

LA SALLE COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2011

LA SALLE COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
for the Year Ended December 31, 2011

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FINANCIAL SECTION

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EDE & COMPANY
Certified Public Accountants

Eric Ede
Frank Ede
Donna Ede Jones

P. O. Box 219
Knippa, Texas 78870
Telephone (830) 934-2148
Fax (830) 934-2799

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 business-type 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, 2011, 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.

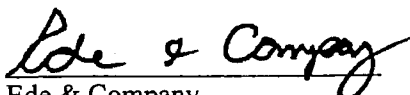
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 business-type 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, 2011 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 October 30, 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

October 30, 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, 2011. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The County's total combined Governmental Fund net assets were \$7,166,421 at December 31, 2011.
- The County's total combined Proprietary Fund net assets were \$(24,495 at December 31, 2011.
- During the year, the County's income was \$1,025,124 more than the \$9,027,843 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$910,264.

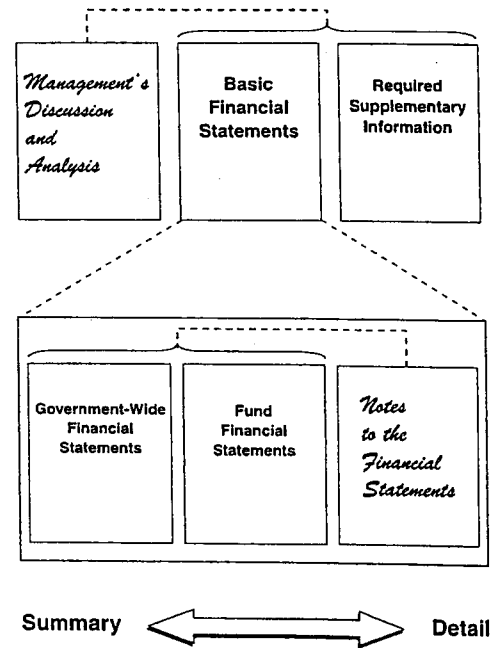
OVERVIEW OF THE FINANCIAL STATEMENTS

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.

- **Proprietary funds.** The County maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Nursing Home. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 31-33 of this report.
- **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 34. 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 \$7.1 million at December 31, 2011. 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 27.2% 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			Business-Type Activities		
	2011	2010	% Change 2011-2010	2011	2010	% Change 2011-2010
Current & Other Assets	\$ 12,057,324	\$ 6,410,349	88.1%	\$ 1,205,183	\$ -	100.0%
Capital Assets	7,109,674	9,229,100	-23.0%	4,749,812	-	100.0%
Total Assets	19,166,998	15,639,449	22.6%	5,954,995	-	100.0%
Current Liabilities	5,925,873	3,258,113	81.9%	1,394,995	-	100.0%
Long Term Liabilities	6,074,704	6,044,647	0.5%	4,584,493	-	100.0%
Total Liabilities	12,000,577	9,302,760	29.0%	5,979,488	-	100.0%
Net Assets						
Invested in Capital Assets, net of related debt	813,009	2,759,154	-70.5%	5,246	-	100.0%
Restricted	1,948,472	584,766	233.2%	-	-	0.0%
Unrestricted	4,404,940	2,992,769	47.2%	(29,741)	-	100.0%
Total net assets	7,166,421	6,336,689	13.1%	(24,495)	-	100.0%

A portion of the County's net assets \$1.9 million, represents resources that are subject to external restriction on how they may be used. The remaining balance \$4.4 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 increased from FY2010 to FY2011.

Governmental Activities – Total revenues for the fiscal year ended December 31, 2011 were \$9.0 million. Approximately 46% of the County's revenue comes from taxes. The graph below shows the sources of revenues for FY2011. Table A-2 shows the changes in Net Assets between FY2010 and FY2011.

Figure A-3 2011 Revenue Sources

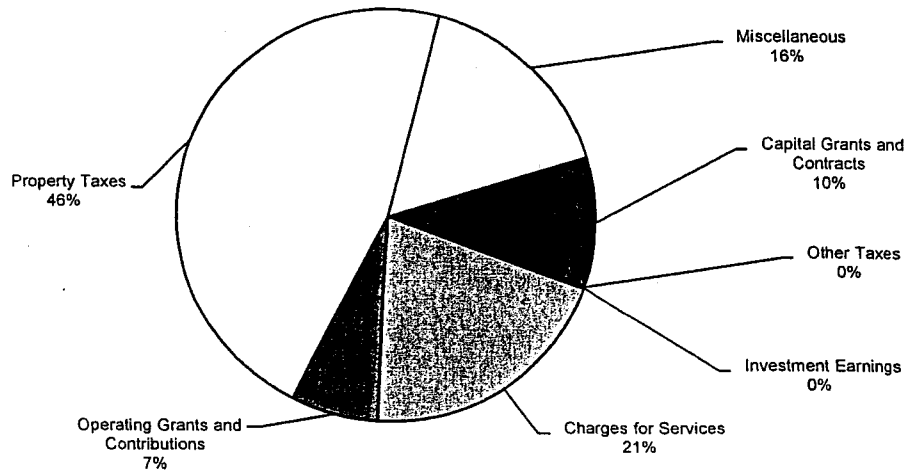


Table A-2
LA SALLE COUNTY, TX
CHANGE IN NET ASSETS

	Governmental Activities			Business-Type Activities		
	2011	2010	% Change 2011-2010	2011	2010	% Change 2011-2010
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,849,027	\$ 1,658,093	11.5%	\$ 371,172	\$ -	100.0%
Operating Grants	609,684	418,310	45.7%			
Capital Grants	910,229	1,452,400	-37.3%			
General Revenue						
Property Taxes	4,190,020	3,185,913	31.5%			
Other Taxes	4,584	3,746	22.4%			
Investment Earnings	13,219	18,057	-26.8%			
Other	1,451,079	694,444	109.0%			
Total Revenue	9,027,842	7,430,963	21.5%	371,172	-	100.0%
Expenses:						
General Administration	897,209	681,707	31.6%			
Judicial	239,405	275,125	-13.0%			
Legal	178,351	161,267	10.6%			
Financial Administration	552,523	479,088	15.3%			
Public Facilities	162,114	187,348	-13.5%			
Public Safety	2,745,570	2,027,419	35.4%			
Public Transportation	982,273	867,267	13.3%			
Culture & Recreation	42,762	49,061	-12.8%			
Health & Welfare	590,493	724,800	-18.5%			
Conservation- Agriculture	36,344	15,167	139.6%			
Interest and Fiscal Charges	122,256	522,301	-76.6%			
Nursing Home				1,849,086	-	100.0%
Total Expense	6,549,300	5,990,550	9.3%	1,849,086	-	100.0%
Increase (Decrease) in Net Assets before transfers	2,478,542	1,440,413	72.1%	(1,477,914)	-	100.0%
Transfers	(1,453,419)	-	100.0%	1,453,419	-	100.0%
Increase (Decrease) in Net Asset:	1,025,123	1,440,413	-28.8%	(24,495)	-	100.0%
Net Assets- Beginning	6,141,297	5,036,647	21.9%	-	-	0.0%
Prior Period Adjustment	-	(140,371)	-100.0%	-	-	0.0%
Net Assets - Ending	7,166,420	6,336,689	13.1%	(24,495)	-	100.0%

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 \$4,054 thousand, a increase of \$3.188 thousand in comparison with the prior year. Approximately 49.3% of this total amount (\$1,996 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 \$2,058 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 General Fund had unassigned fund balance of \$910 thousand.

General Fund Budgetary Highlights – The County amend the budget during the year. Even with these amendments actual revenues were \$227 thousand more than budgeted amounts. Actual expenses were \$55 thousand less the amounts budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011, the County had invested \$11,715.9 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 decrease (including additions and deductions) of 12.7 percent from last year.

