647,194)	7,196,225,642

Source: Guadalupe County Appraisal District

Tax rates are per \$100 of assessed value.

GUADALUPE COUNTY, TEXAS
PROPERTY TAX RATES – ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(UNAUDITED)

Jurisdiction	Fiscal Year				
	1997	1998	1999	2000	2001
	1996 Rate	1997 Rate	1998 Rate	1999 Rate	2000 Rate
Guadalupe County	0.2997	0.3040	0.3192	0.3417	0.3193
Lateral Road	0.0758	0.0730	0.0600	0.0582	0.0630
Cities:					
City of Seguin	0.3967	0.3850	0.3940	0.3964	0.3947
City of Schertz	0.3719	0.3550	0.3544	0.3455	0.3405
City of Cibolo	0.3232	0.3280	0.3520	0.3699	0.3800
City of Marion	0.3940	0.3870	0.3728	0.3542	0.3495
City of Selma	0.4500	0.4500	0.4500	0.4500	0.3900
City of New Braunfels	0.28794	0.29887	0.31312	0.3200	0.3136
City of San Marcos	0.4400	0.4350	0.4350	0.4610	0.4610
School Districts:					
Schertz-UC ISD	1.4089	1.4300	1.6923	1.4945	1.6267
Marion ISD	1.3994	1.3990	1.4794	1.5062	1.5450
Seguin ISD	1.5403	1.5400	1.6400	1.6400	1.6400
Navarro ISD	1.3800	1.4300	1.6184	1.6140	1.5874
Comal ISD	1.6400	1.7300	1.76838	1.8800	1.8500
Luling ISD	1.1100	1.1100	1.16000	1.1100	1.1100
La Vernia ISD	1.3968	1.3500	1.43000	1.4300	1.4300
New Braunfels ISD	1.5075	1.6500	1.64000	1.7680	1.9210
Nixon-Smilely CISD	1.1550	1.2200	1.22000	1.2400	1.2900
Prairie Lea ISD	1.3680	1.3402	1.34410	1.3483	1.3483
San Marcos CISD	1.3880	1.5500	1.55000	1.4438	1.4952
Guadalupe County MUD#1	-	0.5350	0.5906	0.5675	0.5675
Guadalupe County MUD#2	1.2219	1.2140	1.4200	1.2187	1.2117
York Creek Water	0.0043	0.0040	0.0037	0.0037	0.0033

TABLE 7

Fiscal Year				
2002	2003	2004	2005	2006
2001 Rate	2002 Rate	2003 Rate	2004 Rate	2005 Rate
0.3499	0.3668	0.3654	0.3530	0.3531
0.0420	0.0463	0.0477	0.0500	0.0500
0.3891	0.4007	0.3976	0.4021	0.4326
0.3826	0.3825	0.3825	0.3760	0.3977
0.3573	0.3215	0.2895	0.2695	0.3178
0.3495	0.3795	0.3791	0.3856	0.3900
0.3900	0.3700	0.3490	0.3199	0.3193
0.3136	0.3185	0.3711	0.448329	0.425614
0.4710	0.4710	0.4710	0.4710	0.4702
1.7100	1.7300	1.7800	1.7400	1.7200
1.1544	1.7800	1.7800	1.7679	1.6905
1.6400	1.6850	1.6850	1.6944	1.6890
1.6545	1.6380	1.6203	1.8551	1.8800
1.8500	1.8000	1.8300	1.8200	1.8200
1.1500	1.2395	1.2700	1.3050	1.3450
1.4620	1.5932	1.5900	1.7100	1.6900
1.9210	1.8550	1.8550	1.8200	1.8200
1.2790	1.3000	1.3000	1.3332	1.3332
1.3448	1.3485	1.4148	1.4148	1.2000
1.4296	1.6000	1.6000	1.7300	1.8300
0.4300				
1.1711				
0.0033	0.0033	0.0033	0.0034	0.0034

GUADALUPE COUNTY, TEXAS
 PRINCIPAL TAXPAYERS
 CURRENT YEAR AND EIGHT YEARS AGO
 (UNAUDITED)

