

LA SALLE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended
December 31, 2008

La Salle County, Texas
Annual Financial Report
For the Fiscal Year Ended December 31, 2008

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Commissioner's Court
LaSalle County, Texas

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of LaSalle County, Texas, as of and for the year ended December 31, 2008, which collectively comprise LaSalle County, Texas's basic financial statements as listed in the table of contents. These financial statements are the responsibility of LaSalle County, Texas's management. My responsibility is to express opinions on these financial statements based on my audit.

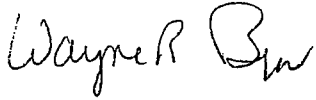
I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining,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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of LaSalle County, Texas, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund, the Encino Jail Fund, 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.

The management's discussion and analysis, the non-major budgetary comparison information, and the required supplementary information on pages 3 through 10, 55 through 59, and 46, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the management's discussion and analysis and the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LaSalle County, Texas's basic financial statements. The combining and individual non-major fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and schedules and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



WAYNE R. BEYER
Certified Public Accountant
Pleasanton, Texas
March 16, 2010

Management's Discussion and Analysis

Financial Highlights

The assets of La Salle County, Texas exceeded its liabilities at the close of the most recent fiscal year by \$6,022,861 (net assets). Of this amount, \$4,722,465 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets increased by \$471,381. The major reason is an increase of \$804,484 in Ad Valorem Taxes.

As of the close of the current fiscal year, La Salle County, Texas's governmental funds reported combined ending fund balances of \$5,333,631, an increase of \$4,513,750 in comparison with the prior year. Approximately 12% of this total amount, \$643,168 is available for spending at the government's discretion (unreserved fund balance). The major reason the unreserved fund balance increased by \$4,513,750 is the issuance of Certificates of Obligation of \$5,360,000.

At the end of the current fiscal year, the unreserved fund balance for the general fund was \$110,184, or 4 percent of total general fund expenditures, the unreserved fund balance for the road and bridge fund was \$57,890, or 4 percent of total road and bridge fund expenditures, the unreserved fund balance for the Encinal jail fund was \$487,675, or 128 percent of total Encinal jail fund expenditure, the unreserved fund balance for the jail fund was a minus \$253,262, or 0 percent of total jail fund expenditures.

La Salle County, Texas's total debt increased by \$5,044,680 (198 percent) during the current fiscal year. The key factor in this increase was the issuance of Certificates of Obligation of \$5,360,000.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to La Salle County, Texas's basic financial statements. La Salle County, Texas's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of La Salle County, Texas's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of La Salle County, Texas's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of La Salle County, Texas is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of La Salle County, Texas 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. The governmental activities of La Salle County, Texas include general administration, public safety, environmental protection, public transportation, health and welfare, public facilities, legal, elections, financial administration, conservation, capital projects, and culture and recreation.

The government-wide financial statements include only La Salle County, Texas itself (known as the primary government),

The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. La Salle County, Texas, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. 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 governmental funds and governmental activities.

La Salle County, Texas maintains Thirty-two (32) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the Encinal jail fund, the county jail fund, and the road and bridge funds, all of which are considered to be major funds. Data from the other twenty-eight (28) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

La Salle County, Texas adopts an annual appropriated budget for its General Fund, County Jail, Road and Bridge Fund, and Encinal Jail Fund. A budgetary comparison statement has been provided for the General Fund, Road and Bridge Fund, County Jail Fund, and Encinal Jail Fund and all the other special revenue funds for which budgets were adopted.

The basic governmental fund financial statements can be found on pages 13-22 of this report.

Notes to the financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-45 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning La Salle County, Texas's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 46 of this report.

The combining statements referred to earlier in connection with major road and bridge funds and non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 47-54 of this report. The budget comparison schedules in connection with the non-major governmental funds can be found on pages 55-59 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of La Salle County, Texas, assets exceeded liabilities by \$6,022,861 at the close of the most recent fiscal year.

A portion of La Salle County, Texas's net assets (19 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment); less any related debt used to acquire those assets that are still outstanding. La Salle County, Texas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although La Salle County, Texas's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**LA SALLE COUNTY, TEXAS
NET ASSETS**

	Governmental Activities		Total	
	2008	2007	2008	2007
Current and other Assets	\$11,258,637	\$6,085,760	\$11,258,637	\$6,085,760
Capital Assets	3,960,499	3,538,883	3,960,499	3,538,883
Total Assets	15,219,136	9,624,643	15,219,136	9,624,643
Long-term liabilities	7,595,278	2,550,598	7,595,278	2,550,598
Other liabilities	1,600,997	1,522,565	1,600,997	1,522,565
Total Liabilities	9,196,275	4,073,163	9,196,275	4,073,163
Invested in Capital Assets, Net of Related debt	1,164,082	1,075,060	1,164,082	1,075,060
Restricted	136,314	176,686	136,314	176,686
Unrestricted	4,722,465	4,299,734	4,722,465	4,299,734
Total Net Assets	\$6,022,861	\$5,551,480	\$6,022,861	\$5,551,480

An additional portion of La Salle County, Texas's net assets (2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$4,722,465) may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, La Salle County, Texas reported a positive balance in all three parts of the governmental activities net assets. For the prior fiscal year, La Salle County, Texas reported a positive balance in all three parts of the governmental activities net assets.

Governmental activities:

Governmental activities increased La Salle County, Texas's net assets by \$471,381, thereby accounting for 100 percent of the total increase in the net assets of La Salle County, Texas.

**LA SALLE COUNTY, TEXAS
CHANGE IN NET ASSETS**

	Governmental Activities		Total	
	2008	2007	2008	2007
Revenues:				
Program Revenues:				
Charges for Services	\$2,352,850	\$3,072,255	\$2,352,850	\$3,072,255
Operating Grants and Contributions	830,219	448,617	830,219	448,617
Capital Grants and Contributions	400,000	167,894	400,000	167,894
General Revenues:				
Maintenance and Operations Taxes	3,128,931	2,324,447	3,128,931	2,324,447
Other Taxes	2,472	2,657	2,472	2,657
Unrestricted investment earnings	95,730	2,746	95,730	2,746
Gain on Sale of Assets	151,000	0	151,000	0
Miscellaneous	144,474	233,567	144,474	233,567
Total Revenue	7,105,676	6,252,183	7,105,676	6,252,183
Expenses:				
General Administration	727,878	614,755	727,878	614,755
Judicial	338,421	265,370	338,421	265,370
Legal	144,518	147,945	144,518	147,945
Financial Administration	363,928	354,265	363,928	354,265
Public Facilities	160,490	372,574	160,490	372,574
Public Safety	2,830,936	2,625,244	2,830,936	2,625,244
Public Transportation	1,286,918	1,211,832	1,286,918	1,211,832
Culture and Recreation	264,162	33,751	264,162	33,751
Health and Welfare	235,726	340,850	235,726	340,850
Conservation - Agriculture	28,406	27,943	28,406	27,943
Interest and Fiscal Charges	252,912	133,258	252,912	133,258
Total Expenses	6,634,295	6,127,787	6,634,295	6,127,787
Increase in net assets before transfers and special items	471,381	124,396	471,381	124,396
Transfers	0	0	0	0
Increase in Net Assets	471,381	124,396	471,381	124,396
Net Assets at 12/31/2007 - Restated	5,551,480	5,427,084	5,551,480	5,427,084
Net Assets at 12/31/2008	<u>\$6,022,861</u>	<u>\$5,551,480</u>	<u>\$6,022,861</u>	<u>\$5,551,480</u>

The governments net assets increased by \$471,381 during the current fiscal year. The major reason is an increase of \$804,484 in Ad Valorem Taxes. The overall increase on expenses was \$506,508. The increase was uniform throughout the expense functions.

Expenses and Program Revenues - Governmental Activities

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Government activities:				
General Administration	\$727,878	\$108,634	\$0	\$0
Judicial	338,421	471,065	35,594	
Legal	144,518			
Financial Administration	363,928	56,273		
Public Facilities	160,490			
Public Safety	2,830,936	1,327,150	321,748	
Public Transportation	1,286,918	371,015	146,839	400,000
Culture and Recreation	264,162			
Health and Welfare	235,726	18,713	152,500	
Conservation - Agriculture	28,406			
Interest and Fiscal Charges	252,912			
Total government activities	<u>\$6,634,295</u>	<u>\$2,352,850</u>	<u>\$656,681</u>	<u>\$400,000</u>

Revenues by source - Governmental Activities

2006

	REVENUES	%
Charges for Services	\$2,352,850	33.11%
Operating Grants and Contributions	830,219	11.68%
Capital Grants and Contributions	400,000	5.63%
Maintenance and Operations Taxes	3,128,931	44.03%
Other Taxes	2,472	0.03%
Unrestricted Investment Earnings	95,730	1.35%
Gain on Sale of Capital assets	151,000	2.13%
Miscellaneous	144,474	2.03%
	<u>\$7,105,676</u>	<u>100.00%</u>

For the most part, with the exceptions listed above, increases or decreases in expenses closely paralleled inflation and growth in the demand for services.

