

UVALDE COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended
September 30, 2008

ISSUED BY
COUNTY AUDITOR'S OFFICE

ALICE CHAPMAN
COUNTY AUDITOR

Uvalde County, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2008

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INTRODUCTORY SECTION



COUNTY OF UVALDE

100 N. GETTY STREET

UVALDE, TEXAS 78801

March 13, 2009

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
Daniel Sanchez	County Commissioner, Precinct II
Jerry Bates	County Commissioner, Precinct III
Jesse Moreno	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, 2008 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, 2008 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, 2008 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 an estimated population of 27,326 as of January 1, 2008 per the Texas State Data Center website.

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 has seen growth in subdivisions in unincorporated areas of the county as justified by plats filed in the County Clerk's office. The construction of a Holiday Inn Express and a retirement community called The Arbors has increased the attractive nature of the county to tourists and baby boomers.

The federal government has doubled the number of Border Patrol employees stationed in Uvalde County. Uvalde County donated 10 acres of land for use in the building of a new Border patrol station on the west side of Uvalde County.

The Uvalde Hospital Authority has implemented the construction of a regional cancer care facility to compliment the current regional medical facility and provide local area residents with access to medical care for cancer treatments.

The Community Health Development Inc. is doubling the size of its state and local funded facility to include additional dental and medical care on an income based need.

The intersection of Highway 90 and Highway 83 at the courthouse continues to be a source of tourist traffic whether traveling to state owned Garner State Park near Concan or the hill country of Utopia.

Long-term financial planning. After a one-year agreement, the Uvalde County Commissioners' Court dropped the option with LaSalle Management of Louisiana for purchase of property and the construction of a 600-bed jail facility. The Commissioners Court will research further into the construction of a county-owned and operated facility.

The Commissioners Court issued a one year tax anticipation note in the amount of \$700,000 in June, 2008 with Mark Mcliney of Southwest Securities as the financial advisor.

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 Pacific Life. 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 2008 employer rate is 7.48%. 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, 2007. This was the twelfth 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, credit is given to the Uvalde County Commissioners, the Uvalde County Judge, and the 38th Judicial District Judge for the continued support and progressive manner in maintaining the highest standards when overseeing the operation of this County government.

