

MEDINA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2012**

MEDINA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and
Members of the Commissioners' Court
Medina County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Medina County, Texas, as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Medina County, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Medina County, Texas, as of September 30, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund and major Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2013, on our consideration of Medina County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 and 9 and the Schedules of Funding Progress for the Texas County and District Retirement System and the Retiree Health Plan on pages 50 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Medina County, Texas' financial statements as a whole. The combining nonmajor financial statements are presented for purposes of additional analysis and are not a required part of the 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 Nonprofit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Pattillo, Brown & Hill, L.L.P.

April 26, 2013

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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Management's Discussion and Analysis

As management of Medina County, we offer readers of Medina County's financial statements this narrative overview and analysis of the financial activities of Medina County for the fiscal year ended September 30, 2012.

Financial Highlights

- The assets of Medina County exceeded its liabilities at the close of the most recent fiscal year by \$24,548,391.
- The County's total net assets increased by \$3,153,168.
- Unrestricted net assets of \$11,116,108 are available to meet the County's ongoing obligations to citizens and creditors.
- Restricted net assets of \$2,673,752 are funds set aside for specific purposes.
- As of the close of the fiscal year ending September 30, 2012, Medina County's governmental funds reported combined ending fund balances of \$11,190,983, an increase of \$682,951 from the prior year.
- Unassigned fund balance for the General Fund was \$8,902,797.

Overview of the Financial Statements

This discussion and analysis is an introduction to Medina County's basic financial statements. The County's basic financial statements encompass three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements provide readers with a broad overview of Medina County's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County'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 as to the direction of the financial position of Medina County.

The statement of activities presents information showing how the County'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, debt payments, and earned but unused vacation leave).

The government-wide financial statements can be found on pages 10 – 11 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. The County, like the state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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 available resources, as well as on balances of available 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.

Medina County maintains 57 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, which is considered to be a major fund. Data from the other 56 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Medina County adopts an annual appropriated budget for its General Fund, certain Special Revenue Funds, and the Debt Service Fund. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements are on pages 12 – 23 of this report.

Proprietary funds. Medina County maintains proprietary funds in the form of Internal Service Funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Medina County uses Internal Service Funds to account for its Employee Health Insurance Fund and Claims Escrow Fund. Because both of these services predominantly benefit governmental activities, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements are found on pages 24 – 26 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties which are not a component of the County. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support Medina County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 27 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 – 44 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements can be found on pages 52 – 75 of this report.

Financial Analysis of Government-wide Statements

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of Medina County, assets exceeded liabilities by \$24,548,391 at the close of the most recent fiscal year.

MEDINA COUNTY’S NET ASSETS

	Governmental Activities	
	2012	2011
Current assets	\$ 16,242,799	\$ 14,462,474
Capital assets	13,601,668	12,184,571
Total assets	<u>29,844,467</u>	<u>26,647,045</u>
Current liabilities	1,708,882	1,056,649
Noncurrent liabilities	3,587,194	4,195,173
Total liabilities	<u>5,296,076</u>	<u>5,251,822</u>
Net assets:		
Invested in capital assets, net of related debt	10,758,531	8,577,363
Restricted	2,673,752	2,474,175
Unrestricted	<u>11,116,108</u>	<u>10,343,685</u>
Total net assets	<u>\$ 24,548,391</u>	<u>\$ 21,395,223</u>

A portion of the County's net assets (\$10,758,531) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment). Medina County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. It should be noted that the resources needed to repay the debt associated with these capital assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Capital assets are shown in the chart below.

	<u>2012</u>	<u>2011</u>
Non-depreciated:		
CIP	\$ 1,163,298	\$ 1,030,092
Land	<u>1,344,740</u>	<u>1,344,240</u>
Capital assets, not depreciated	<u>\$ 2,508,038</u>	<u>\$ 2,374,332</u>
Capital assets, net of depreciation:		
Buildings and improvements	\$ 4,678,284	\$ 4,469,818
Equipment	2,581,937	2,090,637
Infrastructure	<u>3,833,409</u>	<u>3,249,784</u>
	<u>\$ 11,093,630</u>	<u>\$ 9,810,239</u>

An additional portion of the County's net assets (\$2,673,752) represents resources that are subject to external restrictions on how they may be used. The unrestricted net assets (\$11,116,108) may be used to meet the County's ongoing obligations to citizens and creditors.

MEDINA COUNTY'S CHANGES IN NET ASSETS

	Governmental Activities	
	2012	2011
REVENUES		
Program revenues:		
Charges for services	\$ 4,233,092	\$ 3,755,984
Operating grants and contributions	1,572,419	1,945,782
Capital grants and contributions	45,195	-
General revenues:		
Property taxes	11,580,644	11,159,949
Sales taxes	1,459,506	1,212,795
Other	18,910	9,285
Investment earnings	112,996	165,276
Miscellaneous	352,105	345,360
Total revenues	19,374,867	18,594,431
EXPENSES		
General government	4,306,262	4,255,827
Legal	2,383,856	2,432,238
Public safety	4,950,207	5,098,075
Public transportation	2,884,915	2,875,557
Health and welfare	1,584,384	1,480,574
Interest on long-term debt	112,076	118,425
Total expenses	16,221,699	16,260,696
CHANGE IN NET ASSETS	3,153,168	2,333,735
NET ASSETS, BEGINNING	21,395,223	19,489,868
PRIOR PERIOD ADJUSTMENT	-	(428,380)
NET ASSETS, ENDING	\$ 24,548,391	\$ 21,395,223

Property taxes are collected to support government activity through the General Fund, Special Road and Bridge Fund, and Debt Service. Property taxes increased by \$420,695 (3.77% percent) to \$11,580,644 for the year.

Financial Analysis of the Governmental Funds

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

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Medina County's financing requirements. In particular, unassigned 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, Medina County's governmental funds reported combined ending fund balances of \$11,190,983, an increase of \$682,951 in comparison with the prior year. Approximately 78% percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance, \$2,512,599 is reserved and is not available for new spending because it has been reserved for debt service, special funds, and capital project expenditures.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, total fund balance of the General Fund was \$8,902,797. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance to total fund expenditures. Fund balance in the General Fund represents 77% percent of total General Fund expenditures.

The Debt Service Fund has a total fund balance of \$44,739, all of which is reserved for the payment of debt service. The net decrease in the fund balance during the current year in the Debt Service Fund was \$(14,307). The County levied property tax at a rate of \$0.0281 per \$100 for debt service at the beginning of the current fiscal year. The current levy produced revenues for debt payment of \$587,525 in the current fiscal year. Interest expenditures decreased during the current period by \$34,596.

The Special Road and Bridge Fund has a total fund balance of \$1,572,810 with a net increase of \$254,300 over FY 2011.

Proprietary funds. Proprietary funds of two Internal Service Funds, which include the Employee Health Insurance and Claims Escrow Funds.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for fiscal year ending September 30, 2012, can be summarized as follows:

- Actual revenue exceeded budgeted revenue by \$632,803.
- Actual revenue exceeded expenditures by \$1,129,408.
- Actual expenditures were under the final budgeted expenditure amount by \$248,565.

Capital Asset and Debt Administration

Capital assets. Medina County's investment in capital assets for its governmental activities as of September 30, 2012, amounts to \$13,601,668 (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, roads, highways, and bridges.

Major capital asset events during the current fiscal year included the following:

- Disposal of road machinery;
- Acquisition of autos for various departments;
- Acquisition of additional machinery (road);
- Major reconstruction/improvements to roads;
- Renovation of building for Annex purposes outside County seat.

Additional information about Medina County's capital assets can be found on page 40.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$2,085,000. The full amount is backed by the full faith and credit of the County. Medina County's bonded debt decreased by \$305,000 during the current fiscal year.

Medina County is not currently rated because there is no outstanding public bond issues.

Additional information on Medina County's long-term debt can be found on pages 41 – 43 of this report.

Economic Factors and Next Year's Budgets and Rates

- Educated budget management for the past six years contributed to the significantly improved financial results;
- Residential development within the County has pressured an increase of property values; although recently the rate of increase which had slowed due to general economic conditions appears to be rebounding.
- Overall expansion of economic development in neighboring metro-Bexar County continues its spillover effect throughout the County.
- Healthy local economies and growth are bringing increasing expectations of expanded and new government services;
- Enhancement of technology infrastructure continues as a priority in order to meet growth expectations and improve efficiency.

Because of the evolving nature of state and federally funded projects from up-front grants to post expenditure reimbursements, the increasing demands for services, and the continuing stream of unfunded mandates from the state, it is imperative for the County to maintain and improve its unreserved fund balances.

Maintaining a current level of health care benefits for employees will be a challenge because of medical claims experience and increasing medical care and administrative costs.

An increasing population in the County coupled with a growing demand for government services has placed a strain on existing facilities, especially the Courthouse and County Jail. Both are overcrowded and a number of jail inmates are being housed in nearby counties. In addition, the County must address the need to increase security at our public buildings and incorporate modern technologies for courtrooms and related facilities. For those reasons, the County is considering the possibility of seeking voter approval of general revenue bonds for approximately \$16 – 18 million in the November 2013 election.

Requests for Information

This financial report provides an overview of Medina County's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to James E. Barden, Medina County Judge.

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**BASIC
FINANCIAL STATEMENTS**

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MEDINA COUNTY, TEXAS

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2012

Primary Government
Governmental
Activities

ASSETS

Cash and investments	\$ 11,901,596
Receivables:	
Ad valorem taxes	877,191
Sales tax	239,878
Intergovernmental	401,725
Fines	2,531,126
Other	262,561
Deferred charges	28,722
Capital assets:	
Nondepreciable	2,508,038
Depreciable, net of accumulated depreciation	<u>11,093,630</u>
Total assets	<u>29,844,467</u>

LIABILITIES

Accounts payable	1,237,108
Accrued liabilities	323,118
Interest payable	13,455
Unearned revenue	76,483
Other liabilities	58,718
Noncurrent liabilities:	
Due within one year	800,429
Due in more than one year	<u>2,786,765</u>
Total liabilities	<u>5,296,076</u>

NET ASSETS

Invested in capital assets, net of related debt	10,758,531
Restricted for:	
Road and bridge	992,032
Debt service	88,345
Records management and technology	656,421
Law enforcement and security	69,124
Grant requirements	854,863
Other purposes	12,967
Unrestricted	<u>11,116,108</u>
Total net assets	<u>\$ 24,548,391</u>

The accompanying notes are an integral part of these financial statements.

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MEDINA COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2012

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Primary Government
					Governmental Activities
Primary Government:					
Governmental activities:					
General administration	\$ 4,306,262	\$ 1,006,074	\$ 190,407	\$ 45,195	\$(3,064,586)
Legal	2,383,856	274,075	90,204	-	(2,019,577)
Public safety	4,950,207	1,786,340	165,241	-	(2,998,626)
Public transportation	2,884,915	1,164,932	78,004	-	(1,641,979)
Health and welfare	1,584,384	1,671	1,048,563	-	(534,150)
Interest on long-term debt	<u>112,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(112,076)</u>
Total governmental activities	<u>16,221,699</u>	<u>4,233,092</u>	<u>1,572,419</u>	<u>45,195</u>	<u>(10,370,993)</u>
General revenues:					
Taxes:					
Property					11,580,644
Sales					1,459,506
Other					18,910
Investment earnings					112,996
Miscellaneous					<u>352,105</u>
Total general revenues					<u>13,524,161</u>
Change in net assets					3,153,168
Net assets, beginning					<u>21,395,223</u>
Net assets, ending					<u>\$ 24,548,391</u>

The accompanying notes are an integral part of these financial statements.

