

UVALDE COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended
September 30, 2010

ISSUED BY
COUNTY AUDITOR'S OFFICE

ALICE CHAPMAN
COUNTY AUDITOR

Uvalde County, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2010

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INTRODUCTORY SECTION



COUNTY OF UVALDE

100N.GETTY STREET
UVALDE, TEXAS 78801

March 29, 2011

The Honorable District Judge
Camile G. Dubose, 38th Judicial District

The Honorable Commissioners' Court, Uvalde County, Texas
William R. Mitchell County Judge
Randy Scheide County Commissioner, Precinct I
Mariano Pargas County Commissioner, Precinct II
Jerry Bates County Commissioner, Precinct III
Raul Flores County Commissioner, Precinct IV

The Citizens of Uvalde County

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

Pursuant to that requirement, the comprehensive annual financial report of Uvalde County for the fiscal year ended September 30, 2010 is hereby issued.

This report consists of management's representations concerning the finances of Uvalde County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the management of Uvalde County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Uvalde County's financial statements in conformity with GAAP. The cost of internal control should not outweigh the benefit; therefore, Uvalde County's comprehensive framework of internal control has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As financial management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Uvalde County's financial statements were audited by Wayne R. Beyer, CPA, a licensed certified public accountant. The goal of the independent audit was to provide reasonable assurance that the financial statements of Uvalde County for the fiscal year ended September 30, 2010 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Uvalde County's financial statements for the fiscal year ended September 30, 2010 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Uvalde County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

On February 8, 1850 the County of Uvalde was formed by the legislature from part of Bexar County and named for Spanish governor Juan de Ugalde. The County is located in the southwest part of the State of Texas with agriculture continuing to be the major industry. Uvalde County covers 1,557 square miles and has a population of 26,405 per the United States 2010 Census.

Uvalde County is a political subdivision of the State of Texas with no legislative powers and very restrictive judicial and administrative powers. The governing body of the county is the Commissioners' Court which consists of five members. The County Judge is the chairman of the Court and the Commissioner from each of the four precincts are also members. The Court has only such powers as are conferred upon it by the Constitution, Statutes, or by necessary implication there from. Uvalde County provides many varied services for its citizens including judicial, detention facilities, public safety, county roads, emergency medical service, health and limited social services, public improvements, libraries, and general administrative services.

In counties with a population less than 125,000 the County Judge serves as the budget officer assisted by the County Auditor. The County Judge may also solicit from each department whatever data may be required to prepare an accurate budget. The budget is presented on a line-item basis and adopted on the fund level. The budget must be itemized to make possible a comparison of the proposed expenditures with the prior year expenditures. The budget must show as accurately as possible the purpose of each expenditure and the amount of money appropriated. Upon completion of the proposed budget, the County Judge files a copy with the County Clerk. The Commissioners' Court holds a public hearing on the proposed budget. Any taxpayer of the County may attend and participate in the hearing.

At the conclusion of the public hearing, the Commissioners' Court takes action on the proposed budget. The Commissioners' Court may make any changes in the proposed budget that it considers warranted by law and required in the best interest of the taxpayers. The Commissioners' Court may levy taxes only in accordance with the budget. After final approval of the budget, the County Judge shall file a copy with the County Clerk and may spend county funds only in strict compliance with the budget, except in an emergency.

The Commissioners' Court may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention. If the Court amends the original budget to meet an emergency, the Court files a copy of its order amending the budget with the County Clerk. The clerk attaches the copy to the original budget.

The Commissioners' Court, by order, may amend the budget to transfer an amount budgeted for one item to another budgeted item within the same fund without authorizing an emergency expenditure.

State law requires counties to adopt a budget before adopting a tax rate. The Commissioners' Court may levy taxes only in accordance with the budget. Chapter 26 of the Property Tax Code requires taxing units to comply with truth-in-taxation laws in setting tax rates. This law has two purposes:

- to make the taxpayers more knowledgeable about tax rate proposals;
- to allow taxpayers to roll back or limit a tax increase in certain cases.

Factors Affecting Financial Condition

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

Local economy: The County of Uvalde continues to see growth in subdivisions in unincorporated areas of the county as justified by plats filed in the County Clerk's office. The completion of the Regional Cancer Care Facility as part of the Uvalde Memorial Hospital will generate much needed medical accessibility to area residents as well as produce increased economic development in the area through job creation.

Tourism is a growing part of the economic base with expansion in the Con Can and hill country areas. The Commissioners Court reset the 6% Hotel Motel Occupancy Tax to 0% on January 1, 2010 at the request of local vendors; however, the tax was reset to 4% later in the year at the vendor's request. This tax is used to promote the local area.

Long-term financial planning: The completion of the Uvalde County Justice Center as a result of the issuance of \$25 million in certificates of obligations is approaching with September 21, 2011 as the anticipated opening date. The initial implementation of three of the four pods will provide housing for 166 inmates. Job creation for this facility will include twenty new positions. The new positions consist of five correctional supervisors, five central control officers, five booking officers, one maintenance jailer, one transport officer, one inmate service officer, and two administrative personnel. The economic impact of the job creations will be substantial to the tax base.

Within the next two years, the other areas of the Fairpark will be completed which include a multipurpose building to house the Extension office and to afford a location for various trainings and events, an Event Center which includes a rodeo arena and livestock barns for 4H county and regional shows, a Pavilion for use by local entertainment groups and soccer fields to provide additional area for this activity in the community.

The County has sought increased funding through state and federal grants to assist in furthering the positive effect of the aforementioned obligated funds totaling \$ 548,103.04.

The County has secured a grant in the amount of \$750,000 for the renovation of the old jail location into office space to be utilized by the Emergency Operations Department under guidance of the Homeland Security Department.

Cash management policies and practices: In accordance with Section 116.112, Local Government Code, the County Treasurer with the approval of the Commissioners' Court is authorized to invest any County funds deposited in a County depository not immediately required to pay obligations of the County. The Treasurer may invest those funds as allowed by statute. Interest rates on the deposits are governed by the County depository contract which currently has been awarded to First State Bank of Uvalde.

Risk management: The County provides for the management of risks through a combination of self-insurance and traditional insurance. Property and casualty coverage has continued to be obtainable at reasonable premium rates on building and improvements. Comprehensive general liability and public officials' liability coverage has continued to be obtainable at reasonable premium rates. Workers Compensation coverage with Texas Association of Counties is partially self-funded.

The County of Uvalde provides group medical benefits to its employees on a partially self-funded basis as allowed by statute. Stop-Loss coverage is provided by American United Life using the Texas True Choice network. The group insurance is managed by a third party administrator, Group & Pension Administrators. The Commissioners' Court appointed an agent-of-record to guide the Court in the complex purchasing decisions required in this area. The insurance committee consists of the County Judge, County Treasurer, and County Auditor.