Table A-4
La Salle County's Capital Assets

	Governmental Activities			Business- Type Activities		
	2011	2010	% Change 2011-2010	2011	2010	% Change 2011-2010
Land	\$ 129,193	\$ 129,193	0.0%	\$ -	\$ -	0.0%
Construction in Progress	4,237,157	6,398,621	-33.8%	-	-	0.0%
Building and Improvements	3,545,135	3,545,135	0.0%	4,499,720	-	100.0%
Machinery & Equipment	3,490,754	3,031,220	15.2%	425,107	-	100.0%
Infrastructure	313,730	313,730	0.0%	-	-	0.0%
Totals at historical cost	11,715,969	13,417,899	-12.7%	4,924,827	-	100.0%
Total Accumulated Depreciation	(4,606,296)	(4,188,799)	10.0%	(175,016)	-	100.0%
Net Capital Assets	\$ 7,109,673	\$ 9,229,100	-23.0%	\$4,749,811	\$ -	100.0%

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, 2011, 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 \$6.7 million of outstanding Government Activities debt and \$4.7 million of outstanding Business-Type Activities as follows:

La Salle County's Long Term Debt

	Governmental Activities			Business-Type Activities		
	2011	2010	% Change 2011-2010	2011	2010	% Change 2011-2010
Certificate of Obligation	\$6,340,435	\$6,402,000	-1.0%	\$4,744,565	\$ -	100.0%
Capital Lease Payable	173,662	280,280	-38.0%	-	-	0.0%
Notes Payable	121,528	80,774	50.5%	-	-	0.0%
Compensated Absences	77,833	72,474	7.4%	-	-	0.0%
Total	\$6,713,459	\$6,835,528	-1.8%	\$4,744,565	\$ -	100.0%

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, 2011, the La Salle County Public Facility Detention Corporation (discretely- presented component unit) had \$22,660,000 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 FY2012 budget preparation is estimated to be up significantly from FY2011.
- The tax rate established for the FY2012 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 2012 fiscal year. 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, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	La Salle County Public Facilities Detention Corporation
ASSETS				
Cash and Cash Equivalents	\$ 7,779,961	\$ 526,005	\$ 8,305,966	\$ 4,856,758
Receivable (net of allowances for uncollectible)	2,281,882	111,345	2,393,227	-
Bond Issuance Costs	416,793	-	416,793	684,224
Bond Discounts	-	-	-	1,377,600
Due From Fiduciary Fund	-	-	-	-
Internal Balances	1,038,356	567,833	1,606,189	-
Due from Other Governments	540,332	-	540,332	-
Capital Assets	-	-	-	-
Land	129,193	-	129,193	480,990
Buildings (Net)	2,068,633	4,414,699	6,483,332	15,886,127
Machinery and Equipment (Net)	674,691	335,113	1,009,804	-
Infrastructure	-	-	-	-
Construction in Progress	4,237,157	-	4,237,157	-
Total Assets	<u>19,166,998</u>	<u>5,954,995</u>	<u>25,121,993</u>	<u>23,285,699</u>
LIABILITIES				
Accounts Payable	\$ 505,727	\$ 158,800	\$ 664,527	\$ -
Bank Overdraft	-	-	-	-
Accrued Wages Payable	81,526	37,767	119,293	-
Due To Fiduciary Fund	1,000	-	1,000	-
Internal Balances	567,833	1,038,356	1,606,189	-
Due to Other Governments	195,513	-	195,513	-
Unearned Revenue - Advanced Tax Collections	3,935,520	-	3,935,520	-
Noncurrent Liabilities:	-	-	-	-
Due Within One Year	638,754	160,072	798,826	870,000
Due in More Than One Year	6,074,704	4,584,493	10,659,197	21,790,000
Total Liabilities	<u>12,000,577</u>	<u>5,979,488</u>	<u>17,980,065</u>	<u>22,660,000</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	813,009	5,246	818,255	(6,292,883)
Restricted for:	-	-	-	-
Construction	1,948,472	-	1,948,472	-
Debt Service	-	-	-	6,998,528
Unrestricted Net Assets	4,404,940	(29,741)	4,375,199	35,129
Total Net Assets	<u>\$ 7,166,421</u>	<u>\$ (24,495)</u>	<u>\$ 7,141,926</u>	<u>\$ 740,774</u>

The accompanying notes are an integral part of this statement.

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LA SALLE COUNTY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
General Administration	\$ 897,209	\$ 64,706	\$ 105,264	\$ -
Judicial	239,405	396,053	-	-
Legal	178,351	18,981	4,097	-
Financial Administration	552,523	117,745	-	-
Public Facilities	162,114	-	-	769,800
Public Safety	2,745,570	850,698	248,623	-
Public Transportation	982,273	400,844	113,082	-
Culture and Recreation	42,762	-	-	-
Health and Welfare	590,493	-	138,618	140,430
Conservation - Agriculture	36,344	-	-	-
Interest and Fiscal Charges	122,256	-	-	-
Total primary governmental activities	<u>6,549,300</u>	<u>1,849,027</u>	<u>609,684</u>	<u>910,229</u>
Business-Type Activities:				
La Salle County Nursing Home	<u>1,849,086</u>	<u>371,172</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>1,849,086</u>	<u>371,172</u>	<u>-</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 8,398,386</u>	<u>\$ 2,220,199</u>	<u>\$ 609,684</u>	<u>\$ 910,229</u>
Component Unit:				
La Salle County Public				
Facilities Detention Corporation	<u>\$ 9,145,244</u>	<u>\$ 9,021,582</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>\$ 9,145,244</u>	<u>\$ 9,021,582</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes:

Property Taxes, Levied for General Purposes

Other Taxes

Investment earnings

Special Transfers

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

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	La Salle County Public Facilities Detention Corporation
\$ (727,240)	\$ -	\$ (727,240)	
156,648	-	156,648	
(155,273)	-	(155,273)	
(434,778)	-	(434,778)	
607,686	-	607,686	
(1,646,249)	-	(1,646,249)	
(468,347)	-	(468,347)	
(42,762)	-	(42,762)	
(311,445)	-	(311,445)	
(36,344)	-	(36,344)	
(122,256)	-	(122,256)	
<u>(3,180,360)</u>	<u>-</u>	<u>(3,180,360)</u>	
-	(1,477,914)	(1,477,914)	
<u>-</u>	<u>(1,477,914)</u>	<u>(1,477,914)</u>	
<u>\$ (3,180,360)</u>	<u>\$ (1,477,914)</u>	<u>\$ (4,658,274)</u>	
			<u>\$ (123,662)</u>
			<u>\$ (123,662)</u>
4,190,020	-	4,190,020	-
4,584	-	4,584	-
13,219	-	13,219	-
(1,453,419)	1,453,419	-	-
<u>1,451,079</u>	<u>-</u>	<u>1,451,079</u>	<u>-</u>
<u>4,205,484</u>	<u>1,453,419</u>	<u>5,658,903</u>	<u>-</u>
1,025,124	(24,495)	1,000,629	(123,662)
6,141,297	-	6,141,297	864,436
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 7,166,421</u>	<u>\$ (24,495)</u>	<u>\$ 7,141,926</u>	<u>\$ 740,774</u>

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FUND FINANCIAL STATEMENTS

LA SALLE COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Special Revenue Funds			
	General Fund	Road and Bridge Funds	County Jail Fund	Encinal Jail
ASSETS				
Cash and Cash Equivalents	\$ 3,162,401	\$ 1,160,090	\$ 50,827	\$ 567,527
Taxes Receivable	1,880,667	466,177	-	-
Allowance for Uncollectible Taxes (Credit)	(52,059)	(12,904)	-	-
Receivables (Net)	-	-	-	-
Due from Other Governments	-	-	126,831	-
Due from Other Funds	3,294,206	129,379	-	1,632,739
Total Assets	<u>\$ 8,285,215</u>	<u>\$ 1,742,742</u>	<u>\$ 177,658</u>	<u>\$ 2,200,266</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 142,943	\$ 25,080	\$ 8,409	\$ 57,383
Accrued Wages Payable	52,824	15,707	6,177	-
Bank Overdraft	-	-	-	-
Due to Other Funds	2,024,615	179,443	1,249,097	408,688
Due to Other Governments	186,191	-	-	-
Deferred Revenue	4,968,377	1,235,025	-	-
Total Liabilities	<u>7,374,951</u>	<u>1,455,255</u>	<u>1,263,683</u>	<u>466,071</u>
Fund Balances:				
Restricted For:				
Construction	-	-	-	-
Law Enforcement	-	-	-	-
Unassigned	910,264	287,488	(1,086,026)	1,734,195
Total Fund Balances	<u>910,264</u>	<u>287,488</u>	<u>(1,086,026)</u>	<u>1,734,195</u>
Total Liabilities and Fund Balances	<u>\$ 8,285,215</u>	<u>\$ 1,742,742</u>	<u>\$ 177,658</u>	<u>\$ 2,200,266</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
\$ 2,299,448	\$ -	\$ 539,668	\$ 7,779,961
-	-	-	2,346,845
-	-	-	(64,963)
-	-	-	-
-	-	413,501	540,332
-	-	426,156	5,482,480
<u>\$ 2,299,448</u>	<u>\$ -</u>	<u>\$ 1,379,325</u>	<u>\$ 16,084,654</u>
\$ 24,725	\$ -	\$ 247,186	\$ 505,726
-	-	6,817	81,526
-	-	-	-
324,294	-	826,821	5,012,957
-	-	9,322	195,513
-	-	31,309	6,234,711
<u>349,019</u>	<u>-</u>	<u>1,121,455</u>	<u>12,030,433</u>
1,950,429	-	(1,958)	1,948,472
-	-	109,272	109,272
-	-	150,556	1,996,477
<u>1,950,429</u>	<u>-</u>	<u>257,870</u>	<u>4,054,221</u>
<u>\$ 2,299,448</u>	<u>\$ -</u>	<u>\$ 1,379,325</u>	<u>\$ 16,084,654</u>