MEDINA COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2012

	General	Road and Bridge No. 1	Other Governmental	Total Governmental Funds
ASSETS				
Cash and investments	\$ 8,911,897	\$ 809,601	\$ 2,059,075	\$ 11,780,573
Receivables:				
Ad valorem taxes	702,973	43,449	130,769	877,191
Sales tax	239,878	-	-	239,878
Intergovernmental	24,567	-	377,158	401,725
Other	103,254	52,086	107,220	262,560
Due from other funds	403,695	81,295	-	484,990
Total assets	\$ 10,386,264	\$ 986,431	\$ 2,674,222	\$ 14,046,917
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	533,754	172,889	380,117	1,086,760
Payroll liabilities	239,739	17,475	65,904	323,118
Other liabilities	58,717	-	1	58,718
Due to other funds	-	-	484,990	484,990
Deferred revenue	651,257	97,742	153,349	902,348
Total liabilities	1,483,467	288,106	1,084,361	2,855,934
Fund balances:				
Restricted	-	698,325	1,814,274	2,512,599
Unassigned	8,902,797	-	(224,413)	8,678,384
Total fund balances	8,902,797	698,325	1,589,861	11,190,983
Total liabilities and fund balances	\$ 10,386,264	\$ 986,431	\$ 2,674,222	\$ 14,046,917

The accompanying notes are an integral part of these financial statements.

MEDINA COUNTY, TEXAS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

SEPTEMBER 30, 2012

Total fund balance, governmental funds	\$ 11,190,983
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	13,601,668
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	3,356,991
An internal service fund is used by management to charge the costs County health insurance costs to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities of the Statement of Net Assets.	(29,324)
Some liabilities, (such as bonds payable, capital leases, long-term compensated absences, time warrants and net OPEB obligations), are not due and payable in the current period and are not included in the funds	(<u>3,571,927</u>)
Net assets of governmental activities in the Statement of Net Assets	\$ <u>24,548,391</u>

The accompanying notes are an integral part of these financial statements.

MEDINA COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	General	Road and Bridge No. 1	Other Governmental	Total Governmental Funds
REVENUES				
Property taxes	\$ 9,145,331	\$ 625,093	\$ 1,800,938	\$ 11,571,362
Sales tax	1,459,506		-	1,459,506
Other taxes	18,910		-	18,910
Licenses and permits	-	304,837	593,044	897,881
Intergovernmental	124,975	-	1,437,819	1,562,794
Charges for services	1,212,303	-	63,873	1,276,176
Fines and forfeitures	537,569	192,235	693,407	1,423,211
Interest	93,991	6,353	11,495	111,839
Miscellaneous	139,570	27,419	255,882	422,871
Total revenues	12,732,155	1,155,937	4,856,458	18,744,550
EXPENDITURES				
Current:				
General administration	3,854,280	-	223,689	4,077,969
Legal	2,232,478	-	62,031	2,294,509
Public safety	4,743,380	-	417,507	5,160,887
Public transportation	-	1,086,310	1,995,844	3,082,154
Health and welfare	225,060	-	1,221,013	1,446,073
Capital outlay	547,549	10,209	601,949	1,159,707
Debt service:				
Principal	-	74,640	1,144,234	1,218,874
Interest and other charges	-	5,107	108,723	113,830
Total expenditures	11,602,747	1,176,266	5,774,990	18,554,003
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	1,129,408	(20,329)	(918,532)	190,547
OTHER FINANCING SOURCES (USES)				
Proceeds from debt issue	-	-	450,300	450,300
Proceeds from sale of assets	3,794	7,650	280,660	292,104
Transfers in	3	110,150	494,718	604,871
Transfers out	(656,892)	(81,295)	(116,684)	(854,871)
Total other financing sources and uses	(653,095)	36,505	1,108,994	492,404
NET CHANGE IN FUND BALANCES	476,313	16,176	190,462	682,951
FUND BALANCES, BEGINNING	8,426,484	682,149	1,399,399	10,508,032
FUND BALANCES, ENDING	\$ 8,902,797	\$ 698,325	\$ 1,589,861	\$ 11,190,983

The accompanying notes are an integral part of these financial statements.

MEDINA 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, 2012

Net change in fund balances - total governmental funds:	\$ 682,951
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets 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.	1,417,097
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	629,159
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, the governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	597,536
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	16,700
Internal service funds are used by management to charge the cost of County health insurance to individual funds. The net expense of certain activities of the internal service fund is reported as governmental activities.	(190,275)
Change in net assets of governmental activities	<u>\$ 3,153,168</u>

The accompanying notes are an integral part of these financial statements.

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MEDINA COUNTY, TEXAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Ad valorem	\$ 9,021,402	\$ 9,021,402	\$ 9,145,331	\$ 123,929
Sales	1,085,000	1,085,000	1,459,506	374,506
Beer and wine	9,500	9,500	18,910	9,410
Total taxes	<u>10,115,902</u>	<u>10,115,902</u>	<u>10,623,747</u>	<u>507,845</u>
Intergovernmental				
State allocation - HB66	75,000	75,000	75,000	-
State allocation - grants	52,500	52,500	49,975	(2,525)
Total intergovernmental	<u>127,500</u>	<u>127,500</u>	<u>124,975</u>	<u>(2,525)</u>
Charges for services				
County clerk	250,000	250,000	324,252	74,252
District clerk	95,000	95,000	97,318	2,318
Tax assessor-collector	180,000	180,000	192,365	12,365
Sheriff	108,000	108,000	130,338	22,338
County attorney	80,000	80,000	102,896	22,896
County treasurer	170,000	170,000	152,008	(17,992)
Constable fees	22,500	22,500	20,627	(1,873)
County Judge	1,800	1,800	2,077	277
District attorney	100	100	-	(100)
Other taxing entities	95,000	95,000	116,594	21,594
Other fees	88,500	88,500	73,828	(14,672)
Total charges for services	<u>1,090,900</u>	<u>1,090,900</u>	<u>1,212,303</u>	<u>121,403</u>
Fines and forfeitures				
Justice of the peace	558,000	558,000	537,569	(20,431)
Total fines and forfeitures	<u>558,000</u>	<u>558,000</u>	<u>537,569</u>	<u>(20,431)</u>
Interest	120,000	120,000	93,991	(26,009)

(continued)

MEDINA COUNTY, TEXAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES (Continued)				
Miscellaneous				
MHMR rent	\$ 3,000	\$ 3,000	\$ -	\$(3,000)
Other	<u>84,050</u>	<u>84,050</u>	<u>139,570</u>	<u>55,520</u>
Total miscellaneous	<u>87,050</u>	<u>87,050</u>	<u>139,570</u>	<u>52,520</u>
Total revenues	<u>12,099,352</u>	<u>12,099,352</u>	<u>12,732,155</u>	<u>632,803</u>
EXPENDITURES				
General administration				
Commissioners' court				
Personnel services	148,750	148,750	133,181	15,569
Supplies	2,000	2,000	1,330	670
Other services and charges	<u>18,150</u>	<u>18,150</u>	<u>14,442</u>	<u>3,708</u>
Total commissioners' court	<u>168,900</u>	<u>168,900</u>	<u>148,953</u>	<u>19,947</u>
Loss control				
Personnel services	11,460	11,460	10,637	823
Supplies	450	450	-	450
Other services and charges	<u>200</u>	<u>200</u>	<u>-</u>	<u>200</u>
Total loss control	<u>12,110</u>	<u>12,110</u>	<u>10,637</u>	<u>1,473</u>
County clerk				
Personnel services	368,317	368,317	356,386	11,931
Supplies	15,000	15,000	13,433	1,567
Other services and charges	<u>55,320</u>	<u>58,320</u>	<u>55,082</u>	<u>3,238</u>
Total County clerk	<u>438,637</u>	<u>441,637</u>	<u>424,901</u>	<u>16,736</u>
Veteran service officer				
Personnel services	31,588	31,588	27,731	3,857
Supplies	600	600	482	118
Other services and charges	<u>3,900</u>	<u>3,900</u>	<u>3,129</u>	<u>771</u>
Total veteran service officer	<u>36,088</u>	<u>36,088</u>	<u>31,342</u>	<u>4,746</u>

(continued)

MEDINA COUNTY, TEXAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXPENDITURES (Continued)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
General administration (Continued)				
Elections				
Personnel services	\$ 163,135	\$ 161,585	\$ 145,795	\$ 15,790
Supplies	20,000	18,400	18,362	38
Other services and charges	53,125	55,575	53,220	2,355
Total elections	236,260	235,560	217,377	18,183
County auditor				
Personnel services	296,902	296,902	283,002	13,900
Supplies	4,000	3,485	2,931	554
Other services and charges	19,900	19,165	17,318	1,847
Total County auditor	320,802	319,552	303,251	16,301
County treasurer				
Personnel services	186,095	186,095	194,328	(8,233)
Supplies	4,500	4,500	3,856	644
Other services and charges	19,150	20,750	16,983	3,767
Total County treasurer	209,745	211,345	215,167	(3,822)
Human resources/grants				
Personnel services	100,199	100,199	99,153	1,046
Other services and charges	10,650	12,112	11,129	983
Total human resources/grants	110,849	112,311	110,282	2,029
Tax assessor-collector				
Personnel services	567,291	567,291	543,864	23,427
Supplies	16,500	16,500	7,658	8,842
Other services and charges	64,800	73,155	66,657	6,498
Total tax assessor-collector	648,591	656,946	618,179	38,767
Nondepartmental				
Personnel services	112,076	243,176	220,946	22,230
Other services and charges	1,503,800	1,210,250	957,728	252,522
Total nondepartmental	1,615,876	1,453,426	1,178,674	274,752
County agent				
Personnel services	104,305	102,460	88,812	13,648
Supplies	2,750	3,220	3,215	5
Other services and charges	22,600	23,975	22,430	1,545
Total County agent	129,655	129,655	114,457	15,198

(continued)

MEDINA COUNTY, TEXAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
General administration (Continued)				
Courthouse and buildings				
Personnel services	\$ 156,734	\$ 156,734	\$ 130,206	\$ 26,528
Supplies	27,500	38,700	38,657	43
Other services and charges	<u>311,530</u>	<u>300,080</u>	<u>263,771</u>	<u>36,309</u>
Total courthouse and buildings	<u>495,764</u>	<u>495,514</u>	<u>432,634</u>	<u>62,880</u>
Subdivision administration department				
Personnel services	11,698	11,698	5,525	6,173
Supplies	500	500	24	476
Other services and charges	<u>35,000</u>	<u>35,000</u>	<u>42,877</u>	<u>(7,877)</u>
Total subdivision administration department	<u>47,198</u>	<u>47,198</u>	<u>48,426</u>	<u>(1,228)</u>
Total general administration	<u>4,470,475</u>	<u>4,320,242</u>	<u>3,854,280</u>	<u>465,962</u>
Legal				
District and County court				
Personnel services	246,872	246,872	242,109	4,763
Supplies	5,750	5,750	4,373	1,377
Other services and charges	<u>472,514</u>	<u>472,514</u>	<u>485,492</u>	<u>(12,978)</u>
Total district and County court	<u>725,136</u>	<u>725,136</u>	<u>731,974</u>	<u>(6,838)</u>
District clerk				
Personnel services	332,467	332,467	314,358	18,109
Supplies	7,500	7,500	7,388	112
Other services and charges	<u>80,785</u>	<u>80,785</u>	<u>24,801</u>	<u>55,984</u>
Total district clerk	<u>420,752</u>	<u>420,752</u>	<u>346,547</u>	<u>74,205</u>