Pension and other post-employment benefits: The County of Uvalde continues to provide retirement, disability, and death benefits for all full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The plan provisions are adopted by the Commissioners' Court within the options available in the Texas State Statutes governing TCDRS. Members are vested after eight years of service but must leave accumulated contributions in the plan to receive employer contributions. The employee members' contribution rate as adopted by the Court is 7% of gross compensation. The County's 2010 employer rate is 8.64%. The County provides an option to employees to participate in COBRA benefits as required by law.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Uvalde for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2009. This was the fourteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report is a direct result of the efficient and dedicated services of Wayne Beyer, CPA and his staff, along with the cooperative efforts of each Uvalde County Elected and Appointed Official and their respective support staff. Special recognition goes to First Assistant Auditor Marjorie L. Collins for her conscientiousness and professionalism in auditing and training in the individual county offices.

Additionally, our sincere appreciation is extended to the Uvalde County Commissioners, the Uvalde County Judge, and the 38th Judicial District Judge for their continued support and progressive attitude in maintaining the highest standards while overseeing the operation of this County government.

Respectfully submitted by:



Ailee L. Chapman
County Auditor



Joni Deorsam
County Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Uvalde
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

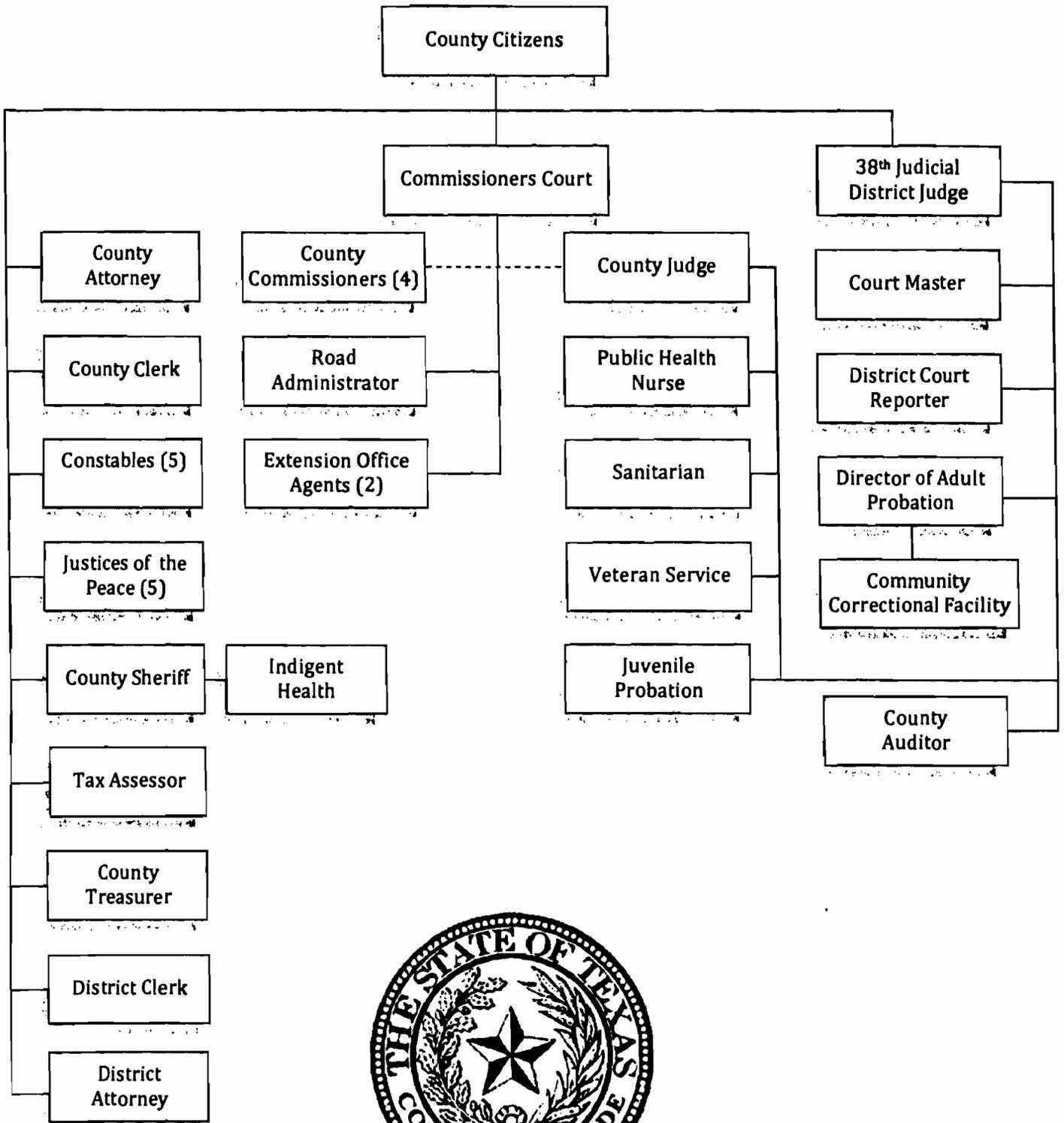
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

County of Uvalde Organization Chart



**UVALDE COUNTY, TEXAS
DIRECTORY OF OFFICIALS
SEPTEMBER 30, 2009**

COMMISSIONERS COURT

William R. Mitchell
Randy Scheide
Daniel Sanchez
Jerry Bates, Sr.
Jesse Moreno

County Judge
Commissioner Precinct No. 1
Commissioner Precinct No. 2
Commissioner Precinct No. 3
Commissioner Precinct No. 4

DISTRICT COURT

Camile G. DuBose
Daniel Kindred
Kelley Bartell
Lydia Steele
Sherry Gentry
Dale Gear, Jr.