LA SALLE COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

Total Fund Balances - Governmental Funds \$ 4,054,221

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 \$13,417,899 and accumulate depreciation was \$4,188,799. 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 \$6,469,946. 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. 2,759,155

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 2011 capital outlays and debt principal payments is to increase net assets. (1,508,460)

The 2011 depreciation expense increased accumulate Depreciation. The net effect on the current year's depreciation is to decrease net assets. (417,497)

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. 2,279,002

Net Assets of Governmental Activities \$ 7,166,421

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, 2011

	Special Revenue Funds		
	General Fund	Road and Bridge Funds	County Jail Fund
REVENUES:			
Taxes			
Property Taxes	\$ 3,608,537	\$ 805,035	\$ -
Other Taxes	4,584	-	-
Intergovernmental	151,164	34,079	-
Licenses & Permits	-	316,013	-
Charges for services	523,603	-	-
Fines & Forfeitures	741,870	34,550	-
Interest	3,557	490	-
Miscellaneous	15,796	120,865	829
Total Revenue	<u>5,049,111</u>	<u>1,311,031</u>	<u>829</u>
EXPENDITURES:			
Current:			
General Administration	769,202	-	-
Judicial	228,983	-	-
Legal	177,293	-	-
Financial Administration	547,813	-	-
Public Facilities	140,525	-	-
Public Safety	1,703,052	-	319,170
Public Transportation	-	873,506	-
Culture and Recreation	32,500	-	-
Health and Welfare	140,555	-	-
Conservation - Agriculture	35,957	-	-
Debt Service:			
Debt Service - Principal on long-term debt	226,104	141,572	196,940
Debt Service - Interest on long-term debt	124,119	13,673	35,677
Capital Outlay:			
Facilities Acquisition and Construction	-	-	-
Total Expenditures	<u>4,126,104</u>	<u>1,028,750</u>	<u>551,787</u>
Excess (Deficiency) Revenues Over Expenditures	<u>923,007</u>	<u>282,280</u>	<u>(550,958)</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	-	44,000	167,000
Operating Transfers Out	(231,167)	(44,000)	-
Certificates of Obligation Issued	346,540	-	-
Proceeds from Issuance of Long-term Debt	27,575	66,250	-
Total Other Financing Sources (Uses)	<u>142,949</u>	<u>66,250</u>	<u>167,000</u>
Net Change in Fund Balances	1,065,955	348,530	(383,958)
Fund Balance - January 1 (Beginning)	(155,691)	(61,042)	(702,068)
Prior Period Adjustment	-	-	-
Fund Balance - December 31 (Ending)	<u>\$ 910,264</u>	<u>\$ 287,488</u>	<u>\$ (1,086,026)</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	\$ 4,427,571
-	-	-	-	4,584
-	255,495	-	1,031,444	1,472,182
-	-	-	16,000	332,013
1,400,527	-	-	141,416	2,065,547
-	-	-	24,716	801,136
650	4,160	3,745	617	13,218
-	-	-	11,652	149,143
<u>1,401,178</u>	<u>259,655</u>	<u>3,745</u>	<u>1,239,844</u>	<u>9,265,393</u>
-	-	-	24,267	793,469
-	-	-	11,821	240,804
-	-	-	-	177,293
-	-	-	-	547,813
-	-	-	13,000	153,525
648,284	-	-	262,794	2,933,301
-	-	-	-	873,506
-	-	-	3,667	36,167
-	-	-	432,653	573,209
-	-	-	-	35,957
-	-	-	-	564,615
-	-	-	-	173,468
-	663,694	1,689,497	508,849	2,862,040
<u>648,284</u>	<u>663,694</u>	<u>1,689,497</u>	<u>1,257,052</u>	<u>9,965,168</u>
<u>752,894</u>	<u>(404,038)</u>	<u>(1,685,752)</u>	<u>(17,207)</u>	<u>(699,774)</u>
-	-	-	64,167	275,167
-	-	(1,453,419)	-	(1,728,585)
-	2,253,460	2,648,000	-	5,248,000
-	-	-	-	93,825
-	<u>2,253,460</u>	<u>1,194,581</u>	<u>64,167</u>	<u>3,888,406</u>
752,894	1,849,422	(491,171)	46,959	3,188,632
981,301	101,008	491,171	210,911	865,589
-	-	-	-	-
<u>\$ 1,734,195</u>	<u>\$ 1,950,429</u>	<u>\$ 0</u>	<u>\$ 257,870</u>	<u>\$ 4,054,221</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, 2011

Total Net Change in Fund Balances - Governmental Funds	\$ 3,188,632
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 2011 capital outlays and debt principal payments is to increase net assets.	(1,508,460)
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.	(417,497)
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.	(237,551)
Change in Net Assets of Governmental Activities	<u><u>\$ 1,025,124</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, 2011

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes				
Property Taxes	\$ 3,342,811	\$ 3,397,098	\$ 3,608,537	\$ 211,439
Other Taxes	2,200	2,200	4,584	2,384
Intergovernmental	87,440	93,440	151,164	57,724
Licenses & Permits	-	-	-	-
Charges for services	296,750	332,750	523,603	190,853
Fines & Forfeitures	605,700	605,700	741,870	136,170
Interest	5,570	5,570	3,557	(2,013)
Miscellaneous	123,000	123,000	15,796	(107,204)
Total Revenue	<u>4,463,471</u>	<u>4,559,758</u>	<u>5,049,111</u>	<u>489,353</u>
EXPENDITURES:				
Current:				
General Administration	693,814	776,169	769,202	6,967
Judicial	273,332	224,039	228,983	(4,945)
Legal	152,171	162,566	177,293	(14,727)
Financial Administration	507,460	543,844	547,813	(3,969)
Public Facilities	132,850	132,937	140,525	(7,588)
Public Safety	1,863,919	1,463,769	1,703,052	(239,283)
Culture and Recreation	25,000	30,000	32,500	(2,500)
Health and Welfare	222,452	138,194	140,555	(2,362)
Conservation - Agriculture	43,805	35,957	35,957	-
Debt Service:				
Debt Service - Principal on long-term debt	644,455	1,115,419	226,104	889,315
Debt Service - Interest on long-term debt	-	-	124,119	(124,119)
Total Expenditures	<u>4,559,258</u>	<u>4,622,894</u>	<u>4,126,104</u>	<u>496,790</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(95,787)</u>	<u>(63,136)</u>	<u>923,007</u>	<u>986,143</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	-	-	(231,167)	(231,167)
Certificates of Obligation Issued	-	-	346,540	346,540
Proceeds from Issuance of Long-term Debt	-	-	27,575	27,575
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>142,949</u>	<u>142,949</u>
Net Change in Fund Balances	(95,787)	(63,136)	1,065,955	1,129,091
Fund Balance - January 1 (Beginning)	(155,691)	(155,691)	(155,691)	-
Prior Period Adjustment	-	-	-	-
Fund Balance - August 31 (Ending)	<u>\$ (251,478)</u>	<u>\$ (218,827)</u>	<u>\$ 910,264</u>	<u>\$ 1,129,091</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, 2011