Financial Analysis of the Government's Funds

As noted earlier, La Salle County, Texas uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds:

The focus of La Salle County, Texas's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing La Salle County, Texas's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, La Salle County, Texas's governmental funds reported combined ending fund balances of \$5,333,631, an increase of \$4,513,750 in comparison with the prior year. Approximately 12 percent of this total amount (\$643,168) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) for Construction (\$4,690,463).

The general fund is the chief operating fund of La Salle County, Texas. At the end of the current fiscal year, unreserved fund balance of the general fund was \$110,184, while total fund balance reached \$110,184. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 4 percent of total general fund expenditures, while total fund balance represents 4 percent of that same amount. The fund balance of La Salle County, Texas general fund increased by \$72,884 during the current fiscal year. Key factors in this increase are as follows: an increase in Ad Valorem Taxes over and above an increase in expenditures.

At the end of the current fiscal year, unreserved fund balance of the road and bridge fund was \$57,890, while total fund balance reached \$57,890. As a measure of the road and bridge fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 4 percent of total road and bridge fund expenditures, while total fund balance represents 4 percent of that same amount. The fund balance of La Salle County, Texas road and bridge fund increased by \$32,008 during the current fiscal year. This increase is immaterial.

At the end of the current fiscal year, unreserved fund balance of the Encinal jail fund was \$487,675, while total fund balance reached \$487,675. As a measure of the Encinal jail fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 128 percent of total Encinal jail fund expenditures, while total fund balance represents 128 percent of that same amount. The fund balance of La Salle County, Texas Encinal jail fund decreased by \$56,151 during the current fiscal year. The major reason for the decrease in fund balance was the decrease in revenue of \$153,617.

At the end of the current fiscal year, unreserved fund balance of the County jail fund was a minus \$253,262, while total fund balance reached a minus \$253,262. As a measure of the County jail fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 00 percent of total County jail fund expenditures, while total fund balance represents 00 percent of that same amount. The fund balance of La Salle County, Texas County jail fund decreased by \$320,234 during the current fiscal year. The major reason for the decrease in fund balance was the decrease in revenue of \$153,051 and an increase in expenditures of \$75,249.

Budgetary Highlights

There were no differences between the original budget and the final amended budget for the County Jail and the Encinal Jail funds. The general fund budget decreased by \$38,990 and the decreased were pro-rata throughout the expenditure functions. The road and bridge fund budget increased by \$578,486. This increase was due in large part to an increase in road and bridge expenditures of \$434,953.

Capital Asset and Debt Administration

Capital assets:

La Salle County, Texas's investment in capital assets for its governmental activities as of December 31, 2008, amounts to \$3,960,499 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and infrastructure items such as roads, highways, and bridges. The total increase in La Salle County, Texas's investment in capital assets for the current fiscal year was 11.91 percent.

The county has an ongoing Courthouse Renovation project and an Assisted Living and Nursing Home Facility project at December 31, 2008.

LA SALLE COUNTY, TEXAS CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Total	
	2008	2007	2008	2007
Land	\$104,343	\$104,343	\$104,343	\$104,343
Construction in Progress	640,875	0	640,875	0
Building and Improvements	2,227,135	2,284,392	2,227,135	2,284,392
Machinery and Equipment	988,146	1,150,148	988,146	1,150,148
Infrastructure	0	0	0	0
Total	\$3,960,499	\$3,538,883	\$3,960,499	\$3,538,883

Additional information on La Salle County, Texas's capital assets can be found in note IV C on page 36 of this report.

Long-term debt:

At the end of the current fiscal year, La Salle County, Texas had the following bonded debt.

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Certificate of Obligation, Series 2002	\$1,640,000	\$0	\$105,000	\$1,535,000	\$110,000
Certificate of Obligation, Series 2008	0	5,360,000	0	5,360,000	210,000
	<u>1,640,000</u>	<u>5,360,000</u>	<u>105,000</u>	<u>6,895,000</u>	<u>320,000</u>
Grand Total	\$1,640,000	\$5,360,000	\$105,000	\$6,895,000	\$320,000

La Salle County, Texas's total bonded debt increased by \$5,255,000 (320 percent) during the current fiscal year. The key factor in this increase was the issuance of Certificate of Obligation bonds for the year of \$5,360,000.

Additional information on La Salle County, Texas's long term debt can be found in note IV F on pages 38-40 of this report.

The County has secured new projects in the 2009 year. Please refer to the subsequent events note V. C. on page 42 of this report.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with an overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Treasurer's Office, 100 Courthouse, Cotulla, Texas 78014.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LA SALLE COUNTY, TEXAS
STATEMENT OF NET ASSETS
DECEMBER 31, 2008

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	\$6,672,987	\$6,672,987
Receivables (net of allowance for uncollectibles)	4,325,650	4,325,650
Bond Issuance Cost	260,000	260,000
Capital assets not being depreciated:		
Land	104,343	104,343
Construction in Progress	640,875	640,875
Total Capital assets being depreciated, net		
Building and Improvements	2,227,135	2,227,135
Machinery and Equipment	988,146	988,146
Infrastructure	0	0
Total Assets	<u>\$15,219,136</u>	<u>\$15,219,136</u>
LIABILITIES:		
Accounts Payable	\$229,968	\$229,968
Bank Overdraft	86,659	86,659
Accrued Wages Payables	41,337	41,337
Accrued Interest Payable	127,740	127,740
Unearned Revenues - Advanced Tax Collections	1,115,293	1,115,293
Noncurrent Liabilities:		
Due within one year	619,215	619,215
Due in more than one year	6,976,063	6,976,063
Total Liabilities	<u>9,196,275</u>	<u>9,196,275</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	1,164,082	1,164,082
Restricted for:		
Construction	136,314	136,314
Unrestricted	4,722,465	4,722,465
Total Net Assets	<u>\$6,022,861</u>	<u>\$6,022,861</u>

The accompanying notes are an integral part of this statement.

LA SALLE COUNTY, TEXAS
 STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense)	Net (Expense)	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets	Revenue and Changes in Net Assets	
						Governmental Activities	Total
Primary Government							
Government Activities:							
General Administration	\$727,878	\$108,634	\$0	\$0	(\$619,244)		(\$619,244)
Judicial	338,421	471,065	35,594		168,238		168,238
Legal	144,518				(144,518)		(144,518)
Financial Administration	363,928	56,273			(307,655)		(307,655)
Public Facilities	160,490				(160,490)		(160,490)
Public Safety	2,830,936	1,327,150	495,286		(1,008,500)		(1,008,500)
Public Transportation	1,286,918	371,015	146,839	400,000	(369,064)		(369,064)
Culture and Recreation	264,162				(264,162)		(264,162)
Health and Welfare	235,726	18,713	152,500		(64,513)		(64,513)
Conservation - Agriculture	28,406				(28,406)		(28,406)
Interest and Fiscal Charges	252,912				(252,912)		(252,912)
Total Government Activities	<u>6,634,295</u>	<u>2,352,850</u>	<u>830,219</u>	<u>400,000</u>	<u>(3,051,226)</u>		<u>(3,051,226)</u>
Total Primary Government	<u>\$6,634,295</u>	<u>\$2,352,850</u>	<u>\$830,219</u>	<u>\$400,000</u>	<u>(3,051,226)</u>		<u>(3,051,226)</u>
General Revenues							
Property Taxes, Levies for General Purposes					3,128,931		3,128,931
Other Taxes					2,472		2,472
Unrestricted Investment Earnings					95,730		95,730
Gain on Sale of Capital Assets					151,000		151,000
Miscellaneous					144,474		144,474
Total General Revenues and Transfers					<u>3,522,607</u>		<u>3,522,607</u>
Change in Net assets					471,381		471,381
Net Assets - Beginning - Restated					5,551,480		5,551,480
Net Assets - Ending					<u>\$6,022,861</u>		<u>\$6,022,861</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

LA SALLE COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	General Fund	Encinal Jail	Road and Bridge	County Jail	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$994,760	\$185,296	\$338,998	\$15,396	\$5,138,537	\$6,672,987
Receivables (net of allowance for uncollectibles)	2,140,510	27,122	392,473	25,625	13,983	2,599,713
Due from Other Funds	160,126	300,560	77,662		163,750	702,098
Total Assets	\$3,295,396	\$512,978	\$809,133	\$41,021	\$5,316,270	\$9,974,798
LIABILITIES AND FUND BALANCES:						
Liabilities						
Accounts Payable	\$141,756	\$23,967	\$14,646	\$21,393	\$28,206	\$229,968
Due to Other Funds			122,524	264,960	314,614	702,098
Bank Overdraft			59,448		27,211	86,659
Accrued Wages Payable	22,057	1,336	5,339	7,930	4,675	41,337
Unearned Revenues	3,021,399		549,286		10,420	3,581,105
Total Liabilities	3,185,212	25,303	751,243	294,283	385,126	4,641,167
Fund Balances:						
Restricted For:						
Construction					4,690,463	4,690,463
Unreserved, Reported in General Fund	110,184					110,184
Special Revenue Funds		487,675	57,890	(253,262)	240,681	532,984
Total Fund Balance	110,184	487,675	57,890	(253,262)	4,931,144	5,333,631
Total Liabilities and Fund Balances	\$3,295,396	\$512,978	\$809,133	\$41,021	\$5,316,270	\$9,974,798

The accompanying notes are an integral part of this statement.