District Judge, 38th Judicial District
District Attorney
Associate Judge, TITLE IV
District Clerk
District Court Reporter
Chief Probation Officer

OTHER COUNTY OFFICIALS

John Dodson
Joni Deorsam
Margarita "Maggie" Del Toro
Lucille Hutcherson
Charles Mendeke
Jessie Garcia
Terry Black, RN
Rick Coggins
Pat Razor
Bryson Dalrymple
Alice L. Chapman

County Attorney
County Treasurer
County Tax Assessor Collector
County Clerk
County Sheriff
County Road Administrator
County Public Health Nurse
County Sanitarian
County Extension Agent
County Extension Agent
County Auditor

JUSTICES OF THE PEACE

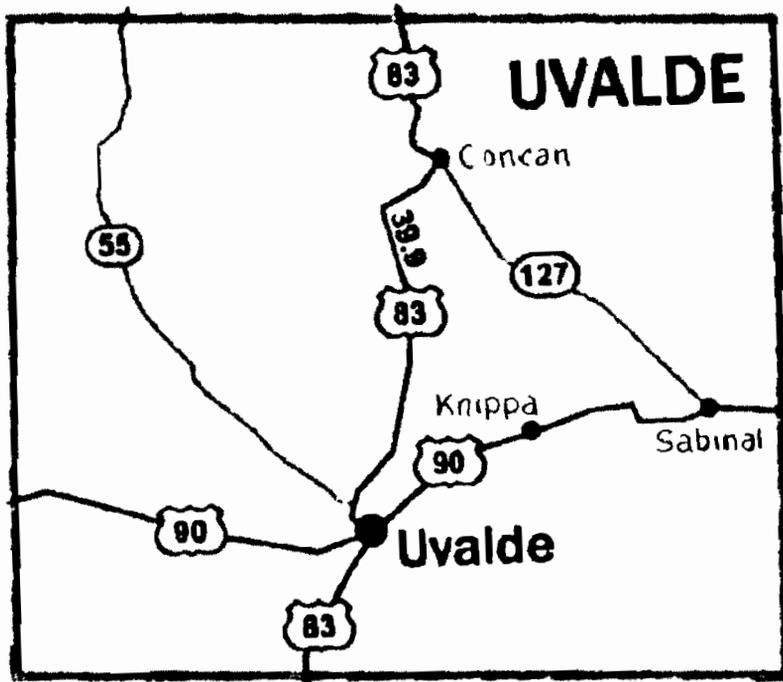
Steve Kennedy
Bobby McIntosh
William Schaefer
Rodrigo Martinez
Ernesto Luna

Precinct No. 1
Precinct No. 2
Precinct No. 3
Precinct No. 4
Precinct No. 6

CONSTABLES

Eddie Obregon
Weldon McCutcheon
William Dean
Robert Moss
Martin Morales

Precinct No. 1
Precinct No. 2
Precinct No. 3
Precinct No. 4
Precinct No. 6



FINANCIAL SECTION

WAYNE R. BEYER
CERTIFIED PUBLIC ACCOUNTANT

442 WEST OAKLAWN
P.O. BOX 366 830/569-8781 FAX 830/569-6776
PLEASANTON, TEXAS 78064

111 NORTH ODEM
830/569-8781 FAX 830/569-6776
SINTON, TEXAS 78387

INDEPENDENT AUDITOR'S REPORT

To the Commissioner's Court
Uvalde County, Texas

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Uvalde County, Texas, as of and for the year ended September 30, 2010, which collectively comprise Uvalde County, Texas's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Uvalde 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, the business-type activities, each major fund, and the aggregate remaining fund information of Uvalde County, Texas, as of September 30, 2010 and the respective changes in the financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund, the Road and Bridge Fund, the jail building interest and sinking debt service, and the Capital Projects Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of Uvalde County, Texas, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the archival fee special revenue, border crime prosecution special revenue, county attorney administration special revenue, county attorney hot check special revenue, county court preservation special revenue, county court technology special revenue, county records management special revenue, county election special revenue, court reporters special revenue, courthouse security special revenue, D.A. administrative special revenue, D.A. fee special revenue, D.A. forfeiture special revenue, DARE special revenue, district court technology special revenue, district clerk court records archive special revenue, district court records preservation special revenue, district clerk records management special revenue, economic development special revenue, EMPG special revenue, historical commission special revenue, J.P. technology special revenue, jury special revenue, law library special revenue, records management special revenue, security fees special revenue, sesquicentennial special revenue, sheriff commissary special revenue, sheriff forfeiture special revenue, Stonegarden grant special revenue, sheriff seizure special revenue, tobacco settlement special revenue, Uvalde estate grant special revenue, vending machines special revenue, victims of crime – DA special revenue, victims of crime – CA special revenue, interest and sinking debt service

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 11, 54 through 90, and 48 through 49, 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 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 Uvalde County, Texas's basic financial statements. The introductory section, the statistical section, and the combining and individual non-major fund financial statements 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, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

Respectfully submitted,



WAYNE R. BEYER
Certified Public Accountant
Pleasanton, Texas
April 20, 2011

Management's Discussion and Analysis

As management of Uvalde County, Texas, we offer readers of Uvalde County, Texas's financial statements this narrative overview and analysis of the financial activities of Uvalde County, Texas for the fiscal year ended September 30, 2010.

Financial Highlights

- The assets of Uvalde County, Texas exceeded its liabilities at the close of the most recent fiscal year by \$10,150,769 (net assets). Of this amount, \$5,793,524 (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 \$1,654,644. This increase is attributable to revenues continuing to outpace expenses. While the total expenses increase by \$469,933 the revenues increased by \$382,650. The major increase in revenues occurred in ad valorem taxes which increased by \$1,918,428 due mainly to the new debt service requirement resulting from the new jail building. Miscellaneous income decreased by \$478,896 while charges for services increased by \$590,325. The increase in the charges for services resulted mainly from an increase in district and county clerk gross receivables while the decrease in miscellaneous income resulted from the decrease in the sale of forfeited and seized property.
- As of the close of the current fiscal year, Uvalde County, Texas's governmental funds reported combined ending fund balances of \$20,363,506, a decrease of \$6,383,398 in comparison with the prior year. Approximately 11% of this total amount, \$2,178,035, is available for spending at the government's discretion (unreserved fund balance). The fund balance decreased of \$6,383,398 was the result of the construction of the new jail building.
- At the end of the current fiscal year, the unreserved fund balance for the general fund was \$692,044 or 07 percent of total general fund expenditures, the unreserved fund balance for the road and bridge fund was \$506,140, or 25 percent of total road and bridge fund expenditures, the unreserved fund balance for the stone garden grant fund was a minus \$213,490, or 00 percent of total stone garden grant fund expenditures, the unreserved fund balance for the jail building I&S fund was \$229,467, or 96 percent of total stone garden grant fund expenditures, and the reserved fund balance for the capital projects fund was \$17,951,408 of which \$0 was unreserved.
- Uvalde County, Texas's total short-term and long-term debt decreased by \$140,880 (.56 percent) during the current fiscal year. The key factor in this decrease was the payment of debt principal on the jail facility bonds of \$120,000.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Uvalde County, Texas's basic financial statements. Uvalde 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 Uvalde County, Texas's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Uvalde 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 Uvalde 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 Uvalde 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 (business-type activities). The governmental activities of Uvalde County, Texas include general administration, public safety, environmental protection, public transportation, health and welfare, public facilities, legal, elections, financial administration, conservation, capital projects, culture and recreation, and employee insurance fund.

