

LA SALLE COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2010

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ANNUAL FINANCIAL REPORT
for the Year Ended December 31, 2010

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FINANCIAL SECTION

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Independent Auditor's Report

To the Honorable Judge and Members
Of the Commissioners' Court
La Salle County, Texas
707 Buckley Street
Cotulla, TX 78014

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of La Salle County, Texas as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

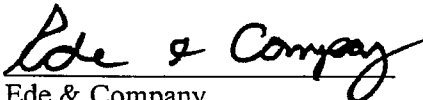
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion. The financial statements of the La Salle County Public Facility Detention Corporation, a component unit of La Salle County, Texas, included in the accompanying basic financial statements, were not audited in accordance with the standards applicable to financial statement audits contained in *Governmental Auditing Standards*.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of La Salle County, Texas as of December 31, 2010 and the respective changes in financial position, results of its operations and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund and the Road and Bridge Fund, and the County Jail Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2012 on our consideration of the County's 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Schedule of Funding Progress for the Retirement Plan, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were performed for the purpose of forming an opinion on the financial statements that collectively comprise La Salle County, Texas's basic financial statements as a whole. The combining and individual no-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of state awards is presented for purposes of additional analysis as required by the Texas Single Audit Circular, and is also not a required part of the basic financial statements. The combining and individual fund statements, and the schedule of expenditures of state awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


Ede & Company
Certified Public Accountants

August 13, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of La Salle County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended December 31, 2010. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The County's total combined net assets were \$6,336,689 at December 31, 2010.
- During the year, the County's income was \$1,440,413 more than the \$7,430,963 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$(155,691).

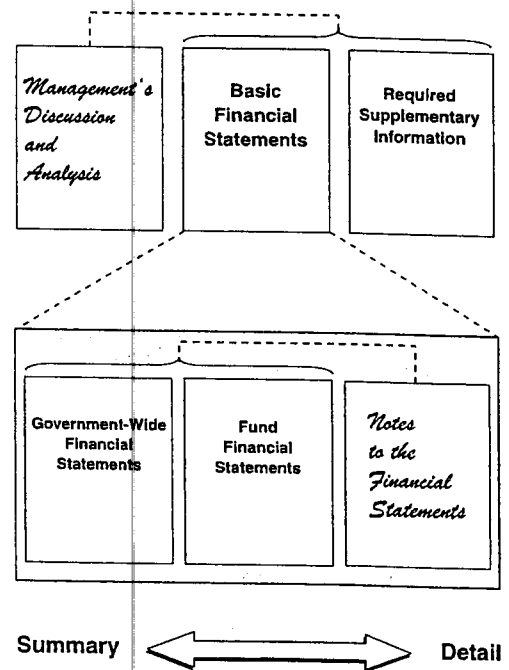
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the County's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the County acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

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

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



Government-wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

Both of these Government-Wide Financial Statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, environmental protection, public transportation, health and welfare, public facilities, legal, elections, financial administration, conservation, capital projects, and culture and recreation. These activities are financed primarily by property taxes.

The County has a discretely-presented component unit (La Salle County Public Facility Detention Corporation). The La Salle County Public Facility Detention Corporation is a nonprofit corporation created under Texas Local Government Code Section 303 on November 6, 2000. On November 7, 2002, the Corporation issued \$21.8 million of high-yield taxable lease revenue bonds to build a 500-bed private prison that would be operated by Emerald Correctional Management near the town of Encinal. The facility was completed in 2004 and started operating in May of that year. In April 2004 the La Salle County Commissioners Court agreed to issue an additional \$5.4 million in bonds to pay off contractors. In September 2010 the Corporation issued \$22.9 million in refunding bonds. All of the 2000 and 2004 bonds were refunded.

Further information regarding this discretely-presented component unit is included in the Summary of Significant Accounting Policies in Note 1 of the Notes to the Financial Statements.

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 groupings of related accounts that the County uses to keep track of specific sources of funding and spending for particular purposes. La Salle County, like other state and local governments, uses funds to show compliance with finance-related legal requirements as well as to control and manage money for other particular purposes. The County has two kinds of funds: governmental and fiduciary.

- **Governmental funds** – Most of the County's basic services are included in governmental funds, which focus on short-term inflows and outflows of available resources and the balances of these resources that are available at the end of the year. Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between government funds and governmental activities.

The County maintains thirty-six individual governmental funds; however, seven road and bridge funds are consolidated for report purposes, resulting in a report total of twenty nine governmental funds. Information is presented separately in the governmental fund statements for the general fund and road and bridge fund (consolidated), County Jail, Courthouse Renovation, and La Salle County Nursing Home, which are considered to be major funds. Individual fund data for non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund, County Jail, Encinal Jail Fund, and Road & Bridge Fund. Budgetary comparison schedules have been provided on pages 27-30 to demonstrate compliance with this budget.

- **Fiduciary funds** – The County is the trustee, or fiduciary, for certain funds. 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 statement of changes in fiduciary net assets, found on page 31. Fiduciary funds are not reflected in the government-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

La Salle County's combined net assets were approximately \$6.3 million at December 31, 2010. By far the largest portion of the County's net assets reflects its investment in capital assets (e.g. land, buildings, machinery, equipment), less accumulated depreciation and any related outstanding debt. An additional portion of the County's net assets (approximately 9.2 %) represent resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the County's ongoing obligations to citizens and creditors.

La Salle County, Texas
Net Assets

	Governmental Activities		Percentage Change 2010-2019
	2010	2009	
Current & Other Assets	\$ 6,410,349	\$ 9,070,714	-29.3%
Capital Assets	9,229,100	5,256,972	75.6%
Total Assets	15,639,449	14,327,686	9.2%
Current Liabilities	3,258,113	1,550,101	110.2%
Long Term Liabilities	6,044,647	7,013,868	-13.8%
Total Liabilities	9,302,760	8,563,969	8.6%
Net Assets			
Invested in Capital Assets, net of related debt	2,759,154	1,166,759	136.5%
Restricted	584,766	136,564	328.2%
Unrestricted	2,992,769	4,460,394	-32.9%
Total net assets	6,336,689	5,763,717	9.9%

A portion of the County's net assets \$0.58 million, represents resources that are subject to external restriction on how they may be used. The remaining balance \$3.0 million of unrestricted net assets may be used to meet the County's ongoing obligation to citizens and creditors in accordance with the County's fund designation and fiscal policies. The overall financial condition of the county remained steady from FY2009 to FY2010.

Governmental Activities – Total revenues for the fiscal year ended December 31, 2010 were \$7.4 million. Approximately 43% of the County's revenue comes from taxes. The graph below shows the sources of revenues for FY2010. Table A-2 shows the changes in Net Assets between FY2009 and FY2010.

Figure A-3 2010 Revenue Sources

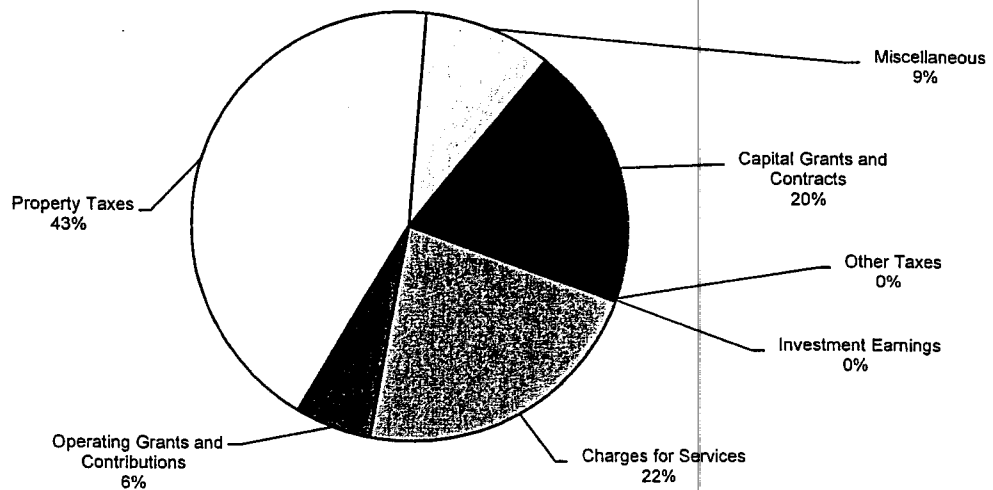


Table A-2
LA SALLE COUNTY, TX
CHANGE IN NET ASSETS

	Governmental Activities		Percentage Change 2010-2009
	2010	2009	
Revenues:			
Program Revenues:			
Charges for Services	\$ 1,658,093	\$ 1,797,976	-7.8%
Operating Grants and Contributions	418,310	435,755	-4.0%
Capital Grants and Contributions	1,452,400	795,919	82.5%
General Revenue			
Property Taxes	3,185,913	2,948,996	8.0%
Other Taxes	3,746	2,244	66.9%
Investment Earnings	18,057	58,934	-69.4%
Other	694,444	230,309	201.5%
Total Revenue	<u>7,430,963</u>	<u>6,270,133</u>	<u>18.5%</u>
Expenses:			
General Administration	681,707	763,864	-10.8%
Judicial	275,125	324,713	-15.3%
Legal	161,267	155,464	3.7%
Financial Administration	479,088	452,065	6.0%
Public Facilities	187,348	211,229	-11.3%
Public Safety	2,027,419	2,802,758	-27.7%
Public Transportation	867,267	990,928	-12.5%
Culture & Recreation	49,061	48,306	1.6%
Health & Welfare	724,800	426,717	69.9%
Conservation- Agriculture	15,167	28,044	-45.9%
Interest and Fiscal Charges	522,301	325,189	60.6%
Total Expense	<u>5,990,550</u>	<u>6,529,277</u>	<u>-8.3%</u>
Increase (Decrease) in Net Assets	1,440,413	(259,144)	-655.8%
Net Assets- Beginning	5,036,647	6,022,861	-16.4%
Prior Period Adjustment	(140,371)	-	-100.0%
Net Assets - Ending	<u>6,336,689</u>	<u>5,763,717</u>	<u>9.9%</u>

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As of the end of the fiscal year, La Salle County's governmental funds reported a combined fund balance of \$866 thousand, a decrease of \$3.0 million in comparison with the prior year. Approximately 24% of this total amount (\$212 thousand) is unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted fund balance of \$654 thousand. The County's ability to spend each of these types of fund balance is more limited than with the unassigned fund balance, and the limitations on spending are discussed more fully in the notes to the financial statements.

The General Fund is the chief operating fund of the County. At the end of the fiscal year, all of the total fund balance is unassigned. As a measure of the fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. At the end of the year the count had a negative unassigned fund balance.

General Fund Budgetary Highlights – The County did not amend the budget at any time during the year. Actual revenues were \$797 thousand less than budgeted amounts. Actual expenses were \$460,641 less the amounts budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2010, the County had invested \$13,417.9 thousand in a broad range of capital assets, including land, equipment, buildings, roads, bridges and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of 47.7 percent over last year.