Respectfully submitted,

Alice L. Chapman
County Auditor
March 23, 2009

Joni Deorsam
County Treasurer
March 23, 2009

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, 2007

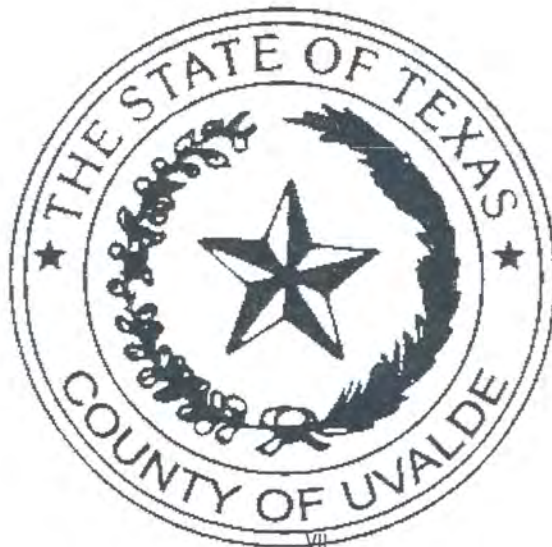
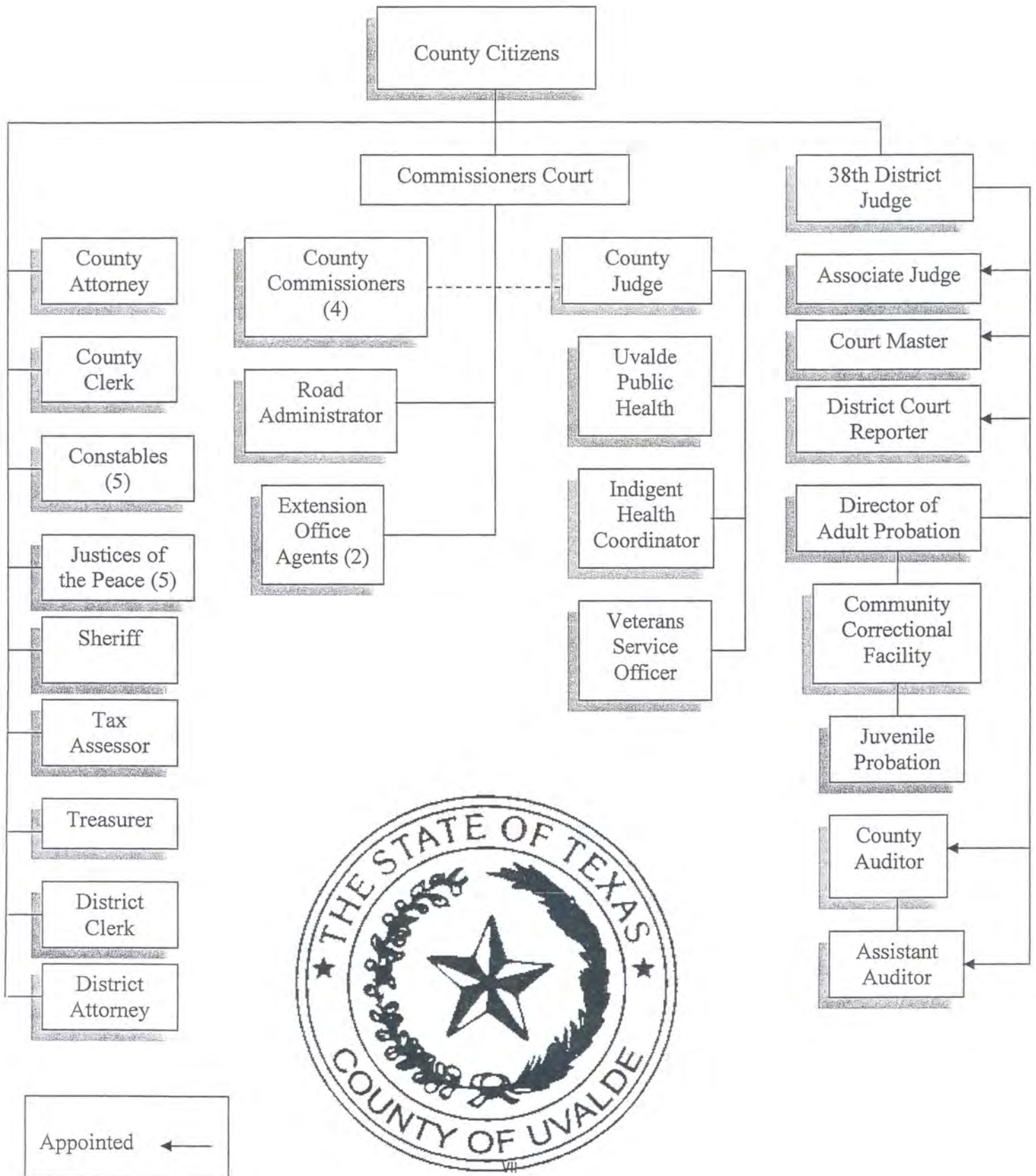
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

Uvalde County Organization Chart



Appointed ←

**UVALDE COUNTY, TEXAS
DIRECTORY OF OFFICIALS
SEPTEMBER 30, 2008**

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

Mickey R. Pennington
Anton E. "Tony" Hackebeil
Camile Dubose
Kelley Bartell
Lydia Steele
Gene Steele
Dale Gear, Jr.

District Judge, 38th Judicial District
District Attorney
Associate Judge, CPS
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
Terry Crawford
Jessie Garcia
Terry Black, RN
Arthur Oakley
Pat Razor
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 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

David McCutcheon
Weldon McCutcheon
William Dean
Robert Moss
Rudolfo Ballesteros

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, the business-type activities, each major fund, and the aggregate remaining fund information of Uvalde County, Texas, as of and for the year ended September 30, 2008, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that 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.

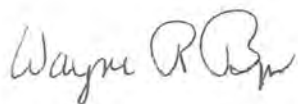
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Uvalde County, Texas, as of September 30, 2008 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, and the Economic Development 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the archival fee special revenue, county attorney hot check 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 clerk records management special revenue, EMPG special revenue, HAVA grant 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, 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, and disaster relief grant for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated March 19, 2009, on my consideration of Uvalde County, Texas's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of my audit.

The management's discussion and analysis, the non-major budgetary comparison information, and the required supplementary information on pages 3 through 10, 52 through 81, and 47, 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 and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Uvalde County, Texas. The combining and individual non-major fund financial statements and schedules of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and schedules 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,

A handwritten signature in cursive script that reads "Wayne R. Beyers".

WAYNE R. BEYER
Certified Public Accountant
Pleasanton, Texas
March 19, 2009

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, 2008.