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

The government-wide financial statements can be found on pages 12-13 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. Uvalde 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.

Uvalde County, Texas maintains forty (40) 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 road and bridge fund, and the capital projects fund all of which are considered to be major funds. Data from the other thirty seven (37) 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.

Uvalde County, Texas adopts an annual appropriated budget for its general fund, the road and bridge fund, and the capital projects fund. There were appropriated budgets for all the non-major special revenue, debt service, and capital project funds.

The basic governmental fund financial statements can be found on pages 14-20 of this report.

Proprietary funds:

Uvalde County, Texas maintains one type of proprietary fund. The Internal Service Fund for Uvalde County, Texas, consists solely of the Employee Insurance Fund. This fund was created to help facilitate employee insurance coverage. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the employee insurance fund.

The basic proprietary fund financial statements can be found on pages 21-24 of this report.

Uvalde County, Texas also has four agency funds which are a fiduciary fund type.

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 26-47 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Uvalde County, Texas's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 48-49 of this report.

The combining statements referred to earlier in connection with the 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 50-53 of this report. The budget comparison schedules in connection with the non-major governmental funds can be found on pages 54-90 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 Uvalde County, Texas, assets exceeded liabilities by \$10,150,769 at the close of the most recent fiscal year.

A portion of Uvalde County, Texas's net assets (41 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. Uvalde County, Texas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Uvalde 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.

UVALDE COUNTY, TEXAS NET ASSETS

	Governmental Activities		Total	
	2010	2009	2010	2009
Current and other Assets	\$6,004,934	\$6,275,895	\$6,004,934	\$6,275,895
Restricted Assets:	18,874,953	24,267,543	18,874,953	24,267,543
Capital Assets:	11,464,344	3,927,544	11,464,344	3,927,544
Total Assets	36,344,231	34,470,982	36,344,231	34,470,982
Long-term liabilities	25,199,374	25,340,254	25,199,374	25,340,254
Other liabilities	994,088	733,678	994,088	733,678
Total Liabilities	26,193,462	26,073,932	26,193,462	26,073,932
Invested in Capital Assets, Net of Related debt	4,123,182	2,063,671	4,123,182	2,063,671
Restricted	234,063	166,985	234,063	166,985
Unrestricted	5,793,524	6,166,394	5,793,524	6,166,394
Total Net Assets	\$10,150,769	\$8,397,050	\$10,150,769	\$8,397,050

An additional portion of Uvalde County, Texas's net assets (02 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$5,793,524) may be used to meet the government on going obligations to citizens and creditors. At the end of the current fiscal year, Uvalde County, Texas reported a positive balance in the governmental activities. For the prior fiscal year, Uvalde County, Texas reported positive balances in net assets, both for the government as a whole, as well as for its separate governmental activities.

There was an increase of \$67,078 in restricted net assets reported in connection with Uvalde County, Texas's government-type activities. This decrease reflects the build up of a reserve for the payment of the new jail bonds.

The governments net assets increased by \$1,753,719 during the current fiscal year. The major increase in revenues occurred in ad valorem taxes which increased by \$1,918,428 due mainly to the new debt service requirement resulting from the new jail building. Miscellaneous income decreased by \$478,896 while charges for services increased by \$590,325. The increase in the charges for services resulted mainly from an increase in district and county clerk gross receivables while the decrease in miscellaneous income resulted from the decrease in the sale of forfeited and seized property.

Governmental activities: Governmental activities increased Uvalde County, Texas's net assets by \$1,753,719, thereby accounting for 100 percent of the total increase in the net assets of Uvalde County, Texas.

**UVALDE COUNTY, TEXAS
CHANGE IN NET ASSETS**

	Governmental Activities		Total	
	2010	2009	2010	2009
Revenues:				
Program Revenues:				
Charges for Services	\$1,684,192	\$1,093,867	\$1,684,192	\$1,093,867
Operating Grants and Contributions	1,238,968	1,328,804	1,238,968	1,328,804
Capital Grants and Contributions	4,434	398,255	4,434	398,255
General Revenues:				
Maintenance and Operations Taxes	8,526,946	6,608,518	8,526,946	6,608,518
Sales Taxes	2,154,211	2,278,750	2,154,211	2,278,750
Other Taxes	43,326	0	43,326	0
Unrestricted investment earnings	491,656	301,999	491,656	301,999
Miscellaneous	1,035,074	1,513,970	1,035,074	1,513,970
Total Revenue	15,178,807	13,524,163	15,178,807	13,524,163
Expenses:				
General Administration	2,395,282	2,175,201	2,395,282	2,175,201
Judicial	1,625,026	1,499,166	1,625,026	1,499,166
Legal	311,580	309,458	311,580	309,458
Financial Administration	883,669	833,634	883,669	833,634
Public Facilities	293,503	343,399	293,503	343,399
Public Safety	3,965,954	3,745,852	3,965,954	3,745,852
Public Transportation	1,789,823	2,050,350	1,789,823	2,050,350
Environmental Protection	249,259	199,914	249,259	199,914
Culture and Recreation	146,947	136,142	146,947	136,142
Health and Welfare	1,611,904	1,485,953	1,611,904	1,485,953
Conservation - Agriculture	135,096	136,524	135,096	136,524
Interest and Fiscal Charges	17,045	39,562	17,045	39,562
Total Expenses	13,425,088	12,955,155	13,425,088	12,955,155
Increase in net assets before transfers and special items	1,753,719	569,008	1,753,719	569,008
Transfers	0	0	0	0
Increase in Net Assets	1,753,719	569,008	1,753,719	569,008
Net Assets at 09/30/2009	8,397,050	7,828,042	8,397,050	7,828,042
Net Assets at 09/30/2010	\$10,150,769	\$8,397,050	\$10,150,769	\$8,397,050

Revenues increased by \$1,654,644. The biggest increase was in ad valorem taxes which increased by \$1,918,428. The expenses increased by \$469,333. The biggest increase was in the Public Safety which increased by \$220,102 and general ad ministration which increased by \$220,081.