(continued)

MEDINA COUNTY, TEXAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Legal (Continued)				
Justices of the peace				
Personnel services	\$ 549,677	\$ 549,677	\$ 529,464	\$ 20,213
Supplies	12,600	12,370	10,389	1,981
Other services and charges	<u>38,225</u>	<u>38,455</u>	<u>30,269</u>	<u>8,186</u>
Total justices of the peace	<u>600,502</u>	<u>600,502</u>	<u>570,122</u>	<u>30,380</u>
 County attorney				
Personnel services	257,098	257,098	246,448	10,650
Supplies	4,500	4,500	2,623	1,877
Other services and charges	<u>31,300</u>	<u>31,300</u>	<u>12,897</u>	<u>18,403</u>
Total County attorney	<u>292,898</u>	<u>292,898</u>	<u>261,968</u>	<u>30,930</u>
 District attorney				
Personnel services	4,498	4,498	4,181	317
Other services and charges	<u>314,255</u>	<u>314,255</u>	<u>317,686</u>	<u>(3,431)</u>
Total district attorney	<u>318,753</u>	<u>318,753</u>	<u>321,867</u>	<u>(3,114)</u>
 Total legal	<u>2,358,041</u>	<u>2,358,041</u>	<u>2,232,478</u>	<u>125,563</u>
 Public safety				
County jail				
Personnel services	1,181,835	1,153,358	1,051,853	101,505
Supplies	183,000	211,000	210,378	622
Other services and charges	<u>623,600</u>	<u>624,077</u>	<u>592,173</u>	<u>31,904</u>
Total County jail	<u>1,988,435</u>	<u>1,988,435</u>	<u>1,854,404</u>	<u>134,031</u>

(continued)

MEDINA COUNTY, TEXAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Public safety (Continued)				
Constables				
Personnel services	\$ 141,094	\$ 141,094	\$ 140,092	\$ 1,002
Supplies	3,300	3,260	985	2,275
Other services and charges	55,880	55,920	52,184	3,736
Total constables	<u>200,274</u>	<u>200,274</u>	<u>193,261</u>	<u>7,013</u>
Sheriff				
Personnel services	2,159,596	2,128,225	2,123,109	5,116
Supplies	195,600	241,625	240,608	1,017
Other services and charges	175,475	165,420	143,297	22,123
Total sheriff	<u>2,530,671</u>	<u>2,535,270</u>	<u>2,507,014</u>	<u>28,256</u>
Juvenile board				
Personnel services	14,126	14,126	12,908	1,218
Total juvenile board	<u>14,126</u>	<u>14,126</u>	<u>12,908</u>	<u>1,218</u>
DPS/license and weight				
Personnel services	64,565	64,565	64,257	308
Supplies	1,800	1,889	1,889	-
Other services and charges	12,000	11,911	11,588	323
Total DPS/license and weight	<u>78,365</u>	<u>78,365</u>	<u>77,734</u>	<u>631</u>
Highway patrol				
Personnel services	64,566	64,566	64,159	407
Supplies	1,200	1,200	1,008	192
Other services and charges	7,550	7,550	6,034	1,516
Total highway patrol	<u>73,316</u>	<u>73,316</u>	<u>71,201</u>	<u>2,115</u>
Emergency management				
Personnel services	28,299	28,299	19,950	8,349
Supplies	4,000	2,856	2,844	12
Other services and charges	5,350	6,494	4,064	2,430
Total emergency management	<u>37,649</u>	<u>37,649</u>	<u>26,858</u>	<u>10,791</u>
Total public safety	<u>4,922,836</u>	<u>4,927,435</u>	<u>4,743,380</u>	<u>184,055</u>

(continued)

MEDINA COUNTY, TEXAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Health and welfare				
Sanitation inspection				
Personnel services	\$ 135,342	\$ 134,942	\$ 130,701	\$ 4,241
Supplies	9,200	9,700	8,712	988
Other services and charges	<u>16,025</u>	<u>17,225</u>	<u>15,016</u>	<u>2,209</u>
Total sanitation inspection	<u>160,567</u>	<u>161,867</u>	<u>154,429</u>	<u>7,438</u>
Social services and indigent services				
Personnel services	350	350	706	(356)
Other services and charges	<u>83,377</u>	<u>83,377</u>	<u>69,925</u>	<u>13,452</u>
Total social services and indigent services	<u>83,727</u>	<u>83,727</u>	<u>70,631</u>	<u>13,096</u>
Total health and welfare	<u>244,294</u>	<u>245,594</u>	<u>225,060</u>	<u>20,534</u>
Capital outlay	<u>706,900</u>	<u>985,683</u>	<u>547,549</u>	<u>438,134</u>
Total expenditures	<u>11,995,646</u>	<u>11,851,312</u>	<u>11,602,747</u>	<u>248,565</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>103,706</u>	<u>248,040</u>	<u>1,129,408</u>	<u>881,368</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	10,000	10,000	3,794	(6,206)
Transfers in	-	-	3	3
Transfers out	<u>(402,177)</u>	<u>(652,177)</u>	<u>(656,892)</u>	<u>(4,715)</u>
Total other financing sources (uses)	<u>(392,177)</u>	<u>(642,177)</u>	<u>(653,095)</u>	<u>(10,918)</u>
NET CHANGE IN FUND BALANCE	(288,471)	(394,137)	476,313	870,450
FUND BALANCE, BEGINNING	<u>8,426,484</u>	<u>8,426,484</u>	<u>8,426,484</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 8,138,013</u>	<u>\$ 8,032,347</u>	<u>\$ 8,902,797</u>	<u>\$ 870,450</u>

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

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MEDINA COUNTY, TEXAS

ROAD AND BRIDGE NO. 1

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 611,123	\$ 611,123	\$ 625,093	\$ 13,970
Licenses and permits	300,012	300,012	304,837	4,825
Fines and forfeitures	218,957	218,957	192,235	(26,722)
Interest	8,500	8,500	6,353	(2,147)
Miscellaneous	-	-	27,419	27,419
Total revenues	<u>1,138,592</u>	<u>1,138,592</u>	<u>1,155,937</u>	<u>17,345</u>
EXPENDITURES				
Public transportation	1,524,990	1,439,930	1,086,310	353,620
Capital outlay	35,000	35,000	10,209	24,791
Debt service				
Principal	72,550	75,610	74,640	970
Interest	5,768	5,768	5,107	661
Total expenditures	<u>1,638,308</u>	<u>1,556,308</u>	<u>1,176,266</u>	<u>380,042</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(499,716)</u>	<u>(417,716)</u>	<u>(20,329)</u>	<u>397,387</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	7,650	7,650
Transfers in	-	-	110,150	110,150
Transfers out	(5,000)	(87,000)	(81,295)	5,705
Total other financing sources (uses)	<u>(5,000)</u>	<u>(87,000)</u>	<u>36,505</u>	<u>123,505</u>
NET CHANGE IN FUND BALANCE	<u>(504,716)</u>	<u>(504,716)</u>	<u>16,176</u>	<u>520,892</u>
FUND BALANCE, BEGINNING	<u>682,149</u>	<u>682,149</u>	<u>682,149</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 177,433</u>	<u>\$ 177,433</u>	<u>\$ 698,325</u>	<u>\$ 520,892</u>

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

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MEDINA COUNTY, TEXAS

STATEMENT OF NET ASSETS

GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND

SEPTEMBER 30, 2012

ASSETS

Cash and investments	\$ 121,023
Other receivables	<u>1</u>
Total assets	<u>\$ 121,024</u>

LIABILITIES

Accounts payable	\$ <u>150,348</u>
Total liabilities	<u>\$ 150,348</u>

NET ASSETS

Unrestricted	<u>\$ (29,324)</u>
Total net assets	<u>\$ (29,324)</u>

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

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MEDINA COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2012

OPERATING REVENUES	
Charges for services	\$ 1,914,039
Total operating revenues	<u>1,914,039</u>
OPERATING EXPENSES	
Claims	1,914,171
Premiums and administrative	<u>441,301</u>
Total operating expenses	<u>2,355,472</u>
OPERATING LOSS	(441,433)
NONOPERATING REVENUES	
Interest and investment earnings	<u>1,158</u>
Income before transfers	(440,275)
TRANSFERS IN	250,000
CHANGE IN NET ASSETS	(190,275)
TOTAL NET ASSETS, BEGINNING	<u>160,951</u>
TOTAL NET ASSETS, ENDING	<u><u>\$(29,324)</u></u>

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

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MEDINA COUNTY, TEXAS
STATEMENT OF CASH FLOWS
GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from users	\$ 1,914,039
Cash paid to suppliers for services	(2,328,342)
Net cash used by operating activities	<u>(414,303)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in from other funds	<u>250,000</u>
Net cash provided by operating activities	<u>250,000</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment earnings	<u>1,158</u>
Net cash provided by investing activities	<u>1,158</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	 (163,145)
 CASH AND CASH EQUIVALENTS, BEGINNING	 <u>284,168</u>
 CASH AND CASH EQUIVALENTS, ENDING	 <u>\$ 121,023</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$(441,433)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	(1)
Increase in accounts payable	<u>27,131</u>
 Net cash used by operating activities	 <u>\$(414,303)</u>

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

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MEDINA COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ <u>1,857,540</u>
Total assets	\$ <u>1,857,540</u>
LIABILITIES	
Due to others	\$ <u>1,857,540</u>
Total liabilities	\$ <u>1,857,540</u>

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

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MEDINA COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Medina County, Texas, was organized in 1848. The County operates under a County Judge-Commissioners' Court type of government and provides the following services throughout the County: public safety (law enforcement), public transportation (highways and roads), health and welfare, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services. A summary of the significant accounting policies consistently applied in the preparation of financial statements follows:

The definition of the reporting entity is based primarily on the notion of financial accountability. The elected officials governing Medina County are accountable to their constituents for their public policy decisions, regardless of whether those decisions are carried out directly through the operations of the County or by their appointees through the operations of a separate entity. Therefore, the County is not only financially accountable for the organizations that make up its legal entity, it is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the County.

Depending upon the significance of the County's financial and operational relationships with various separate entities, the organizations are classified as blended or discretely presented component units, related organizations, joint ventures, or jointly governed organizations, and the financial disclosure is treated accordingly.

Based upon the foregoing criteria, there are no component units for Medina County.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenue.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

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 and fiduciary fund financial statements. Revenue is 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 revenue 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*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if 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 and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental fund:

The **General Fund** is the County'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 No. 1 Fund** accounts for all road and bridge operations and projects within Precinct #1.