LA SALLE COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 DECEMBER 31, 2008

Total Fund Balances - governmental funds balance sheet	\$5,333,631
Amounts reported for governmental activities in the statement of net assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	3,960,499
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,725,937
Bond Issuance Costs are expenditures in the funds but are recorded as assets in the governmental activities	260,000
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	2,465,812
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(7,723,018)
Net assets of governmental activities - statement of net assets	<u>\$6,022,861</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, 2008

	General Fund	Encinal Jail	Road and Bridge	County Jail	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes						
Property	\$1,990,743		\$341,159		\$10,000	\$2,341,902
Other	2,472					2,472
Intergovernmental	96,552		146,819		586,848	830,219
Licenses and Permits			319,009		18,540	337,549
Charges for Services	217,937	322,010		752,265	239,107	1,531,319
Fines and Forfeitures	803,907		33,466			837,373
Interest	6,916		1,753	670	86,391	95,730
Miscellaneous	97,849		1,128		45,497	144,474
Total Revenues	<u>3,216,376</u>	<u>322,010</u>	<u>843,334</u>	<u>752,935</u>	<u>986,383</u>	<u>6,121,038</u>
EXPENDITURES						
Current:						
General Administration	654,534				65,487	720,021
Judicial	274,974				18,218	293,192
Legal	145,323				1	145,324
Financial Administration	360,495					360,495
Public Facilities	152,477				5,070	157,547
Public Safety	1,024,683	378,161		1,030,329	375,873	2,809,046
Public Transportation			1,188,560			1,188,560
Culture and Recreation	30,500				225,601	256,101
Health and Welfare	225,841				4,714	230,555
Conservation - Agriculture	28,406					28,406
Capital Projects -						
Capital Outlay and Other					630,833	630,833
Debt Service						
Principal Retirement	0		234,325	147,677	6,663	388,665
Interest Retirement	0		48,823	86,589	4,557	139,969
Total Expenditures	<u>2,897,233</u>	<u>378,161</u>	<u>1,471,708</u>	<u>1,264,595</u>	<u>1,337,017</u>	<u>7,348,714</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	319,143	(56,151)	(628,374)	(511,660)	(350,634)	(1,227,676)
OTHER FINANCING SOURCES (USES):						
Certificates of Obligation					5,360,000	5,360,000
Bond Issuance Cost					(260,000)	(260,000)
Capital Lease			90,426			90,426
Sale of Capital Asserts			151,000			151,000
Lawsuit Proceeds			400,000			400,000
Operating Transfers In	0		124,054	191,426	65,000	380,480
Operating Transfers Out	(246,259)		(105,098)		(29,123)	(380,480)
Total Other Financing Sources (Uses)	<u>(246,259)</u>	<u>0</u>	<u>660,382</u>	<u>191,426</u>	<u>5,135,877</u>	<u>5,741,426</u>
Net Changes in Fund Balances	72,884	(56,151)	32,008	(320,234)	4,785,243	4,513,750
Fund Balances - Beginning - Restated	37,300	543,826	25,882	66,972	145,901	819,881
Fund Balances - Ending	<u>110,184</u>	<u>487,675</u>	<u>57,890</u>	<u>(253,262)</u>	<u>4,931,144</u>	<u>5,333,631</u>

The accompanying notes are an integral part of this statement.

LA SALLE COUNTY, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 DECEMBER 31, 2008

Net Changes in Fund Balances - total governmental funds	\$4,513,750
Amounts reported for governmental activities in the statement of net assets ("SNA") are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	421,616
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This is the change in these amounts this year.	(353,391)
Increase (decrease) in Bond Issuance Costs from beginning of period to end of period.	260,000
(Increase) decrease in Compensated absences from beginning of period to end of period.	17,081
(Increase) decrease in Accrued Interest Payable from beginning of period to end of period.	(112,943)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	787,029
Increase in loan principal are receipts in the funds but not revenue in the SOA.	(5,450,426)
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	388,665
	<hr/>
Change in net assets of governmental activities - statement of activities	<u>\$471,381</u>

The accompanying notes are an integral part of this statement.

LA SALLE COUNTY, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<i>REVENUES</i>				
Taxes				
Property	\$1,911,507	\$1,911,507	\$1,990,743	\$79,236
Other	2,000	2,000	2,472	472
Intergovernmental	88,810	88,810	96,552	7,742
Charges for Services	300,541	300,541	217,937	(82,604)
Fines and Forfeitures	816,350	816,350	803,907	(12,443)
Interest	18,500	18,500	6,916	(11,584)
Miscellaneous	58,150	52,900	97,849	44,949
Total Revenues	3,195,858	3,190,608	3,216,376	25,768

EXPENDITURES

Current:

General Administration				
Contingencies	172,787	112,537	36,328	76,209
County Clerk	156,031	161,031	168,249	(7,218)
County Judge	107,438	109,338	109,320	18
Elections	24,348	45,848	51,115	(5,267)
Grant Administration	0	35,000	5,820	29,180
Grant Writer Nursing Home	0	0	1,924	(1,924)
Non-Departmental	258,365	266,105	277,430	(11,325)
Veterans Service	3,631	3,631	4,348	(717)
Legal				
County Attorney	138,368	138,368	145,323	(6,955)
Judicial				
County Court	1,900	1,900	3,280	(1,380)
District Court	87,568	87,568	106,486	(18,918)
Justice of the Peace	139,701	147,801	165,208	(17,407)
Financial Administration				
Audit Fee	17,500	35,000	35,250	(250)
County Treasurer	103,826	108,726	119,939	(11,213)
Tax Assessor-Collector	212,452	212,452	205,306	7,146
Public Facilities				
Courthouse and Yards	110,134	139,194	152,477	(13,283)
Public Safety				
Ambulance	139,062	143,122	144,566	(1,444)
Constables	60,867	60,867	51,915	8,952
Corrections	9,895	9,895	7,967	1,928
COPS Grant	69,657	53,157	50,391	2,766
D.P.S.	32,474	39,224	40,790	(1,566)
Housing of Inmates	100,000	100,000	25,233	74,767
Juvenile Probation	105,656	72,011	49,887	22,124
Narcotics Officer				0
School Crime Grant				0
Sheriff	654,172	654,172	612,964	41,208
Victim Crime Advocate	41,163	41,163	40,970	193

(continued)

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Culture and Recreation				
County Library	\$30,000	\$30,000	\$30,500	(\$500)
Health and Welfare				
Health and Welfare	133,216	141,091	225,841	(84,750)
Conservation - Agriculture				
Agriculture Extension Service	27,497	27,497	28,406	(909)
Debt Service				
Principal Retirement				0
Interest Retirement				0
Total Expenditures	<u>2,937,708</u>	<u>2,976,698</u>	<u>2,897,233</u>	<u>79,465</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>258,150</u>	<u>213,910</u>	<u>319,143</u>	<u>105,233</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out	(257,000)	(257,000)	(246,259)	10,741
Total Other Financing Sources (Uses)	<u>(257,000)</u>	<u>(257,000)</u>	<u>(246,259)</u>	<u>10,741</u>
Net Changes in Fund Balances	1,150	(43,090)	72,884	115,974
Fund Balances - Beginning	37,300	37,300	37,300	
Fund Balances - Ending	<u>\$38,450</u>	<u>(\$5,790)</u>	<u>\$110,184</u>	<u>\$115,974</u>

The accompanying notes are an integral part of this statement.