Financial Highlights

- . The assets of Uvalde County, Texas exceeded its liabilities at the close of the most recent fiscal year by \$7,828,042 (net assets). Of this amount, \$5,325,800 (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 \$761,641. This increase is attributable to revenues continuing to outpace expenses. While the total expenses increase by \$1,436,474 the revenues increased by \$1,365,153. The major increase in revenues occurred in property taxes which increased by \$560,202. The county chose to procure a tax note in the amount of \$1,000,000 in the prior year and paid it off this year and procured another tax note this year in the amount of \$700,000 and raised taxes in both years to help pay for the tax notes and to increase cash flow once the tax notes are paid off.
- . As of the close of the current fiscal year, Uvalde County, Texas's governmental funds reported combined ending fund balances of \$2,001,106, an increase of \$307,988 in comparison with the prior year. Approximately 84% of this total amount, \$1,674,058, is available for spending at the government's discretion (unreserved fund balance). The fund balance increased by \$307,988 was the result of an increase in property taxes which increased by \$507,651.
- . At the end of the current fiscal year, the unreserved fund balance for the general fund was \$215,248, or 02 percent of total general fund expenditures, the unreserved fund balance for the road and bridge fund was \$243,313, or 13 percent of total road and bridge fund expenditures, and the unreserved fund balance for the economic development fund was \$742,019.
- . Uvalde County, Texas's total short-term and long-term debt decreased by \$299,228 (24 percent) during the current fiscal year. The key factor in this decrease was the overall reduction in short-term tax notes payable of \$300,000.

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 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. 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 thirty seven (37) 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 economic development fund all of which are considered to be major funds. Data from the other thirty four (34) 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 economic development fund. There were appropriated budgets for all the non-major special revenue, debt service and capital project funds except there were no appropriated budgets for the FEMA, ORCA Building Grant, Jail Project, and CDBG Grant funds.

The basic governmental fund financial statements can be found on pages 13-20 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 26-46 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 page 47 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 48-51 of this report. The budget comparison schedules in connection with the non-major governmental funds can be found on pages 52-81 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 \$7,828,042 at the close of the most recent fiscal year.

A portion of Uvalde County, Texas's net assets (28 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	
	2008	2007	2008	2007
Current and other Assets	\$6,150,825	\$5,748,407	\$6,150,825	\$5,748,407
Restricted Assets:	327,048	190,382	327,048	190,382
Capital Assets:	2,407,845	2,512,677	2,407,845	2,512,677
Total Assets	8,885,718	8,451,466	8,885,718	8,451,466
Long-term liabilities	284,373	283,728	284,373	283,728
Other liabilities	773,303	1,101,337	773,303	1,101,337
Total Liabilities	1,057,676	1,385,065	1,057,676	1,385,065
Invested in Capital Assets, Net of Related debt	2,175,194	2,233,317	2,175,194	2,233,317
Restricted	327,048	190,387	327,048	190,387
Unrestricted	5,325,800	4,642,697	5,325,800	4,642,697
Total Net Assets	\$7,828,042	\$7,066,401	\$7,828,042	\$7,066,401

An additional portion of Uvalde County, Texas's net assets (04 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$5,325,800) 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 \$136,661 in restricted net assets reported in connection with Uvalde County, Texas's government-type activities. This increase reflects an increase in Capital Grant activity of \$228,759 over and above a decrease in the Interest and Sinking fund of \$92,098.

The governments net assets increased by \$761,641 during the current fiscal year. This increase is attributable to revenues continuing to outpace expenses. While the total expenses increase by \$1,436,474; the revenues increased by \$1,365,153. The major increase in revenues occurred in property taxes which increased by \$560,202. The county chose to procure a tax note in the amount of \$1,000,000 in the prior year and paid it off this year and procured another tax note this year in the amount of \$700,000 and raised taxes in both years to help pay for the tax notes and to increase cash flow once the tax notes are paid off.

Governmental activities: Governmental activities increased Uvalde County, Texas's net assets by \$761,641, 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	
	2008	2007	2008	2007
Revenues:				
Program Revenues:				
Charges for Services	\$2,437,170	\$2,415,210	\$2,437,170	\$2,415,210
Operating Grants and Contributions	1,268,268	1,001,814	1,268,268	1,001,814
Capital Grants and Contributions	619,480	170,219	619,480	170,219
General Revenues:				
Maintenance and Operations Taxes	5,994,722	5,434,520	5,994,722	5,434,520
Sales Taxes	2,238,382	2,175,138	2,238,382	2,175,138
Other Taxes	0	21,498	0	21,498
Unrestricted Investment Earnings	80,009	136,938	80,009	136,938
Miscellaneous	503,482	421,023	503,482	421,023
Total Revenue	13,141,513	11,776,360	13,141,513	11,776,360
Expenses:				
General Administration	2,475,662	1,885,036	2,475,662	1,885,036
Judicial	1,312,975	1,234,168	1,312,975	1,234,168
Legal	275,286	251,895	275,286	251,895
Financial Administration	701,088	723,117	701,088	723,117
Public Facilities	216,665	265,573	216,665	265,573
Public Safety	3,261,145	3,171,994	3,261,145	3,171,994
Public Transportation	2,170,918	1,331,694	2,170,918	1,331,694
Environmental Protection	189,585	177,237	189,585	177,237
Culture and Recreation	112,374	151,355	112,374	151,355
Health and Welfare	1,494,318	1,534,384	1,494,318	1,534,384
Conservation - Agriculture	106,452	112,034	106,452	112,034
Interest and Fiscal Charges	63,404	104,911	63,404	104,911
Total Expenses	12,379,872	10,943,398	12,379,872	10,943,398
Increase in net assets before transfers and special items	761,641	832,962	761,641	832,962
Transfers	0	0	0	0
Increase in Net Assets	761,641	832,962	761,641	832,962
Net Assets at 09/30/2007	7,066,401	6,233,439	7,066,401	6,233,439
Net Assets at 09/30/2008	\$7,828,042	\$7,066,401	\$7,828,042	\$7,066,401