Table A-4
La Salle County's Capital Assets

	Governmental Activities		Percentage Change 2010-2009
	2010	2009	
Land	\$ 129,193	\$ 129,193	0.0%
Construction in Progress	6,398,621	2,293,461	179.0%
Building and Improvements	3,545,135	3,503,135	1.2%
Machinery & Equipment	3,031,220	2,844,984	6.5%
Infrastructure	313,730	313,730	0.0%
Totals at historical cost	13,417,899	9,084,503	47.7%
Total Accumulated Depreciation	(4,188,799)	(3,827,531)	9.4%
Net Capital Assets	\$ 9,229,100	\$ 5,256,972	75.6%

Additional information about the County's capital assets can be found in Note 6 of this report.

Component Unit – Capital Assets – As of December 31, 2010, The La Salle County Public Facility Detention Corporation (discretely-presented component unit) had invested \$18.9 million in capital assets, including building, improvements, and equipment. Additional information about the Component's Unit capital assets can be found in Note 13.C of this report.

Long Term Debt – At the end of the fiscal year, the County had \$6.8 million of outstanding debt as follows:

La Salle County's Long Term Debt

	Governmental Activities		Percentage Change 2010-2009
	2010	2009	
Certificate of Obligation	\$ 6,402,000	\$ 6,475,000	-1.1%
Capital Lease Payable	280,280	426,099	-34.2%
Notes Payable	80,774	63,055	28.1%
Compensated Absences	72,474	67,115	8.0%
Total	\$ 6,835,528	\$ 7,031,269	-2.8%

More detailed information about the County's long-term liabilities can be found in Note 8 of this report.

Component Unit – Long Term Debt – At December 31, 2010, the La Salle County Public Facility Detention Corporation (discretely- presented component unit) had \$22,960,000 in revenue bonds outstanding.

Additional information about the Component Unit's long term debt can be found in Notes 13.D of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The taxable value used for the FY2011 budget preparation is estimated to be up significantly from FY2010.
- The tax rate established for the FY2011 budget is \$.75, which is the effective rate.
- Inflationary trends in the region are comparable to national indices.

These factors and others were taken into consideration when preparing the General Fund budget for the 2011 fiscal year. Amounts available for appropriation in the FY2011 governmental fund budgets are \$4.46 million, an decrease of 3.4% over the FY2010 budget of \$4.62 million.

Budgeted expenditures are expected to increase to \$4.49 million.

If these estimates are realized, the County's budgetary General Fund balance is expected to remain the same.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of La Salle County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the County Judge's Office, P.O. Box 340, Cotulla, Texas 78014.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LA SALLE COUNTY, TEXAS
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Primary Government	Component Unit
	Governmental Activities	La Salle County Public Facilities Detention Corporation
ASSETS		
Cash and Cash Equivalents	\$ 3,090,561	\$ 4,856,758
Receivable (net of allowances for uncollectible)	2,711,945	-
Bond Issuance Costs	365,581	849,170
Bond Discounts	-	1,377,600
Due from Other Governments	242,262	-
Capital Assets		
Land	129,193	480,990
Buildings (Net)	2,135,480	16,259,919
Machinery and Equipment (Net)	565,807	-
Infrastructure	-	-
Construction in Progress	6,398,620	-
Total Assets	15,639,449	23,824,436
LIABILITIES		
Accounts Payable	\$ 575,620	\$ -
Bank Overdraft	65,850	-
Accrued Wages Payable	51,148	-
Due to Other Governments	122,375	-
Unearned Revenue - Advanced Tax Collections	1,652,240	-
Noncurrent Liabilities:		
Due Within One Year	790,880	300,000
Due in More Than One Year	6,044,647	22,660,000
Total Liabilities	9,302,760	22,960,000
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	2,759,154	(3,992,322)
Restricted for:		
Construction	584,766	-
Debt Service	-	4,821,605
Unrestricted Net Assets	2,992,769	35,153
Total Net Assets	\$ 6,336,689	\$ 864,436

The accompanying notes are an integral part of this statement.

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LA SALLE COUNTY, TEXAS
STATEMENT OF ACTIVITIES
DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
General Administration	\$ 681,707	\$ 53,078	\$ 38,995	\$ -
Judicial	275,125	312,979	-	-
Legal	161,267	5,708	1,912	-
Financial Administration	479,088	90,900	-	-
Public Facilities	187,348	-	-	1,360,511
Public Safety	2,027,419	886,084	165,764	-
Public Transportation	867,267	309,345	26,658	-
Culture and Recreation	49,061	-	-	-
Health and Welfare	724,800	-	184,981	91,889
Conservation - Agriculture	15,167	-	-	-
Interest and Fiscal Charges	522,301	-	-	-
Total primary governmental activities	<u>\$ 5,990,550</u>	<u>\$ 1,658,093</u>	<u>\$ 418,310</u>	<u>\$ 1,452,400</u>
Component Unit:				
La Salle County Public				
Facilities Detention Corporation	\$ 11,724,853	\$ 9,358,955	\$ -	\$ -
	<u>\$ 11,724,853</u>	<u>\$ 9,358,955</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes:

Property Taxes, Levied for General Purposes

Other Taxes

Investment earnings

Miscellaneous Revenue

Total general revenues, and transfers

Change in net assets

Net assets—beginning

Prior Period Adjustment

Net assets—ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Assets

<u>Primary Government</u>	<u>Component Unit</u>
Governmental Activities	La Salle County Public Facilities Detention Corporation
\$ (589,634)	\$ -
37,854	-
(153,648)	-
(388,188)	-
1,173,163	-
(975,572)	-
(531,264)	-
(49,061)	-
(447,930)	-
(15,167)	-
(522,301)	-
<u>\$ (2,461,748)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ (2,365,898)</u>
<u>\$ -</u>	<u>\$ (2,365,898)</u>
3,185,913	-
3,746	-
18,057	437,891
694,444	-
<u>3,902,160</u>	<u>437,891</u>
1,440,413	(1,928,007)
5,036,647	2,792,443
(140,371)	-
<u>\$ 6,336,689</u>	<u>\$ 864,436</u>

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FUND FINANCIAL STATEMENTS

LA SALLE COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	Special Revenue Funds			
	General Fund	Road and Bridge Funds	County Jail Fund	Encinal Jail
ASSETS				
Cash and Cash Equivalents	\$ 1,432,027	\$ 366,938	\$ 47,462	\$ 152,174
Taxes Receivable	2,320,351	468,801	-	-
Allowance for Uncollectible Taxes (Credit)	(64,230)	(12,977)	-	-
Receivables (Net)	-	-	-	-
Due from Other Governments	-	-	126,831	-
Due from Other Funds	1,335,609	39,045	-	915,977
Total Assets	<u>\$ 5,023,757</u>	<u>\$ 861,807</u>	<u>\$ 174,293</u>	<u>\$ 1,068,151</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 259,960	\$ 10,404	\$ 6,116	\$ 1,838
Accrued Wages Payable	30,338	9,012	3,460	-
Bank Overdraft	-	25,283	-	-
Due to Other Funds	1,162,170	147,527	866,785	85,012
Due to Other Governments	110,727	-	-	-
Deferred Revenue	3,616,253	730,623	-	-
Total Liabilities	<u>5,179,448</u>	<u>922,849</u>	<u>876,360</u>	<u>86,850</u>
Fund Balances:				
Restricted For:				
Construction	-	-	-	-
Law Enforcement	-	-	-	-
Unassigned	(155,691)	(61,042)	(702,068)	981,301
Total Fund Balances	<u>(155,691)</u>	<u>(61,042)</u>	<u>(702,068)</u>	<u>981,301</u>
Total Liabilities and Fund Balances	<u>\$ 5,023,757</u>	<u>\$ 861,807</u>	<u>\$ 174,293</u>	<u>\$ 1,068,151</u>

The accompanying notes are an integral part of this statement.

Capital Projects Funds			
Courthouse Renovation	Nursing Home Construction	Nonmajor Governmental Funds	Total Governmental Funds
\$ 482,736	\$ 313,948	\$ 295,277	\$ 3,090,561
-	-	-	2,789,152
-	-	-	(77,207)
-	-	-	-
-	-	115,431	242,262
-	201,237	341,714	2,833,581
<u>\$ 482,736</u>	<u>\$ 515,185</u>	<u>\$ 752,421</u>	<u>\$ 8,878,349</u>
\$ 223,958	\$ 18,688	\$ 54,657	\$ 575,620
-	5,326	3,012	51,148
-	-	40,567	65,850
157,770	-	414,317	2,833,581
-	-	11,647	122,375
-	-	17,309	4,364,185
<u>381,728</u>	<u>24,014</u>	<u>541,510</u>	<u>8,012,759</u>
101,008	491,171	(7,413)	584,766
-	-	68,948	68,948
-	-	149,375	211,876
<u>101,008</u>	<u>491,171</u>	<u>210,911</u>	<u>865,590</u>
<u>\$ 482,736</u>	<u>\$ 515,185</u>	<u>\$ 752,421</u>	<u>\$ 8,878,349</u>

LA SALLE COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

Total Fund Balances - Governmental Funds \$ 865,590

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$9,084,501 and accumulate depreciation was \$3,827,530. In addition, long-term liabilities including bonds payable are not due and payable in the current period, and therefore are not reported as liabilities in the funds. The long-term debt was \$6,788,601. The net effect of including the beginning balances for the capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net assets. (1,531,630)

Current year capital outlays and long-term debt principal payments are expended in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2010 capital outlays and debt principal payments is to increase net assets. 4,652,052

The 2010 depreciation expense increased accumulate Depreciation. The net effect on the current year's depreciation is to decrease net assets. (361,268)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets. 2,711,945

Net Assets of Governmental Activities \$ 6,336,689

The accompanying notes are an integral part of this statement.

