

WALLER COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2012

WALLER COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

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Financial Section

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INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and Commissioners Comprising the
Commissioners Court of Waller County, Texas
Hempstead, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Waller County, Texas as of and for the year ended December 31, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Waller County, Texas as of December 31, 2012, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note IV. F. to the financial statements, the County has adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as noted in the table of contents, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements which collectively comprise Waller County, Texas' financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules 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. Such 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 combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Rutledge Crain & Company, PC

October 8, 2013

Management's Discussion and Analysis

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WALLER COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

As management of Waller County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented herein with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflow of resources at the close of the fiscal year ended December 31, 2012, by \$20,314,924 (net assets). Of this amount, \$6,872,343 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$581,460.
- The County's governmental funds reported combined ending fund balances of \$12,098,844 an increase of \$2,119,994 in comparison to the previous year.
- The unassigned portion of the General Fund fund balance at the end of the year was \$8,551,239 or 58% of total General Fund expenditures and transfers out.
- Total General Obligation Debt of the County decreased by \$690,000 during the fiscal year. This decrease is due to the annual principal reduction on the certificates of obligation, authorized to be issued, designated for capital projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) fiduciary financial statements, and 4) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS: The government-wide financial statements are designed to provide readers with a broad overview of Waller County's finances. This is done in a manner similar to a private-sector business. Two statements, the Statement of Net Assets and the Statement of Activities, are utilized to provide this financial overview.

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 of whether the financial position of the County is improving or deteriorating.

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

In addition, the statement of activities highlights government activities supported by taxes and intergovernmental revenues, along with program revenues classified to the corresponding government activity.

WALLER COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

The government-wide financial statements can be found on pages 14 - 15 of this report.

FUND FINANCIAL STATEMENTS: The County, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the County can be divided into two categories: governmental 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 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.

The County maintains thirty-five 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 and Road and Bridge Fund each of which are considered to be major funds. Data from the other thirty-two funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

FIDUCIARY FUNDS: Fiduciary funds account for assets held by the County in a trustee capacity or as an agent on behalf of others. Private Purpose Trust funds account for assets held by the government under the terms of a formal trust agreement.

NOTES TO THE FINANCIAL STATEMENTS: The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements

OTHER INFORMATION: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found after the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

At the end of fiscal year 2012, the County's net assets (assets exceeding liabilities) totaled \$20,314,924. This analysis focuses on the net assets (Table 1) and changes in net assets (Table 2).

NET ASSETS: The largest portion of the County's net assets, \$13,110,920 or 65 percent, reflects its investment in capital assets (land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The County uses these assets to provide services to its citizen's, consequently; these assets are not available for future spending. Although the County reports its capital assets net of related debt, 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.

WALLER COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2012

Net assets of \$331,661 in the debt service fund, are restricted for future debt service payments.

The remaining balance of unrestricted net assets, \$6,872,343 or 34 percent, may be used to meet the government's ongoing obligations to citizens and creditors.

Table 1
 Condensed Statement of Net Assets

	2012	2011	Increase (Decrease)
ASSETS			
Current and other assets	\$35,307,642	\$32,898,147	\$2,409,495
Capital assets, net of depreciation	13,263,369	13,583,539	(320,170)
Total assets	<u>48,571,011</u>	<u>46,481,686</u>	<u>2,089,325</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges	24,830	25,750	(920)
Total Deferred Outflows of Resources	<u>24,830</u>	<u>25,750</u>	<u>(920)</u>
LIABILITIES			
Other liabilities	1,685,224	1,723,023	(37,799)
Long-term liabilities	8,006,279	6,695,030	1,356,138
Total liabilities	<u>9,691,503</u>	<u>8,418,053</u>	<u>1,318,339</u>
DEFERRED INFLOW OF RESOURCES			
Unearned revenue	18,589,414	18,355,919	233,495
Total Deferred Inflows of Resources	<u>18,589,414</u>	<u>18,355,919</u>	<u>233,495</u>
NET ASSETS			
Invested in capital assets, net of related debt	13,110,920	12,078,776	1,032,144
Restricted for debt service	331,661	303,774	27,887
Unrestricted	6,872,343	7,350,914	(478,571)
	<u>\$20,314,924</u>	<u>\$19,733,464</u>	<u>\$581,460</u>

WALLER COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2012

CHANGES IN NET ASSETS: The net assets of the County increased by \$581,460 for the fiscal year ended December 31, 2012. See page 15 for a detailed list of the items that contributed to current year increase in net assets.

Table 2
 Changes in Net Assets

	2012	2011	Increase (Decrease)
Program Revenues:			
Charges for services	\$3,239,483	\$3,487,485	\$(248,002)
Operating grants and contributions	438,765	658,973	(220,208)
Capital grants and contributions	319,892	153,745	166,147
General Revenues:			
Property taxes	18,641,213	17,444,891	1,196,322
Interest	187,840	140,118	47,722
Miscellaneous	342,760	172,974	169,786
Total Revenues	23,169,953	22,058,186	1,111,767
Expenses:			
General government	2,583,029	2,705,761	(122,732)
Financial administration	1,287,416	1,277,552	9,864
Public safety	5,633,538	5,735,046	(101,508)
Judicial	2,059,630	1,936,640	122,990
Legal	915,438	942,065	(26,627)
Public transportation	4,496,548	4,395,001	101,547
Culture and recreation	334,748	347,671	(12,923)
Nondepartmental	5,235,491	4,837,357	398,134
Interest & Fiscal Charges	42,655	210,091	(167,436)
Total Expenses	22,588,493	22,387,184	201,309
Increase (decrease) in net assets	581,460	(328,998)	910,458
Net assets, January 1	19,733,464	20,062,462	(328,998)
Net assets, December 31	\$20,314,924	\$19,733,464	\$581,460

WALLER COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

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 the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined fund balances of \$12,098,844.

The General Fund is the main operating fund of the County. The General Fund had an increase in fund balance of \$2,629,708 and at the end of the current fiscal year unassigned fund balance was \$8,551,239. Key factors of the increase are as follows:

- Total governmental revenues increased \$678,296 or 4.35% compared to 2011 and was significantly due to an increase in ad valorem taxes of \$913,371. The increase in ad valorem taxes were the result of the tax rate allocation of maintenance and operating taxes being increased combined with the increase of taxable values.
- Total governmental expenditures increased \$184,355 or 1.29% compared to 2011.

The Road and Bridge Fund had a decrease in the fund balance of \$517,513 and at the end of the current fiscal year the unreserved fund balance was \$376,357. The total amount of revenues received for the Road & Bridge Fund was \$4 million and the expenditures were \$4.7 million. Key factors of the decrease are as follows:

- Total governmental revenues increased \$446,669 or 12.43% compared to 2011 and was significantly due to the increase of \$360,592 in tax revenue.
- Total governmental expenditures increased \$73,389 or 1.58% compared to 2011.

GENERAL FUND BUDGETARY HIGHLIGHTS. The Commissioners' Court adopts the annual budget for the County according to State statute. Appropriated budgets are approved and employed as a management control device during the fiscal year. The County maintains strict budgetary controls and sets its appropriations at the department level. Budget amendments and transfers may be made only with the approval of Commissioners' Court. There were no material changes between the original budget and the final amended budget.

Actual revenues were more than the budgeted revenues by \$393,746 and the expenditure budget exceeded actual expenses by \$2,143,388 and other financing sources (uses) were less than the budgeted other financing sources (uses) by \$92,573 for an overall positive budget variance of \$2,629,707.

WALLER COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS: The County's investment in capital assets as of December 31, 2012, totals \$13,263,369 (net of accumulated depreciation). Investment in capital assets includes land, buildings, and infrastructure. The total decrease in the County's investment in capital assets for the current year was 2.41 percent.

Table 3
 Capital Assets at Year End
 Net of Accumulated Depreciation

ASSETS	Governmental Activities		Percent Change
	2012	2011	
Land	\$440,813	\$440,813	0.00%
Buildings	610,433	769,756	(26.10)%
Roads	9,823,653	9,779,740	0.45%
Bridges	402,252	482,520	(19.95)%
Machinery and equipment	1,986,218	2,110,710	(6.27)%
Total capital assets	<u>\$13,263,369</u>	<u>\$13,583,539</u>	(2.41)%

Additional information on the County's capital assets can be found in the notes to the financial statements.

DEBT ADMINISTRATION: At the end of the current fiscal year, Waller County had total debt outstanding of \$8,006,279. Of this amount, \$705,000 is composed of certificates of obligation debt for public improvement, with principal due annually through 2013 with interest due semi-annually. Capital lease obligations for equipment in the amount of \$248,282 are payable from annual appropriations of the General Fund. The remainder of the debt consists of compensated absences payable of \$570,652 and a liability for unfunded other post-employment benefits of \$6,482,345.

Table 4
 Outstanding Debt at Year End

Type of Debt	Governmental Activities	
	2012	2011
Certificates of obligation	\$705,000	\$1,395,000
Capitalized lease obligations	248,282	135,513
Compensated absences	570,652	544,308
Liability for unfunded OPEB	6,482,345	4,620,209
Total	<u>\$8,006,279</u>	<u>\$6,695,030</u>

Additional information on the County's long-term debt can be found in the notes to the financial statements.

WALLER COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Waller County's unemployment rate is 6.9% at December 31, 2012. The population for the 2010 census was 43,205.

For fiscal year 2013, the Commissioners' Court adopted a budget of \$25,031,242 in estimated revenues and a property tax rate of \$0.695825 per hundred dollars of taxable value. This was the same rate as fiscal year 2012. This is estimated to provide an overall tax increase of \$792,779 over the 2012 budget. Reserves of the Road & Bridge Fund in the amount of \$183,808 were allocated to balance the budget for 2013 and \$967,997 reserves were needed to balance the budget for the General Fund.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Waller County Auditor, 836 Austin Street, Suite 221, Hempstead, Texas, 77445.

