

Uvalde County, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2012

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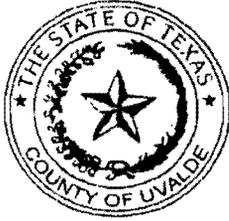
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INTRODUCTORY SECTION



COUNTY OF UVALDE

100 N. GETTY STREET
UVALDE, TEXAS 78801

March 25, 2013

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

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

The Citizens of Uvalde County

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

Pursuant to that requirement, the comprehensive annual financial report of Uvalde County for the fiscal year ended September 30, 2012 is hereby issued.

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

Uvalde County's financial statements were audited by Beyer & Co., licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Uvalde County for the fiscal year ended September 30, 2012 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Uvalde County's financial statements for the fiscal year ended September 30, 2012 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

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

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

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

Upon completion of the proposed budget, the County Judge files a copy with the County Clerk and places same on the official website. The Commissioners' Court holds a public hearing on the proposed budget. All taxpayers of the County are encouraged to attend and participate in the hearing.

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

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

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

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

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

Factors Affecting Financial Condition

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

Local economy. Tourism is a major part of the economic base with most of this expansion having been in the Con Can area. The additional venues completed at the Uvalde County Fairplex (the Uvalde County Arena, the Uvalde County Event Center, the Uvalde County Pavilion, and the Uvalde County Veterans Memorial Wall) are increasing tourism in the downtown Uvalde area. The revenues brought in as a result of leasing the Arena and the Event Center from March through September totaled \$49,980. The increase activity in restaurants and hotels is notable when large events are held.

Agriculture is still a mainstay in the area, but water restrictions have affected this industry.

Eagle Ford Shale development in counties to the south continues to boost sales tax receipts and filing fees within various courthouse offices. The construction of a 150 unit Brownstone apartment complex is a direct result of same.

The Uvalde County Justice Center opened in January 2012. The Justice Center consists of a 212 bed jail plus Justice of the Peace precinct 6 offices as well as a large criminal courtroom with adjacent administrative offices. This facility added 42 additional correctional and administrative positions with a total salary amount averaging \$1,050,000 annually. Three new positions added to the maintenance division of the Fairplex operation created annual salary totals of \$75,000. The housing of U.S. Federal inmates from March 2012 through September 30, 2012 brought in revenues of \$638,396.

Long-term financial planning. The Certificates of Obligations issued in 2009 for \$25M have seen three years' debt reduction payments.

The County entertained issuing \$1M in Certificates of Obligations to renovate the old jail building into usable offices, but public sentiment was not in favor of the debt.

Awards and Acknowledgements

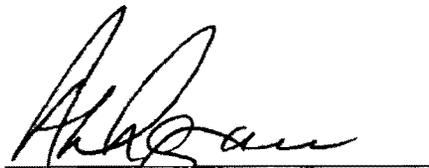
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Uvalde for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2011. This was the sixteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

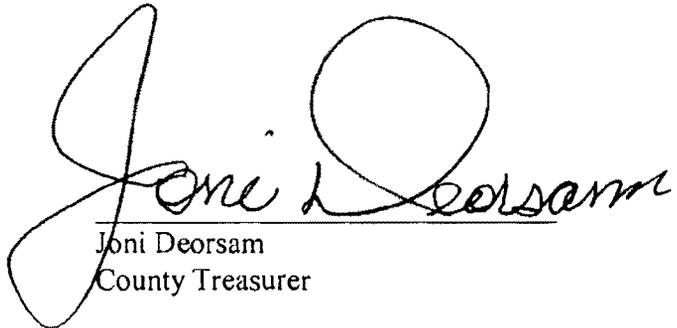
The preparation of this report is a direct result of the efficient and dedicated services of Wayne Beyer, CPA and his staff, along with the cooperative efforts of each Uvalde County Elected and Appointed Official and their respective support staff. Special recognition goes to First Assistant Auditor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

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

Respectfully submitted by:



Alice L. Chapman
County Auditor



Joni Deorsam
County Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Uvalde
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