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	\$2,395,282	\$170,745	\$36,884	\$0
Judicial	1,625,026	396,094	518,479	
Legal	311,580	40,259	60,629	
Financial Administration	883,669	111,134		
Public Facilities	293,503			4,434
Public Safety	3,965,954	284,577	265,925	
Public Transportation	1,789,823	640,429	26,928	
Enviromental Protection	249,259			
Culture and Recreation	146,947		270,369	
Health and Welfare	1,611,904	40,954	59,754	
Conservation - Agriculture	135,096			
Interest and Fiscal Charges	17,045			
Total government activities	<u>\$13,425,088</u>	<u>\$1,684,192</u>	<u>\$1,238,968</u>	<u>\$4,434</u>

Revenues by source - Governmental Activities

	<u>REVENUES</u>	<u>%</u>
Charges for Services	\$1,684,192	11%
Operating Grants and Contributions	1,238,968	8%
Capital Grants and Contributions	4,434	0%
Maintenance and Operations Taxes	8,526,946	56%
Sales taxes	2,154,211	14%
Other Taxes	43,326	0%
Unrestricted investment earnings	491,656	3%
Miscellaneous	1,035,074	7%
	<u>\$15,178,807</u>	<u>100%</u>

For the most part expense increases were fairly ratable throughout the different departments with the exception of the transportation and the public facilities departments which decreased by \$260,527 and 49,896, respectively. The reason for the decrease in public transportation was because of less use of road materials and the major reason for the decrease in public facilities was a decrease in construction activity on major current public facilities.

Financial Analysis of the Government's Funds

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

Governmental funds:

The focus of Uvalde 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 Uvalde 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, Uvalde County, Texas's governmental funds reported combined ending fund balances of \$20,363,506, a decrease of \$6,383,398 in comparison with the prior year. Approximately 11 percent of this total amount (\$2,178,035) constitutes unreserved fund balance, which is available for spending at the government's discretion.

The general fund is the chief operating fund of Uvalde County, Texas. At the end of the current fiscal year, unreserved fund balance of the general fund was \$692,044, while total fund balance reached \$692,044. 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 07 percent of total general fund expenditures, while total fund balance represents 07 percent of that same amount.

The fund balance of Uvalde County, Texas's general fund decreased by \$97,938 during the current fiscal year. Key factors in this increase are as follows:

The general fund had an increase in property taxes of \$196,185 coupled with an increase in expenditures of \$632,378 and a net increase in transfers in of \$144,039.

The road and bridge fund had an unreserved fund balance of \$506,140 while total fund balance reached \$506,140. 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 25 percent of total road and bridge fund expenditures, while total fund balance represents 25 percent of that same amount.

The fund balance of the road and bridge fund increased by \$22,486 during the current year. Key factors in this increase are as follows:

The road and bridge fund had an increase in property taxes of \$80,329 and a decrease in grants of \$223,451 coupled with an increase in expenditures of \$22,764.

The stonegarden grant fund had an unreserved fund balance of a negative \$213,490, while total fund balance reached a negative \$213,490. The stonegarden grant fund was established to provide funds to build capabilities at the state and local levels and to implement the goals and objectives included in state homeland security strategies and initiatives in their State Preparedness Report. The unreserved and reserved fund balances of the stonegarden fund were a negative, thus, was 0 percent of the expenditures of \$222,145.

The fund balance of the stonegarden grant fund decreased by \$213,490 during the current year. Key factors in this decrease are as follows:

The fund expended \$222,145 during the year.

The jail building I&S fund had an unreserved fund balance of \$0, while total fund balance reached \$226,467. The jail building I&S fund was established to service the jail bonds. Thus, any comparison between fund balances and expenditures would be illusory.

The fund balance of the jail building I&S fund increased by \$96,619 during the current year. Key factors in this increase are as follows:

The ad valorem taxes collected were greater than the debt service.

The capital projects fund had an unreserved fund balance of \$0, while total fund balance reached \$17,951,408. The capital projects fund was established to build the new jail facility. Thus, any comparison between fund balances and expenditures would be illusory.

The fund balance of the capital projects fund decreased by \$6,005,733 during the current year. Key factors in this increase are as follows:

The decrease was the result of the construction of the new jail building.

General Fund and Road and Bridge Budgetary Highlights

Differences between the original budget and the final amended budget for the general fund were \$737,932. This increase was mainly from an increase in budgetary expenditures of \$145,428 in non-departmental, \$291,979 in sheriff and sheriff payroll, and \$238,213 in indigent health. The final amended budget for the road and bridge fund was \$189,796 less than the original budget which mainly was the result of a decrease in budgeted road and bridge expenditures.

Capital Asset and Debt Administration

Capital assets:

Uvalde County, Texas's investment in capital assets for its governmental activities as of September 30, 2010, amounts to \$11,464,344 (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 Uvalde County, Texas's investment in capital assets for the current fiscal year was 191.90 percent.

The county expended \$7,534,387 towards the Rodeo Arena/Live Barns, a New Jail, a Multi-purpose Building, and an Amphitheater which was included in construction in progress.

Additional information on Uvalde County, Texas's capital assets can be found in note IV C on page 39 of this report.

UVALDE COUNTY, TEXAS
CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Total	
	2010	2009	2010	2009
Land	\$1,366,145	\$1,366,145	\$1,366,145	\$1,366,145
Construction in Progress	8,621,116	1,086,729	8,621,116	1,086,729
Building and improvements	1,074,245	1,107,461	1,074,245	1,107,461
Machinery and equipment	402,838	367,209	402,838	367,209
Infrastructure	0	0	0	0
Total	\$11,464,344	\$3,927,544	\$11,464,344	\$3,927,544

Long-term debt:

At the end of the current fiscal year, Uvalde County, Texas had total bonded debt outstanding of \$24,880,000. Of this amount, \$24,880,000 comprises debt backed by the full faith and credit of Uvalde County, Texas.

	Beginning Balance	Additions	Reductions	Ending Balance	Summary	
					Due Within One Year	Due in More Than One Year
Governmental Activities:						
Bonds Payable	\$25,000,000	\$0	\$120,000	\$24,880,000	\$550,000	\$24,330,000
Total Bonds Payable	25,000,000	0	120,000	24,880,000	550,000	24,330,000
 Grand Total	 \$25,000,000	 \$0	 \$120,000	 \$24,880,000	 \$550,000	 \$24,330,000

Uvalde County, Texas's total short-term and long-term debt decreased by \$140,880 (.56 percent) during the current fiscal year. The key factor in this decrease was the payment of debt principal on the jail facility bonds of \$120,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2011 budget and tax rates. One of those factors is the economy. The County's population growth during 1998-2010 averaged annual gains of .6 percent. Unemployment during that time increased to about 9.1 percent.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to 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's business office, at Uvalde County, Texas, Courthouse Plaza #3, Uvalde, Texas 78801.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

UVALDE COUNTY, TEXAS
 STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2010

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	\$2,273,454	\$2,273,454
Receivables (net of allowance for uncollectibles)	3,599,570	3,599,570
Unamortized Bond Issuance Cost	131,910	131,910
Restricted Assets:		
Cash and Cash Equivalents	18,874,953	18,874,953
Capital assets not being depreciated:		
Land	1,366,145	1,366,145
Construction in Progress	8,621,116	8,621,116
Total Capital assets being depreciated, net		
Building and Improvements	1,074,245	1,074,245
Machinery and Equipment	402,838	402,838
Infrastructure	0	0
Total Assets	\$36,344,231	\$36,344,231
LIABILITIES:		
Accounts Payable	\$809,518	\$809,518
Accrued Interest Payable	184,570	184,570
Noncurrent Liabilities:		
Due within one year	737,571	737,571
Due in more than one year	24,461,803	24,461,803
Total Liabilities	26,193,462	26,193,462
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	4,123,182	4,123,182
Reserved for Debt Service	233,964	233,964
Reserved for Future Projects	99	99
Unrestricted	5,793,524	5,793,524
Total Net Assets	\$10,150,769	\$10,150,769

The accompanying notes are an integral part of this statement.