LA SALLE COUNTY, TEXAS

ENCINAL JAIL

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Charges for Services	321,750	321,750	322,010	260
Total Revenues	321,750	321,750	322,010	260
EXPENDITURES				
Current:				
Public Safety				
Sheriff	532,424	532,424	378,161	154,263
Total Expenditures	532,424	532,424	378,161	154,263
Excess (Deficiency) of Revenues Over (Under) Expenditures	(210,674)	(210,674)	(56,151)	154,523
OTHER FINANCING SOURCES (USES):				
Other Financing Sources - Capital Lease				0
Operating Transfers In				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	(210,674)	(210,674)	(56,151)	154,523
Fund Balances - Beginning	543,826	543,826	543,826	
Fund Balances - Ending	\$333,152	\$333,152	\$487,675	\$154,523

The notes to the financial statements are an integral part of this statement.

LA SALLE COUNTY, TEXAS
ROAD AND BRIDGE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$443,078	\$443,078	\$341,159	(\$101,919)
Intergovernmental	62,204	136,624	146,819	10,195
Licenses and Permits	306,900	306,900	319,009	12,109
Fines and Forfeitures	45,639	45,639	33,466	(12,173)
Interest	654	654	1,753	1,099
Miscellaneous	8,910	53,478	1,128	(52,350)
Total Revenues	<u>867,385</u>	<u>986,373</u>	<u>843,334</u>	<u>(143,039)</u>
EXPENDITURES				
Current				
Public Transportation				
Road and Bridge	826,387	1,261,340	1,188,560	72,780
Debt Service				
Principal Retirement	106,000	219,108	228,834	(9,726)
Interest and Fiscal Charges		30,425	54,314	(23,889)
Total Expenditures	<u>932,387</u>	<u>1,510,873</u>	<u>1,471,708</u>	<u>39,165</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(65,002)	(524,500)	(628,374)	(103,874)
OTHER FINANCING SOURCES (USES):				
Capital Lease			90,426	90,426
Sale of Capital Asserts			151,000	151,000
Lawsuit Proceeds		400,000	400,000	0
Operating Transfers In	29,500	98,998	124,054	25,056
Operating Transfers Out	(69,498)	(69,498)	(105,098)	(35,600)
Total Other Financing Sources (Uses)	<u>(39,998)</u>	<u>429,500</u>	<u>660,382</u>	<u>230,882</u>
Net Changes in Fund Balances	<u>(105,000)</u>	<u>(95,000)</u>	<u>32,008</u>	<u>127,008</u>
Fund Balances - Beginning	25,882	25,882	25,882	
Fund Balances - Ending	<u>(\$79,118)</u>	<u>(\$69,118)</u>	<u>\$57,890</u>	<u>\$127,008</u>

The notes to the financial statements are an integral part of this statement.

LA SALLE COUNTY, TEXAS
COUNTY JAIL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Charges for Services	\$1,105,680	\$1,102,680	\$752,265	(\$350,415)
Interest	0	0	670	670
Total Revenues	<u>1,105,680</u>	<u>1,102,680</u>	<u>752,935</u>	<u>(349,745)</u>
EXPENDITURES				
Current:				
Public Safety				
Sheriff	1,063,915	1,063,915	1,030,329	33,586
Debt Service				
Principal Retirement	147,677	147,677	147,677	0
Interest and Fiscal Charges	83,088	83,088	86,589	(3,501)
Total Expenditures	<u>1,294,680</u>	<u>1,294,680</u>	<u>1,264,595</u>	<u>30,085</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(189,000)</u>	<u>(192,000)</u>	<u>(511,660)</u>	<u>(319,660)</u>
OTHER FINANCING SOURCES (USES):				
Other Financing Sources - Capital Lease	192,000	192,000	191,426	(574)
Operating Transfers In				0
Total Other Financing Sources (Uses)	<u>192,000</u>	<u>192,000</u>	<u>191,426</u>	<u>(574)</u>
Net Changes in Fund Balances	3,000	0	(320,234)	(320,234)
Fund Balances - Beginning	<u>66,972</u>	<u>66,972</u>	<u>66,972</u>	
Fund Balances - Ending	<u>\$69,972</u>	<u>\$66,972</u>	<u>(\$253,262)</u>	<u>(\$320,234)</u>

The notes to the financial statements are an integral part of this statement.

LA SALLE COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Agency Funds
ASSETS	
Cash and Cash Equivalents	<u>\$714,426</u>
Receivables (net of allowance for uncollectibles)	<u>0</u>
Total Assets	<u><u>\$714,426</u></u>
LIABILITIES	
Accounts Payable	\$0
Due to Others	<u>714,426</u>
Total Liabilities	<u><u>714,426</u></u>

The notes to the financial statements are an integral part of this statement.

LA SALLE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

I. Summary of Significant Accounting Policies

A. Reporting entity

La Salle County operates under a County Judge – Commissioner’s Court type of government and provides the following services throughout the County: public safety (fire, ambulance, and law enforcement), environmental protections (sanitation), public transportation (highways and roads), health and welfare, culture and recreation, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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 are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a 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, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The road and bridge fund accounts for the activities of the government's road and bridge operations.

The Encinal jail fund accounts for the monies earned by the county for the Encinal jail.

The county jail fund accounts for monies used for operating the county jail.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Government and the District to invest in obligations of the U.S. Treasury. Investments for the Government are reported at fair value.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities are reported in the government-wide financial statements as "internal balances".

D. Assets, Liabilities, and Net Assets or Equity (continued)

2. Receivables and Payables (continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to a total of 1 percent of the current outstanding property taxes at December 31, 2008 and 10 percent of the delinquent outstanding property taxes at December 31, 2008.

Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Traditionally, property taxes are levied October 1, of the year in which assessed or as soon thereafter as practicable. Taxes are due and payable when levied since that is when the County bills the taxpayers. The County begins to collect the taxes as soon as the taxpayers are billed.

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 the government-wide and fund financial statements. There were no prepaid items at December 31, 2008.

4. Restricted Assets

There were no restricted assets at December 31, 2008.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. 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 assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The county has an ongoing Courthouse Renovation project and an Assisted Living and Nursing Home Facility project at December 31, 2008.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<i>Assets</i>	<i>Years</i>
Buildings	50
Building Improvements	20
Public Domain Infrastructure	50
System Infrastructure	30
Vehicles	5
Office Equipment	5
Computer Equipment	5

6. 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.

All comp. time is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in government-wide financial statements.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. 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 recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. Reconciliation of Government-Wide and Fund Financial Statements

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$7,723,018 difference are as follows:

Capital Leases Payable	\$638,219
Bonds Payable	6,795,000
Notes Payable	92,365
Accrued Interest Payable	127,740
Compensated Absences	69,694
	<u>\$7,723,018</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds" report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$3,960,499 difference are as follows:

Capital Outlay	\$7,375,894
Depreciation Expense	(3,415,395)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$3,960,499</u>

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets. (continued)

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles.)" The details of this \$2,465,812 difference are as follows:

Property Taxes Receivable	\$2,535,794
Allowance for Doubtful Accounts	<u>(69,982)</u>
Net	<u>\$2,465,812</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds." The details of this \$1,725,937 difference are as follows:

Fines and Fees Receivable	\$4,448,693
Allowance for Doubtful Accounts	<u>(2,722,756)</u>
Net	<u>\$1,725,937</u>

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense."

The details of this \$421,616 difference are as follows:

Capital Outlay - Additions	\$913,093
Depreciation Expense	(491,477)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$421,616</u>

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

The original budget is adopted by the Commissioner's Court and filed with the County Clerk. Amendments are made during the year on approval by the Commissioner's Court. The final amended budget is used in this report. The budget should not be exceeded in any expenditure category under State law. Unused appropriations lapse at the end of each year. The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Treasurer to prepare the annual budget. After being furnished budget guidelines by the Commissioner's Court, the County Treasurer prepares an estimate of revenues and a compilation of requested departmental expenditures and submits this data to the Commissioner's Court. The Commissioner's Court invites various department heads to appear for a hearing concerning the departments' budget requests. Before determining the final budget, the Commissioner's Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the County Treasurer's estimate of revenues and available cash. The final budget can be legally amended by the Commissioner's Court to whatever extent the Court desires as long as the amended figures do not exceed the County Treasurer's estimate of revenues and available cash.

When the Budget has been adopted by the Commissioner's Court, the County Treasurer is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the Commissioner's Court advised of the condition of the various funds and accounts. The level of control for each legally adopted annual operating budget is the fund. Budgets for all budgeted General and Special Revenue Funds are adopted on a budgetary basis which is in conformity with generally accepted accounting principles (GAAP). Budgets for the 2008 fiscal year were adopted for the General Fund, the Road and Bridge Funds, the County Jail Fund, the Encinal Jail Fund, and other applicable non-major governmental funds.