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Basic Financial Statements

WALLER COUNTY, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	<u>Governmental Activities</u>
ASSETS	
<i>Cash and cash equivalents</i>	\$ 10,215,231
<i>Investments</i>	6,872,795
<i>Receivables (net of allowances for uncollectibles)</i>	17,842,599
<i>Inventories</i>	210,606
<i>Prepaid items</i>	166,411
Capital assets (net of accumulated depreciation)	
<i>Land</i>	440,813
<i>Buildings</i>	610,433
<i>Roads</i>	9,823,653
<i>Bridges</i>	402,252
<i>Machinery and equipment</i>	1,986,218
Total Assets	<u>48,571,011</u>
DEFERRED OUTFLOWS OF RESOURCES	
<i>Deferred charges</i>	24,830
Total Deferred Outflows of Resources	<u>24,830</u>
LIABILITIES	
<i>Accounts payable</i>	19,150
<i>Other payables and accruals</i>	605,789
<i>Due to other governments</i>	1,024,989
<i>Due to others</i>	35,296
Noncurrent liabilities:	
<i>Due within one year</i>	952,624
<i>Due in more than one year</i>	7,053,655
Total Liabilities	<u>9,691,503</u>
DEFERRED INFLOW OF RESOURCES	
<i>Unearned revenue</i>	18,589,414
Total Deferred Inflows of Resources	<u>18,589,414</u>
NET POSITION	
<i>Net Investment in Capital Assets</i>	13,110,920
Restricted For:	
<i>Debt Service</i>	331,661
<i>Unrestricted</i>	6,872,343
Total Net Position	<u>\$ 20,314,924</u>

The accompanying notes are an integral part of this statement.

WALLER COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
<i>General government</i>	\$ 2,583,029	\$ 411,862	\$ --	\$ 47,093	\$ (2,124,074)
<i>Financial administration</i>	1,287,416	79,888	--	--	(1,207,528)
<i>Public Safety</i>	5,633,538	86,676	346,774	184,398	(5,015,690)
<i>Judicial</i>	2,059,630	1,399,436	--	--	(660,194)
<i>Legal</i>	915,438	69,277	91,991	--	(754,170)
<i>Public transportation</i>	4,496,548	1,145,310	--	--	(3,351,238)
<i>Culture and recreation</i>	334,748	1,712	--	--	(333,036)
<i>Nondepartmental</i>	5,235,491	45,322	--	88,401	(5,101,768)
<i>Interest on long-term debt</i>	42,655	--	--	--	(42,655)
Total governmental activities	<u>22,588,493</u>	<u>3,239,483</u>	<u>438,765</u>	<u>319,892</u>	<u>(18,590,353)</u>
Total Primary Government	\$ <u>22,588,493</u>	\$ <u>3,239,483</u>	\$ <u>438,765</u>	\$ <u>319,892</u>	<u>(18,590,353)</u>
General Revenues:					
<i>Taxes</i>					18,641,213
<i>Unrestricted Investment Earnings</i>					187,840
<i>Miscellaneous</i>					342,760
Total General Revenues and Transfers					<u>19,171,813</u>
Change in Net Assets					581,460
Net Assets - Beginning					19,733,464
Net Assets - Ending					<u>\$ 20,314,924</u>

The accompanying notes are an integral part of this statement.

WALLER COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	General Fund	Road and Bridge	Other Governmental Funds	Total Governmental Funds
ASSETS				
<i>Cash and cash equivalents</i>	\$ 9,178,517	\$ 482,108	\$ 554,607	\$ 10,215,232
<i>Investments</i>	4,628,844	611,830	1,632,121	6,872,795
Receivables (net of allowances for uncollectibles):				
<i>Taxes</i>	12,984,431	2,387,966	636,574	16,008,971
<i>Fines</i>	1,378,672	346,637	32,753	1,758,062
<i>Intergovernmental</i>	--	--	75,566	75,566
<i>Due from other funds</i>	79,824	--	--	79,824
<i>Prepaid items</i>	106,124	--	--	106,124
Total Assets	\$ 28,356,412	\$ 3,828,541	\$ 2,931,621	\$ 35,116,574
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
<i>Accounts payable</i>	\$ 19,150	\$ --	\$ --	\$ 19,150
<i>Other payables and accruals</i>	495,535	83,741	13,792	593,068
<i>Due to other funds</i>	--	34,445	45,378	79,823
<i>Due to other governments</i>	1,024,989	--	--	1,024,989
<i>Due to others</i>	35,296	--	--	35,296
Total Liabilities	1,574,970	118,186	59,170	1,752,326
Deferred Inflows of Resources				
<i>Deferred revenue</i>	13,385,409	2,795,678	660,851	16,841,938
<i>Taxes collected in advance</i>	3,700,916	538,320	184,230	4,423,466
Total Deferred Inflows of Resources	17,086,325	3,333,998	845,081	21,265,404
Fund balances:				
<i>Nonspendable</i>	106,124	--	--	106,124
<i>Restricted</i>	37,754	--	2,021,353	2,059,107
<i>Committed</i>	1,000,000	376,357	6,017	1,382,374
<i>Unassigned</i>	8,551,239	--	--	8,551,239
Total fund balances	9,695,117	376,357	2,027,370	12,098,844
Total Liabilities and Fund Balances	\$ 28,356,412	\$ 3,828,541	\$ 2,931,621	\$ 35,116,574

The accompanying notes are an integral part of this statement.

WALLER COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 DECEMBER 31, 2012

Total fund balances - governmental funds balance sheet	\$ 12,098,844
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	13,263,369
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,775,137
Payables for bond principal which are not due in the current period are not reported in the funds.	(705,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(248,282)
Payables for bond interest which are not due in the current period are not reported in the funds.	(12,721)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(570,652)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	295,722
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	900,854
Liability for unfunded retiree insurance benefits which is not due in current period is not reported in the funds.	<u>(6,482,347)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 20,314,924</u>

The accompanying notes are an integral part of this statement.

WALLER COUNTY, TEXASSTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund	Road and Bridge	Other Governmental Funds	Total Governmental Funds
Revenues:				
<i>Taxes</i>	\$ 15,108,502	\$ 2,884,231	\$ 605,520	\$ 18,598,253
<i>Licenses and permits</i>	64,229	887,589	--	951,818
<i>Intergovernmental</i>	318,180	54,447	749,652	1,122,279
<i>Charges for services</i>	453,247	--	6,017	459,264
<i>Fines</i>	925,337	144,920	150,700	1,220,957
<i>Interest</i>	171,745	12,631	3,564	187,940
<i>Miscellaneous</i>	138,675	57,448	250,662	446,785
Total revenues	17,179,915	4,041,266	1,766,115	22,987,296
Expenditures:				
Current:				
<i>General government</i>	2,425,199	--	111,541	2,536,740
<i>Financial administration</i>	1,264,535	--	--	1,264,535
<i>Public safety</i>	4,926,733	--	458,026	5,384,759
<i>Judicial</i>	1,925,216	--	223,556	2,148,772
<i>Legal</i>	806,997	--	109,793	916,790
<i>Public transportation</i>	--	4,290,239	--	4,290,239
<i>Culture and recreation</i>	331,988	--	--	331,988
<i>Nondepartmental</i>	2,838,078	424,844	151,307	3,414,229
Debt service:				
<i>Principal</i>	--	--	690,000	690,000
<i>Interest and fiscal charges</i>	--	--	45,554	45,554
Total expenditures	14,518,746	4,715,083	1,789,777	21,023,606
Excess (deficiency) of revenues over (under) expenditures	2,661,169	(673,817)	(23,662)	1,963,690
Other financing sources (uses):				
<i>Transfers in</i>	147,967	--	179,428	327,395
<i>Transfers out</i>	(179,428)	--	(147,967)	(327,395)
<i>Proceeds from capital lease</i>	--	156,304	--	156,304
Total other financing sources (uses)	(31,461)	156,304	31,461	156,304
Net change in fund balances	2,629,708	(517,513)	7,799	2,119,994
Fund balances, January 1	7,065,409	893,870	2,019,571	9,978,850
Fund balances, December 31	\$ 9,695,117	\$ 376,357	\$ 2,027,370	\$ 12,098,844

The accompanying notes are an integral part of this statement.

WALLER 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 DECEMBER 31, 2012

Net change in fund balances - total governmental funds	\$ 2,119,994
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,410,496
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,730,667)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	42,963
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	(62,079)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	690,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	43,535
(Increase) decrease in accrued interest from beginning of period to end of period.	2,899
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(26,343)
Retiree insurance benefits are reported as the amount earned in the SOA but as the amount paid in the funds.	(1,862,136)
Certain fine revenues are deferred in the funds. This is the change in these amounts this year.	109,102
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(156,304)
Change in net position of governmental activities - Statement of Activities	<u>\$ 581,460</u>

The accompanying notes are an integral part of this statement.

WALLER COUNTY, TEXAS
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 DECEMBER 31, 2012

	Private-purpose Trust Funds	Agency Funds
ASSETS		
<i>Cash and cash equivalents</i>	\$ 6,262	\$ 6,234,617
<i>Investments</i>	113,839	--
<i>Capital assets</i>	1	--
Total Assets	<u>\$ 120,102</u>	<u>\$ 6,234,617</u>
LIABILITIES		
<i>Due to other governments</i>	\$ --	\$ 4,679,585
<i>Due to others</i>	--	1,555,032
Total Liabilities	<u>--</u>	<u>6,234,617</u>
NET ASSETS		
<i>Held in trust</i>	<u>\$ 120,102</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

WALLER COUNTY, TEXAS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Private- Purpose Trusts
Additions:	
<i>Interest</i>	\$ 185
<i>Miscellaneous</i>	6,227
Total Additions	<u>6,412</u>
Deductions:	
<i>Administrative expenses</i>	159
<i>Payments to schools</i>	--
Total Deductions	<u>159</u>
Change in Net Assets	6,253
<i>Net Assets-Beginning of the Year</i>	113,849
Net Assets-End of the Year	<u>\$ 120,102</u>

The accompanying notes are an integral part of this statement.

WALLER COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The County, a political subdivision of the State of Texas is governed by an elected judge and four county commissioners which comprise the commissioner's court. The County's operational activities include general government, financial administration, public safety, judicial, legal, public transportation, culture and recreation, and nondepartmental expenditures.

The accounting policies of Waller County, Texas, conform to generally accepted accounting principals issued by the Governmental Accounting Standards Board which is the recognized financial accounting standard setting body for governmental entities. The notes to the financial statements are an integral part of the County's basic financial statements.

The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, "The Financial Reporting Entity," in that the financial statements include all organizations, activities, functions and component units for which the County (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the County's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the County.

There are no component units which satisfy requirements for blending or discrete presentation within the County's financial statements. Accordingly, the basic financial statements present the County only.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

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

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

WALLER COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2012

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Fines and permits, and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The County reports the following major governmental funds:

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 Fund* accounts for the activities of the Road and Bridge department.

Additionally, the County reports the following fund types:

Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specified purposes (not including expendable trusts or major capital projects).

The Debt Service Fund accounts for the accumulation of resources to be used for the payment of principal and interest.

Private Purpose Trust Funds are used to account for resources legally held in trust for use of other governmental entities. All resources of the funds, including any earnings on invested resources, may be used.

Agency Funds are used to account for assets held by the government as an agent for individuals, private organizations, and/or other funds.