TABLE 8

	2006			1998		
	Rank	Assessed Taxable Valuation (\$1,000)	% of total assessed valuation	Rank	Assessed Taxable Valuation (\$1,000)	% of total assessed valuation
Structural Metals, Inc	1	\$ 70,353	1.21%	2	\$ 47,573	2.07%
Guadalupe Power Partners	2	56,593	0.97%			
Rio Nogales Power Project	3	56,231	0.96%			
Motorola	4	46,399	0.79%	1	80,731	3.51%
Vintage Petroleum, Inc	5	42,004	0.72%	5	15,505	0.67%
San Antonio MTA LP	6	40,192	0.69%			
LCRA Transmission Services Corp	7	32,023	0.55%			
Southwestern Bell	8	30,366	0.52%	3	31,043	1.35%
San Filippi John & Son, Inc	9	28,933	0.50%			
Wal-Mart Store #901	10	22,157	0.38%	8	12,199	0.53%
Guadalupe Valley Electric Co				7	12,771	0.56%
Hexcel Corp				4	16,967	0.74%
Sprint Spectrum LP						
AT&T Communications				10	8,250	0.36%
H.E. Butt Grocery Store				6	14,473	0.63%
Teco Pipeline Co.				9	10,333	0.45%
		\$ 425,251	7.29%		\$ 249,845	10.87%

GUADALUPE COUNTY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST THREE FISCAL YEARS
(UNAUDITED)

TABLE 9

Fiscal Year Ended <u>September 30,</u>	Taxes Levied For The Fiscal Year	Collections Within Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		<u>Amount</u>	<u>% of Levy</u>		<u>Amount</u>	<u>% of Levy</u>
2004	\$ 17,270,475	\$ 16,756,882	97.0%	\$ 312,697	\$ 17,069,579	98.8%
2005	18,616,842	18,024,097	96.8%	280,956	18,305,053	98.3%
2006	20,428,930	19,898,422	97.4%	-	19,898,422	97.4%

GUADALUPE COUNTY, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST THREE FISCAL YEARS
(UNAUDITED)

TABLE 10

Fiscal Year	Governmental Activities		Total Primary Government	Actual Taxable Value of Property	Percentage of Taxable Value of Property	Per* Capita
	General Obligation Bonds	Certificates of Obligation				
2004	\$ 345,000	\$ 13,020,000	\$ 13,365,000	\$ 5,719,447,828	0.2%	127.19
2005	75,000	12,680,000	12,755,000	6,288,822,889	0.2%	121.67
2006	9,385,000	2,935,000	12,320,000	7,196,225,642	0.2%	125.42

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

** Population data can be found on page 91.*

GUADALUPE COUNTY, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST THREE FISCAL YEARS
(UNAUDITED)

TABLE 11

Fiscal Year	General Bonded Debt		Less Available in Debt Service Funds	Total	Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Certificates of Obligation					
2004	\$ 345,000	\$ 13,020,000	\$ (140,792)	\$ 13,224,208	\$ 5,719,447,828	0.23%	\$ 125.85
2005	75,000	12,680,000	(49,274)	12,705,726	6,288,822,889	0.20%	121.02
2006	9,385,000	2,935,000	(173,107)	12,146,893	7,196,225,642	0.17%	123.66

Note: Details about the County's outstanding debt can be found in the notes to the financial statements.

GUADALUPE COUNTY, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2006
(UNAUDITED)