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for specific revenue sources (other than for capital projects) that are legally restricted to expenditures for specified purposes. These legal restrictions can come from outside the county or from Commissioners' Court.

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

The ***Debt Service Fund*** is used to account for the accumulation of resources for and the payment of long-term debt principal and interest. The primary source of revenue for Debt Service Funds is ad valorem taxes. The use of Debt Service Funds to service debt is not required unless legally mandated or if resources are accumulated for payments maturing in future years.

The ***Internal Service Fund*** accounts for health insurance services provided to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.

Agency Funds account for assets held by the County in a trustee capacity or as an agent for others.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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 revenue. Likewise, general revenue includes all taxes.

D. Assets, Liabilities and Net Assets or Equity

Cash and Investments

The government's cash and cash equivalents are considered to be cash on hand and demand deposits.

Operating cash is administered using a "pool" concept which combines the monies of most County funds into a single interest-bearing bank account for control purposes. Each fund's portion of this pool is accounted for in the applicable fund. Interest earnings on these deposits are apportioned to each fund based on their end of month balance in the pool.

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).

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Property Taxes

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. Property taxes are levied by October 1 of the year in which assessed or as soon thereafter as practicable. The Medina County Tax Assessor-Collector bills and collects the ad valorem property taxes (including penalty and interest and delinquent tax attorney fees, if any) for the County. Property taxes are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty.

Collections of the current year's levy are reported as current collections if received by June 30 (within nine months of the October 1 due date). Collections received thereafter are reported as delinquent collections.

The County's taxes on Medina property are a lien against such property until paid. The County may foreclose on Medina property upon which it has a lien for unpaid taxes. The exception is homestead property belonging to persons 65 years of age or older. Although the County does collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected, are generally paid when there is a sale or a transfer of the title to the property.

Any liens and subsequent suits against the taxpayer for payment of delinquent personal property taxes are barred unless instituted within four years from the time such taxes become delinquent. Unlike Medina property, the sale or transfer of most personal property does not require any evidence that taxes thereon are paid.

The County distributes all tax collections to the General Fund, Road and Bridge, and Debt Service Funds.

The 2011 Tax Rate for the fiscal year ended September 30, 2012, was \$0.534 per \$100 valuation.

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a Countywide appraisal district and an appraisal review board in each County in the State. The Medina County Tax Appraisal District (the "Appraisal District") is responsible for the recording and appraisal of property for all taxing units in the County.

The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, Medina property must be reappraised at least every four years. Under certain circumstances, taxpayers and taxing units, including the County, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action. Under the Code, the Commissioners' Court will continue to set County tax rates on property.

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Inventories

Inventories of supplies on hand have not been recorded, as such supplies are of an expendable nature and are expensed when purchased. As these amounts do not seem to fluctuate a great deal from year to year, it is felt that the exclusion of inventories does not materially affect either the financial position or results of operations of these funds.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g. roads, bridges, sidewalks and similar items), are reported in the governmental column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Improvements	5-50
Equipment	5-20

Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability is reported for a portion of accumulating sick leave when it is probable that the government will make termination payments.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by board resolution of the Commissioners' Court, the County's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commissioners' Court or County Judge.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Balance Classification (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(3,571,927) difference are as follows:

General obligation bonds	\$(2,062,485)
Time warrants	(530,681)
Capital leases	(249,971)
Accrued interest payable	(13,455)
Net OPEB obligation	(630,548)
Compensated absences	(113,509)
Deferred Charges	<u>28,722</u>
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$(3,571,927)</u>

(continued)

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$1,417,097 difference are as follows:

Capital outlay	\$ 2,514,693
Depreciation expense	(753,174)
Disposal of capital assets	<u>(344,422)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>1,417,097</u>

Another element of that reconciliation states, “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$597,536 difference are as follows:

Debt issued:	
Time warrants	\$(450,300)
Net OPEB obligation	(161,748)
Principal repayments:	
General obligation bonds	266,988
Capital lease	466,678
Time warrants	447,196
Deferred charges	<u>28,722</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>597,536</u>

(continued)

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$16,700 difference are as follows:

Compensated absences	\$ 5,656
Accrued interest	<u>11,044</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 16,700</u>

Another element of that reconciliation states, "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this \$629,159 difference are as follows:

Property taxes	\$ 9,282
Court fines	<u>619,877</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 629,159</u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The Commissioners' Court may levy taxes only in accordance with the budget. After final approval of the budget, the Commissioners' Court 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 reasonable diligent thought and attention. If the Court amends the original budget to meet an emergency, the Court must file a copy of its order amending the budget with the County Clerk and the Clerk shall attach the copy to the original budget. Only the Commissioners' Court may amend the Budget and shift funds from one budget account to another.

The original budget is adopted by the Commissioners' Court and filed with the County Clerk. Amendments are made during the year and approved by the Commissioners' Court. The budget should not be exceeded in any expenditures category under state law. The budget was amended to reflect as closely as possible revenue and expenditures for the 12-month period. Certain categories exceeded the budget estimates. These variances were due to the fluctuations in revenue and expenditures as opposed to the prorated budget estimates.

(continued)

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. After being furnished budget guidelines by the Commissioners' Court, the County Judge, with the help of the County Auditor, prepares an estimate of revenue and a compilation of requested departmental expenditures and submits this data to the Commissioners' Court.

The Commissioners' Court invites various department heads to appear for a hearing concerning the department's budget request. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the estimate of revenue and available resources. Also, amendments can be made within the above guidelines.

When the budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the Commissioners' Court advised of the condition of the various funds and accounts. Appropriations lapse at year-end.

Budgets for the General Fund and budgeted Special Revenue, Debt Service and Capital Projects Funds are adopted on a modified accrual basis in accordance with generally accepted accounting principles (GAAP Basis). The following Special Revenue Funds are not budgeted: Sheriff's Forfeiture – Old and the 4th Court of Appeals.

The level of control is the fund. By state law, expenditures can exceed appropriations as long as the amounts do not exceed the available revenue and cash balances. The County prepares its budget on a GAAP basis. Since revenue and expenditures are carefully monitored, it is felt that with the GAAP basis, the County will be in compliance with state law.

Deficit Fund Equity

The Community Justice Assistance, The Health Unit, Juvenile Probation Department, Nutrition, Purchase of Youth Services, May 2010 Flooding, County Law Library, Court Reporter, Project Safe Neighborhoods, JAG - District Attorney, Drug Task Force, and Capital Projects have deficit fund balances of \$(1,948), \$(11,780), \$(7,001), \$(71,154), \$(514), \$(16,098), \$(11,075), \$(1,259), \$(1,106), \$(892), \$(5,607), and \$(105,399), respectively. The County plans to transfer funds from other funds to eliminate these deficits. The County anticipates revenues in future periods will eliminate these deficit fund balances.

4. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2012, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ <u>12</u>	41
	\$ <u><u>12</u></u>	

The County’s investment pool is 2a7-like pool. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940.

Interest Rate Risk. In accordance with its investment policy, the County manages its exposure to declines in fair market values by limiting the weighted average maturity of the investment portfolios to a maximum of 90 days.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2012, the County’s deposit balance was collateralized with securities held by the pledging financial institution and FDIC insurance.

Credit Risk. It is the County’s policy, as defined by the Texas Public Funds Investment Act, to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The County’s investments were rated as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>
TexPool	AAAm	Standard & Poor's

Receivables

Receivables as of year-end for the County’s individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Receivables (Continued)

	<u>General Fund</u>	<u>Road and Bridg No. 1</u>	<u>Nonmajor Governmental Funds</u>
Receivables:			
Ad valorem taxes	\$ 702,973	\$ 43,449	\$ 130,769
Sales tax	239,878	-	-
Intergovernmental	24,567	-	377,158
Other	<u>103,254</u>	<u>52,086</u>	<u>107,220</u>
Total receivables	<u>\$ 1,070,672</u>	<u>\$ 95,535</u>	<u>\$ 615,147</u>

Deferred Revenue

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

	<u>Unavailable</u>
General fund:	
Delinquent ad valorem taxes	\$ 651,257
Road and Bridge No. 1:	
Delinquent property taxes	39,964
Intergovernmental	57,778
Nonmajor governmental funds:	
Delinquent property taxes	134,644
Intergovernmental	<u>18,705</u>
Governmental funds	<u>\$ 902,348</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

Primary Government

Capital asset activity for the year ended September 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,344,240	\$ -	\$ -	\$ 500	\$ 1,344,740
Construction in progress	<u>1,030,092</u>	<u>89,805</u>	<u>-</u>	<u>43,401</u>	<u>1,163,298</u>
Total capital assets not being depreciated	<u>2,374,332</u>	<u>89,805</u>	<u>-</u>	<u>43,901</u>	<u>2,508,038</u>
Capital assets, being depreciated:					
Buildings and improvements	8,215,184	130,085	-	(1)	8,345,268
Equipment	8,888,778	997,514	(386,254)	(1,515,501)	7,984,537
Infrastructure	<u>9,980,238</u>	<u>700,849</u>	<u>-</u>	<u>2,068,041</u>	<u>12,749,128</u>
Total capital assets being depreciated	<u>27,084,200</u>	<u>1,828,448</u>	<u>(386,254)</u>	<u>552,539</u>	<u>29,078,933</u>
Less accumulated depreciation:					
Buildings and improvements	3,745,366	211,135	-	(289,517)	3,666,984
Equipment	5,086,527	424,815	(195,550)	86,808	5,402,600
Infrastructure	<u>8,442,068</u>	<u>117,224</u>	<u>-</u>	<u>356,427</u>	<u>8,915,719</u>
Total accumulated depreciation	<u>17,273,961</u>	<u>753,174</u>	<u>(195,550)</u>	<u>153,718</u>	<u>17,985,303</u>
Total capital assets, being depreciated, net	<u>9,810,239</u>	<u>1,075,274</u>	<u>(190,704)</u>	<u>398,821</u>	<u>11,093,630</u>
Governmental activities capital assets, net	<u>\$ 12,184,571</u>	<u>\$ 1,165,079</u>	<u>\$(190,704)</u>	<u>\$ 442,722</u>	<u>\$ 13,601,668</u>

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

Governmental activities:	
General government	\$ 116,621
Legal	3,835
Public safety	315,891
Public transportation	182,797
Health and welfare	<u>134,030</u>
Total depreciation expense - governmental activities	<u>\$ 753,174</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2012, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental	\$ 403,695
Nonmajor governmental	Nonmajor governmental	<u>81,295</u>
Total		<u>\$ 484,990</u>

All balances of the due to/due from resulted from short-term loans that are to be reimbursed within the next year.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Receivables, Payables and Transfers (Continued)

Interfund Transfers:

	Transfers In				Total
	General	Road and Bridge No. 1	Nonmajor Governmental	Internal Service Fund	
Transfers Out:					
General	\$ -	\$ 28,855	\$ 378,037	\$ 250,000	\$ 656,892
Road and Bridge No. 1	-	81,295	-	-	81,295
Nonmajor governmental	<u>3</u>	<u>-</u>	<u>116,681</u>	<u>-</u>	<u>116,684</u>
 Total Transfers Out	 <u>\$ 3</u>	 <u>\$ 110,150</u>	 <u>\$ 494,718</u>	 <u>\$ 250,000</u>	 <u>\$ 854,871</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Long-term Debt