UVALDE COUNTY, TEXAS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

Functions/Programs	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in	
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Net (Expense) Revenue and Changes in Total
Primary Government						
Government Activities:						
General Administration	\$2,395,282	\$170,745	\$36,884	\$0	(\$2,187,653)	(\$2,187,653)
Judicial	1,625,026	396,094	518,479		(710,453)	(710,453)
Legal	311,580	40,259	60,629		(210,692)	(210,692)
Financial Administration	883,669	111,134			(772,535)	(772,535)
Public Facilities	293,503			4,434	(289,069)	(289,069)
Public Safety	3,965,954	284,577	265,925		(3,415,452)	(3,415,452)
Public Transportation	1,789,823	640,429	26,928		(1,122,466)	(1,122,466)
Environmental Protection	249,259				(249,259)	(249,259)
Culture and Recreation	146,947		270,369		123,422	123,422
Health and Welfare	1,611,904	40,954	59,754		(1,511,196)	(1,511,196)
Conservation - Agriculture	135,096				(135,096)	(135,096)
Interest and Fiscal Charges	17,045				(17,045)	(17,045)
Total Government Activities	13,425,088	1,684,192	1,238,968	4,434	(10,497,494)	(10,497,494)
Total Primary Government	\$13,425,088	\$1,684,192	\$1,238,968	\$4,434	(10,497,494)	(10,497,494)
General Revenues						
Property Taxes, Levies for General Purposes					8,526,946	8,526,946
Sales Taxes					2,154,211	2,154,211
Other Taxes					43,326	43,326
Unrestricted Investment Earnings					491,656	491,656
Miscellaneous					1,035,074	1,035,074
Total General Revenues and Transfers					12,251,213	12,251,213
Change in Net Assets					1,753,719	1,753,719
Net Assets - Beginning					8,397,050	8,397,050
Net Assets - Ending					\$10,150,769	\$10,150,769

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

UVALDE COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	General Fund	Road and Bridge	Stone-Garden Grant	Jail Building I&S Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$550,197	\$506,140	\$0	\$0	\$0	\$1,142,648	\$2,198,985
Receivables (net of allowance for uncollectibles)	788,648	133,064				178,897	1,100,609
Restricted Assets:							
Cash and Cash Equivalents				229,467	18,640,890	4,596	18,874,953
Total Assets	\$1,338,845	\$639,204	\$0	\$229,467	\$18,640,890	\$1,326,141	\$22,174,547
LIABILITIES AND FUND BALANCES:							
Liabilities							
Accounts Payable	\$54,901				\$689,482		\$744,383
Bank Overdraft			213,490			128,204	341,694
Unearned Revenues	591,900	133,064					724,964
Total Liabilities	646,801	133,064	213,490	0	689,482	128,204	1,811,041
Fund Balances:							
Reserved for Debt Service				229,467		4,497	233,964
Reserved for Future Projects					17,951,408	99	17,951,507
Unreserved, Reported in							
General Fund	692,044						692,044
Special Revenue Funds		506,140	(213,490)			1,193,341	1,485,991
Total Fund Balance	692,044	506,140	(213,490)	229,467	17,951,408	1,197,937	20,363,506
Total Liabilities and Fund Balances	\$1,338,845	\$639,204	\$0	\$229,467	\$18,640,890	\$1,326,141	\$22,174,547

The accompanying notes are an integral part of this statement.

UVALDE COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2010

Total Fund Balances - governmental funds balance sheet	\$20,363,506
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.	11,464,344
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,498,961
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	724,964
Bond Issuance Costs are expenditures in the funds but are recorded as assets in the governmental activities.	131,910
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(25,383,944)
Internal Service fund is not reported in the funds.	<u>351,028</u>
Net assets of governmental activities - statement of net assets	<u><u>\$10,150,769</u></u>

The accompanying notes are an integral part of this statement.

UVALDE COUNTY, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	General Fund	Road and Bridge	Stone- Garden Grant	Jail Building I&S Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes							
Property	\$5,316,540	\$1,479,366	\$0	\$1,660,721	\$0	\$0	\$8,456,627
Sales	2,154,211						2,154,211
Other						43,326	43,326
Intergovernmental	559,872	26,928	8,655			647,947	1,243,402
Licenses and Permits		571,502					571,502
Charges for Services	775,969	68,927				117,567	962,463
Fines and Forfeitures	391,997						391,997
Interest	25,866	44		36,856	419,635	9,255	491,656
Miscellaneous	370,228	1,050				381,613	752,891
Total Revenues	9,594,683	2,147,817	8,655	1,697,577	419,635	1,199,708	15,068,075
EXPENDITURES							
Current:							
General Administration	2,300,205					71,397	2,371,602
Legal	246,206					63,493	309,699
Judicial	1,058,113					566,913	1,625,026
Financial Administration	884,539						884,539
Public Facilities	222,776						222,776
Public Safety	3,261,669		222,145			542,713	4,026,527
Public Transportation	10,241	1,731,476					1,741,717
Environmental Protection	60,928	188,331					249,259
Culture and Recreation	139,094	6,402				1,451	146,947
Health and Welfare	1,542,462					60,077	1,602,539
Conservation - Agriculture	135,096						135,096
Capital Projects -							
Capital Outlay and Other					6,425,368	61,366	6,486,734
Debt Service							
Principal Retirement	17,808	60,284		120,000		27,939	226,031
Interest Retirement	1,484	7,964		1,480,958		1,701	1,492,107
Total Expenditures	9,880,621	1,994,457	222,145	1,600,958	6,425,368	1,397,050	21,520,599
Excess (Deficiency) of Revenues Over (Under) Expenditures	(285,938)	153,360	(213,490)	96,619	(6,005,733)	(197,342)	(6,452,524)
OTHER FINANCING SOURCES (USES):							
Other Financing Sources - Notes Payable	0	69,126					69,126
Transfers In	200,000					48,957	248,957
Transfers Out	(12,000)	(200,000)				(36,957)	(248,957)
Total Other Financing Sources (Uses)	188,000	(130,874)	0	0	0	12,000	69,126
Net Changes in Fund Balances	(97,938)	22,486	(213,490)	96,619	(6,005,733)	(185,342)	(6,383,398)
Fund Balances - Beginning	789,982	483,654		132,848	23,957,141	1,383,279	26,746,904
Fund Balances - Ending	\$692,044	\$506,140	(\$213,490)	\$229,467	\$17,951,408	\$1,197,937	\$20,363,506

The accompanying notes are an integral part of this statement.