B. Excess of Expenditures over Appropriations

For the year ended December 31, 2008, expenditures did not exceed appropriations in any fund except for the Narcotics Fund whereby total expenditures of \$76,675 exceeded budgeted expenditures of \$8,531 by \$68,144.

C. Deficit fund equity

The county had no deficit fund balances as of December 31, 2008 except for the following:

County Jail Fund - \$253,262
Road and Bridge No. 2 Fund - \$22,376
Road and Bridge No. 3 Fund - \$59,183
Road and Bridge No. 4 Fund - \$54,502
Road and Bridge Loader Fund - \$25,735
Disaster Relief TDHCA Fund - \$101,093
County Parks Fund - \$27,276
Elderly Nutrition Fund - \$63,711
Real estate Proceeds Fund - \$136,064

These deficits are expected to be liquidated by future resources of the funds.

IV. Detailed Notes on All Funds

A. Deposits and Investments

Legal and Contractual Provisions Governing Deposits and Investments:

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 not in total compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments:

The County has no investments.

The County has adopted an investment policy and has a depository contract in compliance with the Public Funds Investment Act. That policy does address the following risks:

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. The government has a deposit and investment policy for custodial credit risk. As of December 31, 2008, the government's bank balance of \$2,825,383 was not exposed to custodial credit risk because it was not fully insured and collateralized with securities held by the pledging financial institution's trust department or agent, in the government's name. The fair market value of the securities pledged is \$7,729,712 and the FDIC coverage is \$100,000. The book balance of the deposits was \$2,152,131.

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

State statute authorizes the County to invest in obligations of, or guaranteed by, governmental entities, certificates of deposits, bankers acceptances, commercial paper, no load money market mutual funds, repurchase agreements, and investment pools. Investments for the County are reported at fair value.

The Pooled Cash Accounts at December 31, 2008 consist of \$4,520,856 in Tex-Pool Accounts. The pool accounts are not SEC regulated but is governed by an independent board of directors and operates in accordance with state laws and regulations. The reported values of the pools are the same as the fair value of the pool shares which are acquired at a cost of \$ 1 each.

In conclusion, at December 31, 2008

Deposits – All of the County deposits were insured and collateralized.

Investments - The County does have a formal investment policy, but it had no investments at December 31, 2008. The County participates in pooled accounts as discussed above. The County prefers these accounts due to the decrease in risk and also the high liquidity benefit.

Interest rate risk- The County does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The County feels that with pooled accounts, this risk is very low due to their high liquidity.

Credit risks - Standard and Poor's has issued credit ratings of AAAM to Tex Pool.

It is the County's policy to limit its' investment to top ratings issued by nationally recognized statistical ratings organizations.

Custodial credit risk - For an investment, custodial credit risk is the risk that in the event of the failure of the counter party, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. They County has no policy on custodial credit risk but feels that its pooled accounts are low risk.

Concentration of credit risk - The County places no limit on the amount that the County may invest in any one issuer. The County is currently using the less risky pooled accounts and plans to continue to do so in the future.

IV. Detailed Notes on All Funds (continued)

B. Receivables

Receivables as of year end for the government's individual major funds and non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Encino Jail	Road and Bridge	County Jail	Other Governmental Funds	Total
<u>Receivables</u>						
Ad Valorem Taxes	\$2,145,171		\$390,623			\$2,535,794
Fines	4,448,693					4,448,693
Other	54,540	27,122	12,630	25,625	13,983	133,900
Gross Receivables	6,648,404	27,122	403,253	25,625	13,983	7,118,387
Less: Allowance for Uncollectibles	2,781,957		10,780			2,792,737
Net total Receivables	<u>\$3,866,447</u>	<u>\$27,122</u>	<u>\$392,473</u>	<u>\$25,625</u>	<u>\$13,983</u>	<u>\$4,325,650</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unearned Revenue</u>	<u>Unavailable Revenue</u>
Delinquent Property Taxes Receivable (General Fund)-Net Advanced Tax Collections	\$2,465,812	<u>\$1,115,293</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$2,465,812</u>	<u>\$1,115,293</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2008 was as follows:

Governmental Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$104,343	\$0	\$0	\$104,343
Construction in Progress	0	640,875	0	640,875
Total capital assets not being depreciated:	104,343	640,875	0	745,218
Capital assets being depreciated:				
Building and Improvements	3,493,985	9,150	0	3,503,135
Machinery, Equipment and Vehicles	2,550,743	263,068	0	2,813,811
Infrastructure	313,730	0	0	313,730
Total capital assets being depreciated:	6,358,458	272,218	0	6,630,676
Less: Accumulated Depreciation for:				
Building and Improvements	1,209,593	66,407	0	1,276,000
Machinery, Equipment and Vehicles	1,400,595	425,070	0	1,825,665
Infrastructure	313,730	0	0	313,730
Total Accumulated Depreciation	2,923,918	491,477	0	3,415,395
Total Capital Assets Depreciated, Net	3,434,540	(219,259)	0	3,215,281
Governmental Activities capital assets, Net	\$3,538,883	\$421,616	\$0	\$3,960,499

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General Administration	\$26,590
Judicial	41,966
Legal	325
Financial Administration	4,683
Public Facilities	4,690
Public Safety	145,688
Public Transportation	246,853
Culture and Recreation	8,061
Health and Welfare	12,621
Total depreciation expense - governmental activities	<u>\$491,477</u>

Construction commitments

The county has an ongoing Courthouse Renovation project and an Assisted Living and Nursing Home Facility project at December 31, 2008.

D. Interfund Receivables, Payables, and Transfers

There were no advances at December 31, 2008.

Due to/from other funds at December 31, 2008 are as follows:

DUE TO	DUE FROM			TOTAL
	ROAD AND BRIDGE FUNDS	COUNTY JAIL FUND	NON-MAJOR GOVERNMENTAL FUNDS	
GENERAL FUND	\$122,524		\$37,602	\$160,126
ENCINO JAIL FUND		264,960	35,600	300,560
ROAD AND BRIDGE FUND			77,662	77,662
NON-MAJOR GOVERNMENTAL FUNDS			163,750	163,750
TOTALS	\$122,524	\$264,960	\$314,614	\$702,098

All amounts are expected to be repaid within the current year.

Transfers for the year ended December 31, 2008 are as follows:

TRANSFER FROM	TRANSFER TO			TOTAL
	ROAD AND BRIDGE FUNDS	COUNTY JAIL FUND	NON-MAJOR GOVERNMENTAL FUNDS	
GENERAL FUND		\$191,426	\$65,000	\$256,426
ROAD AND BRIDGE FUND	105,098			105,098
NON-MAJOR GOVERNMENTAL FUNDS	18,956			18,956
TOTALS	\$124,054	\$191,426	\$65,000	\$380,480

All transfers are nonrecurring.

E. Leases

Operating Leases

The government leases equipment under non-cancelable operating leases. Total costs for such leases were \$15,686 for the year ended December 31, 2008. The future minimum lease payments for these leases are as follows:

Year Ending Dec. 31,	<u>Amount</u>
2009	\$17,991
2010	17,991
2011	17,991
2012	<u>17,991</u>
Total	<u>\$ 71,964</u>

F. Long-Term Debt

Capital Leases

The government has entered into a lease agreement as lessee for financing of a van for the Elderly Nutrition, vehicles for the County Jail, and vehicles and equipment for the Road and Bridge funds. The debt service for the vehicles and equipment are services by the respective funds mentioned above. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The annual requirements for the above capital leases at December 31, 2008 are as follows:

YEAR	TOTAL
2009	\$260,933
2010	150,169
2011	117,856
2012	82,326
2013	103,386
TOTAL MINIMUM LEASE PAYMENTS	<u>714,670</u>
LESS: AMOUNT REPRESENTING INTEREST	76,451
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	<u>\$638,219</u>

The assets acquired through capital leases are capitalized into capital assets as follows:

ASSET	JAIL FUND		ROAD AND BRIDGE FUNDS							TOTAL
	THREE PASSENGER VEHICLES	FRONT END LOADER/DUMP TRUCK	MEGA TOWER PLAYSCAPE	VARIOUS EQUIPMENT	140H CATER-PILLAR	VOLVO MOTOR-GRADER	VOLVO MOTOR-GRADER	JD TRACTOR/LOADER	JD TRACTOR/LOADER	
COST	\$209,829	\$94,950	\$44,096	\$230,465	\$216,500	\$140,618	\$62,001	\$57,213	\$57,213	\$1,112,885
ACCUMULATED DEPRECIATION	209,829	75,960	17,109	138,279	86,600	56,247	24,800	11,443	11,443	631,710
NET ASSET	\$0	\$18,990	\$26,987	\$92,186	\$129,900	\$84,371	\$37,201	\$45,770	\$45,770	\$481,175

F. Long-Term Debt (continued)

Bonds

The government issues Bonds to provide funds for the County Jail. The original amount of the bonds issued is \$7,360,000. The bonds are direct obligations and pledge the full faith and credit of the government.

Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>
Certificate of Obligation - Series 2002	3.65% to 5.1%	\$1,540,000
Certificate of Obligation - Series 2008	3.59% to 5.96%	\$5,360,000

The following is a summary of debt service requirements to maturity.

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2009	\$320,000	\$390,914
2010	380,000	346,251
2011	400,000	328,598
2012	420,000	309,027
2013	435,000	287,785
2014-2018	2,565,000	1,064,517
2019-2023	2,275,000	411,090
TOTALS	<u>\$6,795,000</u>	<u>\$3,138,182</u>

The above bonds are serviced by the County Jail fund and the General fund.

Notes Payable

The government procured one notes payable to Caterpillar Financial Services Corporation. This note is secured by the Motor grader and is described as follows:

1. This note is to be paid in annual installments of \$14,488 with an optional final payment of \$120,000. The original amount was \$157,996 and the amount due at December 31, 2008 is \$92,365. The rate of interest is 4.8%. This note is to be paid from the Road and Bridge fund.

F. Long-Term Debt (continued)

Changes in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
<u>Governmental activities:</u>					
Certificate of Obligation, Series 2002	\$1,540,000	\$0	\$105,000	\$1,435,000	\$110,000
Certificate of Obligation, Series 2008	0	5,360,000	0	5,360,000	210,000
Total Bonds Payable	<u>1,540,000</u>	<u>5,360,000</u>	<u>105,000</u>	<u>6,795,000</u>	<u>320,000</u>
Capital Lease Payable	716,927	90,426	169,134	638,219	229,521
Notes Payable	206,896		114,531	92,365	0
Compensated Absences	86,775	69,694	86,775	69,694	69,694
	<u>1,010,598</u>	<u>160,120</u>	<u>370,440</u>	<u>800,278</u>	<u>299,215</u>
Grand Total	<u>\$2,550,598</u>	<u>\$5,520,120</u>	<u>\$475,440</u>	<u>\$7,595,278</u>	<u>\$619,215</u>

The general fund is used to service the compensated absences. The estimated amount due in the 2009 year is \$69,694.

The government-wide statement of activities includes \$619,215 as "noncurrent liabilities, due within one year".

The interest on the long term debt was expensed and was not capitalized.

G. Restricted Net Assets

The restricted net assets at December 31, 2008 consisted of 1) Construction - \$136,314.

V. Other Information

A. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

Changes in the balances of claims liabilities during the past two years are as follows:

	Year ended <u>12/31/08</u>	Year ended <u>12/31/07</u>
Unpaid Claims, Beginning of Fiscal Year	\$ -0-	\$ -0-
Incurred Claims (including IBNRs)		
Claim Payments		
Unpaid Claims, End of Fiscal Year	<u>\$ -0-</u>	<u>\$ -0-</u>

B. Related Party Transaction

The County Sheriff is also the IT person for the County performing most of the IT duties for the County on an independent contractor basis. The Sheriff receives \$400.00 per month for his services. The County did not have either an outstanding accounts receivable or payable at December 31, 2008 for this service.

The County leases office space from Justice of the Peace No. 4 for an amount of \$500 per month. The County did not have either an outstanding accounts receivable or payable at December 31, 2008 for this service.

C. Subsequent Events

1. The following are subsequent events requiring disclosure.

On January 12, 2009 the County was awarded a TDHCA Home Grant in the amount of \$375,000 with the administrative fee of \$7,500.

On January 20, 2009 the County accepted an interlocal agreement with the Encinal Water Supply Corporation in the amount of 2.3 million with the purpose of resolving the water supply issues and sewer issues related to the county detention center to be paid out of the surplus.

On July 27, 2009 the County finalized the real estate sale of property on Las Palmas for the amount of \$156,501 for the nursing home.

On September 14, 2009 the County was awarded a Texas CDBG contract from the Texas Department of Rural Affairs in the award amount of \$262,048 for a water facility improvements in the Gardendale Community.

On October 16, 2009 the County approved the purchase of the land and engineering fees related to the drilling and installation of a freshwater well on land adjacent to the LaSalle County Regional Detention Center in the amount of \$ 16,839.

D. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment 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 that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The government is not a defendant in any lawsuit.

E. Other Post Employment Benefits

There are no post employment benefits.

F. 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 TCERS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 574 nontraditional defined benefit pension plans. TCERS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCERS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCERS (TCERS Act). Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years 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 TCERS 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 TCERS Act.

Funding Policy

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCERS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCERS Act, the contribution rate of the employer is actuarially determined annually.

The governing body elected to pay a rate of 9.66% for the 2008 year that did not exceed the actuarially determined rate as allowed by the provisions of the TCERS Act.

The contribution rate payable by the employee members for calendar year 2008 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost

Actuarial Valuation Information

Actuarial valuation date	12/31/2005	12/31/2006	12/31/2007
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, open	level percentage of payroll, open	level percentage of payroll, open
Amortization period	20.0	15.0	15.0
Asset valuation method	long-term Appreciation with adjustment	SAF: 10-yr smoothed value; ESF: Fund Value	SAF: 10-yr smoothed value; ESF: Fund Value
Actuarial Assumptions			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.3%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.00%	0.00%	0.00%

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

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12-31-06	163,973	100%	-0-
12-31-07	172,055	100%	-0-
12-31-08	199,858	100%	-0-

ANALYSIS OF FUNDING PROGRESS

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 Payroll ((b-a)/c)
2005	3,354,112	3,647,396	293,284	91.96	1,432,892	20.47
2006	3,588,564	3,765,914	177,350	95.29	1,776,517	9.98
2007	4,003,172	4,119,150	115,978	97.18	1,753,872	6.61

G. Prior Period Adjustments

The County has determined that certain transactions were recorded incorrectly in a prior year.

Government-wide Financial Statements: In the Government-wide Financial Statements accounts receivable were understated by \$1,803,174 at December 31, 2007. The reason for this understatement was that the amounts being deemed as uncollectible were overstated. This restatement had a corresponding effect on change in net assets.

	Net assets as Previously Reported	Justice of the Peace Receivable Restatement	Net assets As Restated
Governmental Activities:			
Net assets	\$3,748,306	\$1,803,174	\$5,551,480
Total Governmental Activities	\$3,748,306	\$1,803,174	\$5,551,480

REQUIRED SUPPLEMENTARY INFORMATION

LASALLE COUNTY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 DECEMBER 31, 2008

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
 ANALYSIS OF FUNDING PROGRESS

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	UAAL as a Percentage of Payroll ((b-a)/c)
2005	3,354,112	3,647,396	293,284	91.96	1,432,892	20.47
2006	3,588,564	3,765,914	177,350	95.29	1,776,517	9.98
2007	4,003,172	4,119,150	115,978	97.18	1,753,872	6.61

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

LA SALLE COUNTY, TEXAS
 BALANCE SHEET - ROAD AND BRIDGE FUNDS
 DECEMBER 31, 2008

	ROAD AND BRIDGE NO. 1	ROAD AND BRIDGE NO. 2	ROAD AND BRIDGE NO. 3	ROAD AND BRIDGE NO. 4	LATERAL ROAD AND BRIDGE	ROAD AND BRIDGE LOADER	LCS SPECIAL ROAD AND BRIDGE	TOTAL ROAD AND BRIDGE
ASSETS								
Cash and Cash Equivalents	\$158,221	\$32,655	\$14,222	\$60,203	\$38,326	\$0	\$35,371	\$338,998
Receivables (net of allowance for uncollectibles)	168,620	69,842	28,749	125,262				392,473
Due from Other Funds	17,375					36,587	23,700	77,662
Total Assets	344,216	102,497	42,971	185,465	38,326	36,587	59,071	809,133
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Accounts Payable	2,910	2,525	841	6,454		1,916		14,646
Due to Other Funds		14,368	48,984	59,172				122,524
Bank Overdraft						59,448		59,448
Accrued Wages Payable	1,593	1,046		1,742		958		5,339
Unearned Revenues	217,424	106,934	52,329	172,599				549,286
Total Liabilities	221,927	124,873	102,154	239,967	0	62,322	0	751,243
Fund Balances:								
Unreserved, Reported in Special Revenue Funds	122,289	(22,376)	(59,183)	(54,502)	38,326	(25,735)	59,071	57,890
Total Fund Balance	122,289	(22,376)	(59,183)	(54,502)	38,326	(25,735)	59,071	57,890
Total Liabilities and Fund Balances	\$344,216	\$102,497	\$42,971	\$185,465	\$38,326	\$36,587	\$59,071	\$809,133

The accompanying notes are an integral part of this statement.