General Obligation Bonds

Purpose	Interest Rates	Amount
Governmental activities	2.1%	<u>\$ 2,085,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2013	\$ 320,000	\$ 40,425
2014	330,000	33,600
2015	345,000	26,513
2016	350,000	19,215
2017	365,000	11,708
2018	<u>375,000</u>	<u>3,938</u>
 Total	 <u>\$ 2,085,000</u>	 <u>\$ 135,399</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt (Continued)

Time Warrants

The County has 11 time warrants for the purchase of various machinery and equipment. The interest rates on the warrants are 4.00% to 5.00%. Annual debt service requirements to maturity for time warrants are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 207,756	\$ 26,301
2014	110,975	15,985
2015	110,975	10,492
2016	<u>100,975</u>	<u>4,998</u>
Total	<u>\$ 530,681</u>	<u>\$ 57,776</u>

Capital Leases

The government has acquired certain fixed assets for governmental activities through the use of lease purchase agreements. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Asset</u>
Governmental activities	
Assets:	
Road and Bridge, Precinct #2 - 1 Maintainer	\$ 186,417
Road and Bridge, Precinct #3 - 1 Maintainer	186,417
Road and Bridge, Precinct #3 - 1 Wheel Loader	125,350
Road and Bridge, Precinct #4 - 1 Maintainer	186,417
Road and Bridge, Precinct #3 - 1 Wheel Loader	99,160
Road and Bridge, Precinct #2 - Machinery	125,000
Road and Bridge, Precinct #4 - Machinery	125,000
Accumulated depreciation	<u>(317,962)</u>
Total	<u>\$ 715,799</u>

(continued)

4. **DETAILED NOTES ON ALL FUNDS (Continued)**

Long-term Debt (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2012, were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>
2013	\$ 249,971

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Government activities					
General obligation bonds	\$ 2,390,000	\$ -	\$ 305,000	\$ 2,085,000	\$ 320,000
Loss on refunding	(27,018)	-	(4,503)	\$(22,515)	-
Time warrants	527,577	450,300	447,196	530,681	207,756
Capital leases	716,649	-	466,678	249,971	249,971
Net OPEB obligation	468,800	259,338	97,590	630,548	-
Compensated absences	<u>119,165</u>	<u>249,050</u>	<u>254,706</u>	<u>113,509</u>	<u>22,702</u>
Governmental activity					
long-term liabilities	<u>\$ 4,195,173</u>	<u>\$ 958,688</u>	<u>\$ 1,566,667</u>	<u>\$ 3,587,194</u>	<u>\$ 800,429</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Other Information

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County has not had any significant reductions in insurance coverage in the prior year. The County also provides medical insurance for County employees.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The liability for claims and judgments is reported in the Internal Service Fund. An excess coverage policy covers \$35,000 per participant annually and \$1,000,000 lifetime maximum benefit. Changes in the balances of claims liabilities during the past two years are as follows:

	Years Ended	
	<u>09/30/12</u>	<u>09/30/11</u>
Unpaid claims at beginning of year	\$ 123,217	\$ 130,952
Incurred claims (including IBNRs)	1,941,301	1,692,786
Claim payments	(1,914,171)	(1,700,521)
Unpaid claims at end of year	<u>\$ 150,347</u>	<u>\$ 123,217</u>

Pension Plans – Primary Government

Medina County provides pension, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 624 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

Benefit amounts are determined by the sum of the employee's deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Pension Plans – Primary Government (Continued)

Funding Policy

The employer has elected the annually determined contribution rate (variable-rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 7.5% for the months of the accounting year in 2011 and 7.5% for the months of the accounting year in 2012.

The deposit rate payable by the employee members for calendar year 2012 is the rate of 6% as adopted by the governing body of the employer. For calendar year 2011 the employee deposit rate was 6%. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost

For the employer’s accounting year ending December 31, 2011, the annual pension cost for the TCDRS plan for its employees was \$531,869 and the actual contributions were \$531,869.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2010 and December 31, 2011, the basis for determining the contribution rates for calendar years 2011 and 2012. The December 31, 2011, actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial Valuation Date	12/31/09	12/31/10	12/31/11
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	8.7	11.5	20
Asset valuation method	SAF: 10-yr. smoothed value ESF: fund value	SAF: 10-yr. smoothed value ESF: fund value	SAF: 10-yr. smoothed value ESF: fund value
Actuarial Assumptions:			
Investment return ¹	8.00%	8.00%	8.00%
Projected salary increases ¹	5.4%	5.4%	5.4%
Inflation	3.50%	3.50%	3.50%
Cost-of-living adjustments	0.00%	0.00%	0.00%

¹Includes inflation at the stated rate

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Pension Plans – Primary Government (Continued)

Annual Pension Cost (Continued)

Trend Information for the Retirement Plan for the Employees of Medina County

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/10	\$ 472,518	100%	\$ -
09/30/11	516,517	100%	-
09/30/12	531,869	100%	-

Transition Disclosure. It was determined in accordance with GASB Statement No. 27 that the pension liability was zero at the transition to that statement effective at the beginning of this accounting year, because all actuarially required contributions for the accounting years beginning in 1987 up to the beginning of this accounting year have been paid. There was no previously reported pension liability before the transition. Therefore, the difference between the pension liability at transition and the previously reported pension liability is zero.

Schedule of Funding Progress for the Retirement Plan For the Employees of Medina County

Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2011	\$ 12,011,723	\$ 13,282,687	\$ 1,270,964	90.43%	\$ 6,985,532	18.19%

- (1) The annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.
- (2) Revised economic and demographic assumptions due to an experience review were reflected in this valuation.

Other Post-retirement Health Care Benefits

The County provides certain health care and dental benefits, under county policy, for employees upon retirement that meet one of the following requirements: age 60 with 8 or more years of service, at least 30 years of service at any age, or a combined age plus service of at least 75. Employees hired on October 1, 2011 or after will no longer be eligible for retiree coverage.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Other Post-retirement Health Care Benefits (Continued)

A Medina County employee who retires and chooses a monthly pension through Texas County and District Retirement System is covered on Medina County's health and dental insurance plan through the month he or she turns 65. Retirees who take a lump sum payment of retirement savings are only eligible to remain on Medina County's health and dental insurance plan as provided for by COBRA guidelines. The qualified retiree may continue any dependent coverage up to the retiree's age of 65 at the same rate afforded to current employees. When the retiree turns 65 and becomes Medicare eligible, he or she is removed from coverage on Medina County's health and dental insurance plan. The retiree may continue dependent coverage according to COBRA guidelines. Furthermore, the retiree aged 65 or older is eligible to enroll in Texas Association of County Choice Silver Medicare supplement coverage. If he or she so chooses, the County provides a \$50 monthly stipend to the qualified retiree. Spouses are not eligible for the stipend unless they are also qualified County retirees. The continuance of the stipend is subject to approval by Commissioners' Court on an annual basis. The stipend has been offered to qualified retirees since 2002.

Expenses for post-retirement health care benefits are recognized on a pay-as-you-go basis. During the year, post-retirement health care benefits paid by the County were \$108,746.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The County's annual OPEB cost for the current year and the related information is listed below:

Annual Required Contribution (ARC)	\$ 265,659
Interest on Net OPEB Obligation	23,440
Adjustment to the ARC	(29,761)
Annual OPEB Cost	259,338
Employer Contributions with Interest	(97,590)
Increase (Decrease) in Net OPEB Obligation	161,748
Net OPEB Obligation, beginning of year	468,800
Net OPEB Obligation, end of year	<u>\$ 630,548</u>

Expenses for post-retirement health care benefits are funded on a pay-as-you-go basis.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Other Post-retirement Health Care Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year (5.0% discount rate, and level percent of pay amortization).

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
09/30/10	\$ 260,740	\$ 92,230	35%	\$ 338,527
09/30/11	250,612	120,339	48%	468,800
09/30/12	259,338	97,590	38%	630,548

Funding Status and Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (AAL) (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>
10/01/11	\$ -	\$ 1,762,622	\$ 1,762,622	- %	\$ 7,099,914

The projection of future payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the County and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Other Post-retirement Health Care Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

The actuarial methods and significant assumptions used are as follows:

Actuarial Valuation Date	9/30/2010	9/30/2011	9/30/2012
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level percent of payroll	Level percent of payroll	Level percent of payroll
Remaining Amortization Period	30 years	30 years	30 years
Asset Valuation Method	Market Value	Market Value	Market Value
Actuarial Assumptions:			
Investment Rate of Return	2%	2%	2%
Payroll Growth Rate	3%	3%	3%
Projected Salary Increases	4%	4%	4%
General Inflation Rate	3%	3%	3%
Healthcare cost trend rate	6.5%	6.5%	6.5%
The number of active members is assumed to remain constant in the future			

Commitments and Contingencies

Various claims and lawsuits are pending against the County. The evaluation of County management is that any liability to the County relating to such claims and lawsuits will not have a material impact on the County's financial position. Historically, the County has not incurred significant losses from claims or lawsuits which arise during the ordinary course of business.

In addition, the County also participates in several federally assisted grant programs, all of which are subject to federal regulations and guidelines. Should any of the grant program expenditures be disallowed by any of the respective grantor agencies or should any other contingency become a Medina liability, funds would have to be appropriated in future County budgets for settlements.

**REQUIRED
SUPPLEMENTARY INFORMATION**

MEDINA COUNTY, TEXAS

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
POST-RETIREMENT HEALTH CARE BENEFIT PLAN**

FOR THE YEAR ENDED SEPTEMBER 30, 2012

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Funded Ratio (a/b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Annual Covered Payroll (1) (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
10/01/09	\$ -	\$ 1,743,784	- %	\$ 1,743,784	\$ 5,957,866	29.27%
10/01/10	-	1,738,601	- %	1,738,601	6,450,265	26.95%
10/01/11	-	1,762,622	- %	1,762,622	7,099,914	24.83%

MEDINA COUNTY, TEXAS

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR PARTICIPATION
IN TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

FOR THE YEAR ENDED SEPTEMBER 30, 2012

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Funded Ratio (a/b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Annual Covered Payroll (1) (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/09	\$ 10,463,603	\$ 11,168,931	93.68%	\$ 705,328	\$ 6,460,075	10.92%
12/31/10	11,087,981	11,969,970	92.63%	881,989	6,514,137	13.54%
12/31/11	12,011,723	13,282,687	90.43%	1,270,964	6,985,532	18.19%

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**COMBINING
FUND STATEMENTS**

MEDINA COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	Special Revenue		
	Road and Bridge No. 2	Road and Bridge No. 3	Road and Bridge No. 4
ASSETS			
Cash and investments	\$ 191,569	\$ 371,894	\$ 396,497
Receivables:			
Intergovernmental	-	-	-
Ad valorem taxes	28,053	28,053	28,053
Other	<u>17,926</u>	<u>17,888</u>	<u>17,888</u>
Total assets	<u>\$ 237,548</u>	<u>\$ 417,835</u>	<u>\$ 442,438</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 16,414	\$ 40,141	\$ 38,212
Payroll liabilities	13,808	12,954	12,279
Other liabilities	-	-	-
Due to other funds	-	-	-
Deferred revenue	<u>28,473</u>	<u>25,863</u>	<u>35,192</u>
Total liabilities	<u>58,695</u>	<u>78,958</u>	<u>85,683</u>
Fund balances:			
Restricted	178,853	338,877	356,755
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>178,853</u>	<u>338,877</u>	<u>356,755</u>
Total liabilities and fund balances	<u>\$ 237,548</u>	<u>\$ 417,835</u>	<u>\$ 442,438</u>