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Taxes				
Property Taxes	\$ 742,552	\$ 742,552	\$ 805,035	\$ 62,483
Intergovernmental	30,000	30,000	34,079	4,079
Licenses & Permits	276,500	276,500	316,013	39,513
Charges for services	-	-	-	-
Fines & Forfeitures	-	-	34,550	34,550
Interest	410	410	490	80
Miscellaneous	34,170	34,170	120,865	86,695
Total Revenue	<u>1,083,632</u>	<u>1,083,632</u>	<u>1,311,031</u>	<u>227,399</u>
EXPENDITURES:				
Current:				
Public Transportation	1,073,471	1,073,471	873,506	199,965
Debt Service:				
Debt Service - Principal on long-term debt	10,000	10,000	141,572	(131,572)
Debt Service - Interest on long-term debt	-	-	13,673	(13,673)
Total Expenditures	<u>1,083,471</u>	<u>1,083,471</u>	<u>1,028,750</u>	<u>54,721</u>
Excess (Deficiency) Revenues Over Expenditures	<u>161</u>	<u>161</u>	<u>282,280</u>	<u>282,119</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	44,000	44,000	44,000	-
Operating Transfers Out	(44,000)	(44,000)	(44,000)	-
Proceeds from Issuance of Long-term Debt	-	-	66,250	66,250
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>66,250</u>	<u>66,250</u>
Net Change in Fund Balances	161	161	348,530	348,369
Fund Balance - January 1 (Beginning)	(61,042)	(61,042)	(61,042)	-
Fund Balance - August 31 (Ending)	<u>\$ (60,881)</u>	<u>\$ (60,881)</u>	<u>\$ 287,488</u>	<u>\$ 348,369</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, 2011

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	GAAP Basis	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 30	\$ 30	\$ 829	\$ 799
Total Revenue	<u>30</u>	<u>30</u>	<u>829</u>	<u>799</u>
EXPENDITURES:				
Current:				
Public Safety	307,260	307,260	319,170	(11,910)
Debt Service:				
Debt Service - Principal on long-term debt	-	-	196,940	(196,940)
Debt Service - Interest on long-term debt	-	-	35,677	(35,677)
Total Expenditures	<u>307,260</u>	<u>307,260</u>	<u>551,787</u>	<u>(244,527)</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(307,230)</u>	<u>(307,230)</u>	<u>(550,958)</u>	<u>(243,728)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	307,230	307,230	167,000	(140,230)
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>307,230</u>	<u>307,230</u>	<u>167,000</u>	<u>(140,230)</u>
Net Change in Fund Balances	-	-	(383,958)	(383,958)
Fund Balance - January 1 (Beginning)	<u>(702,068)</u>	<u>(702,068)</u>	<u>(702,068)</u>	-
Fund Balance - August 31 (Ending)	<u>\$ (702,068)</u>	<u>\$ (702,068)</u>	<u>\$ (1,086,026)</u>	<u>\$ (383,958)</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, 2011

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 658,000	\$ 658,000	\$ 1,401,178	\$ 743,178
Total Revenue	<u>658,000</u>	<u>658,000</u>	<u>1,401,178</u>	<u>743,178</u>
EXPENDITURES:				
Current:				
Public Safety	<u>608,000</u>	<u>608,000</u>	<u>648,284</u>	<u>(40,284)</u>
Total Expenditures	<u>608,000</u>	<u>608,000</u>	<u>648,284</u>	<u>(40,284)</u>
Excess (Deficiency) Revenues Over Expenditures	<u>50,000</u>	<u>50,000</u>	<u>752,894</u>	<u>702,894</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
Net Change in Fund Balances	-	-	752,894	752,894
Fund Balance - January 1 (Beginning)	<u>981,301</u>	<u>981,301</u>	<u>981,301</u>	<u>-</u>
Fund Balance - August 31 (Ending)	<u>\$ 981,301</u>	<u>\$ 981,301</u>	<u>\$ 1,734,195</u>	<u>\$ 752,894</u>

The accompanying notes are an integral part of this statement.

LA SALLE COUNTY, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUND
DECEMBER 31, 2011

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$	526,005
Accounts Receivable, net		111,345
Due From Other Funds		567,833
Total Current Assets		1,205,183

Capital Assets:

Other Capital Assets, Net of Accumulated Depreciation		4,749,811
Total Non-Current Assets		4,749,811
Total Assets		5,954,993

LIABILITIES:

Current Liabilities:

Accounts Payable		158,800
Accrued Wages Payable		37,767
Compensated Absences		-
Due To Other Funds		1,038,356
Long-Term Debt - Current Portion		160,072
Total Current Liabilities		1,394,996

Non-Current Liabilities:

Long-Term Debt		4,584,493
Total Liabilities		5,979,489

NET ASSETS:

Invested in Capital Assets, Net of Related Debt		5,246
Unrestricted		(29,741)
Total Net Assets	\$	(24,495)

The accompanying notes are an integral part of this statement.

LA SALLE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2011

OPERATING REVENUES:

Charges for Services	
Nursing Home Revenues	\$ 371,172
Total operating revenues	371,172

OPERATING EXPENSES:

Personnel Services	715,372
Material and Supplies	284,776
Maintenance and Utilities	50,083
Contracted Services	360,763
Insurance	82,329
Marketing	6,372
Miscellaneous	13,364
Bad Debt Expense	65,122
Interest and fiscal charges	95,888
Depreciation & Amortization	175,016
Total operating expenses	1,849,086
Operating income (loss)	(1,477,914)

NONOPERATING REVENUE (EXPENSE):

Interest income	-
Total Non-Operating Income (Expenses)	-
Net Income (Loss) Before Transfers	(1,477,914)
Operating Transfers from Other Funds	1,453,419
Change in Net Assets	(24,495)
Net Assets at Beginning of Year	-
Prior period adjustment	-
Net Assets at End of Year	\$ (24,495)

The accompanying notes are an integral part of this statement.

LA SALLE COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2011

Cash Flows From Operating Activities:	
Cash Received From Charges	\$ 259,827
Cash Received (paid) - Other Funds	470,523
Cash Payments to Suppliers For Goods and Services	(799,898)
Cash Payments to Employees	(677,605)
Net Cash Provided (used) By Operating Activities	<u>(747,153)</u>
Cash Flows From Non-Capital Financing Activities:	
Transfers from Capital Projects Fund	1,453,419
Transfers to Other Funds	-
Net Cash Provided (used) By Non-Capital Financing Activities	<u>1,453,419</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(4,924,826)
Proceeds from Long-Term Debt	4,744,565
Net Cash Provided (used) By Capital and Related Financing Activities:	<u>(180,261)</u>
Cash Flows From Investing Activities:	
Investment Income	-
Net Cash Provided (used) By Investing Activities	<u>-</u>
Net Increase (decrease) In Cash and Cash Equivalents	526,005
Cash and Cash Equivalents at Beginning of Year	-
Cash and Cash Equivalents at End of Year	<u>\$ 526,005</u>

Reconciliation of Operating Income (loss) To Net Cash Provided (used) By Operating Activities:

Operating Income (loss)	\$ (1,477,914)
Adjustments to Reconcile Operating Income (loss) to Net Cash Provided (used) by Operating Activities	
Depreciation Expense	175,016
Prior Period Adjustment	-
(Increase) Decrease in Accounts Receivable	(111,345)
Increase (Decrease) in Accounts Payable	158,800
Increase (Decrease) in Accrued Expense	37,767
Increase (Decrease) in Due to Other Funds	470,523
Net Cash Provided (used) by Operating Activities	<u>\$ (747,153)</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, 2011

	Agency Funds
<hr/>	
ASSETS:	
Cash & Cash Equivalents	\$ 94,863
Due to Other Funds	<u>1,000</u>
Total Assets	<u><u>\$ 95,863</u></u>
LIABILITIES:	
Due to Others	<u>\$ 95,863</u>
Total Liabilities	<u><u>\$ 95,863</u></u>

The accompanying notes are an integral part of this statement.