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 revenues. Likewise, general revenues include all taxes, miscellaneous revenue, and interest income.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

State statutes authorize the County to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and

WALLER COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2012

having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (B) secured by obligations that are described by (1) - (4); or, (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with third party selected or approved by the County, and placed through a primary government securities dealer.

Investments maturing within one year of date of purchase are stated at cost or amortized cost, all other investments are stated at fair value which is based on quoted market prices.

2. Receivables and payables

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

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

All trade receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectibles.

Property taxes are levied on October 1 by the County based on the January 1 property values as appraised by the Waller County Central Appraisal District. Taxes are due without penalty until January 31, of the next calendar year. After January 31 the County has an enforceable lien with respect to both real and personal property. Under state law, property taxes levied on real property constitute a perpetual lien on the real property which cannot be forgiven without specific approval of the State Legislature. Taxes applicable to personal property can be deemed uncollectible by the County.

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

WALLER COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2012

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

Buildings	20 - 30 years
Infrastructure	20 - 45 years
Machinery and Equipment	5 - 10 years

5. Compensated absences

Employees accumulate earned but unused vacation and compensatory time. All vacation and compensatory pay is accrued when incurred in the government-wide funds. A liability is reported for these amounts in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are paid in the general, road and bridge, and grant fund.

6. Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as bond insurance, are deferred and amortized over the life of the bonds using the straight line method which approximate the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, bond issuance and bond insurance 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.

7. Fund equity

Nonspendable Fund Balance Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed Fund Balance - Amounts that can only be used for specific purposes pursuant to constraints imposed by the Commissioners Court through legislation, resolution or court order, unless the Commissioners Court removes or changes the specified use by taking the same type of action used to commit the amounts.

Assigned Fund Balance - Amounts that are constrained by the Commissioners Court, or by another County official or the finance division to which the Commissioners Court has delegated authority, that are to be used for specific purposes but are neither restricted nor committed.

Unassigned Fund Balance - Amounts that are available for any purpose; these amounts can be reported only in the County's General Fund.

Fund balance amounts represent the nature of the net resources that are reported in a governmental fund. The County fund balance classifications include non-spendable resources, restricted, and non-restricted (committed, assigned and unassigned) amounts. When the County incurs an expenditure and both restricted and unrestricted amounts are available, the County considers restricted amounts to have been spent. When the County incurs an expenditure for an unrestricted amount, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts for purposes in which any of those unrestricted fund balance classifications could be used.

WALLER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2012

	General Fund	Road & Bridge	Other Funds	Total
Fund Balances				
Nonspendable for:				
Prepays	\$106,124	\$ --	\$ --	\$106,124
Restricted for:				
Debt service	--	--	274,324	274,324
Justice administration	22,060	--	965,875	987,935
Grants	--	--	754,611	754,611
Construction	14,334	--	--	14,334
Other	1,360	--	26,543	27,903
	<u>37,754</u>	<u>--</u>	<u>2,021,353</u>	<u>2,059,107</u>
Committed to:				
Construction	500,000	--	--	500,000
Road and bridge maintenance	--	376,357	--	376,357
Justice administration	--	--	6,017	6,017
OPEB funding	500,000	--	--	500,000
	<u>1,000,000</u>	<u>376,357</u>	<u>6,017</u>	<u>1,382,374</u>
Unassigned	8,551,239	--	--	8,551,239
	<u>\$9,695,117</u>	<u>\$376,357</u>	<u>\$2,027,370</u>	<u>\$12,098,844</u>

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes 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 that "Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds." The details of this \$295,722 difference are as follows:

Prepaid expense	\$ 60,286
Inventory	210,606
Bond issuance costs	<u>24,830</u>
	<u>\$ 295,722</u>

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

WALLER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2012

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Expenses in the Statement of Activities not requiring the use of current financial resources are not reported as expenditures in the funds." The details of this \$(62,079) difference are as follows:

Change in inventory balances	\$(66,104)
Change in prepaid insurance balances	<u>4,025</u>
	<u>\$ (62,079)</u>

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Cash

At year end, the carrying amount of the County's cash on hand and deposits was \$16,456,110. All of the bank balance of \$16,918,066 was covered by federal deposit insurance and collateralized by the pledging financial institution with marketable securities held by the depository's agent in the County's name. At year end, the County's depository had pledged securities, with a par value of \$19,316,297 and fair value of \$20,107,065.

Investments

As of December 31, 2012, the County had the following investments:

Investment type	Fair Value	Years to Maturity
Government sponsored investment pool (TexPool)	\$1,113,545	46 days
MBIA Private Investment Pool	<u>5,873,089</u>	N/A
Total Fair Value	<u><u>\$6,986,634</u></u>	

Interest Rate Risk. In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the weighted average maturity of its portfolio to less than three years.

Credit Risk. State law limits investments as described previously in Note I, D. 1.

Concentration of Credit Risk. The County's investment policy does not allow for an investment in any one issuer (other than investment pools) that is in excess of five percent of the fair value of the County's total investments.

Custodial Credit Risk – Deposits. 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. The County requires all deposits to be covered by Federal Depository Insurance Corporation (FDIC) insurance and/or collateralized by qualified securities pledged by the County's depository in the County's name and held by the depository's agent.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

TexPool and MBIA are external investment pools and are not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Funds Investment Act provide for creation of public funds

WALLER COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended December 31, 2012

investments pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The fair value of investments in the pools are independently reviewed monthly. At December 31, 2012 the fair value of the County's positions in the pools approximate the fair value of the shares.

B. Receivables

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

	General	Road and Bridge	NonMajor Other Funds	Total
Taxes receivable	\$13,364,109	\$2,560,010	\$653,028	\$16,577,147
Less allowance	(379,678)	(172,044)	(16,454)	(568,176)
	<u>\$12,984,431</u>	<u>\$2,387,966</u>	<u>\$636,574</u>	<u>\$16,008,971</u>
Fines receivable	\$1,910,020	\$767,241	\$72,139	\$2,749,400
Less allowance	(531,348)	(420,604)	(39,386)	(991,338)
	<u>\$1,378,672</u>	<u>\$346,637</u>	<u>\$32,753</u>	<u>\$1,758,062</u>
Intergovernmental	\$ --	\$ --	\$75,566	\$75,566

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

	Unavailable	Unearned	Total
Fines receivable (General Fund)	\$521,464	\$ --	\$521,464
Fines receivable (Road & Bridge Fund)	346,637	--	346,637
Fines Receivable (Nonmajor Special Revenue Funds)	32,753	--	32,753
Current tax levy receivable (2012) (General Fund)	--	11,465,724	11,465,724
Current tax levy receivable (2012) (Road & Bridge Fund)	--	2,129,465	2,129,465
Current tax levy receivable (2012) (Debt Service Fund)	--	570,758	570,758
Taxes collected in advance (General Fund)	--	3,700,916	3,700,916
Taxes collected in advance (Road & Bridge Fund)	--	538,320	538,320
Taxes collected in advance (Debt Service Fund)	--	184,230	184,230
Delinquent property taxes receivable (General Fund)	1,398,222	--	1,398,222
Delinquent property taxes receivable (Road & Bridge Fund)	319,576	--	319,576
Delinquent property taxes receivable (Debt Service Fund)	57,339	--	57,339
Total deferred/unearned revenue for governmental funds	<u>\$2,675,991</u>	<u>\$18,589,413</u>	<u>\$21,265,404</u>

WALLER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2012

Reported in financial statements as:
Deferred revenue
Taxes collected in advance
Total

\$16,841,938
4,423,466
\$21,265,404

C. Capital assets

Capital asset activity for the year ended December 31, 2012:

	Balance 12/31/11	Additions	Retirements	Completed Construction	Balance 12/31/12
GOVERNMENTAL ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$440,813	\$ --	--	\$ --	\$440,813
Construction in progress	--	--	--	--	--
Total capital assets not being depreciated	<u>440,813</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>440,813</u>
Capital assets, being depreciated:					
Buildings and improvements	4,980,073	--	--	--	4,980,073
Roads	15,698,037	911,875	(634,774)	--	15,975,138
Bridges	3,522,706	--	--	--	3,522,706
Machinery and equipment	7,911,737	498,621	(403,984)	--	8,006,374
Total capital assets being depreciated	<u>32,112,553</u>	<u>1,410,496</u>	<u>(1,038,758)</u>	<u>--</u>	<u>32,484,291</u>
Less accumulated depreciation for:					
Buildings	(4,210,317)	(159,323)	--	--	(4,369,640)
Roads	(5,918,297)	(867,963)	634,775	--	(6,151,485)
Bridges	(3,040,186)	(80,268)	--	--	(3,120,454)
Machinery and equipment	(5,801,027)	(623,112)	403,983	--	(6,020,156)
Total accumulated depreciation	<u>(18,969,827)</u>	<u>(1,730,666)</u>	<u>1,038,758</u>	<u>--</u>	<u>(19,661,735)</u>
Total capital assets being depreciated, net	<u>13,142,726</u>	<u>(320,170)</u>	<u>--</u>	<u>--</u>	<u>12,822,556</u>
Governmental activities capital assets, net	<u>\$13,583,539</u>	<u>(\$320,170)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$13,263,369</u>

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

Governmental activities:

General government	\$45,440
Financial administration	11,047
Public safety	318,401
Judicial	31,102
Legal	6,950
Public transportation	1,303,675
Culture and recreation	1,614
Nondepartmental	<u>12,437</u>
Total depreciation expense - governmental activities	<u>\$1,730,666</u>

WALLER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2012

D. Interfund Transfers

Interfund transfers:

Fund	Transfer In	Transfer Out
Major Governmental Funds		
General Fund	\$147,967	\$179,428
Road and Bridge	--	--
Total Major Funds	147,967	179,428
Nonmajor Governmental Funds		
Elections	--	132,967
DA Pre Trial	--	15,000
Grant	32,212	--
Debt Service	147,216	--
Total Nonmajor governmental funds	179,428	147,967
Totals	\$327,395	\$327,395

Interfund transfers arise because of the subsidy of the Grant Fund by the General Fund and Road and Bridge Fund, a transfer of excess operating funds from the Elections Fund to the General Fund, and a transfer from the General Fund to the Debt Service Fund in order to close fund the Debt Service Fund.

E. Long-term debt

The County issues general obligation bonds, certificates of obligation bonds, notes payable and capital lease obligations to provide funds for the acquisition and construction of major capital facilities. These issues are direct obligations and pledge the full faith and credit of the County.