UVALDE COUNTY, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

Net Changes in Fund Balances - total governmental funds	(\$6,383,398)
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.	7,536,800
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.	(241,770)
(Increase) decrease in compensated absences from beginning of period to end of period.	(16,025)
Increase (decrease) in bond issuance costs from beginning of period to end of period.	(5,496)
(Increase) decrease in accrued interest from beginning of period to end of period.	371,539
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	70,319
Internal Service fund is not reported in the funds.	264,845
Increase in loan principal are receipts in the funds but not revenue in the SOA.	(69,126)
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	<u>226,031</u>
Change in net assets of governmental activities - statement of activities	<u>\$1,753,719</u>

The accompanying notes are an integral part of this statement.

UVALDE COUNTY, TEXAS
 GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$5,573,196	\$5,640,837	\$5,316,540	(\$324,297)
Sales	2,000,000	2,235,194	2,154,211	(80,983)
Intergovernmental	239,178	562,837	559,872	(2,965)
Charges for Services	590,650	958,730	775,969	(182,761)
Fines and Forfeitures	431,240	431,240	391,997	(39,243)
Interest	25,000	25,000	25,866	866
Miscellaneous	299,300	361,686	370,228	8,542
Total Revenues	9,158,564	10,215,524	9,594,683	(620,841)
EXPENDITURES				
Current:				
General Administration				
Commissioner's Court	110,086	110,086	108,121	1,965
Compliance Department	38,324	38,324	37,658	666
County Clerk	262,262	262,262	257,026	5,236
County Judge	200,452	200,452	199,256	1,196
Elections	73,622	132,069	129,125	2,944
Liability Insurance	1,099,895	1,006,323	976,516	29,807
Non-Departmental	112,293	655,274	470,201	185,073
Payroll Taxes	98,700	98,700	104,722	(6,022)
Veterans Service	21,355	22,037	17,580	4,457
Legal				
County Attorney	255,684	253,484	238,839	14,645
Legal Counsel	10,000	10,000	7,367	2,633
Judicial				
Associate Judge	1,000	562	537	25
District Court	230,399	250,846	235,585	15,261
District Clerk	205,282	209,112	207,015	2,097
Justices of the Peace	448,389	455,389	449,158	6,231
Courtmaster	1,000	1,750	1,324	426
District Attorney	156,766	164,723	164,494	229
Financial Administration				
County Auditor	183,194	183,499	183,031	468
County Treasurer	190,937	190,937	187,696	3,241
Data Processing	59,500	77,927	71,597	6,330
Appraisal District	213,000	216,426	216,426	0
Tax Assessor-Collector	213,576	210,670	207,129	3,541
Professional Services	15,800	18,800	18,660	140
Public Facilities				
Courthouse Building	188,737	246,959	222,776	24,183
Public Safety				
Adult Probation	56,220	56,220	56,706	(486)
Constables	182,555	182,555	181,195	1,360
D.P.S.	31,664	32,102	32,092	10
Emergency Operations	195,800	195,800	195,800	0
Emergency Management	19,500	19,500	19,500	0
Fire	40,700	40,700	40,700	0
Juvenile Probation	91,984	91,984	91,984	0
Jail	857,920	869,943	900,533	(30,590)
Jail Payroll	596,383	596,388	583,090	13,298
Sheriff	192,100	281,285	346,151	(64,866)
Sheriff Payroll	834,502	834,096	813,918	20,178

(continued)

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Transportation				
Street Lights	\$10,000	\$10,000	\$10,241	(\$241)
Environmental Protection				
Sanitation	57,091	64,091	60,928	3,163
Culture and Recreation				
Fairpark Complex	13,500	27,696	31,542	(3,846)
Libraries	107,552	107,552	107,552	0
Health and Welfare				
Health Department	33,340	33,340	33,340	0
Human Resources	195,950	201,950	252,934	(50,984)
Health Nurse	66,071	66,071	64,882	1,189
Indigent Health	1,009,804	1,209,720	1,191,306	18,414
Conservation - Agriculture				
Agriculture Extension Service	102,009	102,009	94,596	7,413
Predator Control	40,500	40,500	40,500	0
Debt Service				
Principal Retirement	17,808	17,808	17,808	0
Interest Retirement	1,484	1,484	1,484	0
Total Expenditures	<u>9,144,690</u>	<u>10,099,405</u>	<u>9,880,621</u>	<u>218,784</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>13,874</u>	<u>116,119</u>	<u>(285,938)</u>	<u>(402,057)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	0	200,000	200,000	0
Transfers Out	(10,000)	(12,000)	(12,000)	0
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>188,000</u>	<u>188,000</u>	<u>0</u>
Net Changes in Fund Balances	3,874	304,119	(97,938)	(402,057)
Fund Balances - Beginning	789,982	789,982	789,982	
Fund Balances - Ending	<u>\$793,856</u>	<u>\$1,094,101</u>	<u>\$692,044</u>	<u>(\$402,057)</u>

The accompanying notes are an integral part of this statement.