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



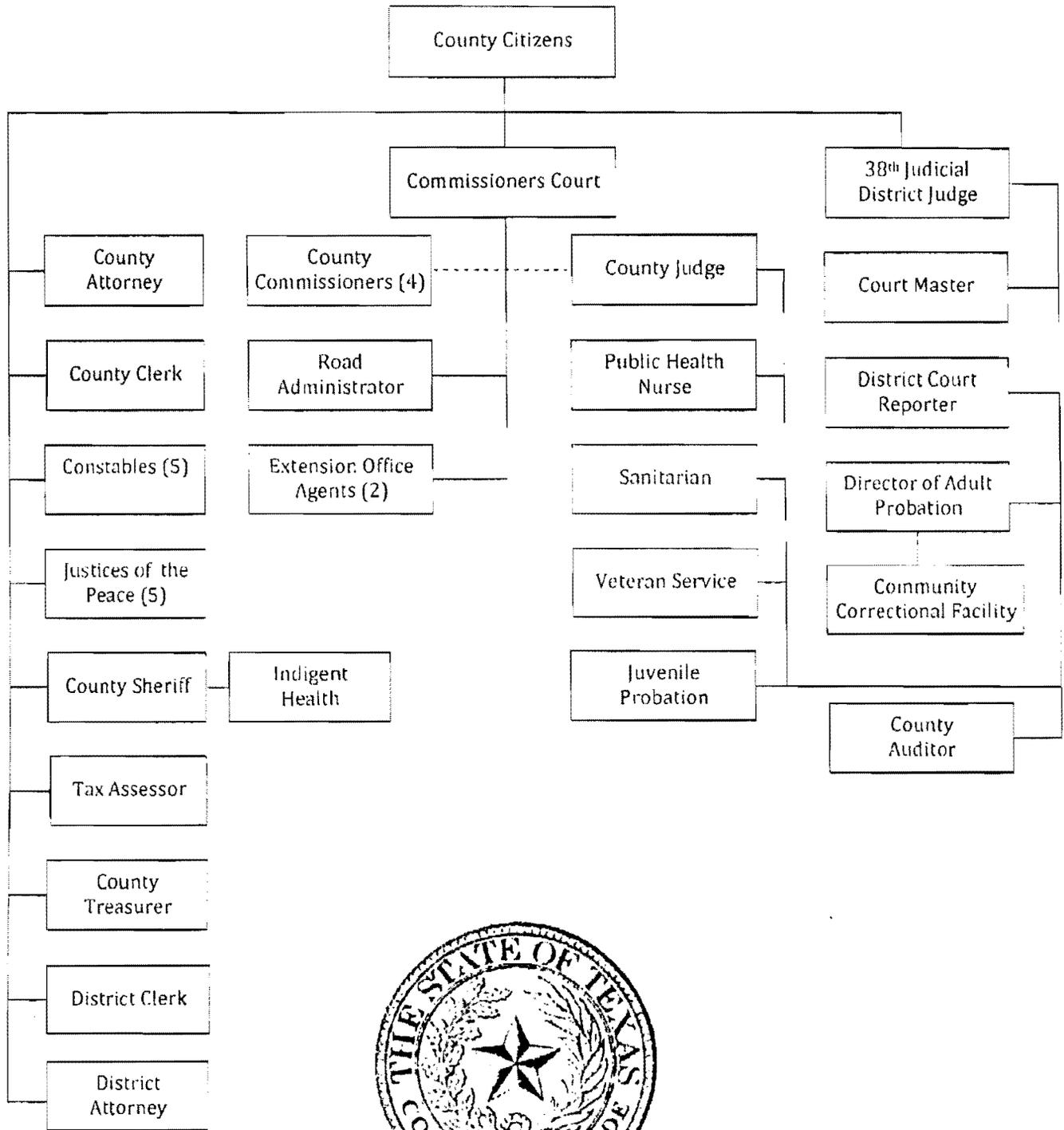
Christopher P. Morrell

President

Jeffrey P. Erwin

Executive Director

County of Uvalde Organization Chart



**UVALDE COUNTY, TEXAS
DIRECTORY OF OFFICIALS
SEPTEMBER 30, 2012**

COMMISSIONERS COURT

William R. Mitchell
Randy Scheide.
Mariano Pargas
Jerry Bates, Sr.
Raul Flores

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

DISTRICT COURT

Camile G. DuBose
Daniel Kindred
Kelley Bartell
Christina Ovalle
Sherry Gentry
Dale Gear, Jr.