General Debt Currently Outstanding:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 12/31/12
General Long-Term Debt Issues					
Certificates of Obligation:					
Refunding bonds	\$2,070,000	5/04/10	8/01/13	1.3% to 2.3%	\$705,000
Total General Long-Term Debt					\$705,000

WALLER COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended December 31, 2012

Annual debt service requirements to maturity for general debt:

Year	General Obligation Bonds		Total
	Principal	Interest	
2013	\$705,000	\$8,107	\$713,107
Total	<u>\$705,000</u>	<u>\$8,107</u>	<u>\$713,107</u>

Capital Lease Obligations Currently Outstanding:

Purpose	Original Amount	Date of Lease	Final Maturity	Interest Rate	Balance 12/31/12
Construction	\$217,965	2/05/09	2/25/14	3.650%	\$91,978
Chipper/spreader	156,304	3/25/12	3/25/15	2.740%	<u>156,304</u>
					<u>\$248,282</u>

Capital lease obligation debt service requirements to maturity are as follows:

Year	Total
2013	\$103,584
2014	103,584
2015	<u>55,019</u>
Total payments	262,187
Less imputed interest	<u>(13,905)</u>
Total Capital Lease Obligations	<u>\$248,282</u>

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2012 was as follows:

	Balance 12/31/11	Additions	Retirements	Balance 12/31/12	Due Within One Year
Governmental activities:					
Certificates of obligation	\$1,395,000	\$ --	(\$690,000)	\$705,000	\$705,000
Capital lease obligations	135,513	156,304	(43,535)	248,282	95,833
Compensated absences	544,308	171,128	(144,784)	570,652	151,791
Liability for unfunded OPEB	4,620,209	1,862,136	--	6,482,345	--
Governmental activity Long-Term Liabilities	<u>\$6,695,030</u>	<u>\$2,189,568</u>	<u>(\$878,319)</u>	<u>\$8,006,279</u>	<u>\$952,624</u>

For the governmental activities, claims and judgements are generally liquidated by the General Fund. Compensated absences are liquidated by the General Fund, Road and Bridge Fund, and Grant Fund.

WALLER COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2012

V. OTHER INFORMATION

A. Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. The County participates in the Texas Association of Counties Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool which retains the risk of loss beyond the County's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the County's basic financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

B. Contingent Liabilities and Commitments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County is defendant in various lawsuits which normally occur in governmental operations. At December 31, 2012 after consultation with the County's attorney, it appears that these legal proceedings are not likely to have a material adverse impact on the County.

The District Clerk has invested trust funds at various financial institutions in accordance with court orders. The County has a fiduciary responsibility over these funds until their final disposition.

C. Employee Retirement Systems and Pension Plans

1. Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multi-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.

The plan provisions are adopted by the County commissioners' court, within the options available in the state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump-sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the County commissioners' court within the 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 contribution and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

WALLER COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended December 31, 2012

2. Funding Policy

The County 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. It was 7.82% for calendar year 2012.

The contribution rate payable by the employee members is the rate of 7% as adopted by the Commissioners' Court. The employee contribution rate and the employer contribution rate may be changed by the Commissioners' Court with the options available in the TCDRS Act.

3. Annual Pension Cost

For the County's accounting year ended December 31, 2012, the annual pension cost for the TCDRS plan for its employees was \$674,424 and the actual contributions were \$674,424.

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, the basis for determining the contribution rates for calendar year 2012. The December 31, 2011 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial valuation date	12/31/11	12/31/10	12/31/09
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	20.0	20.0	20.0
Actuarial 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	8.00%	8.00%	8.00%
Projected salary increases	5.40%	5.40%	5.40%
Inflation	3.50%	3.50%	3.50%
Cost-of-living adjustments	0.00%	0.00%	0.00%

Trend Information

Accounting year ended	12/31/12	12/31/11	12/31/10
Annual Pension Cost (APC)	\$674,424	\$661,855	\$697,255
Percentage of APC Contributed	100.00%	100.00%	100.00%
Net Pension Obligation	\$ --	\$ --	\$ --

WALLER COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2012

D. Other Post-Employment Benefits (OPEB)

1. Plan Description

General

The Waller County Retiree Health Care Plan is not a formal document detailing the specific terms of the plan, but is a *substantive* plan - loosely defined as the benefits covered by the plan as understood by the employer and plan members at the time of each actuarial valuation.

Beginning in FY 2008, the County implemented GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions". In connection with such implementation, the County has commissioned a biennial actuarial study from an outside consultant to quantify the amount of the County's OPEB obligations. This study indicates an unfunded actuarial accrued liability as of January 1, 2012 of approximately \$22,016,364.

OPEB Plan Eligibility

The OPEB Plan provides retiree health-care benefits for all employees (except temporary staff) must participate in TCDRS and are eligible to receive full retiree health care benefits. Members are eligible for retirement at age 60 with 8 years of service credit or at any age with 20 or 30 years of service credit or when member's age plus service credit totals 75 or 80. Members retiring under early retirement conditions are eligible for retiree health care benefits. Members who terminate employment are not eligible for retiree health care benefits until they retire and they must have left their deposits in the retirement system. Survivors of employees who die while actively employed are not eligible for coverage.

Employees who retire under a disability retirement are immediately eligible for retiree health care benefits. Employees who are not vested in the TCDRS plan cannot apply for disability retirement unless the injury was a result of their job duties. Vested members can apply for disability retirement whether the disability is job related or not. These members do not have to meet the age requirement for service retirement, but must have eight years of service. The injury or illness must keep the member from working in any job, not just his or her current job. Doctors must confirm that the employee's condition will not improve.

Spouses of retired employees are eligible to receive retiree health care benefits for a fee. Coverage continues to non-medicare eligible surviving spouses of deceased retirees for three years. Coverage becomes secondary when the spouse becomes eligible for Medicare.

Retirees are required to enroll in Medicare once eligible. Retiree pays full Medicare premiums. The County coverage becomes secondary when the retiree becomes eligible for Medicare coverage.

Retirees who decide to opt out of the health care plan will be eligible to opt back in when coverage from another entity ceases. There is no additional stipend provided for those who opt out of retiree health care.

Health Care Benefit

The health care coverage offered to active employees is available to retirees under 65 and their eligible dependents. The benefit includes medical and prescription drug. Dental coverage is offered for retirees and dependents, but retirees must pay 100% of the premium. Life insurance is offered for retirees, but retirees must pay 100% of the premium.

WALLER COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended December 31, 2012

2. Funding Policies

The County has elected to fund the plan on a current pay as you go (PAYGO), i.e., the annual employer contributions each year are equal to the benefits that are paid on behalf of the retirees. Under this funding policy, GASB 45 requires the use of a discount rate consistent with the investment return on the employer's general assets. In the valuation, the discount rate is 4.5%.

The actuarially determined contribution requirement for the County's fiscal year is computed through an actuarial valuation performed as of December 31. The actuarial valuation is performed to determine the adequacy of the contribution rate, to describe the current financial condition of OPEB and to analyze changes in conditions.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. 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 to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on the plan and include the types of benefits in force at the valuations date and the pattern of sharing benefit costs between the County and the plan members to that point. Actuarial calculations reflect a long term perspective and employ methods and assumptions that are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

Significant Actuarial Assumptions

Actuarially assumed investment rate	4.5% per annum compounded annually net after investment expense.
Mortality rates for males and females	Retirement Plans 2000 Healthy Mortality Table
Retirement, disablement and separation rates	Graduated rates based on age (detailed in actuary's report).
Actuarial Cost Method	The projected unit credit cost method
General inflation	3.0% per annum
Payroll growth rate	3.0% per annum
Health cost increase	Graduated rates based on age (detailed in actuary report)
Method used for determining actuarial value of assets	Market value of assets
Amortization method	Level percent, closed
Remaining amortization	25 years

WALLER COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended December 31, 2012

3. Annual OPEB Cost

The County's annual other post employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The annual OPEB cost for the fiscal year ending December 31, 2012 is as follows:

The County's annual OPEB costs, contributions, percent contributed, and net OPEB cost are as follows:

Year Ended	OPEB Plan			
	Annual OPEB Cost	County Contribution	Percentage Contributed	Net OPEB Obligation
December 31, 2010	\$1,985,504	\$308,892	25.9%	\$1,679,612
December 31, 2011	\$1,985,504	\$390,987	19.7%	\$1,594,517
December 31, 2012	\$2,348,045	\$485,909	20.8%	\$1,862,136

4. Net OPEB Liability

The County's net OPEB liability for fiscal years ended December 31, 2012, 2011, and 2010 follows:

	12/31/12	12/31/11	12/31/10
Annual Required Contribution (ARC)	\$2,332,777	\$1,986,746	\$1,986,179
Interest on net OPEB (NOPEB)	207,909	136,156	60,574
Adjustment to ARC	(192,641)	(137,398)	(61,249)
Annual OPEB cost	2,348,045	1,985,504	1,985,504
Employer contributions	(485,909)	(390,988)	(305,892)
Change in OPEB	1,862,136	1,594,516	1,679,612
NOPEB - January 1	4,620,209	3,025,693	1,346,081
NOPEB - December 31	<u>\$6,482,345</u>	<u>\$4,620,209</u>	<u>\$3,025,693</u>

E. Concentrations of Credit Risk

Taxes receivable are due from citizens and businesses within the County's boundaries. Risk of loss is immaterial due to wide dispersion of receivables and because of policies which address procedures for filing property tax liens.

WALLER COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended December 31, 2012

F. Implementation of new GASB Accounting Standards/Reclassification/Restatement of Prior Year Amounts

The County has implemented new GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Under GASB-63, amounts previously reported as deferred charges as a part of total assets and deferred amounts from refunded debt have been reported in a separate section as deferred outflows of resources and amounts previously reported as deferred revenue as a part of total liabilities have been reported in a separate section as deferred inflows of resources. Under GASB-65, bond issue costs (excluding bond insurance) are recognized as expenses in the period incurred rather than as assets to be amortized.

GASB 63 resulted in the reclassification of \$21,265,404 (deferred ad valorem tax revenue which use is restricted to a subsequent fiscal year) to deferred inflows of resources. Additionally, \$24,830 in deferred loss on refunding was reclassified as a deferred outflow of resources.