TABLE 12

Taxing Body	Net Debt		% Overlapping	Amount Overlapping
	Amount	As of		
Cibolo Creek MA	-	02/28/07	**	-
Cibolo, City of	\$ 5,010,000	02/28/07	100.00	\$ 5,010,000
Comal ISD	338,988,439	01/01/07	4.91	16,644,332
La Vernia ISD	17,668,344	08/31/06	11.58	2,045,994
Luling ISD	4,693,566	08/31/06	14.94	701,219
Marion ISD	4,345,000	02/28/07	100.00	4,345,000
Marion, City of	245,000	02/28/07	100.00	245,000
Navarro ISD	26,166,066	02/28/07	100.00	26,166,067
New Braunfels ISD	101,691,682	12/01/06	17.37	17,663,845
New Braunfels, City of	25,426,620	09/30/06	9.64	2,451,126
Nixon-Smilely CISD	1,390,000	02/28/07	2.65	36,835
Prairie Lea ISD	-	02/28/07	28.47	-
San Marcos CISD	124,434,958	02/28/07	20.73	25,795,367
Schertz, City of	28,869,534	09/30/05	85.17	24,588,182
Schertz-Cibolo-Universal ISD	208,591,412	09/01/06	73.10	152,480,322
Seguin ISD	42,364,858	02/28/07	100.00	42,364,858
Seguin, City of	24,990,148	09/30/06	100.00	24,990,148
Selma, City of	\$ 2,436,830	10/31/05	28.69	<u>699,127</u>
Total Net Overlapping Debt: .				346,227,422
Guadalupe County		09/30/06		<u>12,320,000</u>
Total Direct and Overlapping Debt:				<u>\$ 358,547,422</u>
Total Direct and Overlapping Debt % of A.V.:				6.68%
Total Direct and Overlapping Debt % of Capita:				\$ 463

GUADALUPE COUNTY, TEXAS
 COMPUTATION OF LEGAL DEBT MARGIN
 SEPTEMBER 30, 2006
 (UNAUDITED)

TABLE 13

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed Value	\$ 7,196,255,642
* Debt limit (10% of assessed value)	719,625,564
Outstanding Debt ^[1]	11,870,000
Less amount set aside for repayment of general obligation debt	(173,107)
Total net debt applicable to limit	11,696,893
Economic Debt Margin	\$ 707,928,671

	Fiscal Year		
	2004	2005	2006
Debt Limit	\$ 571,944,783	\$ 628,882,289	\$ 719,625,564
Total Net Debt Applicable to Limit	(12,879,208)	(12,705,726)	(11,696,893)
Economic Debt Margin	\$ 559,065,575	\$ 616,176,563	\$ 707,928,671

^[1] Texas does not have a legal debt margin for counties. The only limit on taxation is \$2.50 per \$100 of assessed value. Good financial integrity calls for 10% of assessed value to be used for debt limit.

GUADALUPE COUNTY, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST SEVEN FISCAL YEARS
 (UNAUDITED)

TABLE 14

Year	Population	Per Capita Personal Income ¹	Unemployment Rate ²
2006	105,077	\$ 26,584 *	4.4%
2005	104,831	26,584 *	4.4%
2004	98,227	26,584	4.7%
2003	97,221	25,365	5.2%
2002	93,528	24,678	5.2%
2001	92,303	23,532	3.8%
2000	89,023	23,100	3.4%

*Based on 2004 figures from the Bureau of Economic Analysis, U.S. Department of Commerce

¹Personal Income provided by the Bureau of Economic Analysis, U.S. Department of Commerce

²Unemployment rate is provided by the Texas Workforce Commission

³School enrollment and median age are not provided.

GUADALUPE COUNTY, TEXAS
 PRINCIPAL EMPLOYERS
 CURRENT YEAR
 (UNAUDITED)

TABLE 15

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Continental AG (Motorola)	1,500	1	2.94%
Schertz-Cibolo-Universal City ISD	1,400	2	2.74%
Seguin Independent School District	1,259	3	2.46%
Guadalupe Regional Medical Center	867	4	1.70%
Commercial Metals Company (SMI)	840	5	1.64%
Guadalupe County	708	6	1.47%
Tyson Foods, Inc.	650	7	1.27%
HEB Food Stores	428	8	0.82%
Wal-Mart Supercenter	408	9	0.80%
City of Seguin	330	10	0.65%
Texas Lutheran University	300	11	0.59%
Total	8,690		17.08%

Source: Schertz Chamber of Commerce, Seguin Area Chamber of Commerce, Texas Workforce Commission, and US Dept. of Labor.

Note: Comparative information of nine years ago was not available.