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

OTHER COUNTY OFFICIALS

John Dodson
Joni Deorsam
Margarita "Maggie" Del Toro
Ramona Esquivel Hobbs
Charles Mendeke
Jessie Garcia
Terry Black, RN
Rick Coggins
Kenneth White
Malinda Flores
Alice L. Chapman

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

JUSTICES OF THE PEACE

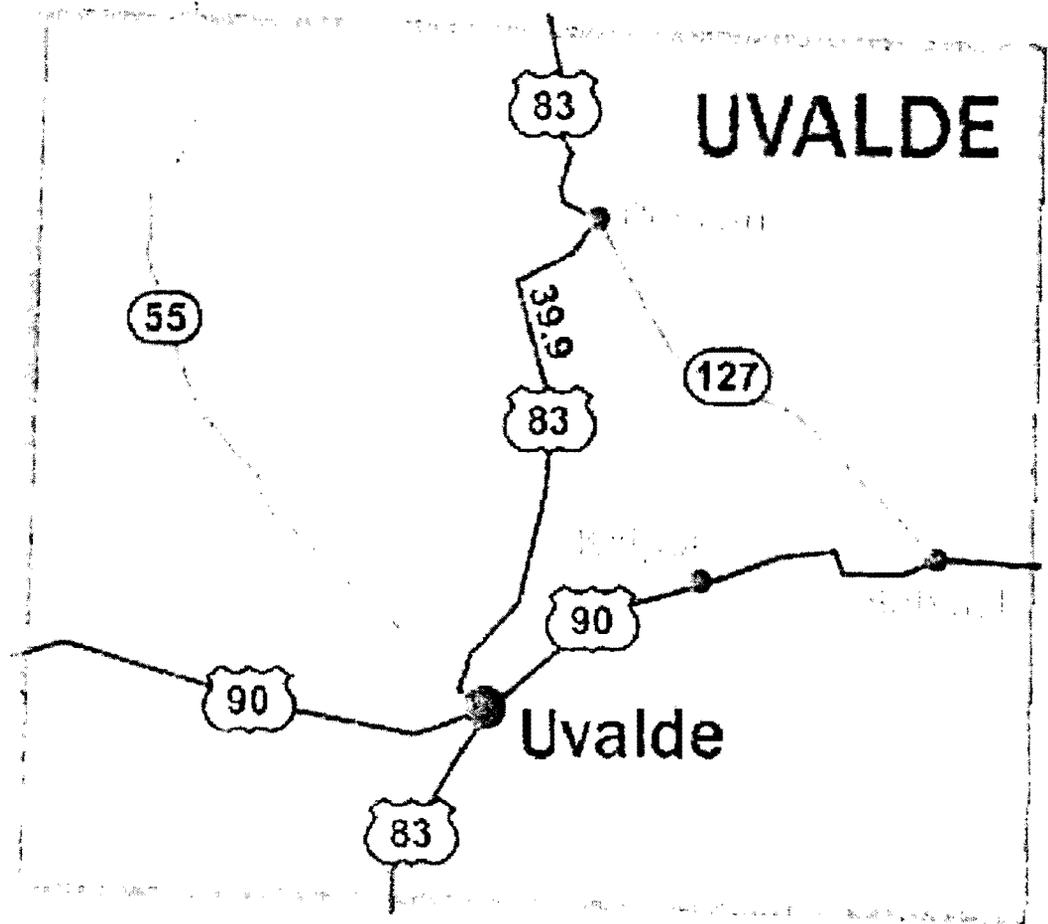
Steve Kennedy
Bobby McIntosh
William Schaefer
Rodrigo Martinez
Ernesto Luna

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

CONSTABLES

Eddie Obregon
Weldon McCutcheon
William Dean
Beaumont Watkins
Robert Moss

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



FINANCIAL SECTION

BEYER & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Wayne R. Beyer, C.P.A.