LA SALLE COUNTY, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - ROAD AND BRIDGE FUNDS
 YEAR ENDED DECEMBER 31, 2008

	ROAD AND BRIDGE NO. 1	ROAD AND BRIDGE NO. 2	ROAD AND BRIDGE NO. 3	ROAD AND BRIDGE NO. 4	LATERAL ROAD AND BRIDGE	ROAD AND BRIDGE LOADER	LCS SPECIAL ROAD AND BRIDGE	TOTAL ROAD AND BRIDGE
REVENUES								
Taxes								
Property	\$147,218	\$60,340	\$24,557	\$109,044				\$341,159
Intergovernmental	98,684	2,504	1,600	3,816	40,215			146,819
Licenses and Permits	105,691	66,962	44,123	102,233				319,009
Fines and Forfeitures	11,168	7,064	4,470	10,764				33,466
Interest	1,753							1,753
Miscellaneous	196	932						1,128
Total Revenues	364,710	137,802	74,750	225,857	40,215	0	0	843,334
EXPENDITURES								
Current:								
Public Transportation								
Road and Bridge	248,137	222,338	83,773	224,170	19,379	73,034	317,729	1,188,560
Debt Service								
Principal Retirement	158,349	5,492	25,104	45,380				234,325
Interest and Fiscal Charges	43,635		1,646	3,542				48,823
Total Expenditures	450,121	227,830	110,523	273,092	19,379	73,034	317,729	1,471,708
Excess (Deficiency) of Revenues Over (Under) Expenditures	(85,411)	(90,028)	(35,773)	(47,235)	20,836	(73,034)	(317,729)	(628,374)
OTHER FINANCING SOURCES (USES):								
Capital Lease	45,213	45,213						90,426
Sale of Capital Assets	151,000							151,000
Lawsuit Proceeds							400,000	400,000
Operating Transfers In		18,956		35,600		69,498		124,054
Operating Transfers Out	(23,166)	(14,742)	(9,126)	(22,464)	(12,400)		(23,200)	(105,098)
Total Other Financing Sources (Uses)	173,047	49,427	(9,126)	13,136	(12,400)	69,498	376,800	660,382
Net Changes in Fund Balances	87,636	(40,601)	(44,899)	(34,099)	8,436	(3,536)	59,071	32,008
Fund Balances - Beginning	34,653	18,225	(14,284)	(20,403)	29,890	(22,199)	0	25,882
Fund Balances - Ending	\$122,289	(\$22,376)	(\$59,183)	(\$54,502)	\$38,326	(\$25,735)	\$59,071	\$57,890

The accompanying notes are an integral part of this statement.

LA SALLE COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	COUNTY OFFICER MONIES		Total
ASSETS			
Cash and Cash Equivalents	\$714,426		\$714,426
Receivables (net of allowance for uncollectibles)			0
Due from Others			0
Total Assets	<u>\$714,426</u>		<u>\$714,426</u>
LIABILITIES			
Accounts Payable			\$0
Due to Others	714,426		714,426
Total Liabilities	<u>\$714,426</u>		<u>\$714,426</u>

LA SALLE COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

		BALANCE			BALANCE
		1/1/2008	ADDITIONS	DEDUCTIONS	12/31/2008
<u>COUNTY OFFICER MONIES</u>					
ASSETS					
Cash and Cash Equivalents		\$477,365	\$237,061		\$714,426
Receivables (net of allowance for uncollectibles)					0
Due from Others					0
Total Assets		<u>\$477,365</u>	<u>\$237,061</u>	<u>\$0</u>	<u>\$714,426</u>
LIABILITIES:					
Accounts Payable		\$0			\$0
Due to Others		477,365	237,061		714,426
Total Liabilities		<u>\$477,365</u>	<u>\$237,061</u>	<u>\$0</u>	<u>\$714,426</u>
<u>TOTAL</u>					
ASSETS					
Cash and Cash Equivalents		\$477,365	\$237,061	\$0	\$714,426
Receivables (net of allowance for uncollectibles)		0	0	0	0
Due from Others		0	0	0	0
Total Assets		<u>\$477,365</u>	<u>\$237,061</u>	<u>\$0</u>	<u>\$714,426</u>
LIABILITIES:					
Accounts Payable		\$0	\$0	\$0	\$0
Due to Others		477,365	237,061	0	714,426
Total Liabilities		<u>\$477,365</u>	<u>\$237,061</u>	<u>\$0</u>	<u>\$714,426</u>

LA SALLE COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2008

	COUNTY CLERK STAR	COUNTY COURT AUTO-MATION	COUNTY COURT-ADMIN. FEES	HOUSE SECURITY	COUNTY PARKS.	ELDERLY NUTRI-TION	ELECTION EQUIPMENT RENTAL FEES	FOURTH COURT OF APPEALS	SPECIAL REVENUE				
									LA SALLE COUNTY RENT ACCOUNT	LA SALLE RECORDS MANAGE-MENT	JUVENILE PROB-ATION	NARCOTICS FEDERAL FUNDS	
ASSETS													
Cash and Cash Equivalents	\$76,146	\$10,731	\$7,136	\$29,597		\$8,638	\$6,547	\$17,515	\$467	\$17,434	\$21,347	\$111,897	\$48,437
Receivables (net of allowance for uncollectibles)												13,983	
Due from Other Funds													
TOTAL ASSETS	\$76,146	\$10,731	\$7,136	\$29,597	\$0	\$8,638	\$6,547	\$17,515	\$467	\$17,434	\$21,347	\$125,880	\$48,437
LIABILITIES AND FUND BALANCES													
Liabilities													
Accounts Payable		\$873		\$115	\$65	\$10,406			\$187			\$421	
Due to Other Funds		307		6,464		60,335			280			11,771	
Bank Overdraft					27,211								
Accrued Wages Payable	1,742	178				1,608						711	
Deferred Revenues								10,420					
Total Liabilities	1,742	1,358	0	6,579	27,276	72,349	0	10,420	467	0	0	12,903	0
Fund Balances													
Restricted for:													
Construction													
Unreserved - Undesignated	74,404	9,373	7,136	23,018	(27,276)	(63,711)	6,547	7,095	0	17,434	21,347	112,977	48,437
Total Fund Balances	74,404	9,373	7,136	23,018	(27,276)	(63,711)	6,547	7,095	0	17,434	21,347	112,977	48,437
TOTAL LIABILITIES AND FUND BALANCES	\$76,146	\$10,731	\$7,136	\$29,597	\$0	\$8,638	\$6,547	\$17,515	\$467	\$17,434	\$21,347	\$125,880	\$48,437

(continued)

CAPITAL PROJECTS

ARCOTICS FUND	SHERIFF STORAGE AND TOWING	SPECIAL ACCOUNT	TECH- NOLOGY FEES	CHAPTER 19 VOTER REGISTRA- TION	COURT- HOUSE RENOVA- TION	LASALLE COUNTY NURSING HOME	DISASTER RELIEF TDHCA	FEMA FUND	HOME REHAB	LA SALLE COUNTY TDHCA	COTULLA/ ENCINAL GRANT	REAL ESTATE PROCEEDS	ROAD REPAIR FUND	TDCP NO. 722431	NON-MAJOR
															GOVERN- MENTAL FUNDS
\$96,839	\$126,673	\$314	\$573	\$0	\$609,928	\$3,947,818	\$0	\$0	\$0	\$250	\$0	\$0	\$0	\$250	\$5,138,537
			15,402		290					11,994			136,064		13,983
\$96,839	\$126,673	\$314	\$15,975	\$0	\$610,218	\$3,947,818	\$0	\$0	\$0	\$12,244	\$0	\$0	\$136,064	\$250	\$5,316,270
	\$10,988				\$2,451		\$2,700								\$28,206
						1,000	98,393					136,064			314,614
					436										27,211
															4,675
															10,420
0	10,988	0	0	0	2,887	1,000	101,093	0	0	0	0	136,064	0	0	385,126
96,839	115,685	314	15,975	0	607,331	3,946,818	(101,093)	0	0	12,244	0	(136,064)	136,064	250	4,690,463
96,839	115,685	314	15,975	0	607,331	3,946,818	(101,093)	0	0	12,244	0	(136,064)	136,064	250	240,681
\$96,839	\$126,673	\$314	\$15,975	\$0	\$610,218	\$3,947,818	\$0	\$0	\$0	\$12,244	\$0	\$0	\$136,064	\$250	\$5,316,270