Prior year financial statements have been restated to apply GASB Statement No. 65 with respect to nonrecognition of deferred bond issue costs. The effect of the restatement was to decrease net assets by \$24,210, as follows:

Net assets/net position - as reported 12/31/11	\$19,757,674
Deferred bond issue costs	<u>(24,210)</u>
Net assets/net position - as restated 12/31/11	<u>\$19,733,464</u>

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Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

WALLER COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 14,856,317	\$ 14,856,317	\$ 15,108,502	\$ 252,185
Licenses and permits	67,000	67,000	64,229	(2,771)
Intergovernmental	370,970	380,797	318,180	(62,617)
Charges for services	411,000	411,000	453,247	42,247
Fines	841,450	841,450	925,337	83,887
Interest	59,020	59,020	171,745	112,725
Miscellaneous	140,585	170,585	138,675	(31,910)
Total revenues	16,746,342	16,786,169	17,179,915	393,746
Expenditures:				
Current:				
<i>General Government</i>				
Commissioners' Court	292,264	346,320	343,472	2,848
County Clerk	647,096	647,096	627,334	19,762
Veterans Services	20,890	20,890	20,042	848
All Others	1,641,366	1,519,724	1,243,256	276,468
County Court	3,000	5,500	5,390	110
County Judge	190,137	190,637	185,705	4,932
Total General Government	2,794,753	2,730,167	2,425,199	304,968
<i>Financial Administration</i>				
County Auditor	280,460	280,460	255,813	24,647
County Treasurer	206,530	206,530	195,665	10,865
Central Appraisal District	375,000	375,000	330,074	44,926
Tax Assessor Collector	534,912	509,275	482,983	26,292
Total Financial Administration	1,396,902	1,371,265	1,264,535	106,730
<i>Public Safety</i>				
Short Term Detention	154,797	159,997	138,880	21,117
Jail	1,508,068	1,574,726	1,544,233	30,493
Juvenile Probation	143,154	143,154	133,725	9,429
Domestic Violence Grant	69,500	69,500	44,302	25,198
CSEC 911 Addressing Grant	2,000	2,000	--	2,000
Constable Precinct Number One	44,753	52,611	43,865	8,746
Constable Precinct Number Two	56,956	90,719	79,582	11,137
Constable Precinct Number Three	50,437	50,625	47,360	3,265
Constable Precinct Number Four	43,428	50,732	43,063	7,669
Health and Wellness Grant	82,437	82,437	75,173	7,264
Sheriff Administration	2,091,831	2,150,131	2,128,737	21,394
Sheriff Communication	443,070	446,770	455,967	(9,197)
Law Enforcement Vehicle Maintenance	90,000	90,000	84,269	5,731
Community Supervision Corrections	10,500	10,500	5,563	4,937
Juvenile Board	5,564	5,564	5,547	17
Department of Public Safety	1,500	4,500	1,444	3,056
911 Grant	104,583	104,583	95,023	9,560
Total Public Safety	4,902,578	5,088,549	4,926,733	161,816

WALLER COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2012

EXHIBIT B-1
Page 2 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Judicial</i>				
District Judge - 506th District	\$ 152,069	\$ 165,386	\$ 146,972	\$ 18,414
District Judge - 155th District	79,367	79,367	78,060	1,307
County Court at Law	290,740	291,240	284,137	7,103
District Court	26,230	21,730	8,133	13,597
Justice Court	2,000	4,000	2,640	1,360
District Clerk	343,744	343,744	337,196	6,548
Justice of the Peace Precinct Number One	163,646	163,646	161,648	1,998
Justice of the Peace Precinct Number Two	128,299	128,299	121,693	6,606
Justice of the Peace Precinct Number Three	122,976	122,976	120,265	2,711
Justice of the Peace Precinct Number Four	205,434	205,434	202,293	3,141
Court Expense	494,000	494,000	384,634	109,366
Judicial Order	102,000	102,000	77,545	24,455
Total Judicial	2,110,505	2,121,822	1,925,216	196,606
<i>Legal</i>				
Criminal D.A.	807,633	828,660	806,997	21,663
Total Legal	807,633	828,660	806,997	21,663
<i>Culture and Recreation</i>				
County Library	303,347	320,804	299,988	20,816
Waller County Historical Commission	15,000	15,000	15,000	--
County Museum	17,000	17,000	17,000	--
Total Culture and Recreation	335,347	352,804	331,988	20,816
<i>Nondepartmental</i>				
Maintenance of buildings	251,055	251,055	235,468	15,587
Texas Capital Grant	131,640	132,264	130,431	1,833
Indigent Health	1,327,240	1,334,240	188,444	1,145,796
Extension Service	142,945	143,445	141,346	2,099
Capital Outlay	200,000	200,000	265,512	(65,512)
Employee Benefits	2,121,180	2,107,863	1,876,877	230,986
Total Nondepartmental	4,174,060	4,168,867	2,838,078	1,330,789
Total expenditures	16,521,778	16,662,134	14,518,746	2,143,388
Excess (deficiency) of revenues over (under) expenditures	224,564	124,035	2,661,169	2,537,134
Other financing sources (uses):				
Transfers in	40,000	74,182	147,967	73,785
Transfers out	(219,945)	(198,216)	(179,428)	18,788
Total other financing sources (uses)	(179,945)	(124,034)	(31,461)	92,573
Net change in fund balances	44,619	1	2,629,708	2,629,707
Fund balance, January 1	7,065,409	7,065,409	7,065,409	--
Fund balance, December 31	\$ 7,110,028	\$ 7,065,410	\$ 9,695,117	\$ 2,629,707

WALLER COUNTY, TEXAS
ROAD AND BRIDGE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2012

EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Taxes</i>	\$ 2,766,978	\$ 2,766,978	\$ 2,884,231	\$ 117,253
<i>Licenses and permits</i>	999,000	1,019,000	887,589	(131,411)
<i>Intergovernmental</i>	29,000	29,000	54,447	25,447
<i>Fines</i>	140,000	140,000	144,920	4,920
<i>Interest</i>	21,100	21,100	12,631	(8,469)
<i>Miscellaneous</i>	9,400	9,400	57,448	48,048
Total revenues	3,965,478	3,985,478	4,041,266	55,788
Expenditures:				
Current:				
<i>Public Transportation</i>				
<i>Road and Bridge Administration</i>	463,229	471,029	448,312	22,717
<i>Road and Bridge Maintenance</i>	3,637,749	3,941,657	3,841,927	99,730
Total Public Transportation	4,100,978	4,412,686	4,290,239	122,447
<i>Nondepartmental</i>				
<i>Employee Benefits</i>	455,962	455,962	424,844	31,118
Total Nondepartmental	455,962	455,962	424,844	31,118
Total expenditures	4,556,940	4,868,648	4,715,083	153,565
Excess (deficiency) of revenues over (under) expenditures	(591,462)	(883,170)	(673,817)	209,353
Other financing sources (uses):				
<i>Transfers in</i>	710,062	726,866	--	(726,866)
<i>Proceeds from capital lease</i>	--	156,304	156,304	--
Total other financing sources (uses)	710,062	883,170	156,304	(726,866)
Net change in fund balances	118,600	--	(517,513)	(517,513)
Fund balance, January 1	893,870	893,870	893,870	--
Fund balance, December 31	\$ 1,012,470	\$ 893,870	\$ 376,357	\$ (517,513)

WALLER COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended December 31, 2012

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on the modified accrual basis of accounting for the General Fund; certain Special Revenue Funds (Road and Bridge, Law Library, RPF District Clerk, RMPF County Clerk/District Clerk, RPF County Clerk, Courthouse Security, JP Technology Fund, Justice Court Security Fund, DA Pretrial Diversion, and the Grant Fund); and the Debt Service Fund.

The County Judge is, by statute, the Budget Officer of the County and has the responsibility of preparing the County's budget. Under the County's budgeting procedures, each department submits a budget request to the County Judge. The County Judge reviews budget requests and holds informal hearings when needed. Before October 1, a proposed budget is presented to the Commissioners' Court. A public hearing is then held and the Commissioners' Court takes action on the proposed budget. 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 revenues and available fund balance.

Once 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 members of the Commissioners' Court advised of the conditions of the various funds and accounts.

The appropriated budget is prepared by fund. Any transfers of appropriations are first approved by the Commissioners' Court. No amendments may be made without Commissioners' Court approval to the total budget for each department within a fund. Thus, the legal level of budgetary control is at the department level. The General Fund appropriations were increased by \$140,356 during the year, while the Road and Bridge Fund appropriations were increased by \$171,352. The additional appropriations were budgeted to be paid by additional revenues.

Encumbrance accounting is not employed by the County because it is not considered necessary to assure effective budgetary control.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2012, no funds had expenditures exceeding appropriations.

A. Pension Plan

Actuarial Valuation Information

Actuarial valuation date	12/31/11	12/31/10	12/31/09
Actuarial value of assets	\$19,275,966	\$18,069,427	\$17,812,071
Actuarial Accrued Liability (AAL)	\$21,880,304	\$20,328,878	\$19,580,004
Unfunded AAL (UAAL)	\$2,604,338	\$2,259,451	\$1,767,933
Funded Ratio	88.10%	88.89%	90.97%
Annual Covered Payroll (actuarial)	\$8,594,368	\$8,640,090	\$8,597,604
UAAL as a Percentage of Covered Payroll	30.30%	26.15%	20.56%

B. Other Post-Employment Benefits (OPEB)

Valuation Date	Actuarial Valuation of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Asset (Liability) (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
(1)	(2)	(3)	(2) - (3) (4)	(2)/(3) (5)	(6)	(4)/(6) (7)
12/31/08	N/A	\$10,045,318	(\$10,045,318)	0.00%	\$7,802,152	128.75%
12/31/09 A.	N/A	\$10,045,318	(\$10,045,318)	0.00%	\$8,597,604	116.84%
12/31/10	N/A	\$18,647,035	(\$18,647,035)	0.00%	\$8,808,550	211.69%
12/31/11	N/A	\$18,647,035	(\$18,647,035)	0.00%	\$8,640,090	215.82%
12/31/12	N/A	\$22,016,364	(\$22,016,364)	0.00%	\$7,974,856	276.07%

A. The plan receives an actuarial valuation biennially.

*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

WALLER COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS			
<i>Cash and cash equivalents</i>	\$ 201,999	\$ 352,608	\$ 554,607
<i>Investments</i>	1,534,652	97,469	1,632,121
Receivables (net of allowances for uncollectibles):			
<i>Taxes</i>	--	636,574	636,574
<i>Fines</i>	32,753	--	32,753
<i>Intergovernmental</i>	75,566	--	75,566
Total Assets	\$ 1,844,970	\$ 1,086,651	\$ 2,931,621
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
<i>Other payables and accruals</i>	\$ 13,792	\$ --	\$ 13,792
<i>Due to other funds</i>	45,378	--	45,378
Total Liabilities	59,170	--	59,170
Deferred Inflows of Resources:			
<i>Deferred revenue</i>	32,754	628,097	660,851
<i>Taxes collected in advance</i>	--	184,230	184,230
Total Deferred Inflows of Resources	32,754	812,327	845,081
Fund balances:			
<i>Restricted</i>	1,747,029	274,324	2,021,353
<i>Committed</i>	6,017	--	6,017
Total fund balances	1,753,046	274,324	2,027,370
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,844,970	\$ 1,086,651	\$ 2,931,621