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

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

INDEPENDENT AUDITOR'S REPORT

To the Commissioners Court
Uvalde County, Texas

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. 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, the business-type activities, each major fund, and the aggregate remaining fund information of Uvalde County, Texas as of September 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof, 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 March 25, 2013, on our consideration of Uvalde County, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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, and the schedule of funding progress for the Public Employees Retirement System, and budgetary comparison information on pages 3 through 13, 54, and 59 through 101, respectively, 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 Uvalde County, Texas's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section 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 Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual non-major 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. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Respectfully submitted,



BEYER & COMPANY
Certified Public Accountants
Pleasanton, Texas
March 25, 2013

Management's Discussion and Analysis

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

Financial Highlights

The assets of Uvalde County, Texas exceeded its liabilities at the close of the most recent fiscal year by \$15,840,943 (net assets). Of this amount, \$4,546,883 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets increased by \$1,134,382. The government's total net assets increased by \$4,555,792 in the prior year. This increase is attributable to revenues continuing to outpace expenses. The total expenses increased by \$2,493,736 and the non grant revenues increased by \$99,299. The operating and capital grant revenues decreased by \$448,229 and \$578,744, respectively. The ad valorem taxes increased by \$101,790, the sales taxes increased by \$361,175, and the charges for services increased by \$335,354. The increase in sales taxes was a result of an increase in local purchasing due to the Eagle Ford Oil Shale. Miscellaneous decreased by \$520,869 and interest earnings decreased by \$144,353. The decrease in miscellaneous was a result of a decrease in the sale of forfeited and seized property and a loss in the County's Employee Insurance fund of \$241,663. The increase in expenses was basically consistent throughout the various expense functions, however, the public safety function increased by \$936,052 due mainly to the opening of the new Jail Facility.

As of the close of the current fiscal year, Uvalde County, Texas's governmental funds reported combined ending fund balances of \$6,287,129, a decrease of \$5,448,536 in comparison with the prior year. Approximately 34% of this total amount, \$1,424,947, is available for spending at the government's discretion (unassigned fund balance). The fund balance decrease of \$5,448,536 was the result of the construction of the Fairplex and Justice Center/Jail Building.

At the end of the current fiscal year, the unassigned fund balance for the general fund was \$1,735,963 or 16 percent of total general fund expenditures, the total fund balance for the road and bridge fund was \$720,824 and was restricted and was 31 percent of total road and bridge fund expenditures, the total fund balance for the capital projects fund was \$1,049,795 of which \$0 was unassigned, the total fund balance for the economic development fund was \$164,157 of which \$0 was unassigned, and the total fund balance for the hotel/motel tax fund was \$165,161 of which \$0 was unassigned.

Uvalde County, Texas's total short-term and long-term debt decreased by \$597,890 (2.43 percent) during the current fiscal year. The key factor in this decrease was the payment of debt principal on the jail facility bonds of \$580,000.

Overview of the Financial Statements

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

UVALDE COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended
September 30, 2012

ISSUED BY
COUNTY AUDITOR'S OFFICE

ALICE CHAPMAN
COUNTY AUDITOR

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

Governmental funds:

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Uvalde County, Texas maintains forty-eight (48) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the road and bridge fund, the capital projects fund, the economic development fund, and the hotel/motel tax fund all of which are considered to be major funds. Data from the other forty-three (43) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Uvalde County, Texas adopts an annual appropriated budget for its general fund, the road and bridge fund, the capital projects fund, the economic development fund, and the hotel/motel tax fund. There were appropriated budgets for all the non-major special revenue, debt service, and capital project funds except for the fish passage fund.