LA SALLE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

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, 2011

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 three fund categories – governmental, proprietary 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, 2011

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, 2011

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, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

<u>Assets</u>	<u>Years</u>
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, 2011

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, 2011

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, 2011, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$8,400,829 and the bank balance was \$6,194,537.

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, 2011:

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, 2011 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, 2011

NOTE 5: INTERFUND BALANCES AND TRANSFERS

Interfund balances at December 31, 2011 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	\$ 3,294,206	\$ 2,024,615
Road and Bridge Fund	129,379	179,443
Jail Fund	-	1,249,097
Encinal Jail Fund	1,632,739	408,688
Courthouse Renovation Fund	-	324,294
Non Major Governmental Funds	426,156	826,821
Proprietary Fund	567,833	1,038,356
Fiduciary Fund	1,000	-
	<u>\$ 6,051,314</u>	<u>\$ 6,051,314</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, 2011 consisted of the following:

<u>Governmental Funds</u>	<u>Transfer To Other Funds</u>	<u>Transfer From Other Funds</u>
General Fund	\$ 231,167	\$ -
Road and Bridge Fund	44,000	44,000
Jail Fund	-	167,000
Nursing Home Construction Fund	1,453,419	-
Non Major Governmental Funds	-	64,167
Proprietary Fund - Nursing Home	-	1,453,419
	<u>\$ 1,728,585</u>	<u>\$ 1,728,585</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, 2011

NOTE 6: CAPITAL ASSET ACTIVITY

Capital asset activity for the County for the year ended December 31, 2011 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 129,193	\$ -	\$ -	\$ 129,193
Construction in Progress	6,398,621	2,763,362	4,924,826	4,237,157
Total capital assets not being depreciated	<u>6,527,814</u>	<u>2,763,362</u>	<u>4,924,826</u>	<u>4,366,350</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	3,545,135	-	-	3,545,135
Machinery, Equipment and Vehicles	3,031,220	459,534	-	3,490,754
Infrastructure	313,730	-	-	313,730
Total capital assets being depreciated	<u>6,890,085</u>	<u>459,534</u>	<u>-</u>	<u>7,349,619</u>
Less accumulated depreciation for:				
Buildings and Improvements	1,409,655	66,847	-	1,476,502
Machinery, Equipment and Vehicles	2,465,413	350,650	-	2,816,063
Infrastructure	313,730	-	-	313,730
Total accumulated depreciation	<u>4,188,798</u>	<u>417,497</u>	<u>-</u>	<u>4,606,295</u>
Total capital assets being depreciated, net	<u>2,701,287</u>	<u>42,037</u>	<u>-</u>	<u>2,743,324</u>
Governmental activities capital assets, net	<u>\$ 9,229,101</u>	<u>\$ 2,805,399</u>	<u>\$ 4,924,826</u>	<u>\$ 7,109,674</u>
Business type activities:				
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	-	4,499,720	-	4,499,720
Furniture and Equipment	-	425,107	-	425,107
Total capital assets being depreciated	<u>-</u>	<u>4,924,826</u>	<u>-</u>	<u>4,924,826</u>
Less accumulated depreciation for:				
Buildings and Improvements	-	85,021	-	85,021
Furniture and Equipment	-	89,994	-	89,994
Total accumulated depreciation	<u>-</u>	<u>175,016</u>	<u>-</u>	<u>175,016</u>
Total capital assets being depreciated, net	<u>-</u>	<u>4,749,811</u>	<u>-</u>	<u>4,749,811</u>
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ 4,749,811</u>	<u>\$ -</u>	<u>\$ 4,749,811</u>

Depreciation was charged to functions as follows:

Governmental Activities:

General Administration	\$ 7,274
Public Facilities	8,829
Public Safety	190,205
Public Transportation	190,743
Culture and Recreation	6,595
Health and Welfare	13,851
	<u>\$ 417,497</u>

Business-type Activities:

Nursing Home	\$ 175,016
	<u>\$ 175,016</u>

LA SALLE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2011

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.

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>
2012	\$ 75,160	\$ 7,166	\$ 82,326
2013	29,150	4,618	33,767
2014	69,353	265	69,618
Totals	<u>\$ 173,662</u>	<u>\$ 12,049</u>	<u>\$ 185,711</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>
2012	17,991
2013	10,495
Total Minimum Rentals	<u>\$ 28,486</u>

Rental Expenditures in Current Year \$ 17,991

NOTE 8: LONG-TERM DEBT

Notes Payable

As of December 31, 2011 the County was obligated for the following Notes Payable:

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

Stockmens National Bank – Payable in Monthly installments of \$829.65, Interest rate 5.25% due August 23, 2014, secured by 2011 Chevrolet Tahoe.

Stockmens National Bank – Payable in Monthly installments of \$997.36, Interest rate 5.25% due December 22, 2014, secured by Mack Dump Truck.

Stockmens National Bank – Payable in Monthly installments of \$995.89, Interest rate 5.25% due August 23, 2014, secured by 2011 Dodge Truck.

LA SALLE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2011

NOTE 8: LONG-TERM DEBT- Continued

The following table summarizes the annual debt service requirements for the Notes Payable December 31, 2011 to maturity:

Year Ending December 31	Principal	Interest	Total Requirements
2012	\$ 46,381	\$ 6,389	\$ 52,771
2013	\$ 49,204	\$ 3,567	
2014	25,943	616	26,560
Totals	<u>\$ 121,528</u>	<u>\$ 10,573</u>	<u>\$ 132,101</u>

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.

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, \$2,680,000 of the bonds have been issued.

On February 1, 2011, the County issued \$2,600,000 in Certificates of Obligation, Series 2010A, with interest rates ranging from 1.6% to 4.65%, maturing in 2025. The proceeds from the sale of the Certificates were used for renovation of the existing courthouse in Cotulla, Texas and purchase of 2 ambulances.

The following table summarizes the annual debt service requirements at December 31, 2011 to maturity:

Year Ending December 31	Principal	Interest	Total Requirements
2012	\$ 650,000	\$ 486,000	\$ 1,136,000
2013	682,000	473,371	1,155,371
2014	704,000	458,295	1,162,295
2015	720,000	441,071	1,161,071
2016	737,000	421,051	1,158,051
2017-2021	3,475,000	1,720,729	5,195,729
2022-2026	2,049,000	1,033,971	3,082,971
2027-2031	330,000	776,800	1,106,800
2032-2036	416,000	631,680	1,047,680
2037-2041	521,000	449,280	970,280
2042-2046	652,000	220,880	872,880
2047	149,000	11,920	160,920
Totals	<u>\$ 11,085,000</u>	<u>\$ 7,125,049</u>	<u>\$18,210,049</u>

LA SALLE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2011

NOTE 8: LONG-TERM DEBT- Continued

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
Bonds Payable:					
Cert. of Obligation, Series 2002	\$ 255,000	\$ -	\$ 125,000	\$ 130,000	\$ 130,000
Cert. of Obligation, Series 2010	32,000	2,648,000	2,680,000	-	-
Refunding Bonds, Series 2010	6,115,000	-	2,504,565	3,610,435	232,213
Cert. of Obligation, Series 2010A	-	2,600,000	-	2,600,000	155,000
Total Bonds Payable	6,402,000	5,248,000	5,309,565	6,340,435	517,213
Capital Lease Payable	280,280	-	106,618	173,662	75,160
Notes Payable	80,773	93,825	53,070	121,528	46,381
Compensated Absences	72,474	5,359	-	77,833	-
Total governmental activities	\$ 6,835,527	\$ 5,347,184	\$ 5,469,252	\$ 6,713,459	\$ 638,754
<u>Business- Type Activities</u>					
Bonds Payable:					
Cert. of Obligation, Series 2010	\$ -	\$ 2,680,000	\$ -	\$ 2,680,000	\$ -
Refunding Bonds, Series 2010	-	2,224,637	160,072	2,064,565	132,787
Total Business- Type Activities	\$ -	\$ 4,904,637	\$ 160,072	\$ 4,744,565	\$ 132,787

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.

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 - \$53,641; Personal Day's pay - \$14,360; Compensated time - \$9,832 for a total accumulated employee benefits amounted to \$77,833. 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.

LA SALLE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

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, 2011.

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.

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, 2009 and December 31, 2010, the basis for determining the contribution rates for calendar years 20110. The December 31, 2010 actuarial valuation is the most recent valuation.