GUADALUPE COUNTY, TEXAS
 OPERATING INDICATORS BY FUNCTION
 CAPITAL ASSETS
 LAST THREE FISCAL YEARS
 (UNAUDITED)

TABLE 16

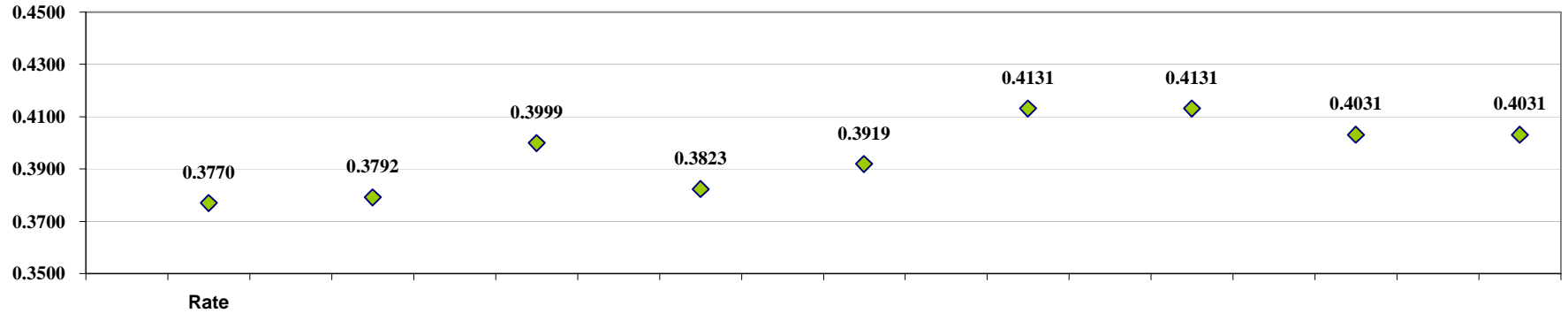
Function	Fiscal Year		
	2004	2005	2006
<i>General Government</i>			
Land	\$ 205,822	\$ 205,822	\$ 205,822
Buildings	4,844,010	4,844,010	4,844,010
Equipment	1,094,480	1,349,080	1,454,725
Vehicles	82,276	35,318	25,754
<i>General Government Total</i>	<u>6,226,588</u>	<u>6,434,230</u>	<u>6,530,311</u>
<i>Public Safety</i>			
Land	784,484	784,484	784,484
Buildings	19,940,536	19,940,536	20,355,469
Equipment	705,160	811,070	958,616
Vehicles	1,762,974	1,888,407	2,279,801
<i>Public Safety Total</i>	<u>23,193,154</u>	<u>23,424,497</u>	<u>24,378,370</u>
<i>Public Transportation</i>			
Land	151,060	196,936	196,936
Infrastructure - Roads	11,145,037	12,293,541	13,489,174
Infrastructure - Bridges	1,583,133	1,899,928	1,899,928
Buildings	331,462	331,462	357,913
Equipment			6,424
Heavy Equipment	3,976,556	4,060,356	4,178,396
Vehicles	474,987	507,021	579,491
<i>Public Transportation Total</i>	<u>17,662,235</u>	<u>19,289,244</u>	<u>20,708,262</u>
<i>Social Services</i>			
Land	17,957	17,957	17,957
Buildings	127,420	127,420	176,188
Equipment	12,057	12,057	12,057
Vehicles	100,932	82,332	82,332
<i>Social Services Total</i>	<u>258,366</u>	<u>239,766</u>	<u>288,534</u>
<i>Conservation</i>			
Land	6,500	6,500	6,500
Buildings	348,076	348,076	348,076
Equipment	13,500	13,500	13,500
Vehicles	93,549	93,548	114,866
<i>Conservation Total</i>	<u>461,625</u>	<u>461,624</u>	<u>482,942</u>
<i>Totals</i>			
Land	1,165,823	1,211,699	1,211,699
Infrastructure	12,728,170	14,193,469	15,389,102
Buildings	25,591,504	25,591,504	26,081,656
Equipment	1,825,197	2,185,707	2,445,322
Heavy Equipment	3,976,556	4,060,356	4,178,396
Vehicles	2,514,718	2,606,626	3,082,244
	<u>\$ 47,801,968</u>	<u>\$ 49,849,361</u>	<u>\$ 52,388,419</u>

GUADALUPE COUNTY, TEXAS
TAX RATE CHART
LAST NINE FISCAL YEARS
(UNAUDITED)