WALLER COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:			
<i>Taxes</i>	\$ --	\$ 605,520	\$ 605,520
<i>Intergovernmental</i>	749,652	--	749,652
<i>Charges for services</i>	6,017	--	6,017
<i>Fines</i>	150,700	--	150,700
<i>Interest</i>	3,228	336	3,564
<i>Miscellaneous</i>	250,662	--	250,662
Total revenues	<u>1,160,259</u>	<u>605,856</u>	<u>1,766,115</u>
Expenditures:			
Current:			
<i>General government</i>	111,541	--	111,541
<i>Public safety</i>	458,026	--	458,026
<i>Judicial</i>	223,556	--	223,556
<i>Legal</i>	109,793	--	109,793
<i>Nondepartmental</i>	151,307	--	151,307
Debt service:			
<i>Principal</i>	--	690,000	690,000
<i>Interest and fiscal charges</i>	22,094	23,460	45,554
Total expenditures	<u>1,076,317</u>	<u>713,460</u>	<u>1,789,777</u>
Excess (deficiency) of revenues over (under) expenditures	83,942	(107,604)	(23,662)
Other financing sources (uses):			
<i>Transfers in</i>	32,212	147,216	179,428
<i>Transfers out</i>	(147,967)	--	(147,967)
Total other financing sources (uses)	<u>(115,755)</u>	<u>147,216</u>	<u>31,461</u>
Net change in fund balances	(31,813)	39,612	7,799
Fund balances, January 1	1,784,859	234,712	2,019,571
Fund balances, December 31	<u>\$ 1,753,046</u>	<u>\$ 274,324</u>	<u>\$ 2,027,370</u>

WALLER COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2012

	D.A. Warrant Seizure	District Attorney Apportionment	Sheriff Forfeiture	D.A. Warrant Forfeiture
ASSETS				
<i>Cash and cash equivalents</i>	\$ 4,876	\$ 269	\$ 8,778	\$ 153
<i>Investments</i>	--	--	--	--
Receivables (net of allowances for uncollectibles):				
<i>Fines</i>	818	--	--	--
<i>Intergovernmental</i>	--	--	--	--
Total Assets	<u>\$ 5,694</u>	<u>\$ 269</u>	<u>\$ 8,778</u>	<u>\$ 153</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
<i>Other payables and accruals</i>	\$ --	\$ --	\$ --	\$ --
<i>Due to other funds</i>	--	--	--	--
Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Deferred Inflows of Resources:				
<i>Deferred revenue</i>	817	--	--	--
Total Deferred Inflows of Resources	<u>817</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances:				
<i>Restricted</i>	4,877	269	8,778	153
<i>Committed</i>	--	--	--	--
Total fund balances	<u>4,877</u>	<u>269</u>	<u>8,778</u>	<u>153</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,694</u>	<u>\$ 269</u>	<u>\$ 8,778</u>	<u>\$ 153</u>

D.A. Worthless Check	District Attorney Forfeiture	Law Library	Title IV Juvenile Justice	RPF District Clerk
\$ 409	\$ 43,742	\$ 6,361	\$ --	\$ 1,221
--	--	71,559	139,788	5,957
--	--	--	--	82
--	--	--	--	--
<u>\$ 409</u>	<u>\$ 43,742</u>	<u>\$ 77,920</u>	<u>\$ 139,788</u>	<u>\$ 7,260</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	--	--
--	--	--	--	82
--	--	--	--	82
409	43,742	77,920	139,788	7,178
--	--	--	--	--
<u>409</u>	<u>43,742</u>	<u>77,920</u>	<u>139,788</u>	<u>7,178</u>
<u>\$ 409</u>	<u>\$ 43,742</u>	<u>\$ 77,920</u>	<u>\$ 139,788</u>	<u>\$ 7,260</u>

WALLER COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2012

	RMPF County Clerk District Clerk	RPF County Clerk	Preservation Fee Birth Death County Clerk	Courthouse Security
ASSETS				
<i>Cash and cash equivalents</i>	\$ --	\$ --	\$ 1,660	\$ 11,009
<i>Investments</i>	47,114	229,913	11,054	48,511
Receivables (net of allowances for uncollectibles):				
<i>Fines</i>	22,043	454	--	6,210
<i>Intergovernmental</i>	--	--	--	--
Total Assets	\$ 69,157	\$ 230,367	\$ 12,714	\$ 65,730
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
<i>Other payables and accruals</i>	\$ --	\$ 904	\$ --	\$ 75
<i>Due to other funds</i>	15,664	29,714	--	--
Total Liabilities	15,664	30,618	--	75
Deferred Inflows of Resources:				
<i>Deferred revenue</i>	22,043	455	--	6,211
Total Deferred Inflows of Resources	22,043	455	--	6,211
Fund balances:				
<i>Restricted</i>	31,450	199,294	12,714	59,444
<i>Committed</i>	--	--	--	--
Total fund balances	31,450	199,294	12,714	59,444
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	\$ 69,157	\$ 230,367	\$ 12,714	\$ 65,730

Graffiti Eradication	JP Technology Fee	Family Protection Fee	Court Initiated Guardianship	Justice Court Security
\$ --	\$ 1,577	\$ 2,072	\$ 2,480	\$ 5,006
591	181,282	9,965	8,375	34,818
7	2,261	--	--	477
--	--	--	--	--
<u>\$ 598</u>	<u>\$ 185,120</u>	<u>\$ 12,037</u>	<u>\$ 10,855</u>	<u>\$ 40,301</u>
\$ --	\$ 520	\$ --	\$ --	\$ --
--	--	--	--	--
--	520	--	--	--
8	2,261	--	--	477
<u>8</u>	<u>2,261</u>	<u>--</u>	<u>--</u>	<u>477</u>
590	182,339	12,037	10,855	39,824
--	--	--	--	--
<u>590</u>	<u>182,339</u>	<u>12,037</u>	<u>10,855</u>	<u>39,824</u>
<u>\$ 598</u>	<u>\$ 185,120</u>	<u>\$ 12,037</u>	<u>\$ 10,855</u>	<u>\$ 40,301</u>

WALLER COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2012

	County Clerk Technology	District Clerk Technology	CC Records Preservation Digitization	DC Records Preservation Digitization
ASSETS				
<i>Cash and cash equivalents</i>	\$ 869	\$ 283	\$ 2,090	\$ 4,886
<i>Investments</i>	488	--	5,933	10,481
Receivables (net of allowances for uncollectibles):				
<i>Fines</i>	--	401	--	--
<i>Intergovernmental</i>	--	--	--	--
Total Assets	\$ 1,357	\$ 684	\$ 8,023	\$ 15,367
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
<i>Other payables and accruals</i>	\$ --	\$ --	\$ --	\$ --
<i>Due to other funds</i>	--	--	--	--
Total Liabilities	--	--	--	--
 Deferred Inflows of Resources:				
<i>Deferred revenue</i>	--	400	--	--
Total Deferred Inflows of Resources	--	400	--	--
 Fund balances:				
<i>Restricted</i>	1,357	284	8,023	15,367
<i>Committed</i>	--	--	--	--
Total fund balances	1,357	284	8,023	15,367
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,357	\$ 684	\$ 8,023	\$ 15,367

DA Pre Trial Diversion	State Criminal Alien Program	Juvenile Case Manager	D.A. Worthless Check Trust	Hospital Trust
\$ 12,476	\$ 16,947	\$ 6,017	\$ 35,062	\$ --
71,459	--	--	--	2,869
--	--	--	--	--
--	--	--	--	--
<u>\$ 83,935</u>	<u>\$ 16,947</u>	<u>\$ 6,017</u>	<u>\$ 35,062</u>	<u>\$ 2,869</u>
\$ --	\$ 3,087	\$ --	\$ --	\$ --
--	--	--	--	--
<u>--</u>	<u>3,087</u>	<u>--</u>	<u>--</u>	<u>--</u>
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
83,935	13,860	--	35,062	2,869
--	--	6,017	--	--
<u>83,935</u>	<u>13,860</u>	<u>6,017</u>	<u>35,062</u>	<u>2,869</u>
<u>\$ 83,935</u>	<u>\$ 16,947</u>	<u>\$ 6,017</u>	<u>\$ 35,062</u>	<u>\$ 2,869</u>

WALLER COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2012

	<u>Grant</u>	<u>Narc Program</u>
ASSETS		
<i>Cash and cash equivalents</i>	\$ 28,328	\$ 1
<i>Investments</i>	597,006	54,173
Receivables (net of allowances for uncollectibles):		
<i>Fines</i>	--	--
<i>Intergovernmental</i>	75,566	--
Total Assets	\$ 700,900	\$ 54,174
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
<i>Other payables and accruals</i>	\$ 9,206	\$ --
<i>Due to other funds</i>	--	--
Total Liabilities	9,206	--
Deferred Inflows of Resources:		
<i>Deferred revenue</i>	--	--
Total Deferred Inflows of Resources	--	--
Fund balances:		
<i>Restricted</i>	691,694	54,174
<i>Committed</i>	--	--
Total fund balances	691,694	54,174
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 700,900	\$ 54,174

<u>Federal Forfeiture</u>	<u>Imprest</u>	<u>Total Nonmajor Special Revenue Funds (See Exhibit C-1)</u>
\$ --	\$ 5,427	\$ 201,999
3,316	--	1,534,652
--	--	32,753
--	--	75,566
<u>\$ 3,316</u>	<u>\$ 5,427</u>	<u>\$ 1,844,970</u>
\$ --	\$ --	\$ 13,792
--	--	45,378
<u>--</u>	<u>--</u>	<u>59,170</u>
--	--	32,754
<u>--</u>	<u>--</u>	<u>32,754</u>
3,316	5,427	1,747,029
--	--	6,017
<u>3,316</u>	<u>5,427</u>	<u>1,753,046</u>
<u>\$ 3,316</u>	<u>\$ 5,427</u>	<u>\$ 1,844,970</u>