Special Revenue

Lateral Road No. 1	Lateral Road No. 2	Lateral Road No. 3	Lateral Road No. 4	Community Justice Assistance	WIC	Health Unit
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100
-	-	-	-	18,953	52,989	37,912
-	-	-	-	-	-	-
-	-	-	-	14,440	-	13,339
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,393</u>	<u>\$ 52,989</u>	<u>\$ 51,351</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,272	\$ 2,373	\$ 8,000
-	-	-	-	-	9,748	6,986
-	-	-	-	-	-	-
-	-	-	-	31,355	28,130	48,145
-	-	-	-	1,714	-	-
-	-	-	-	35,341	40,251	63,131
-	-	-	-	-	12,738	-
-	-	-	-	(1,948)	-	(11,780)
-	-	-	-	(1,948)	12,738	(11,780)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,393</u>	<u>\$ 52,989</u>	<u>\$ 51,351</u>

(continued)

MEDINA COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2012

	Special Revenue			
	Juvenile Probation Department	Emergency Management Assistance	Nutrition	Sheriff Short-term Grants
ASSETS				
Cash and investments	\$ -	\$ -	\$ 500	\$ 199
Receivables:				
Intergovernmental	40,985	-	24,345	-
Ad valorem taxes	-	-	-	-
Other	-	12,036	-	-
Total assets	\$ 40,985	\$ 12,036	\$ 24,845	\$ 199
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 12,382	\$ -	\$ 9,393	\$ -
Payroll liabilities	1,352	-	5,541	-
Other liabilities	-	-	-	-
Due to other funds	34,252	12,036	81,065	-
Deferred revenue	-	-	-	-
Total liabilities	47,986	12,036	95,999	-
Fund balances:				
Restricted	-	-	-	-
Unassigned	(7,001)	-	(71,154)	199
Total fund balances	(7,001)	-	(71,154)	199
Total liabilities and fund balances	\$ 40,985	\$ 12,036	\$ 24,845	\$ 199

Special Revenue

Nutrition Discretionary Funds	Federal Program	911 Rural Addressing	Purchase of Youth Services	May 2010 Flood	County Attorney Special
\$ 15,298	\$ 84,160	\$ -	\$ -	\$ -	\$ 9,094
-	-	-	-	151,545	-
-	-	-	-	-	-
-	-	-	-	-	192
<u>\$ 15,298</u>	<u>\$ 84,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,545</u>	<u>\$ 9,286</u>
\$ -	\$ -	\$ -	\$ -	\$ 86,348	\$ 10
-	-	-	-	-	918
-	-	-	-	-	1
-	-	-	514	81,295	-
4,154	-	-	-	-	-
<u>4,154</u>	<u>-</u>	<u>-</u>	<u>514</u>	<u>167,643</u>	<u>929</u>
11,144	84,160	-	-	-	8,357
-	-	-	(514)	(16,098)	-
<u>11,144</u>	<u>84,160</u>	<u>-</u>	<u>(514)</u>	<u>(16,098)</u>	<u>8,357</u>
<u>\$ 15,298</u>	<u>\$ 84,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,545</u>	<u>\$ 9,286</u>

(continued)

MEDINA COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2012

	Special Revenue			
	County Law Library	Court Reporter	Sheriff's Forfeiture - General	Forfeiture - Constable No. 1
ASSETS				
Cash and investments	\$ -	\$ -	\$ 7,947	\$ 132
Receivables:				
Intergovernmental	-	-	-	-
Ad valorem taxes	-	-	-	-
Other	<u>665</u>	<u>-</u>	<u>1,780</u>	<u>-</u>
Total assets	<u>\$ 665</u>	<u>\$ -</u>	<u>\$ 9,727</u>	<u>\$ 132</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,011	\$ -	\$ 522	\$ -
Payroll liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	9,729	1,259	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>11,740</u>	<u>1,259</u>	<u>522</u>	<u>-</u>
Fund balances:				
Restricted	-	-	-	132
Unassigned	<u>(11,075)</u>	<u>(1,259)</u>	<u>9,205</u>	<u>-</u>
Total fund balances	<u>(11,075)</u>	<u>(1,259)</u>	<u>9,205</u>	<u>132</u>
Total liabilities and fund balances	<u>\$ 665</u>	<u>\$ -</u>	<u>\$ 9,727</u>	<u>\$ 132</u>

Special Revenue

Forfeiture - Constable No. 2	Forfeiture - Constable No. 4	County Clerk Records Management	Records Management	Courthouse Security	District Clerk TDCJ	LEOSE Chapter 415
\$ 716	\$ 337	\$ 151,120	\$ 15,724	\$ 9,526	\$ -	\$ 8,432
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>4,614</u>	<u>-</u>	<u>1,417</u>	<u>-</u>	<u>-</u>
<u>\$ 716</u>	<u>\$ 337</u>	<u>\$ 155,734</u>	<u>\$ 15,724</u>	<u>\$ 10,943</u>	<u>\$ -</u>	<u>\$ 8,432</u>
\$ -	\$ -	\$ 31,583	\$ 2,400	\$ 30	\$ -	\$ -
-	-	804	-	1,513	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>32,387</u>	<u>2,400</u>	<u>1,543</u>	<u>-</u>	<u>-</u>
716	337	123,347	13,324	9,400	-	8,432
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>716</u>	<u>337</u>	<u>123,347</u>	<u>13,324</u>	<u>9,400</u>	<u>-</u>	<u>8,432</u>
<u>\$ 716</u>	<u>\$ 337</u>	<u>\$ 155,734</u>	<u>\$ 15,724</u>	<u>\$ 10,943</u>	<u>\$ -</u>	<u>\$ 8,432</u>

(continued)

MEDINA COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2012

	Special Revenue			
	Graffiti Eradication	Justice Court Technology	D. A. Federal Forfeiture	WCID - D'Hanis
ASSETS				
Cash and investments	\$ 5	\$ 200,618	\$ 22,379	\$ -
Receivables:				
Intergovernmental	-	-	-	-
Ad valorem taxes	-	-	-	-
Other	-	395	-	-
	-	395	-	-
Total assets	\$ 5	\$ 201,013	\$ 22,379	\$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 161	\$ 22,232	\$ -
Payroll liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
	-	161	22,232	-
Total liabilities	-	161	22,232	-
Fund balances:				
Restricted	5	200,852	147	-
Unassigned	-	-	-	-
	-	-	-	-
Total fund balances	5	200,852	147	-
Total liabilities and fund balances	\$ 5	\$ 201,013	\$ 22,379	\$ -

Special Revenue

Records Management Archival County Clerk	Records Management Archival District Clerk	Project Safe Neighborhoods	Homeland Security Grants	JAG - District Attorney
\$ 417,313	\$ 9,600	\$ -	\$ 8,876	\$ -
-	-	368	-	-
-	-	-	-	-
<u>4,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 421,953</u>	<u>\$ 9,600</u>	<u>\$ 368</u>	<u>\$ 8,876</u>	<u>\$ -</u>
\$ 100,160	\$ 2,398	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	1,474	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>892</u>
<u>100,160</u>	<u>2,398</u>	<u>1,474</u>	<u>-</u>	<u>892</u>
321,793	7,202	-	8,876	-
-	-	(1,106)	-	(892)
<u>321,793</u>	<u>7,202</u>	<u>(1,106)</u>	<u>8,876</u>	<u>(892)</u>
<u>\$ 421,953</u>	<u>\$ 9,600</u>	<u>\$ 368</u>	<u>\$ 8,876</u>	<u>\$ -</u>

(continued)

MEDINA COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2012

	Special Revenue		
	Justice Court Security	HAVA (Help America Vote Act)	Environmental Health Food Permit
ASSETS			
Cash and investments	\$ 42,416	\$ 3,952	\$ 12,967
Receivables:			
Intergovernmental	-	-	-
Ad valorem taxes	-	-	-
Other	-	-	-
Total assets	\$ 42,416	\$ 3,952	\$ 12,967
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Payroll liabilities	-	-	-
Other liabilities	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
Total liabilities	-	-	-
Fund balances:			
Restricted	42,416	3,952	12,967
Unassigned	-	-	-
Total fund balances	42,416	3,952	12,967
Total liabilities and fund balances	\$ 42,416	\$ 3,952	\$ 12,967

Special Revenue

<u>County Public Health</u>	<u>Tropical Storm Erin</u>	<u>Texas Feeding Texans</u>	<u>DA VAWA Grant</u>	<u>Forfeiture Constable #3</u>
\$ -	\$ 201	\$ 17,554	\$ -	\$ 3,781
-	-	-	6,964	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 201</u>	<u>\$ 17,554</u>	<u>\$ 6,964</u>	<u>\$ 3,781</u>
\$ 2,112	\$ -	\$ 908	\$ 55	\$ -
-	-	-	1	-
-	-	-	-	-
3,495	-	-	6,892	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>5,607</u>	<u>-</u>	<u>908</u>	<u>6,948</u>	<u>-</u>
-	201	16,646	-	3,781
(5,607)	-	-	16	-
<u>(5,607)</u>	<u>201</u>	<u>16,646</u>	<u>16</u>	<u>3,781</u>
<u>\$ -</u>	<u>\$ 201</u>	<u>\$ 17,554</u>	<u>\$ 6,964</u>	<u>\$ 3,781</u>

(continued)

MEDINA COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2012

	Special Revenue		
	D'Hanis Flood Study	COPS Technology Grant	Sheriff Communication Compliance Grant
ASSETS			
Cash and investments	\$ -	\$ 3	\$ -
Receivables:			
Intergovernmental	43,097	-	-
Ad valorem taxes	-	-	-
Other	-	-	-
	-	-	-
Total assets	\$ 43,097	\$ 3	\$ -
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Payroll liabilities	-	-	-
Other liabilities	-	-	-
Due to other funds	39,950	-	-
Deferred revenue	-	-	-
	-	-	-
Total liabilities	39,950	-	-
Fund balances:			
Restricted	3,147	3	-
Unassigned	-	-	-
	-	-	-
Total fund balances	3,147	3	-
Total liabilities and fund balances	\$ 43,097	\$ 3	\$ -

<u>Special Revenue</u>	<u>Debt Service</u>		<u>Capital Project</u>	
District Clerk Technology	<u>Debt Service</u>	<u>Debt Sinking- Sheriff Auto</u>	<u>Capital Project</u>	<u>Total Nonmajor Governmental</u>
\$ 975	\$ 46,361	\$ 8,829	\$ -	\$ 2,059,075
-	-	-	-	377,158
-	38,949	7,661	-	130,769
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,220</u>
<u>\$ 975</u>	<u>\$ 85,310</u>	<u>\$ 16,490</u>	<u>\$ -</u>	<u>\$ 2,674,222</u>
\$ -	\$ -	\$ -	\$ -	\$ 380,117
-	-	-	-	65,904
-	-	-	-	1
-	-	-	105,399	484,990
<u>-</u>	<u>53,844</u>	<u>3,217</u>	<u>-</u>	<u>153,349</u>
<u>-</u>	<u>53,844</u>	<u>3,217</u>	<u>105,399</u>	<u>1,084,361</u>
975	31,466	13,273	-	1,814,274
<u>-</u>	<u>-</u>	<u>-</u>	<u>(105,399)</u>	<u>(224,413)</u>
<u>975</u>	<u>31,466</u>	<u>13,273</u>	<u>(105,399)</u>	<u>1,589,861</u>
<u>\$ 975</u>	<u>\$ 85,310</u>	<u>\$ 16,490</u>	<u>\$ -</u>	<u>\$ 2,674,222</u>