Revenues increased by \$1,365,153. The biggest increase was in property tax revenues which increased by \$560,202. The expenses increased by \$1,436,474. The biggest increase was in the Public Transportation department of \$839,224.

Expenses and Program Revenues - Governmental Activities

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Government activities:				
General Administration	\$2,475,662	\$436,786	\$28,409	\$0
Judicial	1,312,975	820,732	327,130	
Legal	275,286	50,185		
Financial Administration	701,088	109,389	3,600	
Public Facilities	216,665			22,000
Public Safety	3,261,145	283,680	254,081	
Public Transportation	2,170,918	682,676	32,623	597,480
Environmental Protection	189,585			
Culture and Recreation	112,374		496,559	
Health and Welfare	1,494,318	53,722	125,069	
Conservation - Agriculture	106,452		797	
Interest and Fiscal Charges	63,404			
Total government activities	<u>\$12,379,872</u>	<u>\$2,437,170</u>	<u>\$1,268,268</u>	<u>\$619,480</u>

Revenues by source - Governmental Activities

	<u>REVENUES</u>	<u>%</u>
Charges for Services	\$2,437,170	19%
Operating Grants and Contributions	1,268,268	10%
Capital Grants and Contributions	619,480	5%
Maintenance and Operations Taxes	5,994,722	45%
Sales Taxes	2,238,382	16%
Unrestricted Investment Earnings	80,009	1%
Miscellaneous	503,482	4%
	<u>\$13,141,513</u>	<u>100%</u>

For the most part expense increases were fairly ratable throughout the different departments.

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 \$2,001,106, an increase of \$307,988 in comparison with the prior year. Approximately 84 percent of this total amount (\$1,674,058) 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 \$215,248, while total fund balance reached \$215,248. 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 02 percent of total general fund expenditures, while total fund balance represents 02 percent of that same amount.

The fund balance of Uvalde County, Texas's general fund increased by \$388,803 during the current fiscal year. Key factors in this increase are as follows:

The general fund had an increase in property taxes of \$369,708.

The road and bridge fund had an unreserved fund balance of \$243,313, while total fund balance reached \$243,313. 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 13 percent of total road and bridge fund expenditures, while total fund balance represents 13 percent of that same amount.

The fund balance of the road and bridge fund increased by \$40,115 during the current year. The fund balance increased by \$83,117 in the prior year. Key factors in this increase are as follows:

The increase in revenues of \$427,601 was greater than an increase in non capital expenditures and transfers of \$470,603 by \$43,002.

The economic development fund's fund balance decreased by \$212,463 which was reflected by interest earnings of \$5,034 less expenditures of \$217,497.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$270,735. This increase was mainly from an increase in budgetary expenditures of \$286,669 in non-departmental.

Capital Asset and Debt Administration

Capital assets:

Uvalde County, Texas's investment in capital assets for its governmental activities as of September 30, 2008, amounts to \$2,407,845 (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 decrease in Uvalde County, Texas's investment in capital assets for the current fiscal year was 4.17 percent. There was no major capital asset event during the current fiscal year.

UVALDE COUNTY, TEXAS CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Total	
	2008	2007	2008	2007
Land	\$876,225	\$876,215	\$876,225	\$876,215
Building and improvements	1,140,677	1,173,893	1,140,677	1,173,893
Machinery and equipment	390,943	462,569	390,943	462,569
Infrastructure	0	0	0	0
Total	<u>\$2,407,845</u>	<u>\$2,512,677</u>	<u>\$2,407,845</u>	<u>\$2,512,677</u>

Additional information on Uvalde County, Texas's capital assets can be found in note IV C on page 38 of this report.

Long-term debt:

At the end of the current fiscal year, Uvalde County, Texas had no bonded debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2009 budget and tax rates. One of those factors is the economy. The County's population growth during 1998-2008 averaged annual gains of .6 percent. Unemployment during that time held steady at about 6.0 percent. More recently, however, unemployment has declined until it now stands at 5.1 percent. This compares with the State's unemployment rate of 4.4 percent and the national rate of 4.8 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.