WALLER COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	D.A. Warrant Seizure	District Attorney Apportionment	Sheriff Forfeiture	D.A. Warrant Forfeiture
Revenues:				
<i>Intergovernmental</i>	\$ --	\$ 27,500	\$ --	\$ --
<i>Charges for services</i>	--	--	--	--
<i>Fines</i>	4,848	--	2,412	1,575
<i>Interest</i>	11	34	105	48
<i>Miscellaneous</i>	--	--	--	--
Total revenues	<u>4,859</u>	<u>27,534</u>	<u>2,517</u>	<u>1,623</u>
Expenditures:				
Current:				
<i>General government</i>	--	--	--	--
<i>Public safety</i>	--	--	10,160	--
<i>Judicial</i>	--	--	--	--
<i>Legal</i>	--	37,377	--	--
<i>Nondepartmental</i>	--	--	--	--
Debt service:				
<i>Interest and fiscal charges</i>	--	--	--	22,094
Total expenditures	<u>--</u>	<u>37,377</u>	<u>10,160</u>	<u>22,094</u>
Excess (deficiency) of revenues over (under) expenditures	4,859	(9,843)	(7,643)	(20,471)
Other financing sources (uses):				
<i>Transfers in</i>	--	--	--	--
<i>Transfers out</i>	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	4,859	(9,843)	(7,643)	(20,471)
Fund balances, January 1	18	10,112	16,421	20,624
Fund balances, December 31	<u>\$ 4,877</u>	<u>\$ 269</u>	<u>\$ 8,778</u>	<u>\$ 153</u>

D.A. Worthless Check	Elections	District Attorney Forfeiture	Law Library	Title IV Juvenile Justice
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
2,916	--	--	11,660	--
6	9	162	98	182
--	140,471	47,997	--	--
<u>2,922</u>	<u>140,480</u>	<u>48,159</u>	<u>11,758</u>	<u>182</u>
--	--	--	--	--
--	--	--	--	--
4,308	--	15,110	--	--
--	77,000	--	--	--
--	--	--	--	--
<u>4,308</u>	<u>77,000</u>	<u>15,110</u>	<u>--</u>	<u>--</u>
(1,386)	63,480	33,049	11,758	182
--	--	--	--	--
--	(132,967)	--	--	--
--	(132,967)	--	--	--
<u>(1,386)</u>	<u>(69,487)</u>	<u>33,049</u>	<u>11,758</u>	<u>182</u>
1,795	69,487	10,693	66,162	139,606
<u>\$ 409</u>	<u>\$ --</u>	<u>\$ 43,742</u>	<u>\$ 77,920</u>	<u>\$ 139,788</u>

WALLER COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	RPF District Clerk	RMPF County Clerk District Clerk	RPF County Clerk	Preservation Fee Birth Death County Clerk
Revenues:				
<i>Intergovernmental</i>	\$ --	\$ --	\$ --	\$ --
<i>Charges for services</i>	--	--	--	--
<i>Fines</i>	3,036	8,911	39,604	1,408
<i>Interest</i>	8	65	302	15
<i>Miscellaneous</i>	--	--	--	--
Total revenues	<u>3,044</u>	<u>8,976</u>	<u>39,906</u>	<u>1,423</u>
Expenditures:				
Current:				
<i>General government</i>	--	31,751	79,790	--
<i>Public safety</i>	--	--	--	--
<i>Judicial</i>	1,465	--	--	--
<i>Legal</i>	--	--	--	--
<i>Nondepartmental</i>	--	--	--	--
Debt service:				
<i>Interest and fiscal charges</i>	--	--	--	--
Total expenditures	<u>1,465</u>	<u>31,751</u>	<u>79,790</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	1,579	(22,775)	(39,884)	1,423
Other financing sources (uses):				
<i>Transfers in</i>	--	--	--	--
<i>Transfers out</i>	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	1,579	(22,775)	(39,884)	1,423
Fund balances, January 1	5,599	54,225	239,178	11,291
Fund balances, December 31	\$ <u>7,178</u>	\$ <u>31,450</u>	\$ <u>199,294</u>	\$ <u>12,714</u>

Courthouse Security	Graffiti Eradication	JP Technology Fee	Family Protection Fee	Court Initiated Guardianship
\$ --	\$ --	\$ --	\$ --	\$ 2,060
--	--	--	--	--
31,593	--	24,972	2,595	--
63	--	247	13	11
--	--	--	--	--
<u>31,656</u>	<u>--</u>	<u>25,219</u>	<u>2,608</u>	<u>2,071</u>
--	--	--	--	--
--	--	--	--	--
--	--	48,758	--	--
17,675	--	--	--	--
--	--	--	--	--
<u>17,675</u>	<u>--</u>	<u>48,758</u>	<u>--</u>	<u>--</u>
13,981	--	(23,539)	2,608	2,071
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>13,981</u>	<u>--</u>	<u>(23,539)</u>	<u>2,608</u>	<u>2,071</u>
45,463	590	205,878	9,429	8,784
<u>\$ 59,444</u>	<u>\$ 590</u>	<u>\$ 182,339</u>	<u>\$ 12,037</u>	<u>\$ 10,855</u>

WALLER COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Justice Court Security	County Clerk Technology	District Clerk Technology	CC Records Preservation Digitization
Revenues:				
<i>Intergovernmental</i>	\$ --	\$ --	\$ --	\$ --
<i>Charges for services</i>	--	--	--	--
<i>Fines</i>	6,099	681	165	2,500
<i>Interest</i>	45	--	--	8
<i>Miscellaneous</i>	--	--	--	--
Total revenues	<u>6,144</u>	<u>681</u>	<u>165</u>	<u>2,508</u>
Expenditures:				
Current:				
<i>General government</i>	--	--	--	--
<i>Public safety</i>	--	--	--	--
<i>Judicial</i>	--	--	--	--
<i>Legal</i>	--	--	--	--
<i>Nondepartmental</i>	--	--	--	--
Debt service:				
<i>Interest and fiscal charges</i>	--	--	--	--
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,144</u>	<u>681</u>	<u>165</u>	<u>2,508</u>
Other financing sources (uses):				
<i>Transfers in</i>	--	--	--	--
<i>Transfers out</i>	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	<u>6,144</u>	<u>681</u>	<u>165</u>	<u>2,508</u>
Fund balances, January 1	<u>33,680</u>	<u>676</u>	<u>119</u>	<u>5,515</u>
Fund balances, December 31	<u>\$ 39,824</u>	<u>\$ 1,357</u>	<u>\$ 284</u>	<u>\$ 8,023</u>

DC Records Preservation Digitization	DA Pre Trial Diversion	State Criminal Alien Program	Juvenile Case Manager	D.A. Worthless Check Trust
\$ --	\$ 38,500	\$ 14,031	\$ --	\$ --
--	--	--	6,017	--
5,725	--	--	--	--
14	95	--	--	61
--	--	--	--	62,194
<u>5,739</u>	<u>38,595</u>	<u>14,031</u>	<u>6,017</u>	<u>62,255</u>
--	--	--	--	--
--	--	3,087	--	--
--	--	--	--	--
--	20,000	--	--	32,998
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>20,000</u>	<u>3,087</u>	<u>--</u>	<u>32,998</u>
5,739	18,595	10,944	6,017	29,257
--	--	--	--	--
--	(15,000)	--	--	--
--	(15,000)	--	--	--
<u>5,739</u>	<u>3,595</u>	<u>10,944</u>	<u>6,017</u>	<u>29,257</u>
9,628	80,340	2,916	--	5,805
<u>\$ 15,367</u>	<u>\$ 83,935</u>	<u>\$ 13,860</u>	<u>\$ 6,017</u>	<u>\$ 35,062</u>

WALLER COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Hospital Trust	Grant
Revenues:		
<i>Intergovernmental</i>	\$ --	\$ 643,334
<i>Charges for services</i>	--	--
<i>Fines</i>	--	--
<i>Interest</i>	4	1,442
<i>Miscellaneous</i>	--	--
Total revenues	<u>4</u>	<u>644,776</u>
Expenditures:		
Current:		
<i>General government</i>	--	--
<i>Public safety</i>	--	401,732
<i>Judicial</i>	--	173,333
<i>Legal</i>	--	--
<i>Nondepartmental</i>	--	56,632
Debt service:		
<i>Interest and fiscal charges</i>	--	--
Total expenditures	<u>--</u>	<u>631,697</u>
Excess (deficiency) of revenues over (under) expenditures	4	13,079
Other financing sources (uses):		
<i>Transfers in</i>	--	32,212
<i>Transfers out</i>	--	--
Total other financing sources (uses)	<u>--</u>	<u>32,212</u>
Net change in fund balances	4	45,291
Fund balances, January 1	2,865	646,403
Fund balances, December 31	<u>\$ 2,869</u>	<u>\$ 691,694</u>

Narc Program	Federal Forfeiture	Imprest	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ --	\$ --	\$ 24,227	\$ 749,652
--	--	--	6,017
--	--	--	150,700
73	4	103	3,228
--	--	--	250,662
<u>73</u>	<u>4</u>	<u>24,330</u>	<u>1,160,259</u>
--	--	--	111,541
23,783	--	19,264	458,026
--	--	--	223,556
--	--	--	109,793
--	--	--	151,307
--	--	--	22,094
<u>23,783</u>	<u>--</u>	<u>19,264</u>	<u>1,076,317</u>
(23,710)	4	5,066	83,942
--	--	--	32,212
--	--	--	(147,967)
--	--	--	(115,755)
<u>(23,710)</u>	<u>4</u>	<u>5,066</u>	<u>(31,813)</u>
77,884	3,312	361	1,784,859
<u>\$ 54,174</u>	<u>\$ 3,316</u>	<u>\$ 5,427</u>	<u>\$ 1,753,046</u>

WALLER COUNTY, TEXAS

LAW LIBRARY

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2012

EXHIBIT C-5

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines</i>	\$ 70,408	\$ 11,660	\$ (58,748)
<i>Interest</i>	--	98	98
Total revenues	<u>70,408</u>	<u>11,758</u>	<u>(58,650)</u>
Expenditures:			
Current:			
<i>Legal</i>			
<i>Law Library</i>	70,408	--	70,408
Total Legal	<u>70,408</u>	<u>--</u>	<u>70,408</u>
Total expenditures	<u>70,408</u>	<u>--</u>	<u>70,408</u>
Net change in fund balances	--	11,758	11,758
Fund balance, January 1	66,162	66,162	--
Fund balance, December 31	<u>\$ 66,162</u>	<u>\$ 77,920</u>	<u>\$ 11,758</u>

WALLER COUNTY, TEXAS

RPF DISTRICT CLERK

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2012

EXHIBIT C-6

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines</i>	\$ 4,654	\$ 3,036	\$ (1,618)
<i>Interest</i>	--	8	8
Total revenues	<u>4,654</u>	<u>3,044</u>	<u>(1,610)</u>
Expenditures:			
Current:			
<i>Public Safety</i>			
<i>Juvenile Probation Grants 3</i>	4,654	1,465	3,189
Total Public Safety	<u>--</u>	<u>--</u>	<u>--</u>
<i>Judicial</i>			
<i>District Clerk Records Preservation</i>	4,654	1,465	3,189
Total Judicial	<u>4,654</u>	<u>1,465</u>	<u>3,189</u>
Total expenditures	<u>4,654</u>	<u>1,465</u>	<u>3,189</u>
Net change in fund balances	--	1,579	1,579
Fund balance, January 1	5,599	5,599	--
Fund balance, December 31	<u>\$ 5,599</u>	<u>\$ 7,178</u>	<u>\$ 1,579</u>