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LA SALLE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010

	Special Revenue Funds		
	General Fund	Road and Bridge Funds	County Jail Fund
REVENUES:			
Taxes			
Property Taxes	\$ 2,580,200	\$ 524,132	\$ -
Other Taxes	3,746	-	-
Intergovernmental	109,438	26,658	59,965
Licenses & Permits	-	255,503	-
Charges for services	433,530	5,820	-
Fines & Forfeitures	671,719	32,022	-
Interest	3,993	257	-
Miscellaneous	19,264	7,637	-
Total Revenue	<u>3,821,889</u>	<u>852,029</u>	<u>59,965</u>
EXPENDITURES:			
Current:			
General Administration	646,178	-	-
Judicial	264,602	-	-
Legal	160,209	-	-
Financial Administration	474,378	-	-
Public Facilities	203,809	-	-
Public Safety	1,107,078	-	560,335
Public Transportation	-	687,139	-
Culture and Recreation	30,000	-	-
Health and Welfare	162,022	-	-
Conservation - Agriculture	14,779	-	-
Debt Service:			
Debt Service - Principal on long-term debt	67,462	177,346	115,000
Debt Service - Interest on long-term debt	175,583	22,732	74,704
Capital Outlay:			
Facilities Acquisition and Construction	-	-	-
Total Expenditures	<u>3,306,101</u>	<u>887,217</u>	<u>750,039</u>
Excess (Deficiency) Revenues Over Expenditures	<u>515,788</u>	<u>(35,188)</u>	<u>(690,074)</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	-	65,067	590,163
Operating Transfers Out	(944,826)	(55,067)	-
Certificates of Obligation Issued	6,182,259	-	-
Payment to bond refunding escrow agent	(5,991,035)	-	-
Total Other Financing Sources (Uses)	<u>(753,602)</u>	<u>10,000</u>	<u>590,163</u>
Net Change in Fund Balances	(237,814)	(25,188)	(99,911)
Fund Balance - January 1 (Beginning)	141,562	(35,854)	(602,157)
Prior Period Adjustment	(59,439)	-	-
Fund Balance - December 31 (Ending)	<u>\$ (155,691)</u>	<u>\$ (61,042)</u>	<u>\$ (702,068)</u>

The accompanying notes are an integral part of this statement.

Encinal Jail	Capital Projects Funds		Nonmajor Governmental Funds	Total Governmental Funds
	Courthouse Renovation	Nursing Home Construction		
\$ -	\$ -	\$ -	\$ 14,000	\$ 3,118,332
-	-	-	-	3,746
-	1,198,586	100,000	567,287	2,061,935
-	-	-	16,000	271,503
610,757	-	-	194,049	1,244,156
-	-	-	-	703,741
-	362	13,016	429	18,057
-	-	-	6,901	33,802
<u>610,757</u>	<u>1,198,948</u>	<u>113,016</u>	<u>798,666</u>	<u>7,455,271</u>
-	-	-	28,184	674,362
-	-	-	11,922	276,524
-	-	-	-	160,209
-	-	-	-	474,378
-	-	-	16,550	220,359
116,510	-	-	288,204	2,072,128
-	-	-	-	687,139
-	-	-	12,466	42,466
-	-	109,074	528,308	799,405
-	-	-	-	14,779
-	-	215,551	-	575,359
-	-	221,161	-	494,180
-	1,302,374	2,738,148	64,638	4,105,160
<u>116,510</u>	<u>1,302,374</u>	<u>3,283,935</u>	<u>950,271</u>	<u>10,596,447</u>
<u>494,247</u>	<u>(103,426)</u>	<u>(3,170,918)</u>	<u>(151,605)</u>	<u>(3,141,176)</u>
-	-	300,764	161,900	1,117,893
-	-	-	(118,000)	(1,117,893)
-	-	32,000	-	6,214,259
-	-	-	-	(5,991,035)
-	-	332,764	43,900	223,224
494,247	(103,426)	(2,838,155)	(107,705)	(2,917,953)
487,054	204,434	3,329,326	411,792	3,936,158
-	-	-	(93,176)	(152,615)
<u>\$ 981,301</u>	<u>\$ 101,008</u>	<u>\$ 491,171</u>	<u>\$ 210,911</u>	<u>\$ 865,590</u>

LA SALLE COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
 REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2010

Total Net Change in Fund Balances - Governmental Funds	\$ (2,917,953)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2010 capital outlays and debt principal payments is to increase net assets.	4,652,052
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect on the current year's depreciation is to decrease net assets.	(361,268)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.	67,582
 Change in Net Assets of Governmental Activities	 <u><u>\$ 1,440,413</u></u>

The accompanying notes are an integral part of this statement.

LA SALLE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Taxes				
Property Taxes	\$ 2,767,861	\$ 2,767,861	\$ 2,580,200	\$ (187,661)
Other Taxes	2,000	2,000	3,746	1,746
Intergovernmental	114,440	114,440	109,438	(5,002)
Licenses & Permits	-	-	-	-
Charges for services	963,250	963,250	433,530	(529,720)
Fines & Forfeitures	763,900	763,900	671,719	(92,181)
Interest	5,100	5,100	3,993	(1,108)
Miscellaneous	3,000	3,000	19,264	16,264
Total Revenue	<u>4,619,551</u>	<u>4,619,551</u>	<u>3,821,889</u>	<u>(797,662)</u>
EXPENDITURES:				
Current:				
General Administration	709,314	709,314	646,178	63,136
Judicial	284,989	284,989	264,602	20,387
Legal	144,567	144,567	160,209	(15,642)
Financial Administration	449,433	449,433	474,378	(24,945)
Public Facilities	134,234	134,234	203,809	(69,575)
Public Safety	1,123,158	1,123,158	1,107,078	16,080
Culture and Recreation	30,000	30,000	30,000	-
Health and Welfare	171,749	171,749	162,022	9,727
Conservation - Agriculture	27,795	27,795	14,779	13,016
Debt Service:				
Debt Service - Principal on long-term debt	567,883	567,883	67,462	500,421
Debt Service - Interest on long-term debt	-	-	175,583	(175,583)
Total Expenditures	<u>3,643,122</u>	<u>3,643,122</u>	<u>3,306,101</u>	<u>337,021</u>
Excess (Deficiency) Revenues Over Expenditures	<u>976,429</u>	<u>976,429</u>	<u>515,788</u>	<u>(460,641)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	(1,120,999)	(1,120,999)	(944,826)	176,173
Certificates of Obligation Issued	-	-	6,182,259	6,182,259
Payment to bond refunding escrow agent	-	-	(5,991,035)	(5,991,035)
Total Other Financing Sources (Uses)	<u>(1,120,999)</u>	<u>(1,120,999)</u>	<u>(753,602)</u>	<u>367,397</u>
Net Change in Fund Balances	(144,570)	(144,570)	(237,814)	(93,244)
Fund Balance - January 1 (Beginning)	141,562	141,562	141,562	-
Prior Period Adjustment	-	-	(59,439)	(59,439)
Fund Balance - August 31 (Ending)	<u>\$ (3,008)</u>	<u>\$ (3,008)</u>	<u>\$ (155,691)</u>	<u>\$ (152,683)</u>

The accompanying notes are an integral part of this statement.

LA SALLE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD & BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes				
Property Taxes	\$ 527,553	\$ 527,553	\$ 524,132	\$ (3,421)
Intergovernmental	-	-	26,658	26,658
Licenses & Permits	200,000	200,000	255,503	55,503
Charges for services	1,500	1,500	5,820	4,320
Fines & Forfeitures	46,100	46,100	32,022	(14,078)
Interest	410	410	257	(153)
Miscellaneous	213,873	213,873	7,637	(206,236)
Total Revenue	<u>989,436</u>	<u>989,436</u>	<u>852,029</u>	<u>(137,407)</u>
EXPENDITURES:				
Current:				
Public Transportation	978,888	978,888	687,139	291,749
Debt Service:				
Debt Service - Principal on long-term debt	10,000	10,000	177,346	(167,346)
Debt Service - Interest on long-term debt	-	-	22,732	(22,732)
Total Expenditures	<u>988,888</u>	<u>988,888</u>	<u>887,217</u>	<u>101,671</u>
Excess (Deficiency) Revenues Over Expenditures	<u>548</u>	<u>548</u>	<u>(35,188)</u>	<u>(35,736)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	74,720	74,720	65,067	(9,653)
Operating Transfers Out	<u>(75,268)</u>	<u>(75,268)</u>	<u>(55,067)</u>	<u>20,201</u>
Total Other Financing Sources (Uses)	<u>(548)</u>	<u>(548)</u>	<u>10,000</u>	<u>10,548</u>
Net Change in Fund Balances	-	-	(25,188)	(25,188)
Fund Balance - January 1 (Beginning)	<u>(35,854)</u>	<u>(35,854)</u>	<u>(35,854)</u>	-
Fund Balance - August 31 (Ending)	<u>\$ (35,854)</u>	<u>\$ (35,854)</u>	<u>\$ (61,042)</u>	<u>\$ (25,188)</u>

The accompanying notes are an integral part of this statement.

LA SALLE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - COUNTY JAIL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 100,932	\$ 100,932	\$ 59,965	\$ (40,967)
Total Revenue	<u>100,932</u>	<u>100,932</u>	<u>59,965</u>	<u>(40,967)</u>
EXPENDITURES:				
Current:				
Public Safety	553,793	553,793	560,335	(6,542)
Debt Service:				
Debt Service - Principal on long-term debt	192,000	192,000	115,000	77,000
Debt Service - Interest on long-term debt	-	-	74,704	(74,704)
Total Expenditures	<u>745,793</u>	<u>745,793</u>	<u>750,039</u>	<u>(4,246)</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(644,861)</u>	<u>(644,861)</u>	<u>(690,074)</u>	<u>(45,213)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	644,861	644,861	590,163	(54,698)
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>644,861</u>	<u>644,861</u>	<u>590,163</u>	<u>(54,698)</u>
Net Change in Fund Balances	-	-	(99,911)	(99,911)
Fund Balance - January 1 (Beginning)	<u>(602,157)</u>	<u>(602,157)</u>	<u>(602,157)</u>	<u>-</u>
Fund Balance - August 31 (Ending)	<u>\$ (602,157)</u>	<u>\$ (602,157)</u>	<u>\$ (702,068)</u>	<u>\$ (99,911)</u>

The accompanying notes are an integral part of this statement.

LA SALLE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ENCINAL JAIL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 530,500	\$ 530,500	\$ 610,757	\$ 80,257
Total Revenue	<u>530,500</u>	<u>530,500</u>	<u>610,757</u>	<u>80,257</u>
EXPENDITURES:				
Current:				
Public Safety	120,500	120,500	116,510	3,990
Total Expenditures	<u>120,500</u>	<u>120,500</u>	<u>116,510</u>	<u>3,990</u>
Excess (Deficiency) Revenues Over Expenditures	<u>410,000</u>	<u>410,000</u>	<u>494,247</u>	<u>84,247</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	(410,000)	(410,000)	-	410,000
Total Other Financing Sources (Uses)	<u>(410,000)</u>	<u>(410,000)</u>	<u>-</u>	<u>410,000</u>
Net Change in Fund Balances	-	-	494,247	494,247
Fund Balance - January 1 (Beginning)	<u>487,054</u>	<u>487,054</u>	<u>487,054</u>	-
Fund Balance - August 31 (Ending)	<u>\$ 487,054</u>	<u>\$ 487,054</u>	<u>\$ 981,301</u>	<u>\$ 494,247</u>

The accompanying notes are an integral part of this statement.

LA SALLE COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2010

	Agency Funds
<hr/>	
ASSETS:	
Cash & Cash Equivalents	\$ 499,348
Total Assets	<u>\$ 499,348</u>
LIABILITIES:	
Due to Others	\$ 499,348
Total Liabilities	<u>\$ 499,348</u>

The accompanying notes are an integral part of this statement.