LA SALLE COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

										SPECIAL REVENUE			
	BORDER STAR	COUNTY CLERK AUTO-MATION	COUNTY COURT ADMIN. FEES	COURT-HOUSE SECURITY	COUNTY PARKS	ELDERLY NUTRI-TION	ELECTION EQUIPMENT RENTAL FEES	FEDERAL SEIZURE	FOURTH COURT OF APPEALS	LA SALLE COUNTY RENT ACCOUNT	LA SALLE RECORDS MANAGE-MENT	JUVENILE PROB-ATION	NARCOTICS FEDERAL FUNDS
REVENUES													
Taxes													
Property				\$10,000									
Intergovernmental	173,538					152,500						85,034	
Licenses and Permits				18,540									
Charges for Services		9,310	7,137	17,012									
Interest								383					1,026
Miscellaneous						5,832	6,547		30	5,600	21,347		
Total Revenues	173,538	9,310	7,137	17,012	28,540	158,332	6,547	383	30	5,600	21,347	85,034	1,026
EXPENDITURES													
Current:													
General Administration													
Records Management		21,221											
Non Departmental													
Legal													
County Attorney			1										
Judicial								10,500					
Public Facilities													
Courthouse and Yards										5,070			
Public Safety													
Probation												73,826	
Sheriff	99,134												
Emergency Operations													
Courthouse Security				5,755									
Public Transportation													
Road and Bridge													
Health and Welfare													
Elderly Nutrition						225,601							
Culture and Recreation													
County Parks					4,714								
Capital Projects -													
Capital Outlay and Other													
Debt Service													
Principal Retirement						6,663							
Interest Retirement						4,557							
Total Expenditures	99,134	21,221	1	5,755	4,714	236,821	0	10,500	0	5,070	0	73,826	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	74,404	(11,911)	7,136	11,257	23,826	(78,489)	6,547	(10,117)	30	530	21,347	11,208	1,026
OTHER FINANCING SOURCES (USES):													
Certificates of Obligation													
Bond Issuance Cost													
Operating Transfers In						65,000							
Operating Transfers Out						(18,956)							
Total Other Financing Sources (Uses)	0	0	0	0	0	(18,956)	65,000	0	0	0	0	0	0
Net Changes in Fund Balances	74,404	(11,911)	7,136	11,257	4,870	(13,489)	6,547	(10,117)	30	530	21,347	11,208	1,026
Fund Balances - Beginning	0	21,284		11,761	(32,146)	(50,222)		17,212	(30)	16,904	0	101,769	47,411
Fund Balances - Ending	\$74,404	\$9,373	\$7,136	\$23,018	(\$27,276)	(\$63,711)	\$6,547	\$7,095	\$0	\$17,434	\$21,347	\$112,977	\$48,437

(continued)

CAPITAL PROJECTS

CAPITAL PROJECTS													NON-MAJOR GOVERNMENTAL FUNDS		
SHERIFF STORAGE AND SPECIAL TOWING FUND	TECH-NOLOGY FEES	CHAPTER 19 VOTER REGISTRATION	COURT-HOUSE RENOVATION	LASALLE COUNTY NURSING HOME	DISASTER RELIEF TDHCA	FEMA FUND	HOME REHAB	LA SALLE COUNTY TDHCA	COTULLA/ ENCINAL GRANT	REAL ESTATE PROCEEDS	ROAD REPAIR FUND	TDCP NO. 722431	MENTAL FUNDS		
													\$10,000		
109,652								66,124					586,848		
	188,734		16,914										18,540		
				6,031		78,951							239,107		
		3,167								2,974			86,391		
109,652	188,734	3,167	16,914	0	6,031	78,951	0	0	0	66,124	2,974	0	0	0	986,383
		3,644		250				40,117	255						21,221
															44,266
															1
			7,718												18,218
															5,070
76,675	117,433														73,826
															293,242
															3,050
															5,755
															0
															225,601
															4,714
					398,700	232,133									630,833
															6,663
															4,557
76,675	117,433	3,644	7,718	250	398,700	232,133	0	40,117	255	3,050	0	0	0	0	1,337,017
32,977	71,301	(477)	9,196	(250)	(392,669)	(153,182)	0	(40,117)	(255)	63,074	2,974	0	0	0	(350,634)
					1,000,000	4,360,000									5,360,000
						(260,000)									(260,000)
															65,000
															(29,123)
0	0	0	0	0	1,000,000	4,100,000	0	0	0	0	0	(10,167)	0	0	5,135,877
32,977	71,301	(477)	9,196	(250)	607,331	3,946,818	0	(40,117)	(255)	63,074	2,974	(10,167)	0	0	4,785,243
63,862	44,384	791	6,779	250	0		(101,093)	40,117	255	(50,830)	(2,974)	(125,897)	136,064	250	145,901
\$96,839	\$115,685	\$314	\$15,975	\$0	\$607,331	\$3,946,818	(\$101,093)	\$0	\$0	\$12,244	\$0	(\$136,064)	\$136,064	\$250	\$4,931,144

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
- BUDGET AND ACTUAL

LA SALLE COUNTY, TEXAS
 NARCOTICS FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$27,070	\$27,070	\$109,652	\$82,582
Miscellaneous				0
Total Revenues	27,070	27,070	109,652	82,582
EXPENDITURES				
Current:				
Public Safety				
Sheriff	8,531	8,531	76,675	(68,144)
Total Expenditures	8,531	8,531	76,675	(68,144)
Excess (Deficiency) of Revenues Over (Under) Expenditures	18,539	18,539	32,977	14,438
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	0	0		0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	18,539	18,539	32,977	14,438
Fund Balances - Beginning	63,862	63,862	63,862	
Fund Balances - Ending	\$82,401	\$82,401	\$96,839	\$14,438

LA SALLE COUNTY, TEXAS
 COUNTY PARKS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Taxes				
Property	\$10,000	\$10,000	\$10,000	\$0
Licenses and Permits	16,000	16,000	18,540	2,540
Total Revenues	<u>26,000</u>	<u>26,000</u>	<u>28,540</u>	<u>2,540</u>
EXPENDITURES				
Current:				
Public Safety				
Sheriff	26,000	26,000	4,714	21,286
Total Expenditures	<u>26,000</u>	<u>26,000</u>	<u>4,714</u>	<u>21,286</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>23,826</u>	<u>23,826</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	0	0	(18,956)	(18,956)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(18,956)</u>	<u>(18,956)</u>
Net Changes in Fund Balances	0	0	4,870	4,870
Fund Balances - Beginning	(32,146)	(32,146)	(32,146)	
Fund Balances - Ending	<u>(\$32,146)</u>	<u>(\$32,146)</u>	<u>(\$27,276)</u>	<u>\$4,870</u>

LA SALLE COUNTY, TEXAS
 COURTHOUSE SECURITY
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Charges for Services	\$12,500	\$12,500	\$17,012	\$4,512
Total Revenues	12,500	12,500	17,012	4,512
EXPENDITURES				
Current:				
Public Safety				
Courthouse Security	47,501	47,501	5,755	41,746
Total Expenditures	47,501	47,501	5,755	41,746
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,001)	(35,001)	11,257	46,258
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	0	0		0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	(35,001)	(35,001)	11,257	46,258
Fund Balances - Beginning	11,761	11,761	11,761	
Fund Balances - Ending	(\$23,240)	(\$23,240)	\$23,018	\$46,258

LA SALLE COUNTY, TEXAS
 TECHNOLOGY FEES
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$11,500	\$11,500	\$16,914	\$5,414
Total Revenues	11,500	11,500	16,914	5,414
EXPENDITURES				
Current:				
Judicial				
Justice of the Peace	36,500	36,500	7,718	28,782
Total Expenditures	36,500	36,500	7,718	28,782
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,000)	(25,000)	9,196	34,196
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	(25,000)	(25,000)	9,196	34,196
Fund Balances - Beginning	6,779	6,779	6,779	
Fund Balances - Ending	(\$18,221)	(\$18,221)	\$15,975	\$34,196

LA SALLE COUNTY, TEXAS
 SHERIFF STORAGE AND TOWING
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$152,000	\$152,000	\$188,734	\$36,734
Total Revenues	152,000	152,000	188,734	36,734
EXPENDITURES				
Current:				
Public Safety				
Sheriff	164,250	164,250	117,433	46,817
Total Expenditures	164,250	164,250	117,433	46,817
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,250)	(12,250)	71,301	83,551
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	(12,250)	(12,250)	71,301	83,551
Fund Balances - Beginning	44,384	44,384	44,384	
Fund Balances - Ending	\$32,134	\$32,134	\$115,685	\$83,551