The basic governmental fund financial statements can be found on pages 16-24 of this report.

Proprietary funds:

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

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

The basic proprietary fund financial statements can be found on pages 25-28 of this report.

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

Notes to the financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-53 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Uvalde County, Texas' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 54 of this report.

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 55-58 of this report. The budget comparison schedules in connection with the capital projects fund can be found on page 59 of this report. The budget comparison schedules in connection with the non-major governmental funds can be found on pages 60-101 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Uvalde County, Texas, assets exceeded liabilities by \$15,840,943 at the close of the most recent fiscal year.

A portion of Uvalde County, Texas's net assets (61 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that are still outstanding. Uvalde County, Texas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Uvalde County, Texas's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

UVALDE COUNTY, TEXAS
NET ASSETS

	Governmental Activities		Total	
	2012	2011	2012	2011
Current and other Assets	\$6,837,579	\$6,990,262	\$6,837,579	\$6,990,262
Restricted Assets:	1,316,290	7,181,750	1,316,290	7,181,750
Capital Assets:	32,640,628	25,840,428	32,640,628	25,840,428
Total Assets	40,794,497	40,012,440	40,794,497	40,012,440
Long-term liabilities	23,983,493	24,581,383	23,983,493	24,581,383
Other liabilities	970,061	724,496	970,061	724,496
Total Liabilities	24,953,554	25,305,879	24,953,554	25,305,879
Invested in Capital Assets, Net of Related debt	9,732,845	7,424,056	9,732,845	7,424,056
Restricted	1,561,215	1,905,817	1,561,215	1,905,817
Unrestricted	4,546,883	5,376,688	4,546,883	5,376,688
Total Net Assets	\$15,840,943	\$14,706,561	\$15,840,943	\$14,706,561

An additional portion of Uvalde County, Texas's net assets (10 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$4,546,883) may be used to meet the government on going obligations to citizens and creditors. At the end of the current fiscal year, Uvalde County, Texas reported a positive balance in the governmental activities. For the prior fiscal year, Uvalde County, Texas reported positive balances in net assets, both for the government as a whole, as well as for its separate governmental activities.

There was a decrease of \$344,602 in restricted net assets reported in connection with Uvalde County, Texas's government-type activities. This decrease reflects additional expenditures being made out of the restricted funds.

The government's total net assets increased by \$1,134,382. The government's total net assets increased by \$4,555,792 in the prior year. This increase is attributable to revenues continuing to outpace expenses. The total expenses increased by \$2,493,736 and the non grant revenues increased by \$99,299. The operating and capital grant revenues decreased by \$448,229 and \$578,744, respectively. The ad valorem taxes increased by \$101,790, the sales taxes increased by \$361,175, and the charges for services increased by \$335,354. The increase in sales taxes was a result of an increase in local purchasing due to the Eagle Ford Oil Shale. Miscellaneous decreased by \$520,869 and interest earnings decreased by \$144,353. The decrease in miscellaneous was a result of a decrease in the sale of forfeited and seized property and a loss in the County's Employee Insurance fund of \$241,663. The increase in expenses was basically consistent throughout the various expense functions, however, the public safety function increased by \$936,052 due mainly to the opening of the new Jail Facility.

Governmental activities: Governmental activities increased Uvalde County, Texas's net assets by \$1,134,382, thereby accounting for 100 percent of the total increase in the net assets of Uvalde County, Texas.