LA SALLE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The authority of county governments and their specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution and V.A.C.S. La Salle County (the County) operates under a county judge/commissioners court type of government as provided by state statute. The financial and reporting policies of the County conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), which includes all statements and interpretations of the National Council on Governmental Accounting unless modified by the GASB, and those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*.

A. Reporting Entity

The Commissioners' Court has governance responsibilities over all activities related to La Salle County, Texas. The County receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the County is not included in any other governmental "reporting entity" as defined by Governmental Accounting Standards Board ("GASB"), Statement No. 14, "The Financial Reporting Entity", since County Commissioners and the County Judge are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. There are no separate organizations for which the County is financially accountable. There are no separate organizations for which the nature and significance of their relationship with the County are such that exclusion would cause La Salle County's financial statements to be misleading or incomplete.

The County provides the following services to its citizens: public safety (law enforcement and detention, fire and ambulance), public transportation (roads and bridges), health and welfare (pauper care, health clinic facilities, meals for the elderly and indigent health care), culture and recreation facilities, conservation, public facilities, judicial and legal, election functions, and general and financial administrative services.

Discretely Presented Component Unit

La Salle County Public Facility Detention Corporation

La Salle County Public Facility Detention Corporation (the "Corporation") has been included in the reporting entity as a discretely presented component unit. The Corporation was created by the County in November 2000 under the Texas Development Corporation Act of 1979 for the purpose of promoting, assisting, and enhancing economic and development activities on behalf of the County. The Board of Directors is appointed by and serves at the discretion of the Commissioners Court of the County. The operations of the Corporation are presented in the Government Wide Financial Statements. Additional information regarding this component unit is presented in Note 13.

B. Government-wide and fund financial statements

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the La Salle County nonfiduciary activities with most of the interfund activities removed. Interfund services provided and used are not eliminated in the process of consolidation. *Governmental Activities* include programs supported primarily by taxes, fines and fees, grants and other intergovernmental revenues.

LA SALLE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

All interfund transactions between governmental funds are eliminated on the government-wide statements.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories – governmental, and fiduciary. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund financial statements. Fiduciary funds also utilize the accrual basis of accounting; however, the economic resources measurement focus is not applicable to agency funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual – that is, when they become both *measurable* and *available*. Available means collectible within the current period or expected to be collected within 60 days after year-end to be used to pay liabilities of the current period. Expenditures are generally recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are susceptible to accrual and have been recognized as revenues of the current fiscal period. Licenses and permits, fines and forfeits, and miscellaneous revenues are recorded as revenues when received because they are generally not measurable and available until cash is received by the government. Investment earnings are recorded on the accrual basis in all funds.

LA SALLE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Intergovernmental revenues are recorded on a basis applicable to the legal and contractual requirements of the individual grant programs. If funds must be expended on the specific purpose or project before any amounts will be paid to the county, revenues are recognized as the expenditures or expenses recorded. If funds are virtually unrestricted and irrevocable, except for failure to comply with required compliance requirements, revenues are recognized when received or susceptible to accrual. Federal and State grants awarded on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

The County reports the following major governmental funds:

General Fund – The General Fund is the County’s primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the County.

Road & Bridge Fund – The Road & Bridge Fund is a special revenue fund that accounts for and reports the financial resources received from a designated part of the annual property tax levy and auto registration fees and traffic fines, which are used for operating and maintaining County owned roads and bridges.

County Jail Fund – The County Jail Fund is used to account for the operations of the County Jail.

Courthouse Renovation – The Courthouse Renovation Fund is a Capital Projects Fund that is used to account for the construction renovation of the County Courthouse.

Nursing Home Construction – The Nursing Home Construction Fund is a Capital Projects Fund that is used to account for the construction of the La Salle County Nursing Home.

Encinal Jail Fund – The Encinal Jail Fund is used to account for the proceeds from the Detention Center contract with Emerald Correctional Management, L.L.C.

Additionally, the County reports the following fund types:

Governmental Funds:

Special Revenue Funds – The County uses these funds to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Project Fund – The County uses this fund to account for and report all financial resources that are restricted, committed, or assigned to expenditure for capital outlays.

Fiduciary Funds:

Trust and Agency Funds – The County accounts for and reports resources held for others in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. Agency funds are used to account bond money received and held for others as a result of action in the County or District Courts, and to account for monies received and held in trust for other individuals or entities as a result of action in County and District Courts.

LA SALLE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. Assets, liabilities, and net assets of equity

1. Deposits and investments

The County considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Investments for the County are recorded at fair value for all funds.

2. Receivables and payables

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

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 recognized bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the 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.

3. Inventories and prepaid items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

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.

4. Capital Assets

Capital assets include land, buildings, furniture and equipment and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost 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 the lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

LA SALLE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The County depreciates capital assets using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	50
Buildings	50
Improvements (Other than Buildings)	30
Vehicles and Road Equipment	5
Office Equipment	5
Computer Equipment	5

5. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. Vacation pay is accrued in the government-wide financial statements. Comp time is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the government-wide financial statements.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information

The County follows these procedures in establishing the budgetary data reflected in these basic financial statements:

1. The County Judge, as budget officer, with the assistance of the County Treasure, prepares a budget to cover all proposed expenditures and the means of financing them, for the succeeding year and delivers the proposed budget to Commissioners' Court.
2. Commissioners' Court holds budget sessions with each department head.
3. Commissioners' Court holds budget hearings for the public at which all interested persons' comments concerning the budget are heard.
4. Commissioners' Court formally adopts the budget in an open court meeting. Annual budgets are legally adopted for the General Fund, the Road and Bridge Fund, Encinal Jail Fund, and the County Jail Fund. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. The adopted budget becomes the authorization for all legal expenditures for the County for the fiscal year. Unencumbered appropriation balances lapse at year end and revert to the respective funds from which they were originally appropriated, thus becoming available for future appropriation.

LA SALLE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, continued

Expenditures may not legally exceed appropriations at the departmental level for each legally adopted annual operating budget. Amendments to the 2010 budget were approved by the Commissioners' Court as provided by law. The reported budgetary data has been revised for amendments legally authorized during the year.

6. The formally adopted budget may legally be amended by commissioners in accordance with article 689A-11 or 689A-20 of Vernon's Annotated Civil Statutes. Management does not amend the budget above the departmental level without approval by the Commissioners' Court. The legal level of budgetary control is at the fund level.

NOTE 3 PROPERTY TAXES

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature which affects the methods of property assessment and tax collection in the County. This legislation, with certain exceptions, exempts intangible personal property, household goods and family-owned automobiles from taxation. In addition, this legislation creates a "Property Tax Code" and provides, among other things, for the establishment of county-wide appraisal districts and for the State Property Tax Board which commenced operation in January, 1980.

As of October 1, 1981, the appraisal of property within the County was the responsibility of the county-wide appraisal district. The Appraisal District is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. Beginning January 1, 1984, the value of property within the Appraisal District must be reappraised every three years. The County may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the County continues to set tax rates on County property.

However, if the effective tax rates for bonds and other contractual obligations and adjustments for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the County may petition for an election to determine whether to limit the tax rate to no more than 8% above the effective tax rate of the previous year. The Appraisal District is governed by a Board of Directors elected by the governing bodies of the taxing entities within the District. The Board of Directors appoints a Chief Appraiser to act as Chief Administrator of the Appraisal District and an Appraisal Review Board to equalize appraised values.

The County's taxes on real property are a lien against such property until paid. The County may foreclose real property upon which it has a lien for unpaid taxes. Although the County makes little effort to collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title on property.

Property tax revenues are recognized in the accounting period in which they become both measurable and available. Property tax revenues are considered measurable at the time of levy and are recognized as deferred revenue and taxes receivable, net of an allowance for estimated uncollectible taxes, at that time. Property tax revenues are considered available if collected within 60 days subsequent to year end.

LA SALLE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE4: DEPOSITS, SECURITIES, AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank 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.

At December 31, 2010, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$3,024,711 and the bank balance was \$2,749,067.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

The County had the following investments at December 31, 2010:

None

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy. That policy does address the following risks:

Custodial Credit Risk – Deposits: This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County's policy regarding types of deposits allowed and collateral requirements is to deposit funds in FDIC insurance banks which have sufficient pledged collateral. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended December 31, was covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

LA SALLE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010

NOTE 5: INTERFUND BALANCES AND TRANSFERS

Interfund balances at December 31, 2010 consisted of the following individual fund balances:

<u>Governmental Funds</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 1,335,609	\$ 1,162,170
Road and Bridge Fund	39,045	147,527
Jail Fund	-	866,785
Encinal Jail Fund	915,977	85,012
Courthouse Renovation Fund	-	157,770
Nursing Home Construction Fund	201,237	-
Non Major Governmental Funds	341,714	414,317
	<u>\$ 2,833,581</u>	<u>\$ 2,833,581</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances are expected to be collected in the subsequent year.

Interfund transfers during the year ended December 31, 2010 consisted of the following:

<u>Governmental Funds</u>	<u>Transfer To Other Funds</u>	<u>Transfer From Other Funds</u>
General Fund	\$ 944,826	\$ -
Road and Bridge Fund	55,067	65,067
Jail Fund	-	590,163
Nursing Home Construction Fund	-	300,764
Non Major Governmental Funds	118,000	161,900
	<u>\$ 1,117,893</u>	<u>\$ 1,117,893</u>

The transfers from the General Fund were made to cover operating expenses of the Special Revenue Funds.