UVALDE COUNTY, TEXAS
ROAD AND BRIDGE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$1,585,269	\$1,585,269	\$1,479,366	(\$105,903)
Intergovernmental	0	0	26,928	26,928
Licenses and Permits	615,000	615,000	571,502	(43,498)
Charges for Services	63,500	63,500	68,927	5,427
Interest	0	0	44	44
Miscellaneous	500	500	1,050	550
Total Revenues	<u>2,264,269</u>	<u>2,264,269</u>	<u>2,147,817</u>	<u>(116,452)</u>
EXPENDITURES				
Current				
Parks				
Wes Cooksey Park	7,000	7,000	6,402	598
Public Transportation				
Road and Bridge	2,163,194	2,163,194	1,731,476	431,718
Environmental Protection				
Sanitation	206,489	206,489	188,331	18,158
Debt Service				
Principal Retirement	51,030	60,284	60,284	0
Interest Retirement	7,308	7,964	7,964	0
Total Expenditures	<u>2,435,021</u>	<u>2,444,931</u>	<u>1,994,457</u>	<u>450,474</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(170,752)	(180,662)	153,360	334,022
OTHER FINANCING SOURCES (USES):				
Other Financing Sources	171,000	171,000	69,126	(101,874)
Transfers Out	0	0	(200,000)	(200,000)
Total Other Financing Sources (Uses)	<u>171,000</u>	<u>171,000</u>	<u>(130,874)</u>	<u>(301,874)</u>
Net Changes in Fund Balances	248	(9,662)	22,486	32,148
Fund Balances - Beginning	483,654	483,654	483,654	
Fund Balances - Ending	<u>\$483,902</u>	<u>\$473,992</u>	<u>\$506,140</u>	<u>\$32,148</u>

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

UVALDE COUNTY, TEXAS
 COMBINING STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2010

	County Employee Insurance Current Year	County Employee Insurance Prior Year
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$416,163	\$86,183
Receivables (net of allowance for uncollectibles)		
Total Current Assets	<u>416,163</u>	<u>86,183</u>
TOTAL ASSETS	<u>\$416,163</u>	<u>\$86,183</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS		
Liabilities		
Current Liabilities (Payable from Current Assets)		
Accounts Payable	\$65,135	\$0
Bank Overdraft	0	0
Total Current Liabilities	<u>65,135</u>	<u>0</u>
Total Liabilities	<u>65,135</u>	<u>0</u>
Unrestricted	<u>351,028</u>	<u>86,183</u>
Total Net Assets	<u>\$351,028</u>	<u>\$86,183</u>

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

UVALDE COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	County Employee Insurance Current Year	County Employee Insurance Current Year
OPERATING REVENUES:		
Charges for Services	<u>\$2,397,612</u>	<u>\$1,992,673</u>
Total Operating Revenues	<u>2,397,612</u>	<u>1,992,673</u>
OPERATING EXPENSES:		
Other Services and Charges	<u>2,132,767</u>	<u>1,625,474</u>
Total Operating Expenses	<u>2,132,767</u>	<u>1,625,474</u>
Operating income (Loss)	<u>264,845</u>	<u>367,199</u>
NON-OPERATING REVENUES (EXPENSES):		
Ad Valorem Taxes		<u>4,280</u>
Total Non-Operating Revenues (Expenses)	<u>0</u>	<u>4,280</u>
Income Before Transfers	<u>264,845</u>	<u>371,479</u>
Transfers in		<u>200,000</u>
Change in net assets	<u>264,845</u>	<u>571,479</u>
Total net assets - beginning	<u>86,183</u>	<u>(485,296)</u>
Total net assets - ending	<u>\$351,028</u>	<u>\$86,183</u>

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

UVALDE COUNTY, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	County Employee Insurance Current Year	County Employee Insurance Prior Year
Cash Flows from Operating Activities		
Receipts from customers and users	\$2,397,612	\$1,992,673
Payments to suppliers	(2,067,632)	(2,110,770)
Net Cash Provided (Used) By Operating Activities	329,980	(118,097)
Cash Flows from Non-Capital and Related Financing Activities		
Transfers In	0	200,000
Ad Valorem Taxes	0	4,280
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	0	204,280
Cash Flows from Capital and Related Financing Activities		
State Grants	0	0
Net Cash Provided (Used) By Capital and Related Financing Activities	0	0
Cash Flows from Investing Activities		
Interest Received	0	0
Net Cash Provided (Used) by Investment Activities	0	0
Net Increase (Decrease) in Cash Equivalents	329,980	86,183
Cash and Cash Equivalents at Beginning of Year	86,183	0
Cash and Cash Equivalents at End of Year	\$416,163	\$86,183

(continued)

(continued)

	County Employee Insurance Current Year	County Employee Insurance Prior Year
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating Income (Loss)	\$264,845	\$367,199
Changes in Current Items		
Decrease (Increase) in Accounts Receivable	0	0
Increase (Decrease) in Accounts Payable	65,135	0
Increase (Decrease) in Bank Overdraft	0	(485,296)
Net Cash Provided (Used) By Operating Activities	<u>\$329,980</u>	<u>(\$118,097)</u>
Noncash Investing, Capital, and Financing Activities:		
None	<u>\$0</u>	<u>\$0</u>

Note: The above fund is an Enterprise Fund.

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

UVALDE COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2010

ASSETS	
Cash and Cash Equivalents	\$1,447,566
Receivables (net of allowance for uncollectibles)	0
Total Assets	<u>\$1,447,566</u>
LIABILITIES:	
Accounts Payable	\$74,709
Due to Others	1,372,857
Total Liabilities	<u>\$1,447,566</u>

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

UVALDE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

I. Summary of Significant Accounting Policies

A. Reporting entity

Uvalde 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 protection (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 nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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 stonegarden grant fund was established to provide funds to build capabilities at the state and local levels and to implement the goals and objectives included in state homeland security strategies and initiatives in their State Preparedness Report.

The jail building I&S fund was established to service the jail bonds.

The capital projects fund is used to build the new county jail.

Additionally, the government reports the following fund types:

Internal service funds accounts for health insurance premiums and claims to pay for health insurance premiums and actual claims.

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 both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to customers for insurance fees. Operating expenses for the internal service fund include the cost of health insurance. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

Additionally, the County reports Agency fund types which are fiduciary funds and are used to account for monies received and disbursed by the county in the capacity of trustee, custodian, or agent for individuals or other entities. Agency funds are custodial in nature (assets=liabilities) and do not involve measurement of results of operations. The County's Agency funds consist mainly of funds holding tax revenues, official's fees and other funds, forfeited monies and other pertinent funds for other entities or individuals.

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 and business-type activities are reported in the government-wide financial statements as "internal balances."

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 September 30, 2010 and 10 percent of the delinquent outstanding property taxes at September 30, 2010.

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

Inventories of materials and supplies held by the General Fund are considered immaterial and thus are not accounted for in the Balance Sheet. In the General Fund, disbursements for supplies and materials are considered to be expenditures at the time of purchase. There were no inventory items at September 30, 2010. 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.

4. Restricted Assets

The restricted assets at September 30, 2010 consisted of \$233,964 for debt service and \$18,640,989 for future projects.

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 columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the government values these capital assets at the estimated fair value of the item at the date of its donation.

The total interest expense incurred by the County during the current fiscal year was \$1,126,064. Of this amount, \$1,109,019 was included as part of the cost of capital assets. The county expended \$7,534,387 towards the Rodeo Arena/Live Barns, a New Jail, a Multi-purpose Building, and an Amphitheater which was included in construction in progress.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	5
Office equipment	5
Computer equipment	5