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

	Governmental Activities		Total	
	2012	2011	2012	2011
Revenues:				
Program Revenues:				
Charges for Services	\$2,012,184	\$1,676,230	\$2,012,184	\$1,676,230
Operating Grants and Contributions	1,667,309	2,115,538	1,667,309	2,115,538
Capital Grants and Contributions	505,711	1,084,455	505,711	1,084,455
General Revenues:				
Maintenance and Operations Taxes	9,331,532	9,229,742	9,331,532	9,229,742
Sales Taxes	2,985,299	2,624,124	2,985,299	2,624,124
Other Taxes	340,895	375,293	340,895	375,293
Unrestricted Investment Earnings	57,814	202,167	57,814	202,167
Miscellaneous	276,174	797,043	276,174	797,043
Total Revenue	17,176,918	18,104,592	17,176,918	18,104,592
Expenses:				
General Administration	2,799,516	2,290,702	2,799,516	2,290,702
Judicial	1,711,659	1,694,639	1,711,659	1,694,639
Legal	333,096	340,849	333,096	340,849
Financial Administration	944,856	918,623	944,856	918,623
Public Facilities	569,845	364,925	569,845	364,925
Public Safety	4,799,253	3,863,201	4,799,253	3,863,201
Public Transportation	1,664,712	1,746,835	1,664,712	1,746,835
Environmental Protection	226,313	214,166	226,313	214,166
Culture and Recreation	716,237	294,075	716,237	294,075
Health and Welfare	2,160,950	1,703,238	2,160,950	1,703,238
Conservation - Agriculture	106,302	100,923	106,302	100,923
Interest and Fiscal Charges	9,797	16,624	9,797	16,624
Total Expenses	16,042,536	13,548,800	16,042,536	13,548,800
Increase in net assets before transfers and special items	1,134,382	4,555,792	1,134,382	4,555,792
Transfers	0	0	0	0
Increase in Net Assets	1,134,382	4,555,792	1,134,382	4,555,792
Net Assets at 09/30/2011 - Restated	14,706,561	10,150,769	14,706,561	10,150,769
Net Assets at 09/30/2012	\$15,840,943	\$14,706,561	\$15,840,943	\$14,706,561

Expenses and Program Revenues - Governmental Activities

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Government activities:				
General Administration	\$2,799,516	\$62,349	\$270,557	\$0
Judicial	1,711,659	171,187	481,436	
Legal	333,096	9,473	20,833	
Financial Administration	944,856	146,187		
Public Facilities	569,845			505,711
Public Safety	4,799,253	924,347	582,687	
Public Transportation	1,664,712	660,750	21,562	
Environmental Protection	226,313			
Culture and Recreation	716,237			
Health and Welfare	2,160,950	37,891	290,234	
Conservation - Agriculture	106,302			
Interest and Fiscal Charges	9,797			
Total government activities	<u>\$16,042,536</u>	<u>\$2,012,184</u>	<u>\$1,667,309</u>	<u>\$505,711</u>

Revenues by source - Governmental Activities

	<u>REVENUES</u>	<u>%</u>
Charges for Services	\$2,012,184	12%
Operating Grants and Contributions	1,667,309	10%
Capital Grants and Contributions	505,711	3%
Maintenance and Operations Taxes	9,331,532	54%
Sales taxes	2,985,299	17%
Other Taxes	340,895	2%
Unrestricted investment earnings	57,814	0%
Miscellaneous	276,174	2%
	<u>\$17,176,918</u>	<u>100%</u>

For the most part expense increases/decreases were fairly ratable throughout the different departments with the exception of the public safety function increased by \$936,052 due mainly to the opening of the new Jail Facility.

Financial Analysis of the Government's Funds

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

Governmental funds:

The focus of Uvalde County, Texas's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Uvalde County, Texas's financing requirements. In particular, 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, Uvalde County, Texas's governmental funds reported combined ending fund balances of \$4,221,673, a decrease of \$5,448,536 in comparison with the prior year. Approximately 34 percent of this total amount (\$1,424,947) constitutes unassigned fund balance, which is available for spending at the government's discretion.

The general fund is the chief operating fund of Uvalde County, Texas. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,735,963, while total fund balance reached \$1,735,963. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 16 percent of total general fund expenditures, while total fund balance represents 16 percent of that same amount.

The fund balance of Uvalde County, Texas's general fund increased by \$324,754 during the current fiscal year. The reason for this increase was an increase in charges for services of \$725,464. The increase in charges for services resulted from the opening of the new Jail Facility.