LA SALLE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010

NOTE 6: CAPITAL ASSET ACTIVITY

Capital asset activity for the County for the year ended December 31, 2010 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 129,193	\$ -	\$ -	\$ 129,193
Construction in Progress	2,293,460	4,105,161	-	6,398,621
Total capital assets not being depreciated	<u>2,422,653</u>	<u>4,105,161</u>	<u>-</u>	<u>6,527,814</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	3,503,135	42,000	-	3,545,135
Machinery, Equipment and Vehicles	2,844,984	186,237	-	3,031,221
Infrastructure	313,730	-	-	313,730
Total capital assets being depreciated	<u>6,661,849</u>	<u>228,237</u>	<u>-</u>	<u>6,890,086</u>
Less accumulated depreciation for:				
Buildings and Improvements	1,342,408	67,247	-	1,409,655
Machinery, Equipment and Vehicles	2,171,393	294,021	-	2,465,414
Infrastructure	313,730	-	-	313,730
Total accumulated depreciation	<u>3,827,531</u>	<u>361,268</u>	<u>-</u>	<u>4,188,799</u>
Total capital assets being depreciated, net	<u>2,834,318</u>	<u>(133,031)</u>	<u>-</u>	<u>2,701,287</u>
Governmental activities capital assets, net	<u>\$ 5,256,971</u>	<u>\$ 3,972,130</u>	<u>\$ -</u>	<u>\$ 9,229,101</u>

Depreciation was charged to functions as follows:

General Administration	\$ 30,448
Public Facilities	9,229
Public Safety	122,085
Public Transportation	179,060
Culture and Recreation	6,595
Health and Welfare	13,851
	<u>\$ 361,269</u>

NOTE 7: COMMITMENTS UNDER LEASES

Capital Leases

The County as entered into several leases for the financing of equipment for the Road and Bridge Fund. The debt service for the equipment is paid out of the Road and Bridge Fund. The lease agreement meets the criteria of a capital lease for accounting purposes, and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

LA SALLE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010

NOTE 7: COMMITMENTS UNDER LEASES- Continued

A summary of the commitments, by year, follows:

<u>Year Ending December 31</u>	<u>Capital Lease Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 106,618	\$ 12,253	\$ 118,871
2012	75,160	7,166	82,326
2013	29,150	4,618	33,767
2014	69,353	265	69,618
Totals	<u>\$ 280,280</u>	<u>\$ 24,302</u>	<u>\$ 304,582</u>

Operating Leases

Commitments under operating (non-capitalized) lease agreements for equipment provide for minimum future rental payments as of December 31st as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2011	\$ 17,991
2012	17,991
2013	10,495
Total Minimum Rentals	<u>\$ 46,477</u>

Rental Expenditures in Current Year \$ 17,991

NOTE 8: LONG-TERM DEBT

Notes Payable

As of December 31, 2010 the County was obligated for the following Notes Payable:

Caterpillar Financial Services – Payable in annual installments of \$32,376.42, Interest rate 4.8%, due January 4, 2011, secured by motor grader.

First Financial Bank - Payable in annual installments of \$18,895.87, Interest rate 7.38%, due June 15, 2013, secured by two Ford Expeditions.

The following table summarizes the annual debt service requirements for the Notes Payable December 31, 2010 to maturity:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2011	\$ 46,788	\$ 4,484	\$ 51,272
2012	16,388	2,508	18,896
2013	17,597	1,299	18,896
Totals	<u>\$ 80,773</u>	<u>\$ 8,291</u>	<u>\$ 89,064</u>

LA SALLE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010

NOTE 8: LONG-TERM DEBT- Continued

Bonds and Certificates of Obligation

Current requirements for bonded indebtedness of the County are accounted for in the County Jail Fund and the General Fund.

On April 1, 2002, the County issued \$2,000,000 in Certificates of Obligation, Series 2002, with interest rates ranging from 3.65% to 5.1%, maturing in 2023. The proceeds from the sale of the Certificates were used for expansion of La Salle County Jail facilities.

On June 1, 2008, the County issued \$5,360,000 in Certificates of Obligation, Series 2008, with interest rates ranging from 3.59% to 5.96%, maturing in 2016. The proceeds from the sale of the Certificates were used to build a new Nursing Home facility in Cotulla, Texas, and for the renovation of the existing courthouse in Cotulla, Texas. Both construction projects were still in process as of December 31, 2010.

On January 1, 2010, the County authorized \$3,000,000 in Certificates of Obligation, Series 2010, with interest rates of 4.00%, maturing in 2050. The proceeds from the sale of the Certificates will be used to build a new Nursing Home facility in Cotulla, Texas. As of December 31, only \$32,000 of the bonds have been issued.

Long Term Debt-Advance Refunding

During 2010, the County advance refunded two of the County's obligations with the issue of La Salle County, Texas Tax Refunding Bonds - Series 2010 (\$6,115,000). The bonds were called and were redeemed on March 25, 2010 by purchasing \$1,056,038 in U.S. State and Local Government securities and by depositing \$4,934,997 into an escrow account. The various bonds have been defeased and removed as a liability of the County. The Series 2010 bonds mature on September 1, in each of the years 2011 through 2023, bearing interest at 1.50% - 4.35%. The refunding bonds resulted in a gross debt service savings of \$653,162 and the net present value savings of \$525,913. The following obligations are considered to be defeased and the liability removed from the accompanying financial statements:

Description	Refunded Amount	Balance 12/31/2010
La Salle County, Texas Certificates of Obligation – Series 2002	\$ 955,000	\$ 955,000
La Salle County, Texas Certificates of Obligation – Series 2008	<u>4,885,000</u>	<u>-</u>
Total Amount Refunded	<u>\$ 5,840,000</u>	<u>\$ 950,000</u>

LA SALLE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010

NOTE 8: LONG-TERM DEBT, continued

The following table summarizes the annual debt service requirements at December 31, 2010 to maturity:

Year Ending December 31	Principal	Interest	Total Requirements
2011	\$ 565,000	\$ 162,019	\$ 727,019
2012	495,000	183,828	678,828
2013	527,000	173,950	700,950
2014	510,000	163,265	673,265
2015	520,000	152,300	672,300
2016-2020	2,450,000	526,293	2,976,293
2021-2023	1,335,000	115,040	1,450,040
Totals	<u>\$ 6,402,000</u>	<u>\$ 1,476,694</u>	<u>\$ 7,878,694</u>

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
Bonds Payable:					
Cert. of Obligation, Series 2002	\$ 1,325,000	\$ -	\$ 1,070,000	\$ 255,000	\$ 130,000
Cert. of Obligation, Series 2008	5,150,000	-	5,150,000	-	-
Cert. of Obligation, Series 2010	-	32,000	-	32,000	-
Refunding Bonds, Series 2010	-	6,115,000	-	6,115,000	440,000
Total Bonds Payable	<u>6,475,000</u>	<u>6,147,000</u>	<u>6,220,000</u>	<u>6,402,000</u>	<u>570,000</u>
Capital Lease Payable	426,099	-	145,819	280,280	106,618
Notes Payable	63,055	67,259	49,541	80,774	46,788
Compensated Absences	67,115	5,359	-	72,474	-
Total governmental activities	<u>\$ 7,031,269</u>	<u>\$ 6,219,619</u>	<u>\$ 6,415,360</u>	<u>\$ 6,835,528</u>	<u>\$ 723,406</u>

NOTE 9: RISK MANAGEMENT

The County's risk management program includes coverage for property, general liability, automobile liability, law enforcement liability, public officials' liability and employee dishonesty bonds. The County carries commercial insurance.

LA SALLE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 10: COMPENSATED ABSENCES

Accumulated unpaid annual leave, compensatory time and holiday leave amounts are not accrued in governmental funds using the modified accrual basis of accounting, but are reflected in the Government-Wide Statement of Net Assets. At December 31st, accrued employee benefits recorded on the Statement of Net Assets were as follows: Annual leave pay - \$48,283; Personal Day's pay - \$14,360; Compensated time - \$9,832 for a total accumulated employee benefits amounted to \$72,475. All unpaid employee leave is due to active employees. Any unpaid leave due to an employee who is terminated is paid immediately upon the termination. The liability has typically been liquidated primarily in the General Fund and Road and Bridge Fund.

NOTE 11: EMPLOYEES' RETIREMENT PLAN

Plan Description:

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for administration of the statewide agent multiple-employer public employee retirement system consisting of 618 nontraditional defined benefit pension plans. TCDRS issues an aggregated comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034, and online at www.tcdrs.org.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at age 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 of service 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 their employer.

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 employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy:

La Salle County 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 La Salle County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of La Salle County is actuarially determined annually. La Salle County contributed using the actuarially determined rate of 10.39% for the year ended December 31, 2010.

The deposit rate payable by the employee members for year ended December 31, is the rate of 7.0% as adopted by the governing body of La Salle County. The employee deposit rate and the employer contribution rate may be changed by the governing body of La Salle County within the options available in the TCDRS Act.

LA SALLE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 11: EMPLOYEES' RETIREMENT PLAN, continued

Annual Pension Cost:

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2008 and December 31, 2009, the basis for determining the contribution rates for calendar years 2010. The December 31, 2009 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

<u>Actuarial valuation date</u>	<u>12/31/07</u>	<u>12/31/08</u>	<u>12/31/09</u>
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	4.0	20.0	18.7
Asset valuation method	SAF: 10-yr smoothed value; ESF: Fund value	SAF: 10-yr smoothed value; ESF: Fund value	SAF: 10-yr smoothed value; ESF: Fund value
Actuarial Assumptions			
Investment return	8.0%	8.0%	8.0%
Projected salary increases	5.3%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

**Trend Information
for the Retirement Plan for the Employees of La Salle County, Texas**

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/08	\$ 199,858	100%	-0-
9/30/09	203,378	100%	-0-
9/30/10	212,396	100%	-0-

**Schedule of Funding Progress for the Retirement Plan
For the Employees of La Salle County, Texas**

<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>
12/31/09	\$ 4,609,319	\$ 5,108,305	\$ 498,986	90.23%	\$ 2,029,716	24.58%

LA SALLE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 11: EMPLOYEES' RETIREMENT PLAN Continued

The Schedule of Funding Progress, presented as Required Supplementary Information (RSI) following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 12: CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 13: COMPONENT UNIT – LA SALLE COUNTY PUBLIC DETENTION FACILITIES CORPORATION

On November 6, 2000 La Salle County formed the creation of La Salle County Public Detention Facility Corporation (the "Corporation") under the Public Facility Corporation Act Chapter 303 (the "Act") of the Texas Local Government Code. The Corporation is legally separate from the County, but the County appoints all of the board members and has the ability to remove those board members at will.

13.A: Component Unit - Financing Agreements and Practical Considerations

The Corporation was formed for the initial purpose of building and equipping a Detention facility (the "Facility"). November 7, 2002, the Corporation issued \$21.8 million of high-yield taxable lease revenue bonds to build a 500-bed private prison that would be operated by Emerald Correctional Management near the town of Encinal. The facility was completed in 2004 and started operating in May of that year. In April 2004 the La Salle County Commissioners Court agreed to issue an additional \$5.4 million in bonds to pay off contractors. The bonds are secured by the mortgage on the Facility and the Facility's revenues and are not secured by the full faith and credit of the County or tax revenues.

The form of the legal agreements was structured to ensure compliance with the local government code and provide security for the bond holders. In substance, to the extent revenues are available they will first be used to repay the bonds, then the operator and the County will be paid. If revenue is not available, there is no legal obligation for any of the parties to be paid. In that instance, the bond holders' only security interest will be with any remaining trust funds and mortgage of the property. Neither the Corporation nor the County has any obligation in this instance.

LA SALLE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010

NOTE 13: COMPONENT UNIT, continued

This financing transaction is being accounted for as "substance over form" as the practical consideration in accounting for the transaction override the legal form of the agreements. The Corporation is responsible for the repayment of the debt based on the funds that are available and all available funds are recorded in the Trust. Accordingly, all monies held in the Trust accounts are considered assets of the Corporation and restrictions shown where applicable.