LA SALLE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2011

NOTE 11: EMPLOYEES' RETIREMENT PLAN, continued

Actuarial Valuation Information

<u>Actuarial valuation date</u>	<u>12/31/08</u>	<u>12/31/09</u>	<u>12/31/10</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	20.0	18.7	17.4
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-
9/30/11	251,489	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%
12/31/10	\$ 4,970,025	\$ 5,420,903	\$ 450,878	91.68%	\$ 1,976,478	22.81%

LA SALLE COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

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, 2011

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, 2011.

	<u>FAIR MARKET VALUE</u>	<u>FDIC INSURANCE</u>	<u>SECURITIES PLEGDED</u>
<u>U.S. BANK, N.A.</u>			
Money Market Fund			
First American Prime Obligation Fund	\$ 4,971,832.69	N/A	N/A
Total Investments	<u>\$ 4,971,832.69</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, 2011, La Salle County Public Detention Facility Corporation has exposure to custodial risk because \$4,971,833 of the money market fund was not collateralized.

LA SALLE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2011

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, 2011 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	2,429,643	373,791	-	2,803,434
Furniture & Equipment	247,268	-	-	247,268
Total accumulated depreciation	2,676,911	373,791	-	3,050,702
Total capital assets being depreciated, net	16,259,919	(373,791)	-	15,886,128
Total capital assets, net	\$ 16,740,909	\$ (373,791)	\$ -	\$ 16,367,118

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:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Component Unit Activities</u>					
Bonds Payable:					
Refunding Bonds, Series 2010	22,960,000	-	300,000	22,660,000	870,000
Total Bonds Payable	22,960,000	-	300,000	22,660,000	870,000
Discount on Revenue Bonds	-	(1,377,600)	-	(1,377,600)	-
Total Component Unit Debt	\$ 22,960,000	\$ (1,377,600)	\$ 300,000	\$ 21,282,400	\$ 870,000

LA SALLE COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2011

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

The following table summarizes the annual debt service requirements at December 31, 2011 to maturity:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
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	1,250,000	1,490,851	2,740,851
2017-2021	8,275,000	5,353,791	13,628,791
2022-2024	9,130,000	1,224,001	10,354,001
Totals	<u>\$ 22,660,000</u>	<u>\$ 15,073,482</u>	<u>\$ 37,733,482</u>

NOTE 14: EXCESS EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2011, the County Jail Fund expenditures of \$551,787 exceeded appropriations of \$307,260 by \$244,527. The Encinal Jail Fund expenditures of \$648,284 exceeded appropriations of \$608,000 by \$40,284.

NOTE 15: DEFICIT FUND EQUITY

As of December 31, 2011 the County had a Deficit Fund Equity in the following funds:

County Jail Fund	\$(1,086,026)
Road & Bridge Loader Fund	\$(89,094)
Elderly Nutrition Fund	\$(165,402)
Fourth Court of Appeals	\$(2,420)
La Salle County Rent Account	\$(31,916)
Real Estate Proceeds	\$(136,064)
TDCP #729429	\$(2,188)
TDCP #729115	\$(20)

REQUIRED SUPPLEMENTARY INFORMATION

LA SALLE COUNTY, TX
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2011

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%
12/31/2010	4,970,025	5,420,903	450,878	91.68%	1,976,478	22.81%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

LA SALLE COUNTY, TEXAS
BALANCE SHEET
ROAD AND BRIDGE FUND
DECEMBER 31, 2011

	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	\$ 391,313	\$ 277,191	\$ 195,352	\$ 284,308
Taxes Receivable	144,167	117,647	60,197	144,167
Allowance for Uncollectible Taxes (Credit)	(3,991)	(3,257)	(1,666)	(3,991)
Receivables (Net)	-	-	-	-
Due from Other Governments	-	-	-	-
Due from Other Funds	2,082	14,305	41,068	42,637
Total Assets	<u>\$ 533,570</u>	<u>\$ 405,887</u>	<u>\$ 294,950</u>	<u>\$ 467,121</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 4,727	\$ 10,117	\$ 5,595	\$ 3,882
Accrued Wages Payable	3,554	4,176	3,464	3,554
Bank Overdraft	-	-	-	-
Due to Other Funds	6,946	18,810	45,753	47,322
Deferred Revenues	381,935	311,678	159,476	381,935
Total Liabilities	<u>397,163</u>	<u>344,781</u>	<u>214,288</u>	<u>436,693</u>
Fund Balances:				
Restricted For:				
Construction	-	-	-	-
Law Enforcement	-	-	-	-
Unassigned	136,407	61,106	80,662	30,428
Total Fund Balances	<u>136,407</u>	<u>61,106</u>	<u>80,662</u>	<u>30,428</u>
Total Liabilities and Fund Balances	<u>\$ 533,570</u>	<u>\$ 405,887</u>	<u>\$ 294,950</u>	<u>\$ 467,121</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
\$ 40,411	\$ (28,484)	\$ -	\$ 1,160,090
-	-	-	466,177
-	-	-	(12,904)
-	-	-	-
-	1,720	27,568	129,379
<u>\$ 40,411</u>	<u>\$ (26,764)</u>	<u>\$ 27,568</u>	<u>\$ 1,742,742</u>
\$ -	\$ 758	\$ -	\$ 25,080
-	960	-	15,707
-	-	-	-
-	60,612	-	179,443
-	-	-	1,235,025
-	<u>62,330</u>	-	<u>1,455,255</u>
-	-	-	-
40,411	(89,094)	27,568	287,488
<u>40,411</u>	<u>(89,094)</u>	<u>27,568</u>	<u>287,488</u>
<u>\$ 40,411</u>	<u>\$ (26,764)</u>	<u>\$ 27,568</u>	<u>\$ 1,742,742</u>

LA SALLE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ROAD AND BRIDGE FUND
YEAR ENDED DECEMBER 31, 2011

	ROAD AND BRIDGE No.1	ROAD AND BRIDGE No.2	ROAD AND BRIDGE No.3
REVENUES:			
Taxes			
Property Taxes	\$ 201,164	\$ 201,280	\$ 201,412
Other Taxes	-	-	-
Intergovernmental	5,117	5,117	5,117
Licenses & Permits	79,003	79,003	79,003
Charges for services	-	-	-
Fines & Forfeitures	8,637	8,637	8,637
Interest	443	16	16
Miscellaneous	55,391	58,008	3,181
Total Revenue	<u>349,755</u>	<u>352,061</u>	<u>297,366</u>
EXPENDITURES:			
Current:			
Public Transportation	166,696	219,142	212,130
Debt Service:			
Debt Service - Principal on long-term debt	63,062	43,555	-
Debt Service - Interest on long-term debt	3,782	8,484	-
Capital Outlay:			
Facilities Acquisition and Construction	-	-	-
Total Expenditures	<u>233,540</u>	<u>271,182</u>	<u>212,130</u>
Excess (Deficiency) Revenues Over Expenditures	<u>116,215</u>	<u>80,879</u>	<u>85,236</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from Issuance of Long-term Debt	-	-	33,150
Operating Transfers In	-	-	-
Operating Transfers Out	(11,000)	(11,000)	(11,000)
Total Other Financing Sources (Uses)	<u>(11,000)</u>	<u>(11,000)</u>	<u>22,150</u>
Net Change in Fund Balances	105,215	69,879	107,386
Fund Balance - January 1 (Beginning)	31,192	(8,773)	(26,724)
Fund Balance - December 31 (Ending)	<u>\$ 136,407</u>	<u>\$ 61,106</u>	<u>\$ 80,662</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
\$ 201,179	\$ -	\$ -	\$ -	\$ 805,035
-	-	-	-	-
5,117	13,612	-	-	34,079
79,003	-	-	-	316,013
-	-	-	-	-
8,637	-	-	-	34,550
16	-	-	-	490
4,285	-	-	-	120,865
<u>298,236</u>	<u>13,612</u>	<u>-</u>	<u>-</u>	<u>1,311,031</u>
227,802	-	47,737	-	873,506
34,954	-	-	-	141,572
1,406	-	-	-	13,673
-	-	-	-	-
<u>264,162</u>	<u>-</u>	<u>47,737</u>	<u>-</u>	<u>1,028,750</u>
<u>34,074</u>	<u>13,612</u>	<u>(47,737)</u>	<u>-</u>	<u>282,280</u>
33,100	-	-	-	66,250
-	-	44,000	-	44,000
(11,000)	-	-	-	(44,000)
<u>22,100</u>	<u>-</u>	<u>44,000</u>	<u>-</u>	<u>66,250</u>
56,174	13,612	(3,737)	-	348,530
(25,747)	26,799	(85,358)	27,568	(61,042)
<u>\$ 30,428</u>	<u>\$ 40,411</u>	<u>\$ (89,094)</u>	<u>\$ 27,568</u>	<u>\$ 287,488</u>