TABLE 17

	Rate								
	1997	1998	1999	2000	2001	2002	2003	2004	2005
Maintenance & Operations:	0.3717	0.3872	0.3751	0.3658	0.3910	0.4128	0.4046	0.3927	0.4035
Less: Sales Tax	(0.0809)	(0.0842)	(0.0897)	(0.0845)	(0.0770)	(0.0775)	(0.0677)	(0.0641)	(0.0759)
Total Maintenance & Operations:	<u>0.2908</u>	<u>0.3030</u>	<u>0.2854</u>	<u>0.2813</u>	<u>0.3140</u>	<u>0.3353</u>	<u>0.3369</u>	<u>0.3286</u>	<u>0.3276</u>
Interest & Sinking Rate:	0.0132	0.0162	0.0563	0.0380	0.0359	0.0315	0.0285	0.0245	0.0255
Lateral Road Rate:	<u>0.0730</u>	<u>0.0600</u>	<u>0.0582</u>	<u>0.0630</u>	<u>0.0420</u>	<u>0.0463</u>	<u>0.0477</u>	<u>0.0500</u>	<u>0.0500</u>
Total Guadalupe County Rate:	<u>0.3770</u>	<u>0.3792</u>	<u>0.3999</u>	<u>0.3823</u>	<u>0.3919</u>	<u>0.4131</u>	<u>0.4131</u>	<u>0.4031</u>	<u>0.4031</u>

Total Tax Rate by Year



GUADALUPE COUNTY, TEXAS
INSURANCE AND BOND COVERAGE
FOR THE YEAR ENDED SEPTEMBER 30, 2006

COVERAGE: PROPERTY INSURANCE

Coverage Period May 1, 2006 – May 1, 2007
Policy No. 3584 1783 DAL
Deductible \$5,000 (unless otherwise specified)
Company Chubb Group of Insurance Companies

Limits: Buildings \$28,209
Personal Property \$1,903,000
Business Income with Extra Expense (Road & Bridge) \$2,000,000;
waiting period 48 hours
Valuable Papers (Administration Building) \$315,000; deductible \$1,000

Personal Property – EDP Property \$2,356,371; deductible \$1,000
Communication Equipment \$605,685; deductible \$1,000
Contractor's Equipment \$2,747,994; deductible \$1,000

COVERAGE: GENERAL LIABILITY

Coverage Period May 1, 2006 – May 1, 2007
Coverage Document No. GL 0940 2006 05 01
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
\$300,000
Employee Benefits \$100,000
Medical Payment Per Person \$1,000

COVERAGE: AUTO LIABILITY (county owned, non-owned and hired vehicles)

Coverage Period May 1, 2006 – May 1, 2007
Coverage Document No. AL 0940 2006 05 01
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, 2006 – May 1, 2007
Coverage Document No. PO 0940 2006 05 01
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, 2006

COVERAGE: LAW ENFORCEMENT PROFESSIONAL LIABILITY
 Coverage Period May 1, 2006 – May 1, 2007
 Policy No. LE 0940 2006 05 01
 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, 2006 – January 1, 2009
 Policy No. CCP 1484622 12
 Deductible \$2,500
 Company Fidelity and Deposit Company of Maryland (The F&D Companies)

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, 2006 – July 9, 2007
 Policy No. LFLX 76950
 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, 2006

COVERAGE: FLOOD INSURANCE (307 W. COURT, SEGUIN, TX)
Coverage Period July 9, 2006 – July 9, 2007
Policy No. 99-02025481-2005
Deductible \$5,000
Company Fidelity National Insurance

Limits: Building \$500,000
Contents \$174,200

COVERAGE: EXCESS FLOOD INSURANCE (307 W. COURT, SEGUIN, TX)
Coverage Period July 9, 2006 – July 9, 2007
Certificate No. LF LX 769200
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 – 01/26/07
Gary L. Steel 12/21/05 – 12/21/06
W.C. Kirkendall 01/27/06 – 01/27/07
Linda Z. Jones 03/29/06 – 03/29/07
Deductible \$1,000
Company Texas Lawyers' Insurance Exchange