Similarly, all monies received by the Trust are considered revenues of the Corporation. The Corporation also records a receivable in connection with the billings to federal agencies and the local government which are unpaid. All payments made by the Trust are considered expenses of the Corporation. In addition, the Corporation accrues the amount due to the respective parties based on the accounts receivable. Neither the County nor the Corporation accounts for the lease agreement as a lease transaction.

13.B: Component Unit - Investments

La Salle County Public Detention Facility Corporation held the following investments at December 31, 2010.

<u>U.S. BANK, N.A.</u>	<u>FAIR MARKET VALUE</u>	<u>FDIC INSURANCE</u>	<u>SECURITIES PLEGDED</u>
Money Market Fund			
First American Prime Obligation Fund	\$ 4,856,758.00	N/A	N/A
Total Investments	<u>\$ 4,856,758.00</u>	<u>\$ -</u>	<u>\$ -</u>

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 December 31, 2010, La Salle County Public Detention Facility Corporation has exposure to custodial risk because \$4,856,758 of the money market fund was not collateralized.

LA SALLE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 13: COMPONENT UNIT, continued

13.C: Component Unit - Capital Assets

Capital asset activity for the La Salle County Public Detention Facilities Corporation for the year ended December 31, 2010 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Capital assets not being depreciated:</i>				
Land	\$ 480,990	\$ -	\$ -	\$ 480,990
Total capital assets not being depreciated	480,990	-	-	480,990
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	18,689,562	-	-	18,689,562
Furniture & Equipment	247,268	-	-	247,268
Total capital assets being depreciated	18,936,829	-	-	18,936,829
Less accumulated depreciation for:				
Buildings and Improvements	2,055,852	373,791	-	2,429,643
Furniture & Equipment	247,268	-	-	247,268
Total accumulated depreciation	2,303,119	373,791	-	2,676,911
Total capital assets being depreciated, net	16,633,710	(373,791)	-	16,259,919
Total capital assets, net	\$ 17,114,700	\$ (373,791)	\$ -	\$ 16,740,909

13.D: Component Unit - Long-Term Debt

Long-term debt activity for the La Salle County Public Detention Facilities Corporation for the year ended December 31, 2011 was as follows:

<u>Component Unit Activities</u>	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds Payable:					
Revenue Bonds, Series 2002	\$ 20,040,000	\$ -	\$ 20,040,000	\$ -	\$ -
Revenue Bonds, Series 2004	3,440,000	-	3,440,000	-	-
Refunding Bonds, Series 2010	-	22,960,000	-	22,960,000	300,000
Total Bonds Payable	23,480,000	22,960,000	23,480,000	22,960,000	300,000
Discount on Revenue Bonds	-	(1,377,600)	-	(1,377,600)	-
Total Component Unit Debt	\$ 23,480,000	\$ 21,582,400	\$ 23,480,000	\$ 21,582,400	\$ 300,000

LA SALLE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010

13.D: Component Unit - Long-Term Debt- Continued

The following table summarizes the annual debt service requirements at December 31, 2010 to maturity:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2011	\$ 300,000	\$ 1,944,950	\$ 2,244,950
2012	870,000	1,889,375	2,759,375
2013	950,000	1,802,925	2,752,925
2014	1,045,000	1,708,163	2,753,163
2015	1,140,000	1,604,376	2,744,376
2016-2020	7,555,000	6,086,017	13,641,017
2021-2023	11,100,000	1,982,626	13,082,626
Totals	<u>\$ 22,960,000</u>	<u>\$ 17,018,432</u>	<u>\$ 39,978,432</u>

NOTE 14: EXCESS EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2010, the County Jail Fund expenditures of \$750,039 exceeded appropriations of \$745,793 by \$4,246.

NOTE 15: DEFICIT FUND EQUITY

As of December 31, 2010 the County had a Deficit Fund Equity in the following funds:

General Fund	\$(155,691)
Road & Bridge Fund	\$(61,042)
County Jail Fund	\$(702,068)
La Salle County Parks Fund	\$(3,352)
Elderly Nutrition Fund	\$(87,559)
Fourth Court of Appeals	\$(1,400)
La Salle County Rent Account	\$(18,916)
Real Estate Proceeds	\$(136,064)
TDCP #729429	\$(2,188)
TDCP #729115	\$(5,475)

NOTE 16: SUBSEQUENT EVENTS

On November 8, 2010 the County authorized the issuance of the La Salle County, Texas Certificates of Obligation, Series 2010A, in the aggregate principal amount of \$2,600,000. These Certificates of Obligation were funded in February, 2011.

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REQUIRED SUPPLEMENTARY INFORMATION

LA SALLE COUNTY, TX
 REQUIRED SUPPLEMENTARY INFORMATION
 DECEMBER 31, 2010

Texas County and District Retirement System
 Trend Data Schedule of Funding Progress for the Retirement Plan
 For the Employees of La Salle County, Texas

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/2005	\$ 3,354,112	\$ 3,647,396	\$ 293,284	91.96%	\$ 1,432,892	20.47%
12/31/2006	3,588,564	3,765,914	177,350	95.29%	1,776,517	9.98%
12/31/2007	4,003,172	4,119,105	115,933	97.19%	1,753,872	6.61%
12/31/2008	3,979,911	4,534,643	554,732	87.77%	1,996,592	27.78%
12/31/2009	4,609,319	5,108,305	498,986	90.23%	2,029,716	24.58%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

LA SALLE COUNTY, TEXAS
BALANCE SHEET
ROAD AND BRIDGE FUND
DECEMBER 31, 2010

	ROAD AND BRIDGE No.1	ROAD AND BRIDGE No.2	ROAD AND BRIDGE No.3	ROAD AND BRIDGE No.4
ASSETS				
Cash and Cash Equivalents	\$ 109,430	\$ 77,874	\$ 77,552	\$ 75,283
Taxes Receivable	117,200	117,200	117,200	117,200
Allowance for Uncollectible Taxes (Credit)	(3,244)	(3,244)	(3,244)	(3,244)
Receivables (Net)	-	-	-	-
Due from Other Governments	-	-	-	-
Due from Other Funds	-	4,305	2,548	4,624
Total Assets	<u>\$ 223,386</u>	<u>\$ 196,135</u>	<u>\$ 194,055</u>	<u>\$ 193,863</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 2,789	\$ 4,101	\$ 731	\$ 1,037
Accrued Wages Payable	2,072	2,047	2,179	2,182
Bank Overdraft	-	-	-	-
Due to Other Funds	4,677	16,105	35,214	33,736
Deferred Revenues	182,656	182,656	182,656	182,656
Total Liabilities	<u>192,194</u>	<u>204,908</u>	<u>220,779</u>	<u>219,610</u>
Fund Balances:				
Restricted For:				
Construction	-	-	-	-
Law Enforcement	-	-	-	-
Unassigned	31,192	(8,773)	(26,724)	(25,747)
Total Fund Balances	<u>31,192</u>	<u>(8,773)</u>	<u>(26,724)</u>	<u>(25,747)</u>
Total Liabilities and Fund Balances	<u>\$ 223,386</u>	<u>\$ 196,135</u>	<u>\$ 194,055</u>	<u>\$ 193,863</u>

The accompanying notes are an integral part of this statement.

LATERAL ROAD AND BRIDGE	ROAD AND BRIDGE LOADER	LCS SPECIAL ROAD AND BRIDGE	TOTAL ROAD AND BRIDGE
\$ 26,799		\$ -	\$ 366,938
-	-	-	468,801
-	-	-	(12,977)
-	-	-	-
-	-	-	-
-	-	27,568	39,045
<u>\$ 26,799</u>	<u>\$ -</u>	<u>\$ 27,568</u>	<u>\$ 861,807</u>
\$ -	\$ 1,746	\$ -	\$ 10,404
-	532	-	9,012
-	25,283	-	25,283
-	57,796	-	147,527
-	-	-	730,623
-	85,358	-	922,849
-	-	-	-
-	-	-	-
26,799	(85,358)	27,568	(61,042)
<u>26,799</u>	<u>(85,358)</u>	<u>27,568</u>	<u>(61,042)</u>
<u>\$ 26,799</u>	<u>\$ -</u>	<u>\$ 27,568</u>	<u>\$ 861,807</u>

LA SALLE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ROAD AND BRIDGE FUND
YEAR ENDED DECEMBER 31, 2010

	ROAD AND BRIDGE No.1	ROAD AND BRIDGE No.2	ROAD AND BRIDGE No.3
REVENUES:			
Taxes			
Property Taxes	\$ 131,033	\$ 131,033	\$ 131,033
Other Taxes	-	-	-
Intergovernmental	3,222	3,222	3,222
Licenses & Permits	63,876	63,876	63,876
Charges for services	1,946	481	1,920
Fines & Forfeitures	8,006	8,005	8,006
Interest	257	-	-
Miscellaneous	804	3,471	806
Total Revenue	<u>209,143</u>	<u>210,088</u>	<u>208,862</u>
EXPENDITURES:			
Current:			
Public Transportation	144,243	153,049	172,877
Debt Service:			
Debt Service - Principal on long-term debt	58,663	39,145	27,791
Debt Service - Interest on long-term debt	7,366	12,092	1,280
Capital Outlay:			
Facilities Acquisition and Construction	-	-	-
Total Expenditures	<u>210,273</u>	<u>204,287</u>	<u>201,948</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(1,130)</u>	<u>5,801</u>	<u>6,914</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	-	12,446	3,446
Operating Transfers Out	(11,182)	(11,182)	(11,182)
Total Other Financing Sources (Uses)	<u>(11,182)</u>	<u>1,264</u>	<u>(7,736)</u>
Net Change in Fund Balances	(12,312)	7,065	(822)
Fund Balance - January 1 (Beginning)	43,504	(15,839)	(25,902)
Fund Balance - December 31 (Ending)	<u>\$ 31,192</u>	<u>\$ (8,773)</u>	<u>\$ (26,724)</u>

The accompanying notes are an integral part of this statement.