MEDINA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue		
	Road and Bridge No. 2	Road and Bridge No. 3	Road and Bridge No. 4
REVENUES			
Property taxes	\$ 404,471	\$ 404,471	\$ 404,471
Licenses and permits	197,248	197,248	197,248
Intergovernmental	-	-	-
Fines and forfeitures	159,088	159,391	159,409
Charges for services	-	-	-
Interest	1,244	2,365	2,200
Miscellaneous	<u>17,905</u>	<u>17,881</u>	<u>19,525</u>
Total revenues	<u>779,956</u>	<u>781,356</u>	<u>782,853</u>
EXPENDITURES			
Current:			
General administration	-	-	-
Legal	-	-	-
Public safety	-	-	-
Public transportation	724,789	631,922	593,618
Health and welfare	-	-	-
Capital outlay	10,236	197,887	30,964
Debt service:			
Principal retirement	158,733	315,629	135,993
Interest and fiscal charges	<u>13,547</u>	<u>16,046</u>	<u>10,183</u>
Total expenditures	<u>907,305</u>	<u>1,161,484</u>	<u>770,758</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(127,349)	(380,128)	12,095
OTHER FINANCING SOURCES (USES)			
Proceeds from time warrants	130,000	169,900	150,400
Proceeds from sale of assets	4,365	265,241	7,499
Transfers in	6,101	-	430
Transfers out	<u>-</u>	<u>(430)</u>	<u>-</u>
Total other financing sources (uses)	<u>140,466</u>	<u>434,711</u>	<u>158,329</u>
NET CHANGE IN FUND BALANCES	13,117	54,583	170,424
FUND BALANCES, BEGINNING	<u>165,736</u>	<u>284,294</u>	<u>186,331</u>
FUND BALANCES, ENDING	<u>\$ 178,853</u>	<u>\$ 338,877</u>	<u>\$ 356,755</u>

Special Revenue

Lateral Road No. 1	Lateral Road No. 2	Lateral Road No. 3	Lateral Road No. 4	Community Justice Assistance	WIC	Health Unit
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
13,680	8,852	8,852	8,852	18,295	371,149	219,814
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	23	-	-
-	-	-	-	-	751	68,116
<u>13,680</u>	<u>8,852</u>	<u>8,852</u>	<u>8,852</u>	<u>18,318</u>	<u>371,900</u>	<u>287,930</u>
-	-	-	-	-	-	-
-	-	-	-	18,295	-	-
-	-	-	-	-	-	-
13,680	8,852	8,852	8,852	-	-	-
-	-	-	-	-	370,814	268,157
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>13,680</u>	<u>8,852</u>	<u>8,852</u>	<u>8,852</u>	<u>18,295</u>	<u>370,814</u>	<u>268,157</u>
-	-	-	-	23	1,086	19,773
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	23	1,086	19,773
-	-	-	-	(1,971)	11,652	(31,553)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,948)</u>	<u>\$ 12,738</u>	<u>\$ (11,780)</u>

(continued)

MEDINA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue			
	Juvenile Probation Department	Emergency Management Assistance	Nutrition	Sheriff Short-term Grants
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	280,356	-
Fines and forfeitures	-	-	-	-
Charges for services	808	-	-	-
Interest	-	-	-	-
Miscellaneous	<u>16,148</u>	<u>-</u>	<u>35,124</u>	<u>250</u>
Total revenues	<u>16,956</u>	<u>-</u>	<u>315,480</u>	<u>250</u>
EXPENDITURES				
Current:				
General administration	-	-	-	-
Legal	-	-	-	-
Public safety	246,431	12,036	-	51
Public transportation	-	-	-	-
Health and welfare	-	-	372,934	-
Capital outlay	3,541	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>249,972</u>	<u>12,036</u>	<u>372,934</u>	<u>51</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(233,016)</u>	<u>(12,036)</u>	<u>(57,454)</u>	<u>199</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from time warrants	-	-	-	-
Proceeds from sale of assets	-	-	495	-
Transfers in	249,956	12,036	48,000	3,900
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>249,956</u>	<u>12,036</u>	<u>48,495</u>	<u>3,900</u>
NET CHANGE IN FUND BALANCES	16,940	-	(8,959)	4,099
FUND BALANCES, BEGINNING	<u>(23,941)</u>	<u>-</u>	<u>(62,195)</u>	<u>(3,900)</u>
FUND BALANCES, ENDING	<u><u>\$ (7,001)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (71,154)</u></u>	<u><u>\$ 199</u></u>

Special Revenue

Nutrition Discretionary Funds	Federal Program	911 Rural Addressing	Purchase of Youth Services	May 2010 Flooding	County Attorney Special
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	139,982	-
-	-	-	-	-	-
28	295	-	-	-	-
<u>15,385</u>	<u>-</u>	<u>12,485</u>	<u>-</u>	<u>-</u>	<u>9,136</u>
<u>15,413</u>	<u>295</u>	<u>12,485</u>	<u>-</u>	<u>139,982</u>	<u>9,136</u>
-	-	-	-	-	-
-	-	-	-	-	5,525
-	-	-	-	-	-
5,279	-	-	-	-	-
-	-	-	-	121,124	-
4,403	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>9,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,124</u>	<u>5,525</u>
5,731	295	12,485	-	18,858	3,611
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	81,295	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(116,251)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,956)</u>	<u>-</u>
5,731	295	12,485	-	(16,098)	3,611
<u>5,413</u>	<u>83,865</u>	<u>(12,485)</u>	<u>(514)</u>	<u>-</u>	<u>4,746</u>
<u>\$ 11,144</u>	<u>\$ 84,160</u>	<u>\$ -</u>	<u>\$ (514)</u>	<u>\$ (16,098)</u>	<u>\$ 8,357</u>

(continued)

MEDINA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue			
	County Law Library	Court Reporter	Sheriff's Forfeiture - General	Forfeiture - Constable No. 1
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeitures	23,563	-	32,343	-
Charges for services	-	6,077	-	-
Interest	-	-	48	-
Miscellaneous	-	-	20,739	-
Total revenues	<u>23,563</u>	<u>6,077</u>	<u>53,130</u>	<u>-</u>
EXPENDITURES				
Current:				
General administration	-	-	-	-
Legal	-	18,114	-	-
Public safety	49,732	-	33,751	-
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	3,409	9,718	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>49,732</u>	<u>21,523</u>	<u>43,469</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(26,169)</u>	<u>(15,446)</u>	<u>9,661</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from time warrants	-	-	-	-
Proceeds from sale of assets	-	-	3,060	-
Transfers in	15,000	15,000	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>15,000</u>	<u>15,000</u>	<u>3,060</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(11,169)</u>	<u>(446)</u>	<u>12,721</u>	<u>-</u>
FUND BALANCES, BEGINNING	<u>94</u>	<u>(813)</u>	<u>(3,516)</u>	<u>132</u>
FUND BALANCES, ENDING	<u><u>\$ (11,075)</u></u>	<u><u>\$ (1,259)</u></u>	<u><u>\$ 9,205</u></u>	<u><u>\$ 132</u></u>

Special Revenue

Forfeiture - Constable No. 2	Forfeiture - Constable No. 4	County Clerk Records Management	Records Management	Courthouse Security	District Clerk TDCJ	LEOSE Chapter 415
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	52,103	11,480	-	-	-
-	-	-	-	43,818	-	-
3	1	623	-	-	-	-
-	-	-	-	75	-	-
<u>3</u>	<u>1</u>	<u>52,726</u>	<u>11,480</u>	<u>43,893</u>	<u>-</u>	<u>-</u>
-	-	9,222	1,738	-	-	-
-	-	-	-	-	178	-
-	-	-	-	44,222	-	2,841
-	-	-	-	-	-	-
-	-	32,061	6,972	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>41,283</u>	<u>8,710</u>	<u>44,222</u>	<u>178</u>	<u>2,841</u>
<u>3</u>	<u>1</u>	<u>11,443</u>	<u>2,770</u>	<u>(329)</u>	<u>(178)</u>	<u>(2,841)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3</u>	<u>1</u>	<u>11,443</u>	<u>2,770</u>	<u>(329)</u>	<u>(178)</u>	<u>(2,841)</u>
<u>713</u>	<u>336</u>	<u>111,904</u>	<u>10,554</u>	<u>9,729</u>	<u>178</u>	<u>11,273</u>
<u>\$ 716</u>	<u>\$ 337</u>	<u>\$ 123,347</u>	<u>\$ 13,324</u>	<u>\$ 9,400</u>	<u>\$ -</u>	<u>\$ 8,432</u>

(continued)

MEDINA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue			
	Graffiti Eradication	Justice Court Technology	D. A. Federal Forfeiture	WCID - D'Hanis
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	66,105
Fines and forfeitures	-	34,639	-	-
Charges for services	-	-	-	-
Interest	-	1,320	67	-
Miscellaneous	-	-	-	-
Total revenues	-	35,959	67	66,105
EXPENDITURES				
Current:				
General administration	-	-	-	-
Legal	-	19,919	-	-
Public safety	-	-	16,776	-
Public transportation	-	-	-	-
Health and welfare	-	-	-	65,280
Capital outlay	-	1,197	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	21,116	16,776	65,280
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	14,843	(16,709)	825
OTHER FINANCING SOURCES (USES)				
Proceeds from time warrants	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	14,843	(16,709)	825
FUND BALANCES, BEGINNING	5	186,009	16,856	(825)
FUND BALANCES, ENDING	\$ 5	\$ 200,852	\$ 147	\$ -

Special Revenue

Records Management Archival County Clerk	Records Management Archival District Clerk	Project Safe Neighborhoods	Homeland Security Grants	JAG - District Attorney
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	6,060	-	-
56,316	4,582	-	-	-
-	-	-	-	-
2,238	-	-	-	-
-	-	-	-	-
<u>58,554</u>	<u>4,582</u>	<u>6,060</u>	<u>-</u>	<u>-</u>
101,801	3,788	-	-	-
-	-	-	-	-
-	-	6,060	-	-
-	-	-	-	-
-	5,410	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>101,801</u>	<u>9,198</u>	<u>6,060</u>	<u>-</u>	<u>-</u>
(43,247)	(4,616)	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(43,247)	(4,616)	-	-	-
<u>365,040</u>	<u>11,818</u>	<u>(1,106)</u>	<u>8,876</u>	<u>(892)</u>
<u>\$ 321,793</u>	<u>\$ 7,202</u>	<u>\$(1,106)</u>	<u>\$ 8,876</u>	<u>\$(892)</u>

(continued)