The road and bridge fund had an unassigned fund balance of \$-0- while total fund balance reached \$720,824. As a measure of the road and bridge fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 00 percent of total road and bridge fund expenditures, while total fund balance represents 31 percent of that same amount.

The fund balance of the road and bridge fund increased by \$42,490 during the current year. The reason for this increase was a transfer in from the general fund of \$162,000.

The capital projects fund had an unassigned fund balance of \$0, while total fund balance reached \$1,049,795. The capital projects fund was established to build the new jail facility. Thus, any comparison between fund balances and expenditures would be illusory.

The fund balance of the capital projects fund decreased by \$5,201,652 during the current year. Key factors in this decrease are as follows:

The decrease was the result of the construction of the new Fairplex and Justice Center/Jail Building.

The economic development fund had an unassigned fund balance of \$-0- while total fund balance reached \$164,157. As a measure of the economic development fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 00 percent of total economic development fund expenditures, while total fund balance represents 53 percent of that same amount.

The fund balance of the economic development fund decreased by \$305,692 during the current year. The reason for this decrease was that funds are being repaid back to the State of Texas.

The Hotel/Motel Tax fund had an unassigned fund balance of \$-0- while total fund balance reached \$165,161. As a measure of the Hotel/Motel Tax fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 00 percent of total Hotel/Motel Tax fund expenditures, while total fund balance represents 39 percent of that same amount.

The fund balance of the Hotel/Motel Tax fund decreased by \$85,964 during the current year. The reason for this decrease was the additional expenditures on tourism.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for the general fund were \$904,580. This increase was mainly from an increase in budgetary expenditures of \$546,498 in the indigent health department. The increase in the indigent health department was a result of an increase in local applications for free health care.

Capital Asset and Debt Administration

Capital assets:

Uvalde County, Texas's investment in capital assets for its governmental activities as of September 30, 2012, amounts to \$32,640,628 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, and infrastructure items such as roads, and bridges. The total increase in Uvalde County, Texas's investment in capital assets for the current fiscal year was 26.32 percent.

The county expended \$6,301,865 towards the Rodeo Arena/Livestock Barns, a New Justice Center/Jail, a Multi-purpose Building, and a Pavilion. The above has been included in building and improvements.

The County also expended grant monies for utility infrastructure (water, sewer, and gas) of \$573,336 which has been capitalized into construction in progress.

Additional information on Uvalde County, Texas's capital assets can be found in note IV C on page 42 of this report.

UVALDE COUNTY, TEXAS CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Total	
	2012	2011	2012	2011
Land	\$1,370,924	\$1,370,324	\$1,370,924	\$1,370,324
Construction in Progress	1,692,050	22,619,698	1,692,050	22,619,698
Building and improvements	26,362,882	1,041,029	26,362,882	1,041,029
Machinery and equipment	636,969	493,393	636,969	493,393
Infrastructure	2,577,803	315,984	2,577,803	315,984
Total	<u>\$32,640,628</u>	<u>\$25,840,428</u>	<u>\$32,640,628</u>	<u>\$25,840,428</u>

Long-term debt:

At the end of the current fiscal year, Uvalde County, Texas had total bonded debt outstanding of \$23,750,000. Of this amount, \$23,750,000 comprises debt backed by the full faith and credit of Uvalde County, Texas.

	Beginning Balance	Additions	Reductions	Ending Balance	Summary	
					Noncurrent Liabilities	
					Due Within One Year	Due in More Than One Year
<u>Governmental Activities:</u>						
Bonds Payable	\$24,330,000	\$0	\$580,000	\$23,750,000	\$610,000	\$23,140,000
Total Bonds Payable	24,330,000	0	580,000	23,750,000	610,000	23,140,000
Grand Total	\$24,330,000	\$0	\$580,000	\$23,750,000	\$610,000	\$23,140,000