ROAD AND BRIDGE No.4	LATERAL ROAD AND BRIDGE	ROAD AND BRIDGE LOADER	LCS SPECIAL ROAD AND BRIDGE	TOTAL ROAD AND BRIDGE
\$ 131,033	\$ -	\$ -	\$ -	\$ 524,132
-	-	-	-	-
3,222	13,771	-	-	26,658
63,876	-	-	-	255,503
1,473	-	-	-	5,820
8,006	-	-	-	32,022
-	-	-	-	257
2,556	-	-	-	7,637
<u>210,165</u>	<u>13,771</u>	<u>-</u>	<u>-</u>	<u>852,029</u>
150,194	-	66,775	-	687,139
51,747	-	-	-	177,346
1,994	-	-	-	22,732
-	-	-	-	-
<u>203,935</u>	<u>-</u>	<u>66,775</u>	<u>-</u>	<u>887,217</u>
<u>6,231</u>	<u>13,771</u>	<u>(66,775)</u>	<u>-</u>	<u>(35,188)</u>
4,446	-	44,728	-	65,067
(11,182)	(10,339)	-	-	(55,067)
<u>(6,736)</u>	<u>(10,339)</u>	<u>44,728</u>	<u>-</u>	<u>10,000</u>
(505)	3,433	(22,047)	-	(25,188)
(25,241)	23,367	(63,310)	27,568	(35,854)
<u>\$ (25,747)</u>	<u>\$ 26,799</u>	<u>\$ (85,358)</u>	<u>\$ 27,568</u>	<u>\$ (61,042)</u>

LA SALLE COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2010

	4	10	11
	LA SALLE COUNTY TDHCA	FEDERAL SEIZURES	NARCOTICS FEDERAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 100	\$ 17,686	\$ 51,958
Taxes Receivable	-	-	-
Allowance for Uncollectible Taxes (Credit)	-	-	-
Receivables (Net)	-	-	-
Due from Other Governments	91,889	-	-
Due from Other Funds	69,618	-	-
Total Assets	<u>\$ 161,606</u>	<u>\$ 17,686</u>	<u>\$ 51,958</u>
LIABILITIES & FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 36,390	\$ -	\$ -
Accrued Wages Payable	-	-	-
Bank Overdraft	-	-	-
Due to Other Funds	125,216	-	-
Due to Other Governments	-	-	-
Deferred Revenue	-	10,420	-
Total Liabilities	<u>161,606</u>	<u>10,420</u>	<u>-</u>
Fund Balances:			
Restricted For:			
Construction	-	-	-
Law Enforcement	-	7,265	51,958
Unassigned	-	-	-
Total Fund Balances	<u>-</u>	<u>7,265</u>	<u>51,958</u>
Total Liabilities and Fund Balances	<u>\$ 161,606</u>	<u>\$ 17,686</u>	<u>\$ 51,958</u>

13	14	19	20	30	35
NARCOTICS FUNDS	COURTHOUSE SECURITY	LA SALLE COUNTY RECORDS MANAGEMENT	LA SALLE COUNTY PARKS	ELDERLY NUTRITION	SHERIFF TOWING AND STORAGE
\$ 10,880	\$ 30,907	\$ -	\$ 526	\$ 6,170	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,200	-	70,219
<u>\$ 10,880</u>	<u>\$ 30,907</u>	<u>\$ -</u>	<u>\$ 1,726</u>	<u>\$ 6,170</u>	<u>\$ 70,219</u>
\$ 1,155	\$ -	\$ -	\$ 878	\$ 3,305	\$ 5,522
-	-	-	-	3,012	-
-	-	-	-	-	19,714
-	6,813	-	4,200	87,412	-
-	-	-	-	-	6,700
-	-	-	-	-	-
<u>1,155</u>	<u>6,813</u>	<u>-</u>	<u>5,078</u>	<u>93,729</u>	<u>31,936</u>
-	-	-	-	-	-
9,725	-	-	-	-	-
-	24,094	-	(3,352)	(87,559)	38,283
<u>9,725</u>	<u>24,094</u>	<u>-</u>	<u>(3,352)</u>	<u>(87,559)</u>	<u>38,283</u>
<u>\$ 10,880</u>	<u>\$ 30,907</u>	<u>\$ -</u>	<u>\$ 1,726</u>	<u>\$ 6,170</u>	<u>\$ 70,219</u>

The accompanying notes are an integral part of this statement.

LA SALLE COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS - Continued
 DECEMBER 31, 2010

	36 LA SALLE COUNTY FOOD PANTRY	41-49 and 63 JUVENILE PROBATION	50 BORDER STAR
ASSETS			
Cash and Cash Equivalents	\$ 5,085	\$ 70,846	\$ 55,749
Taxes Receivable	-	-	-
Allowance for Uncollectible Taxes (Credit)	-	-	-
Receivables (Net)	-	-	-
Due from Other Governments	-	23,542	-
Due from Other Funds	-	48,343	-
Total Assets	<u>\$ 5,085</u>	<u>\$ 142,730</u>	<u>\$ 55,749</u>
LIABILITIES & FUND BALANCES			
Liabilities:			
Accounts Payable	\$ -	\$ 1,200	\$ -
Accrued Wages Payable	-	-	-
Bank Overdraft	-	-	-
Due to Other Funds	-	50,912	341
Due to Other Governments	-	3,495	-
Deferred Revenue	-	6,889	-
Total Liabilities	<u>-</u>	<u>62,496</u>	<u>341</u>
Fund Balances:			
Restricted For:			
Construction	-	-	-
Law Inforcement	-	-	-
Unassigned	5,085	80,234	55,408
Total Fund Balances	<u>5,085</u>	<u>80,234</u>	<u>55,408</u>
Total Liabilities and Fund Balances	<u>\$ 5,085</u>	<u>\$ 142,730</u>	<u>\$ 55,749</u>

52 and 75 FOURTH COURT OF APPEALS	53 ELECTION EQUIPMENT RENTAL FEES	60 COURHOUSE ADMINISTRATIVE FEE	70 TECHNOLOGY FEE	71 and 76 DEFENSIVE DRIVING	80 LA SALLE COUNTY RENT ACCOUNT
\$ 332	\$ 5,562	\$ 6,113	\$ 9,985	\$ 4,354	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	15,402	661	-
<u>\$ 332</u>	<u>\$ 5,562</u>	<u>\$ 6,113</u>	<u>\$ 25,387</u>	<u>\$ 5,015</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 612	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
280	-	-	305	-	18,916
1,452	-	-	-	-	-
-	-	-	-	-	-
<u>1,732</u>	<u>-</u>	<u>-</u>	<u>917</u>	<u>-</u>	<u>18,916</u>
-	-	-	-	-	-
-	-	-	-	-	-
(1,400)	5,562	6,113	24,470	5,015	(18,916)
<u>(1,400)</u>	<u>5,562</u>	<u>6,113</u>	<u>24,470</u>	<u>5,015</u>	<u>(18,916)</u>
<u>\$ 332</u>	<u>\$ 5,562</u>	<u>\$ 6,113</u>	<u>\$ 25,387</u>	<u>\$ 5,015</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

LA SALLE COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVENMENTAL FUNDS - Continued
 DECEMBER 31, 2010

	82	38	81
	COUNTY CLERK AUTOMATION	REAL ESTATE PROCEEDS	ROAD REPAIR FUND
ASSETS			
Cash and Cash Equivalents	\$ 17,596	\$ -	\$ -
Taxes Receivable	-	-	-
Allowance for Uncollectible Taxes (Credit)	-	-	-
Receivables (Net)	-	-	-
Due from Other Governments	-	-	-
Due from Other Funds	207	-	136,064
Total Assets	<u>\$ 17,803</u>	<u>\$ -</u>	<u>\$ 136,064</u>
LIABILITIES & FUND BALANCES			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Accrued Wages Payable	-	-	-
Bank Overdraft	-	-	-
Due to Other Funds	2,275	136,064	-
Due to Other Governments	-	-	-
Deferred Revenue	-	-	-
Total Liabilities	<u>2,275</u>	<u>136,064</u>	<u>-</u>
Fund Balances:			
Restricted For:			
Construction	-	-	-
Law Inforcement	-	-	-
Unassigned	15,528	(136,064)	136,064
Total Fund Balances	<u>15,528</u>	<u>(136,064)</u>	<u>136,064</u>
Total Liabilities and Fund Balances	<u>\$ 17,803</u>	<u>\$ -</u>	<u>\$ 136,064</u>

96	85	86	89	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL ACCOUNT	TDCP NO 729429	TDCP NO 729115	TDCP NO 722431	
\$ 930	\$ -	\$ 250	\$ 250	\$ 295,277
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	115,431
-	-	-	-	341,714
<u>\$ 930</u>	<u>\$ -</u>	<u>\$ 250</u>	<u>\$ 250</u>	<u>\$ 752,421</u>
\$ 119	\$ -	\$ 5,475	\$ -	\$ 54,657
-	-	-	-	3,012
-	1,938	-	-	40,567
-	250	250	-	414,317
-	-	-	-	11,647
-	-	-	-	17,309
<u>119</u>	<u>2,188</u>	<u>5,725</u>	<u>-</u>	<u>541,510</u>
-	(2,188)	(5,475)	250	(7,413)
-	-	-	-	68,948
811	-	-	-	149,375
<u>811</u>	<u>(2,188)</u>	<u>(5,475)</u>	<u>250</u>	<u>210,911</u>
<u>\$ 930</u>	<u>\$ -</u>	<u>\$ 250</u>	<u>\$ 250</u>	<u>\$ 752,421</u>

The accompanying notes are an integral part of this statement.

LA SALLE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010

	4	10	11
	LA SALLE COUNTY TDHCA	FEDERAL SEIZURES	NARCOTICS FEDERAL FUNDS
REVENUES:			
Taxes			
Property Taxes	\$ -	\$ -	\$ -
Other Taxes	-	-	-
Intergovernmental	91,889	-	-
Licenses & Permits	-	-	-
Charges for services	-	-	-
Fines & Forfeitures	-	-	-
Interest	-	76	215
Miscellaneous	-	-	2,988
Total Revenue	<u>91,889</u>	<u>76</u>	<u>3,203</u>
EXPENDITURES:			
Current:			
General Administration	-	-	-
Judicial	-	-	-
Legal	-	-	-
Financial Administration	-	-	-
Public Facilities	-	-	-
Public Safety	-	-	-
Public Transportation	-	-	-
Culture and Recreation	-	-	-
Health and Welfare	91,889	-	-
Conservation - Agriculture	-	-	-
Capital Outlay:			
Facilities Acquisition and Construction	-	-	-
Total Expenditures	<u>91,889</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) Revenues Over Expenditures	<u>-</u>	<u>76</u>	<u>3,203</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	76	3,203
Fund Balance - January 1 (Beginning)	12,244	7,190	48,755
Prior Period Adjustment	(12,244)	-	-
Fund Balance - December 31 (Ending)	<u>\$ -</u>	<u>\$ 7,265</u>	<u>\$ 51,958</u>

13	14	19	20	30	35
NARCOTICS FUNDS	COURTHOUSE SECURITY	LA SALLE COUNTY RECORDS MANAGEMENT	LA SALLE COUNTY PARKS	ELDERLY NUTRITION	SHERIFF TOWING AND STORAGE
\$ -	\$ -	\$ -	\$ 14,000	\$ -	\$ -
-	-	-	-	169,821	-
-	-	-	16,000	-	-
-	18,174	-	-	-	147,749
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	18,174	-	30,000	169,821	147,749
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
101,160	11,226	-	-	-	94,150
-	-	-	-	-	-
-	-	-	12,466	-	-
-	-	-	-	317,531	-
-	-	-	-	-	-
-	-	-	-	-	-
101,160	11,226	-	12,466	317,531	94,150
(101,160)	6,948	-	17,534	(147,709)	53,599
-	-	-	-	161,900	-
-	-	-	(9,000)	-	(109,000)
-	-	-	(9,000)	161,900	(109,000)
(101,160)	6,948	-	8,534	14,191	(55,401)
110,885	17,146	21,347	(11,886)	(101,750)	93,684
-	-	(21,347)	-	-	-
\$ 9,725	\$ 24,094	\$ -	\$ (3,352)	\$ (87,559)	\$ 38,283

The accompanying notes are an integral part of this statement.