WALLER COUNTY, TEXAS
 RMPF COUNTY CLERK/DISTRICT CLERK
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2012

EXHIBIT C-7

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines</i>	\$ 49,399	\$ 8,911	\$ (40,488)
<i>Interest</i>	--	65	65
Total revenues	<u>49,399</u>	<u>8,976</u>	<u>(40,423)</u>
Expenditures:			
Current:			
<i>General Government</i>			
<i>Records Management</i>	49,399	31,751	17,648
Total General Government	<u>49,399</u>	<u>31,751</u>	<u>17,648</u>
Total expenditures	<u>49,399</u>	<u>31,751</u>	<u>17,648</u>
Net change in fund balances	--	(22,775)	(22,775)
Fund balance, January 1	54,225	54,225	--
Fund balance, December 31	<u>\$ 54,225</u>	<u>\$ 31,450</u>	<u>\$ (22,775)</u>

WALLER COUNTY, TEXAS

RPF COUNTY CLERK

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2012

EXHIBIT C-8

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines</i>	\$ 203,533	\$ 39,604	\$ (163,929)
<i>Interest</i>	--	302	302
Total revenues	<u>203,533</u>	<u>39,906</u>	<u>(163,627)</u>
Expenditures:			
Current:			
<i>General Government</i>			
<i>Records Preservation</i>	203,533	79,790	123,743
Total General Government	<u>203,533</u>	<u>79,790</u>	<u>123,743</u>
Total expenditures	<u>203,533</u>	<u>79,790</u>	<u>123,743</u>
Net change in fund balances	--	(39,884)	(39,884)
Fund balance, January 1	239,178	239,178	--
Fund balance, December 31	<u>\$ 239,178</u>	<u>\$ 199,294</u>	<u>\$ (39,884)</u>

WALLER COUNTY, TEXAS
 COURTHOUSE SECURITY
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2012

EXHIBIT C-9

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines</i>	\$ 20,000	\$ 31,593	\$ 11,593
<i>Interest</i>	--	63	63
Total revenues	<u>20,000</u>	<u>31,656</u>	<u>11,656</u>
Expenditures:			
Current:			
<i>Nondepartmental</i>			
<i>Courthouse Security</i>	20,000	17,675	2,325
Total Nondepartmental	<u>20,000</u>	<u>17,675</u>	<u>2,325</u>
Total expenditures	<u>20,000</u>	<u>17,675</u>	<u>2,325</u>
Net change in fund balances	--	13,981	13,981
Fund balance, January 1	45,463	45,463	--
Fund balance, December 31	<u>\$ 45,463</u>	<u>\$ 59,444</u>	<u>\$ 13,981</u>

WALLER COUNTY, TEXAS

JP TECHNOLOGY FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2012

EXHIBIT C-10

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines</i>	\$ 185,906	\$ 24,972	\$ (160,934)
<i>Interest</i>	--	247	247
Total revenues	<u>185,906</u>	<u>25,219</u>	<u>(160,687)</u>
Expenditures:			
Current:			
<i>Judicial</i>			
<i>Justice Court Technology</i>	185,906	48,758	137,148
Total Judicial	<u>185,906</u>	<u>48,758</u>	<u>137,148</u>
Total expenditures	<u>185,906</u>	<u>48,758</u>	<u>137,148</u>
Net change in fund balances	--	(23,539)	(23,539)
Fund balance, January 1	205,878	205,878	--
Fund balance, December 31	<u>\$ 205,878</u>	<u>\$ 182,339</u>	<u>\$ (23,539)</u>

WALLER COUNTY, TEXAS
JUSTICE COURT SECURITY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2012

EXHIBIT C-11

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines</i>	\$ 32,271	\$ 6,099	\$ (26,172)
<i>Interest</i>	--	45	45
Total revenues	<u>32,271</u>	<u>6,144</u>	<u>(26,127)</u>
Expenditures:			
Current:			
<i>Public Safety</i>			
<i>Juvenile Probation Grants</i>	32,271	--	32,271
Total Public Safety	<u>32,271</u>	<u>--</u>	<u>32,271</u>
Total expenditures	<u>32,271</u>	<u>--</u>	<u>32,271</u>
Net change in fund balances	--	6,144	6,144
Fund balance, January 1	33,680	33,680	--
Fund balance, December 31	<u>\$ 33,680</u>	<u>\$ 39,824</u>	<u>\$ 6,144</u>

WALLER COUNTY, TEXAS
 DA PRETRIAL DIVERSION
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2012

EXHIBIT C-12

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Intergovernmental</i>	\$ 35,000	\$ 38,500	\$ 3,500
<i>Interest</i>	--	95	95
Total revenues	<u>35,000</u>	<u>38,595</u>	<u>3,595</u>
Expenditures:			
Current:			
<i>Legal</i>			
<i>Pretrial Diversion</i>	20,000	20,000	--
Total Legal	<u>20,000</u>	<u>20,000</u>	<u>--</u>
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	15,000	18,595	3,595
Other financing sources (uses):			
<i>Transfers out</i>	(15,000)	(15,000)	--
Total other financing sources (uses)	<u>(15,000)</u>	<u>(15,000)</u>	<u>--</u>
Net change in fund balances	--	3,595	3,595
Fund balance, January 1	80,340	80,340	--
Fund balance, December 31	<u>\$ 80,340</u>	<u>\$ 83,935</u>	<u>\$ 3,595</u>

WALLER COUNTY, TEXAS

EXHIBIT C-13

GRANT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 431,633	\$ 643,334	\$ 211,701
Interest	--	1,442	1,442
Total revenues	<u>431,633</u>	<u>644,776</u>	<u>213,143</u>
Expenditures:			
Current:			
Public Safety			
Purchase of Service Grant	9,090	5,079	4,011
TIFB	34,110	34,110	--
CJD Grant	554	1,064	(510)
TJPC Grant 4	286,079	227,214	58,865
SECO Grant	86,365	58,158	28,207
Victims Assistance Grant	15,958	10,444	5,514
Juvenile Case Manager	17,998	17,001	997
TJJD Grant1	236,501	44,662	191,839
Teas Traffic Safety Program	4,000	4,000	--
Total Public Safety	<u>690,655</u>	<u>401,732</u>	<u>288,923</u>
Judicial			
Docket Management	173,332	173,333	(1)
Total Judicial	<u>173,332</u>	<u>173,333</u>	<u>(1)</u>
Nondepartmental			
TWDB Flood Protection Plan Grant	56,632	56,632	--
Total Nondepartmental	<u>56,632</u>	<u>56,632</u>	<u>--</u>
Total expenditures	<u>920,619</u>	<u>631,697</u>	<u>288,922</u>
Excess (deficiency) of revenues over (under) expenditures	(488,986)	13,079	502,065
Other financing sources (uses):			
Transfers in	35,404	32,212	(3,192)
Total other financing sources (uses)	<u>35,404</u>	<u>32,212</u>	<u>(3,192)</u>
Net change in fund balances	(453,582)	45,291	498,873
Fund balance, January 1	646,403	646,403	--
Fund balance, December 31	<u>\$ 192,821</u>	<u>\$ 691,694</u>	<u>\$ 498,873</u>

WALLER COUNTY, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2012

EXHIBIT C-14

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Taxes</i>	\$ 416,650	\$ 605,520	\$ 188,870
<i>Interest</i>	--	336	336
Total revenues	<u>416,650</u>	<u>605,856</u>	<u>189,206</u>
Expenditures:			
Current:			
Debt service:			
<i>Principal</i>	690,000	690,000	--
<i>Interest and fiscal charges</i>	23,460	23,460	--
Total Debt Service	<u>713,460</u>	<u>713,460</u>	<u>--</u>
Total expenditures	<u>713,460</u>	<u>713,460</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	(296,810)	(107,604)	189,206
Other financing sources (uses):			
<i>Transfers in</i>	296,810	147,216	(149,594)
Total other financing sources (uses)	<u>296,810</u>	<u>147,216</u>	<u>(149,594)</u>
Net change in fund balances	--	39,612	39,612
Fund balance, January 1	234,712	234,712	--
Fund balance, December 31	<u>\$ 234,712</u>	<u>\$ 274,324</u>	<u>\$ 39,612</u>

WALLER COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

PRIVATE-PURPOSE TRUST FUNDS

DECEMBER 31, 2012

	<u>Permanent School</u>	<u>Permanent School Available</u>
ASSETS		
<i>Cash and cash equivalents</i>	\$ --	\$ 6,262
<i>Investments</i>	--	1
<i>Capital assets</i>	1	--
Total Assets	<u>\$ 1</u>	<u>\$ 6,263</u>
 LIABILITIES		
 NET ASSETS		
<i>Held in trust</i>	<u>\$ 1</u>	<u>\$ 6,263</u>

<u>Ogg Trust</u>	<u>Dismuke Estate Trust</u>	<u>Total Private- Purpose Trust Funds (See Exhibit A-7)</u>
\$ --	\$ --	\$ 6,262
51,849	61,989	113,839
--	--	1
<u>\$ 51,849</u>	<u>\$ 61,989</u>	<u>\$ 120,102</u>
 <u>\$ 51,849</u>	 <u>\$ 61,989</u>	 <u>\$ 120,102</u>

WALLER COUNTY, TEXAS**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS****ALL PRIVATE-PURPOSE TRUST FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2012

	Permanent School	Permanent School Available	Ogg Trust
Additions:			
Interest	\$ --	\$ 35	69
Miscellaneous	--	6,227	--
Total Additions	<u> --</u>	<u>6,262</u>	<u>69</u>
Deductions:			
Administrative expenses	--	--	159
Payments to schools	--	--	--
Total Deductions	<u> --</u>	<u> --</u>	<u>159</u>
Change in Net Assets	--	6,262	(90)
Net Assets-Beginning of the Year	1	1	51,939
Net Assets-End of the Year	<u>\$ 1</u>	<u>\$ 6,263</u>	<u>\$ 51,849</u>

EXHIBIT C-16

Dismuke Estate Trust	Total Private-Purpose Trust Funds (See Exhibit A-8)
\$ 81	\$ 185
--	6,227
<u>81</u>	<u>6,412</u>
--	159
--	--
--	<u>159</u>
81	6,253
61,908	113,849
<u>\$ 61,989</u>	<u>\$ 120,102</u>

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