LA SALLE COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2011

	4	10	11
	LA SALLE COUNTY TDHCA	FEDERAL SEIZURES	NARCOTICS FEDERAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 100	\$ 36,220	\$ 34,310
Taxes Receivable	-	-	-
Allowance for Uncollectible Taxes (Credit)	-	-	-
Receivables (Net)	-	-	-
Due from Other Governments	232,318	-	-
Due from Other Funds	48,427	-	14,211
Total Assets	<u>\$ 280,846</u>	<u>\$ 36,220</u>	<u>\$ 48,521</u>
LIABILITIES & FUND BALANCES			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ 1,864
Accrued Wages Payable	-	-	-
Bank Overdraft	-	-	-
Due to Other Funds	280,846	-	1,155
Due to Other Governments	-	-	-
Deferred Revenue	-	10,420	-
Total Liabilities	<u>280,846</u>	<u>10,420</u>	<u>3,019</u>
Fund Balances:			
Restricted For:			
Construction	-	-	-
Law Inforcement	-	25,800	45,502
Unassigned	-	-	-
Total Fund Balances	<u>-</u>	<u>25,800</u>	<u>45,502</u>
Total Liabilities and Fund Balances	<u>\$ 280,846</u>	<u>\$ 36,220</u>	<u>\$ 48,521</u>

13	14	20	30	35
NARCOTICS FUNDS	COURTHOUSE SECURITY	LA SALLE COUNTY PARKS	ELDERLY NUTRITION	SHERIFF TOWING AND STORAGE
\$ 52,852	\$ 35,493	\$ 39,981	\$ 19,455	\$ 4,065
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,155	-	1,200	8,872	780
<u>\$ 54,007</u>	<u>\$ 35,493</u>	<u>\$ 41,181</u>	<u>\$ 28,328</u>	<u>\$ 75,064</u>
\$ 124	\$ -	\$ -	\$ 11,480	\$ 7,193
1,639	-	-	4,857	-
-	-	-	-	-
14,273	6,813	4,200	177,392	-
-	-	-	-	6,700
-	-	14,000	-	-
<u>16,037</u>	<u>6,813</u>	<u>18,200</u>	<u>193,730</u>	<u>13,893</u>
-	-	-	-	-
37,970	-	-	-	-
-	28,681	22,981	(165,402)	61,171
<u>37,970</u>	<u>28,681</u>	<u>22,981</u>	<u>(165,402)</u>	<u>61,171</u>
<u>\$ 54,007</u>	<u>\$ 35,493</u>	<u>\$ 41,181</u>	<u>\$ 28,328</u>	<u>\$ 75,064</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, 2011

	36 LA SALLE COUNTY FOOD PANTRY	41-49 and 63 JUVENILE PROBATION	50 BORDER STAR
ASSETS			
Cash and Cash Equivalents	\$ 85	\$ 1,332	\$ 55,881
Taxes Receivable	-	-	-
Allowance for Uncollectible Taxes (Credit)	-	-	-
Receivables (Net)	-	-	-
Due from Other Governments	-	106,888	-
Due from Other Funds	-	103,869	-
Total Assets	<u>\$ 85</u>	<u>\$ 212,089</u>	<u>\$ 55,881</u>
LIABILITIES & FUND BALANCES			
Liabilities:			
Accounts Payable	\$ -	\$ 501	\$ -
Accrued Wages Payable	-	-	-
Bank Overdraft	-	-	-
Due to Other Funds	-	124,836	341
Due to Other Governments	-	130	-
Deferred Revenue	-	6,889	-
Total Liabilities	<u>-</u>	<u>132,356</u>	<u>341</u>
Fund Balances:			
Restricted For:			
Construction	-	-	-
Law Inforcement	-	-	-
Unassigned	85	79,733	55,540
Total Fund Balances	<u>85</u>	<u>79,733</u>	<u>55,540</u>
Total Liabilities and Fund Balances	<u>\$ 85</u>	<u>\$ 212,089</u>	<u>\$ 55,881</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
\$ 352	\$ 9,159	\$ 17,348	\$ 14,327	\$ 2,694	\$ (29,916)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	20,002	4,929	-
<u>\$ 352</u>	<u>\$ 9,159</u>	<u>\$ 17,348</u>	<u>\$ 34,329</u>	<u>\$ 7,623</u>	<u>\$ (29,916)</u>
\$ -	\$ -	\$ -	\$ 812	\$ -	\$ 2,000
-	-	320	-	-	-
-	-	-	-	-	-
280	-	-	305	1,554	-
2,492	-	-	-	-	-
-	-	-	-	-	-
<u>2,772</u>	<u>-</u>	<u>320</u>	<u>1,117</u>	<u>1,554</u>	<u>2,000</u>
-	-	-	-	-	-
-	-	-	-	-	-
(2,420)	9,159	17,028	33,212	6,069	(31,916)
(2,420)	9,159	17,028	33,212	6,069	(31,916)
<u>\$ 352</u>	<u>\$ 9,159</u>	<u>\$ 17,348</u>	<u>\$ 34,329</u>	<u>\$ 7,623</u>	<u>\$ (29,916)</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, 2011

	82	38	81
	COUNTY CLERK AUTOMATION	REAL ESTATE PROCEEDS	ROAD REPAIR FUND
ASSETS			
Cash and Cash Equivalents	\$ 37,339	\$ -	\$ -
Taxes Receivable	-	-	-
Allowance for Uncollectible Taxes (Credit)	-	-	-
Receivables (Net)	-	-	-
Due from Other Governments	-	-	-
Due from Other Funds	207	-	136,064
Total Assets	<u>\$ 37,546</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 Enforcement	-	-	-
Unassigned	35,271	(136,064)	136,064
Total Fund Balances	<u>35,271</u>	<u>(136,064)</u>	<u>136,064</u>
Total Liabilities and Fund Balances	<u>\$ 37,546</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	
\$ 1,364	\$ 5,625	\$ 201,352	\$ 250	\$ 539,668
-	-	-	-	-
-	-	-	-	-
-	73,514	-	-	413,501
-	-	17,000	-	426,156
<u>\$ 1,364</u>	<u>\$ 79,139</u>	<u>\$ 218,352</u>	<u>\$ 250</u>	<u>\$ 1,379,325</u>
\$ -	\$ 73,514	\$ 149,697	\$ -	\$ 247,186
-	-	-	-	6,817
-	-	-	-	-
-	7,813	68,675	-	826,821
-	-	-	-	9,322
-	-	-	-	31,309
<u>-</u>	<u>81,327</u>	<u>218,372</u>	<u>-</u>	<u>1,121,455</u>
-	(2,188)	(20)	250	(1,958)
-	-	-	-	109,272
1,364	-	-	-	150,556
<u>1,364</u>	<u>(2,188)</u>	<u>(20)</u>	<u>250</u>	<u>257,870</u>
<u>\$ 1,364</u>	<u>\$ 79,139</u>	<u>\$ 218,352</u>	<u>\$ 250</u>	<u>\$ 1,379,325</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, 2011