LA SALLE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - Continued
YEAR ENDED DECEMBER 31, 2010

	4	36	41-49 and 63
	LA SALLE COUNTY TDHCA	LA SALLE COUNTY FOOD PANTRY	JUVENILE PROBATION
REVENUES:			
Taxes			
Property Taxes	\$ -	\$ -	\$ -
Other Taxes	-	-	-
Intergovernmental	91,889	32,085	98,769
Licenses & Permits	-	-	-
Charges for services	-	-	-
Fines & Forfeitures	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total Revenue	<u>91,889</u>	<u>32,085</u>	<u>98,769</u>
EXPENDITURES:			
Current:			
General Administration	-	-	-
Judicial	-	-	-
Legal	-	-	-
Financial Administration	-	-	-
Public Facilities	-	-	-
Public Safety	-	-	81,669
Public Transportation	-	-	-
Culture and Recreation	-	-	-
Health and Welfare	91,889	27,000	-
Conservation - Agriculture	-	-	-
Capital Outlay:			
Facilities Acquisition and Construction	-	-	-
Total Expenditures	<u>91,889</u>	<u>27,000</u>	<u>81,669</u>
Excess (Deficiency) Revenues Over Expenditures	<u>-</u>	<u>5,085</u>	<u>17,100</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	5,085	17,100
Fund Balance - January 1 (Beginning)	12,244	-	110,663
Prior Period Adjustment	(12,244)	-	(47,529)
Fund Balance - December 31 (Ending)	<u>\$ -</u>	<u>\$ 5,085</u>	<u>\$ 80,234</u>

50	52 and 75	53	60	70	71 and 76
BORDER STAR	FOURTH COURT OF APPEALS	ELECTION EQUIPMENT RENTAL FEES	COURTHOUSE ADMINISTRATIVE FEE	TECHNOLOGY FEE	DEFENSIVE DRIVING
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	5,708	17,592	4,827
139	-	-	-	-	-
-	-	-	-	-	-
<u>139</u>	<u>-</u>	<u>-</u>	<u>5,708</u>	<u>17,592</u>	<u>4,827</u>
-	-	11,908	-	-	-
-	693	-	-	11,229	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>693</u>	<u>11,908</u>	<u>-</u>	<u>11,229</u>	<u>-</u>
139	(693)	(11,908)	5,708	6,363	4,827
-	-	-	-	-	-
-	-	-	-	-	-
<u>139</u>	<u>(693)</u>	<u>(11,908)</u>	<u>5,708</u>	<u>6,363</u>	<u>4,827</u>
55,269	(707)	17,469	405	18,107	-
-	-	-	-	-	188
<u>\$ 55,408</u>	<u>\$ (1,400)</u>	<u>\$ 5,562</u>	<u>\$ 6,113</u>	<u>\$ 24,470</u>	<u>\$ 5,015</u>

The accompanying notes are an integral part of this statement.

LA SALLE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - Continued
YEAR ENDED DECEMBER 31, 2010

	80	82	38
	LA SALLE COUNTY RENT ACCOUNT	COUNTY CLERK AUTOMATION	REAL ESTATE PROCEEDS
REVENUES:			
Taxes			
Property Taxes	\$ -	\$ -	\$ -
Other Taxes	-	-	-
Intergovernmental	-	20,910	-
Licenses & Permits	-	-	-
Charges for services	-	-	-
Fines & Forfeitures	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total Revenue	<u>-</u>	<u>20,910</u>	<u>-</u>
EXPENDITURES:			
Current:			
General Administration	-	13,479	-
Judicial	-	-	-
Legal	-	-	-
Financial Administration	-	-	-
Public Facilities	16,550	-	-
Public Safety	-	-	-
Public Transportation	-	-	-
Culture and Recreation	-	-	-
Health and Welfare	-	-	-
Conservation - Agriculture	-	-	-
Capital Outlay:			
Facilities Acquisition and Construction	-	-	-
Total Expenditures	<u>16,550</u>	<u>13,479</u>	<u>-</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(16,550)</u>	<u>7,431</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(16,550)	7,431	-
Fund Balance - January 1 (Beginning)	(2,366)	8,097	(136,064)
Prior Period Adjustment	-	-	-
Fund Balance - December 31 (Ending)	<u>\$ (18,916)</u>	<u>\$ 15,528</u>	<u>\$ (136,064)</u>

81	96	85	86	89	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ROAD REPAIR FUND	SPECIAL ACCOUNT	TDCP NO 729429	TDCP NO 729115	TDCP NO 722431	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,000
-	-	-	-	-	-
-	-	36,750	25,175	-	567,287
-	-	-	-	-	16,000
-	-	-	-	-	194,049
-	-	-	-	-	-
-	-	-	-	-	429
-	3,913	-	-	-	6,901
-	<u>3,913</u>	<u>36,750</u>	<u>25,175</u>	-	<u>798,666</u>
-	2,798	-	-	-	28,184
-	-	-	-	-	11,922
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	16,550
-	-	-	-	-	288,204
-	-	-	-	-	-
-	-	-	-	-	12,466
-	-	-	-	-	528,308
-	-	-	-	-	-
-	-	33,988	30,650	-	64,638
-	<u>2,798</u>	<u>33,988</u>	<u>30,650</u>	-	<u>950,271</u>
-	1,115	2,763	(5,475)	-	(151,605)
-	-	-	-	-	161,900
-	-	-	-	-	(118,000)
-	-	-	-	-	43,900
-	1,115	2,763	(5,475)	-	(107,705)
136,064	(304)	(4,950)	-	250	411,792
-	-	-	-	-	(93,176)
<u>\$ 136,064</u>	<u>\$ 811</u>	<u>\$ (2,188)</u>	<u>\$ (5,475)</u>	<u>\$ 250</u>	<u>\$ 210,911</u>

The accompanying notes are an integral part of this statement.

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OVERALL COMPLIANCE, INTERNAL CONTROLS
AND STATE AWARDS SECTION

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EDE & COMPANY

Certified Public Accountants

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

Independent Auditor's Report

To the Honorable Judge and Members
Of the Commissioners' Court
La Salle County, Texas
707 Buckley Street
Cotulla, TX 78014

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of La Salle County, Texas as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 13, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

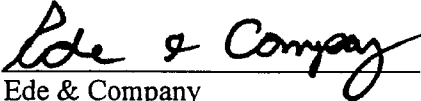
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 effect on the determination of 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*.

This report is intended for the information and use of the La Salle Judge, Commissioners Court, management, state awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.


Ede & Company
Certified Public Accountants

August 13, 2012

EDE & COMPANY

Certified Public Accountants

Eric Ede
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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE THE TEXAS SINGLE AUDIT CIRCULAR

Independent Auditor's Report

To the Honorable Judge and Members
Of the Commissioners' Court
La Salle County, Texas
707 Buckley Street
Cotulla, TX 78014

Members of the Board:

Compliance

We have audited the La Salle County, Texas compliance with the types of compliance requirements described in the *Texas Single Audit Circular* that could have a direct and material effect on each of its major state programs for the year ended December 31, 2010. The County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Single Audit Circular*. Those standards and State Single Audit Circular 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 state program occurred. An audit includes examining, on a test basis, evidence about the 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 the County's compliance with those requirements.

In our opinion, La Salle County, Texas complied, in all material respects, with the requirements referred to above that could have a direct an material effect on each of its major state programs for the year ended December 31, 2010.

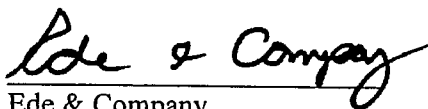
Internal Control Over Compliance

The management of La Salle County, Texas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the *State Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of the La Salle County Judge, Commissioners Court, management, state awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.



Ede & Company
Certified Public Accountants

August 13, 2012

SCHEDULE OF EXPENDITURES OF STATE AWARDS

LA SALLE COUNTY, TEXAS
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

State Agency Pass-Through Grantor Program Title	Contract Number	Expenditures
Texas Historical Commission		
Texas Historical Courthouse Preservation Program - Phase I	CTH - La Salle - 05-2008	\$ 1,302,374
TOTAL TEXAS HISTORICAL COMMISSION		<u>1,302,374</u>
Texas Department of Agriculture		
Community Program Block Grant Program for Rural Texas - Water	749429	33,988
Community Program Block Grant Program for Rural Texas - Sewer	729115	30,650
TOTAL TEXAS DEPARTMENT OF AGRICULTURE		<u>64,638</u>
Texas Department of Housing and Community Affairs		
TOTAL TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS	100096	<u>91,889</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 1,458,901</u>

LA SALLE COUNTY, TEXAS
NOTES ON ACCOUNTING POLICIES FOR STATE AWARDS
YEAR ENDED DECEMBER 31, 2010

1. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. State financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund determined by its measurement focus. The governmental Fund types and Expendable Trust Fund are accounted for using a current financial resources measurement focus. All state grant funds were accounted for in the Special Revenue Fund, a component of the Governmental Fund type. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund Types, the Expendable Trust Fund, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i. e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

State grant funds are considered to be earned to the extent of a expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

**LA SALLE COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

I. Summary of the Auditor's Results:

- a. We have issued an unqualified opinion on the financial statements of La Salle County, Texas.
- b. No significant deficiencies in internal controls were disclosed by the audit of the financial statements, that were considered to be a material weakness.
- c. Our audit disclosed no instances of noncompliance which were material to the financial statements of the La Salle County, Texas.
- d. Our audit disclosed no significant deficiencies in internal control over major programs.
- e. We have issued an unqualified opinion on the County's compliance with laws and regulations for major programs.
- f. Our audit disclosed no findings which we are required to report in accordance with the *State of Texas Single Audit Circular*.
- g. The following programs were identified as major programs:

<u>Contract Number</u>	<u>Name of State Program</u>
CTH – La Salle -05-2008	Texas Historical Courthouse Preservation Program - Phase I

- h. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.00.
- i. La Salle County, Texas qualifies as a low-risk auditee.

II. Findings Relating to the Financial Statements Which are Required To Be Reported in Accordance with Generally Accepted Government Auditing Standards.

NONE

III. Findings and Questioned Costs of State Awards Including Audit Findings as Described in If Above

- a. There were no findings or questioned costs involving State programs.

**LA SALLE COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NONE

**LA SALLE COUNTY, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2010**

N/A