Uvalde County, Texas's bonded short-term and long-term debt decreased by \$580,000 (2.43 percent) during the current fiscal year. The key factor in this decrease was the payment of debt principal on the jail facility bonds of \$580,000. Additional information on Uvalde County, Texas's Long-term debt can be found in note IV F on pages 44 to 46 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2012 budget and tax rates. One of those factors is the economy. The County's population growth during 1998-2012 averaged annual gains of .6 percent. Unemployment during that time increased to about 8.9 percent.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County's business office, at Uvalde County, Texas, Courthouse Plaza #3, Uvalde, Texas 78801.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

UVALDE COUNTY, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

	Primary Governmental	
	Activities	Total
ASSETS		
Cash and Cash Equivalents	\$3,264,127	\$3,264,127
Receivables (net of allowance for uncollectibles)	3,452,534	3,452,534
Unamortized Bond Issuance Cost	120,918	120,918
Restricted Assets:		
Cash and Cash Equivalents	1,250,876	1,250,876
Receivables (net of allowance for uncollectibles)	65,414	65,414
Capital assets not being depreciated:		
Land	1,370,924	1,370,924
Construction in Progress	1,692,050	1,692,050
Total Capital assets being depreciated, net		
Building and Improvements	26,362,882	26,362,882
Machinery and Equipment	636,969	636,969
Infrastructure	2,577,803	2,577,803
Total Assets	\$40,794,497	\$40,794,497
LIABILITIES:		
Accounts Payable	\$791,141	\$791,141
Accrued Interest Payable	178,920	178,920
Noncurrent Liabilities:		
Due within one year	843,493	843,493
Due in more than one year	23,140,000	23,140,000
Total Liabilities	24,953,554	24,953,554
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	9,732,845	9,732,845
Restricted		
Archives	209,881	209,881
Debt Service	168,872	168,872
Economic Development	164,157	164,157
Elections	579	579
Health	31,337	31,337
Judicial	103,626	103,626
Legal	6,519	6,519
Public Safety	155,420	155,420
Public Transportation	720,824	720,824
Unrestricted	4,546,883	4,546,883
Total Net Assets	\$15,840,943	\$15,840,943

The accompanying notes are an integral part of this statement.

UVALDE COUNTY, TEXAS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

Functions/Programs	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in	
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Net (Expense) Revenue and Changes in Total
Primary Government						
Government Activities:						
General Administration	\$2,799,515	\$62,349	\$270,557	\$0	(\$2,466,610)	(\$2,466,610)
Judicial	1,711,659	171,187	481,436		(1,059,036)	(1,059,036)
Legal	333,096	9,473	20,833		(302,790)	(302,790)
Financial Administration	944,856	146,187			(798,669)	(798,669)
Public Facilities	569,845			505,711	(64,134)	(64,134)
Public Safety	4,799,253	924,347	582,687		(3,292,219)	(3,292,219)
Public Transportation	1,664,712	660,750	21,562		(982,400)	(982,400)
Environmental Protection	226,313				(226,313)	(226,313)
Culture and Recreation	716,237				(716,237)	(716,237)
Health and Welfare	2,160,950	37,891	290,234		(1,832,825)	(1,832,825)
Conservation - Agriculture	106,302				(106,302)	(106,302)
Interest and Fiscal Charges	9,797				(9,797)	(9,797)
Total Government Activities	16,042,536	2,012,184	1,667,309	505,711	(11,857,332)	(11,857,332)
Total Primary Government	\$16,042,536	\$2,012,184	\$1,667,309	\$505,711	(11,857,332)	(11,857,332)
General Revenues						
Property Taxes, Levies for General Purposes					9,331,532	9,331,532
Sales Taxes					2,985,299	2,985,299
Other Taxes					340,895	340,895
Unrestricted Investment Earnings					57,814	57,814
Miscellaneous					276,174	276,174
Total General Revenues and Transfers					12,991,714	12,991,714
Change in Net Assets					1,134,382	1,134,382
Net Assets - Beginning - Restated					14,706,561	14,706,561
Net Assets - Ending					\$15,840,943	\$15,840,943

The accompanying notes are an integral part of this statement.