MEDINA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue		
	Justice Court Security	HAVA (Help America Vote Act)	Environmental Health Food Permit
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	1,300
Intergovernmental	-	45,195	-
Fines and forfeitures	-	-	-
Charges for services	6,507	6,663	-
Interest	-	-	-
Miscellaneous	-	-	-
Total revenues	6,507	51,858	1,300
EXPENDITURES			
Current:			
General administration	-	-	-
Legal	-	-	-
Public safety	-	-	-
Public transportation	-	-	-
Health and welfare	-	-	-
Capital outlay	-	175,825	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	175,825	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,507	(123,967)	1,300
OTHER FINANCING SOURCES (USES)			
Proceeds from time warrants	-	-	-
Proceeds from sale of assets	-	-	-
Transfers in	-	63,000	-
Transfers out	-	-	-
Total other financing sources (uses)	-	63,000	-
NET CHANGE IN FUND BALANCES	6,507	(60,967)	1,300
FUND BALANCES, BEGINNING	35,909	64,919	11,667
FUND BALANCES, ENDING	\$ 42,416	\$ 3,952	\$ 12,967

Special Revenue

County Public Health	Tropical Storm Erin	Texas Feeding Texans	DA VAWA Grant	Forfeiture Constable #3
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	37,768	90,204	-
-	-	-	-	-
-	-	38	-	8
-	-	157	20,705	1,500
<u>-</u>	<u>-</u>	<u>37,963</u>	<u>110,909</u>	<u>1,508</u>
-	-	-	106,834	306
-	-	-	-	-
5,607	-	-	-	-
-	-	-	-	-
-	-	22,704	-	-
-	-	818	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>5,607</u>	<u>-</u>	<u>23,522</u>	<u>106,834</u>	<u>306</u>
(5,607)	-	14,441	4,075	1,202
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(5,607)	-	14,441	4,075	1,202
-	201	2,205	(4,059)	2,579
<u>(5,607)</u>	<u>201</u>	<u>16,646</u>	<u>16</u>	<u>3,781</u>

(continued)

MEDINA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue		
	D'Hanis Flood Study	COPS Technology Grant	Sheriff Communication Compliance Grant
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	3,147	50,437	69,071
Fines and forfeitures	-	-	-
Charges for services	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>3,147</u>	<u>50,437</u>	<u>69,071</u>
EXPENDITURES			
Current:			
General administration	-	-	-
Legal	-	-	-
Public safety	-	-	-
Public transportation	-	-	-
Health and welfare	-	-	-
Capital outlay	-	50,437	69,071
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>-</u>	<u>50,437</u>	<u>69,071</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,147</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from time warrants	-	-	-
Proceeds from sale of assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	3,147	-	-
FUND BALANCES, BEGINNING	<u>-</u>	<u>3</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 3,147</u>	<u>\$ 3</u>	<u>\$ -</u>

<u>Special Revenue</u>	<u>Debt Service</u>		<u>Capital Project</u>	<u>Total Nonmajor Governmental</u>
District Clerk Technology	<u>Debt Service</u>	<u>Debt Sinking- Sheriff Auto</u>	<u>Capital Project</u>	
\$ -	\$ 348,602	\$ 238,923	\$ -	\$ 1,800,938
-	-	-	-	593,044
-	-	-	-	1,437,819
493	-	-	-	693,407
-	-	-	-	63,873
-	373	621	-	11,495
-	-	-	-	255,882
<u>493</u>	<u>348,975</u>	<u>239,544</u>	<u>-</u>	<u>4,856,458</u>
-	-	-	-	223,689
-	-	-	-	62,031
-	-	-	-	417,507
-	-	-	-	1,995,844
-	-	-	-	1,221,013
-	-	-	-	601,949
-	305,000	228,879	-	1,144,234
-	55,492	13,455	-	108,723
<u>-</u>	<u>360,492</u>	<u>242,334</u>	<u>-</u>	<u>5,774,990</u>
<u>493</u>	<u>(11,517)</u>	<u>(2,790)</u>	<u>-</u>	<u>(918,532)</u>
-	-	-	-	450,300
-	-	-	-	280,660
-	-	-	-	494,718
<u>-</u>	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>(116,684)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>1,108,994</u>
493	(11,517)	(2,790)	(3)	190,462
<u>482</u>	<u>42,983</u>	<u>16,063</u>	<u>(105,396)</u>	<u>1,399,399</u>
<u>\$ 975</u>	<u>\$ 31,466</u>	<u>\$ 13,273</u>	<u>\$(105,399)</u>	<u>\$ 1,589,861</u>

MEDINA COUNTY, TEXAS

AGENCY FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 2012

	Agency					
	<u>State Taxes</u>	<u>County Clerk</u>	<u>District Clerk</u>	<u>Unclaimed Money</u>	<u>Justices of the Peace</u>	<u>Tax Office</u>
ASSETS						
Cash and investments	\$ <u>288,231</u>	\$ <u>289,868</u>	\$ <u>156,761</u>	\$ <u>2,352</u>	\$ <u>1,102</u>	\$ <u>570,858</u>
Total assets	\$ <u>288,231</u>	\$ <u>289,868</u>	\$ <u>156,761</u>	\$ <u>2,352</u>	\$ <u>1,102</u>	\$ <u>570,858</u>
LIABILITIES						
Liabilities:						
Due to others	\$ <u>288,231</u>	\$ <u>289,868</u>	\$ <u>156,761</u>	\$ <u>2,352</u>	\$ <u>1,102</u>	\$ <u>570,858</u>
Total liabilities	\$ <u>288,231</u>	\$ <u>289,868</u>	\$ <u>156,761</u>	\$ <u>2,352</u>	\$ <u>1,102</u>	\$ <u>570,858</u>

Agency							
<u>County Sheriff</u>	<u>Employee Trust Claims</u>	<u>Cafeteria Plan</u>	<u>Probations</u>	<u>Adult Probations</u>	<u>4th Court of Appeals</u>	<u>Medina County Elected Official Escrow</u>	<u>Totals</u>
\$ 133,786	\$ 801	\$ 4,108	\$ 121,911	\$ 10,149	\$ 279	\$ 277,334	\$ 1,857,540
<u>\$ 133,786</u>	<u>\$ 801</u>	<u>\$ 4,108</u>	<u>\$ 121,911</u>	<u>\$ 10,149</u>	<u>\$ 279</u>	<u>\$ 277,334</u>	<u>\$ 1,857,540</u>
\$ 133,786	\$ 801	\$ 4,108	\$ 121,911	\$ 10,149	\$ 279	\$ 277,334	\$ 1,857,540
<u>\$ 133,786</u>	<u>\$ 801</u>	<u>\$ 4,108</u>	<u>\$ 121,911</u>	<u>\$ 10,149</u>	<u>\$ 279</u>	<u>\$ 277,334</u>	<u>\$ 1,857,540</u>

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SINGLE AUDIT SECTION

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

To the Honorable County Judge and
Members of the Commissioners' Court
Medina County, Texas

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Medina County, Texas, as of and for the year ended September 30, 2012, which collectively comprise Medina County, Texas' basic financial statements and have issued our report thereon dated April 26, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Medina County, Texas, in a separate letter dated April 26, 2013.

This report is intended solely for the information and use of the management, the Commissioners' Court, others within the entity, and federal awarding agencies and pass-through entities, and is not intended to be used and should not be used by anyone other than these specified parties.

Pattillo, Brown & Hill, L.L.P.

April 26, 2013



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable County Judge and
Members of the Commissioners' Court
Medina County, Texas

Compliance

We have audited Medina County, Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133, Compliance Supplement* that could have a direct and material effect on each of Medina County, Texas' major federal programs for the year ended September 30, 2012. Medina County, Texas' major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Medina County, Texas' management. Our responsibility is to express an opinion on Medina County, Texas' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Medina County, Texas' compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Medina County, Texas' compliance with those requirements.

In our opinion, Medina County, Texas, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

Internal Control Over Compliance

Management of Medina County, Texas, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness the County's internal control over compliance.

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

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

This report is intended solely for the information and use of the Commissioners' Court, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Pattillo, Brown & Hill, L.L.P.

April 26, 2013

MEDINA COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
FEDERAL AWARDS			
<u>U. S. Department of Agriculture</u>			
Pass-through Texas Department of State Health Services: Special Supplemental Food Nutrition Program for Women, Infants, and Children	10.557	2012-039925-001	\$ <u>356,299</u>
Total Passed through Texas Department of Health			<u>356,299</u>
Total U. S. Department of Agriculture			<u>356,299</u>
<u>U. S. Department of Housing and Urban Development</u>			
Pass-through Texas Department of Agriculture: Community Development Block Grants/ State's Programs	14.228	729911	66,105
Community Development Block Grants/ State's Programs	14.228	711067	<u>139,982</u>
Total Passed through Texas Department of Agriculture			<u>206,087</u>
Total U. S. Department of Housing and Urban Development			<u>206,087</u>
<u>U. S. Department of Justice</u>			
Pass-through the Office of the Governor Criminal Justice Division: Violence Against Women Act	16.588	2304402	90,204
State Criminal Alien Assistant Program	16.606	2011-H3099-TX-AP	3,968
Public Safety Partnership and Community Policing Grants	16.710	2010-CK-WX-0428	50,437
Edward Byrne Memorial Justice Assistance Grant	16.738	2454501	<u>69,071</u>
Total Passed through the Office of the Governor Criminal Justice Division			<u>213,680</u>
Total U. S. Department of Justice			<u>213,680</u>

(continued)

MEDINA COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
FEDERAL AWARDS (Continued)			
<u>U. S. Election Commission</u>			
Pass-through Texas Secretary of State:			
General HAVA Compliance	90.401		\$ 42,935
Total Passed through Texas Secretary of State			<u>42,935</u>
Total U. S. Election Commission			<u>42,935</u>
<u>U. S. Department of Health and Human Services</u>			
Pass-through Alamo Area Council of Governments:			
Social Services - Congregated	93.045	MC-SSNSTR-002-1099-0900	<u>115,523</u>
Total Passed through Alamo Area Council of Governments			<u>115,523</u>
Pass-through Texas Department of State Health Services:			
PPCPS/ Hazards	93.069	2011-038706	45,830
Special Programs for the Aging - Title III, Part B - Immunization Services	93.268	2012-039925-001	14,750
Immunization Services	93.268	2012-039625-001	70,586
Prevention Health and Health Services Block Grant	93.991	2012-039553	<u>640</u>
Total Passed through Texas Department of Health			<u>131,806</u>
Total U. S. Department of Health and Human Services			<u>247,329</u>
Total Federal Awards			\$ <u>1,066,330</u>

MEDINA COUNTY, TEXAS

**NOTE TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

YEAR ENDED SEPTEMBER 30, 2012

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Medina County, Texas (the "County") and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations.

MEDINA COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued	Unqualified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None

Federal Awards:

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs	Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	None
--	------

Identification of major programs:

CFDA Number(s) 10.557	Name of Federal Program or Cluster: Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
--------------------------	---

Dollar threshold used to distinguish between type A and type B programs	\$300,000
--	-----------

Auditee qualified as low-risk auditee?	Yes
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**Findings Related to the Financial Statements Which Are
Required to be Reported in Accordance With Generally
Accepted Government Auditing Standards**

None

Findings and Questioned Costs for Federal Awards

None

MEDINA COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

None

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