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

COVERAGE: WORKERS COMPENSATION & EMPLOYERS LIABILITY
Coverage Period February 21, 2006 – February 21, 2007
Policy No. EWC006102
Company Midwest Employers Casualty Company

Specific Retention \$400,000;
Status
Minimum Aggregate Retention \$1,078,549
Aggregate Loss Limitation: 400,000
Aggregate Retention Rate as a % of normal premium 192.80%
Aggregate Limit \$2,000,000

GUADALUPE COUNTY, TEXAS
INSURANCE AND BOND COVERAGE (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2006

COVERAGE: HEALTH INSURANCE PLAN

Coverage Period January 1, 2006 – December 31, 2006
Company Group and Pension Administrators, Inc.

Specific Stop Loss Deductible \$75,000
Specific Lifetime Reimbursement Maximum per covered person: \$925,000
Separate Individual Specific Deducted (1) 200,000, (1) 150,000, (1) 75,000

GUADALUPE COUNTY, TEXAS
SURETY BONDS OF PRINCIPAL OFFICERS
SEPTEMBER 30, 2006

<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
Debra Crow	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, 2006

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	58
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:

Nancy L. Vaughan, CPA
Deborah F. Fraser, 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, 2006, which collectively comprise the County of Guadalupe's basic financial statements and have issued our report thereon dated March 19, 2007. 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 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 19, 2007.

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 19, 2007

SHAREHOLDERS:

Nancy L. Vaughan, CPA
Deborah F. Fraser, CPA
Richard E. Krampe, Jr., CPA



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

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, 2006. 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.

As described in Item B in the accompanying schedule of findings and questioned cost, Guadalupe County did not comply with the requirements regarding reporting for the filing of the final quarter's reimbursement request that was applicable to the Juvenile Accountability Incentive Block Grant. Compliance with such requirements is necessary, in our opinion, for Guadalupe County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2006.

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.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Guadalupe County's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items.

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 noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by 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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable condition, described above, is considered to be a material weakness.

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 script.

Armstrong, Vaughan & Assoc., P.C.

March 19, 2007

GUADALUPE COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
SEPTEMBER 30, 2006

None

GUADALUPE COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

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. A qualified opinion was issued on compliance for major programs.
4. A reportable condition resulting in a material weakness in internal control over major federal award programs was disclosed during the audit.
5. Major programs tested are as follows:

- A) U.S. Department of Justice
 1. Juvenile Accountability Incentive Block Grant

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

The County was not reimbursed \$21,295 from the Juvenile Accountability Incentive Grant due to late filing of quarterly reimbursement request. The final reimbursement for the grant year totaling \$21,295 did not meet the new 30-day filing requirement and reimbursement of the \$21,295 was denied.

The County received a \$257,175 grant from the Juvenile Accountability grant for the time period of August 1, 2005 to August 31, 2006. At the close of the period, only \$129,091 of the total funds available had been expended (this amount includes the \$21,295 not reimbursed by the grantor). Therefore, \$128,084 of the grant funds, awarded were not used during the year. The funding requests were reduced for the future years to \$147,000.

C. Findings and Questioned Costs for Federal Awards

\$21,295

GUADALUPE COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

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		
Emergency Management Performance	97.042	13,615
Traffic Control of Hurricane Rita	None	2,954
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed Through Texas Attorney General		
Title IV-D Child Support Enforcement Program	93.563	81,066
U.S. DEPARTMENT OF JUSTICE		
Passed Through Alamo Area Council of Governments		
Juvenile Accountability Incentive Block Grant	16.523	104,034
Passed Through Texas Office of Governor		
Criminal Justice Division		
Judge Advocate General	16.738	11,528
Passed Through US Bureau of Justice Assistance		
State Criminal Alien Assistance Program	16.606	10,469
Federal Seizure	None	117,641
DEA Salary Reimbursement	None	24,941
Election Assistance Commission Passed Through		
Texas Office of the Secretary of State		
Help America Vote Act Requirements Payments	90.401	132,717
Passed Through TxDot Travis County		
Auto Theft Task Force	None	<u>35,283</u>
TOTAL FEDERAL AWARDS EXPENDED		<u><u>\$ 534,248</u></u>

GUADALUPE COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

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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