	4	10	11
	LA SALLE COUNTY TDHCA	FEDERAL SEIZURES	NARCOTICS FEDERAL FUNDS
REVENUES:			
Taxes			
Property Taxes	\$ -	\$ -	\$ -
Other Taxes	-	-	-
Intergovernmental	140,430	18,453	-
Licenses & Permits	-	-	-
Charges for services	-	-	-
Fines & Forfeitures	-	-	-
Interest	-	81	137
Miscellaneous	-	-	3,475
Total Revenue	<u>140,430</u>	<u>18,534</u>	<u>3,612</u>
EXPENDITURES:			
Current:			
General Administration	-	-	-
Judicial	-	-	-
Legal	-	-	-
Financial Administration	-	-	-
Public Facilities	-	-	-
Public Safety	-	-	10,067
Public Transportation	-	-	-
Culture and Recreation	-	-	-
Health and Welfare	140,430	-	-
Conservation - Agriculture	-	-	-
Capital Outlay:			
Facilities Acquisition and Construction	-	-	-
Total Expenditures	<u>140,430</u>	<u>-</u>	<u>10,067</u>
Excess (Deficiency) Revenues Over Expenditures	<u>-</u>	<u>18,534</u>	<u>(6,456)</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	-	18,534	(6,456)
Fund Balance - January 1 (Beginning)	-	7,265	51,958
Prior Period Adjustment	-	-	-
Fund Balance - December 31 (Ending)	<u>\$ -</u>	<u>\$ 25,800</u>	<u>\$ 45,502</u>

13	14	20	30	35
NARCOTICS FUNDS	COURTHOUSE SECURITY	LA SALLE COUNTY PARKS	ELDERLY NUTRITION	SHERIFF TOWING AND STORAGE
\$ -	\$ -	\$ 14,000	\$ -	\$ -
-	-	-	-	-
99,089	-	-	138,618	-
-	-	16,000	-	-
-	-	-	-	89,002
192	24,716	-	-	-
-	-	-	-	-
-	-	-	6,596	-
<u>99,281</u>	<u>24,716</u>	<u>30,000</u>	<u>145,214</u>	<u>89,002</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
71,036	20,129	-	-	66,113
-	-	-	-	-
-	-	3,667	-	-
-	-	-	277,224	-
-	-	-	-	-
<u>71,036</u>	<u>20,129</u>	<u>3,667</u>	<u>277,224</u>	<u>66,113</u>
<u>28,245</u>	<u>4,587</u>	<u>26,333</u>	<u>(132,010)</u>	<u>22,889</u>
-	-	-	54,167	-
-	-	-	-	-
-	-	-	54,167	-
28,245	4,587	26,333	(77,843)	22,889
9,725	24,094	(3,352)	(87,559)	38,283
-	-	-	-	-
<u>\$ 37,970</u>	<u>\$ 28,681</u>	<u>\$ 22,981</u>	<u>\$ (165,402)</u>	<u>\$ 61,171</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, 2011

	36 LA SALLE COUNTY FOOD PANTRY	41-49 and 63 JUVENILE PROBATION	50 BORDER STAR
REVENUES:			
Taxes			
Property Taxes	\$ -	\$ -	\$ -
Other Taxes	-	-	-
Intergovernmental	-	89,278	-
Licenses & Permits	-	-	-
Charges for services	-	-	-
Fines & Forfeitures	-	-	-
Interest	-	-	132
Miscellaneous	-	-	-
Total Revenue	<u>-</u>	<u>89,278</u>	<u>132</u>
EXPENDITURES:			
Current:			
General Administration	-	-	-
Judicial	-	-	-
Legal	-	-	-
Financial Administration	-	-	-
Public Facilities	-	-	-
Public Safety	-	89,779	-
Public Transportation	-	-	-
Culture and Recreation	-	-	-
Health and Welfare	15,000	-	-
Conservation - Agriculture	-	-	-
Capital Outlay:			
Facilities Acquisition and Construction	-	-	-
Total Expenditures	<u>15,000</u>	<u>89,779</u>	<u>-</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(15,000)</u>	<u>(501)</u>	<u>132</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	10,000	-	-
Operating Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(5,000)	(501)	132
Fund Balance - January 1 (Beginning)	5,085	80,234	55,408
Prior Period Adjustment	-	-	-
Fund Balance - December 31 (Ending)	<u>\$ 85</u>	<u>\$ 79,733</u>	<u>\$ 55,540</u>

LA SALLE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - Continued
YEAR ENDED DECEMBER 31, 2011

	82	38	81
	COUNTY CLERK AUTOMATION	REAL ESTATE PROCEEDS	ROAD REPAIR FUND
REVENUES:			
Taxes			
Property Taxes	\$ -	\$ -	\$ -
Other Taxes	-	-	-
Intergovernmental	31,272	-	-
Licenses & Permits	-	-	-
Charges for services	-	-	-
Fines & Forfeitures	-	-	-
Interest	75	-	-
Miscellaneous	-	-	-
Total Revenue	<u>31,347</u>	<u>-</u>	<u>-</u>
EXPENDITURES:			
Current:			
General Administration	11,604	-	-
Judicial	-	-	-
Legal	-	-	-
Financial Administration	-	-	-
Public Facilities	-	-	-
Public Safety	-	-	-
Public Transportation	-	-	-
Culture and Recreation	-	-	-
Health and Welfare	-	-	-
Conservation - Agriculture	-	-	-
Capital Outlay:			
Facilities Acquisition and Construction	-	-	-
Total Expenditures	<u>11,604</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) Revenues Over Expenditures	<u>19,743</u>	<u>-</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	19,743	-	-
Fund Balance - January 1 (Beginning)	15,528	(136,064)	136,064
Prior Period Adjustment	-	-	-
Fund Balance - December 31 (Ending)	<u>\$ 35,271</u>	<u>\$ (136,064)</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	
\$ -	\$ -	\$ -	\$ -	\$ 14,000
-	-	-	-	-
-	284,044	230,260	-	1,031,444
-	-	-	-	16,000
-	-	-	-	141,416
-	-	-	-	24,716
-	-	-	-	617
1,581	-	-	-	11,652
<u>1,581</u>	<u>284,044</u>	<u>230,260</u>	<u>-</u>	<u>1,239,844</u>
1,028	-	-	-	24,267
-	-	-	-	11,821
-	-	-	-	-
-	-	-	-	-
-	-	-	-	13,000
-	-	-	-	262,794
-	-	-	-	-
-	-	-	-	3,667
-	-	-	-	432,653
-	-	-	-	-
-	284,044	224,805	-	508,849
<u>1,028</u>	<u>284,044</u>	<u>224,805</u>	<u>-</u>	<u>1,257,052</u>
553	-	5,455	-	(17,207)
-	-	-	-	64,167
-	-	-	-	-
-	-	-	-	64,167
553	-	5,455	-	46,959
811	(2,188)	(5,475)	250	210,911
-	-	-	-	-
<u>\$ 1,364</u>	<u>\$ (2,188)</u>	<u>\$ (20)</u>	<u>\$ 250</u>	<u>\$ 257,870</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

Eric Ede
Frank Ede
Donna Ede Jones

P. O. Box 219
Knippa, Texas 78870
Telephone (830) 934-2148
Fax (830) 934-2799

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 business type 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, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 30, 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.

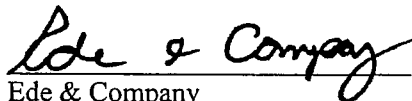
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, 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

October 30, 2012

EDE & COMPANY

Certified Public Accountants

Eric Ede
Frank Ede
Donna Ede Jones

P. O. Box 219
Knippa, Texas 78870
Telephone (830) 934-2148
Fax (830) 934-2799

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, 2011. 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 material effect on each of its major state programs for the year ended December 31, 2011.

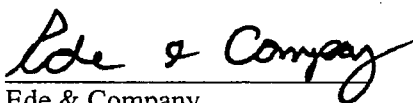
Internal Control Over Compliance

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

October 30, 2012

SCHEDULE OF EXPENDITURES OF STATE AWARDS

LA SALLE COUNTY, TEXAS
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

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	\$ 255,495
TOTAL TEXAS HISTORICAL COMMISSION		<u>255,495</u>
Texas Department of Agriculture		
Community Program Block Grant Program for Rural Texas - Water	749429	284,044
Community Program Block Grant Program for Rural Texas - Sewer	729115	224,805
TOTAL TEXAS DEPARTMENT OF AGRICULTURE		<u>508,849</u>
Texas Department of Housing and Community Affairs		
TOTAL TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS	100096	<u>140,430</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 904,774</u>

LA SALLE COUNTY, TEXAS
NOTES ON ACCOUNTING POLICIES FOR STATE AWARDS
YEAR ENDED DECEMBER 31, 2011

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, 2011**

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, 2011**

NONE

**LA SALLE COUNTY, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2011**

N/A