

BRAZORIA COUNTY, TEXAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2012

BRAZORIA COUNTY, TEXAS
AUDITOR'S OFFICE
BRAZORIA COUNTY COURTHOUSE
111 E. Locust, Room 303
Angleton, Texas 77515



BRAZORIA COUNTY, TEXAS
Comprehensive Annual Financial Report
 For the Year Ended September 30, 2012

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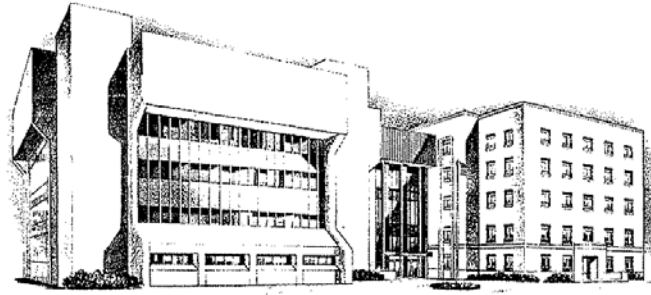
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INTRODUCTORY SECTION



CONNIE GARNER
BRAZORIA COUNTY AUDITOR
111 E. LOCUST, ROOM 303
ANGLETON, TEXAS 77515



TELEPHONE
(409) 849-5711 EXT. 1275
(409) 265-4261 EXT. 1275
(713) 331-6101 EXT. 1275

BRAZORIA COUNTY
ANGLETON, TEXAS 77515

March 6, 2013

The Honorable Board of District Judges
The Honorable Commissioners' Court
Brazoria County, Texas

Gentlemen:

The Comprehensive Annual Financial Report of Brazoria County, Texas, for the fiscal year ended September 30, 2012, is submitted herewith in accordance with Chapter 114.025 of the Local Government Code. The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed public accountants.

This report consists of management's representations concerning the finances of Brazoria County, Texas. Management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, Brazoria County management has established a comprehensive internal control framework designed both to protect governmental assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Brazoria County's comprehensive framework, because the cost of internal controls should not outweigh their benefits, has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Brazoria County's financial statements have been audited by Kennemer, Masters & Lunsford, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion on Brazoria County's financial statements for the fiscal year ended September 30, 2012 that they are fairly presented in conformity with generally accepted accounting principles. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Brazoria County was a part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements. Specific emphasis was placed on internal controls and compliance with laws and regulations involving the administration of federal awards. These reports are included in the single audit section of this report.

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

PROFILE OF BRAZORIA COUNTY

The County of Brazoria is located on the Gulf Coast. Brazoria County is "Where Texas Began". It takes its name from the Brazos River, which flows through it. Brazoria County became one of Texas original counties at independence in 1836. The County has a land area of 1,386 square miles. The decennial census levels in Texas determine which of the various State statutes apply to each particular Texas County. Neighboring counties are Matagorda, Wharton, Fort Bend, Harris and Galveston.

The County operates as specified under the Constitution of the State of Texas and Vernon's Texas Code Annotated, which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one from each of four geographical precincts. The County Judge is elected for a term of four years and the Commissioners for four-year staggered terms. Policy-making authority is vested in the Commissioners Court and the Commissioners Court is responsible, among other things, for adopting the budget and for setting county policies.

The County provides a full range of services authorized by statute. Such services include general governmental functions such as recording and licensing, maintaining the county and district court systems, maintaining public facilities, ensuring public safety, maintaining public health and welfare, aiding conservation, and maintaining county roads and bridges.

The annual budget serves as the foundation for Brazoria County's financial planning and control. All departments of the County are required to submit budget requests to the budget officer during May each year. The budget officer uses these requests as the starting point for developing a proposed budget. The proposed budget is then presented to the Commissioners Court for review. The Commissioners Court is required to hold public hearings on the proposed budget. The appropriated budget is prepared by fund, function (e.g., public safety), department and by the categories of salaries and benefits, operating expenditures, capital outlay and debt services. All transfers of appropriations, either between departments or within an individual department's budget, require the approval of the Commissioners Court. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

Brazoria County is one of Texas' most fertile agricultural areas, one of the regions, more prolific fuel and mineral areas, and in recent decades, the location of one of the world's largest basic chemical manufacturing complexes. The primary economic bases of the county include chemical manufacturing, petroleum processing, offshore production maintenance services, diversified manufacturing including pacemakers and computer chips, biochemical and electronic industries, commercial fishing and agriculture. In addition, the area's deep waterway and port facilities, sports fishing services and tourism are major components of the county's economic base.

Long-term Financial Planning

Brazoria County has adopted several financial management policies to provide guidelines to insure its long-term financial health. The General Fund Balance policy sets a minimum level for reserve funds in the General Fund at 15% of current budgeted expenditures. It also establishes guidelines for appropriate uses of excess reserves, and it sets out strategies for the County when compliance has not maintained. The Debt Management policy establishes guidelines for debt issuance, debt levels, appropriate types of debt to issue, and debt repayment schedules. These policies have been adopted in the last several years, and the County has remained in compliance with them.

Relevant Financial Policies

Due to the County's large investment in capital projects financed by tax exempt bonded debt, Brazoria County has adopted a debt management policy and a compliance policy for the use and accounting for the proceeds from our debt issues. The debt management policy formalizes the types of debt the County will incur, the preferred method of selling our bonds, guidelines for refinancing existing debt, and the maximum levels of debt permissible. The compliance policy seeks to insure that bond proceeds will be spent for permissible purposes, that debt proceeds will not be co-mingled with local funds, and that the County will meet its continuing disclosure and arbitrage rebate obligations.

Major Initiatives

The long term financial plans of the County include multiple capital projects. To meet the needs of the growing population, the Commissioner' Court is very active in infrastructure development, specifically road improvements, to help insure economic growth. Voters approved \$ 50 million in mobility bonds in 2004. The County issued \$ 19.5 million in March, 2010, \$ 14 million in November, 2006 and an additional \$8 million in July, 2008. The balance was issued in the summer of 2012.

In the summer, 2012, the County issued certificates of obligation to fund approximately \$27.5 million in numerous facilities and infrastructure projects. As of September 30, 2012, the County had initiated many of these projects. The County purchased property to build a new Precinct 4 satellite office to provide facilities for the Justice of the Peace, Constable and the Commissioner to better serve the residents in the north part of the County. The County partnered with the Texas Department of Transportation on the construction of a new Airport terminal building that has an expected completion date in late 2013. Initial plans for a new health clinic are in the design phase with construction expected to occur by mid-2013 at the site of the existing health clinic. Major computer software implementations are progressing in the areas of judicial, financial and human resources. The County initiated road infrastructure engineering design on county roads 59 and 101. Other anticipated 2013 projects include the construction of a new West Service Center facility in West Columbia and renovation of the existing the Justice of the Peace office.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Brazoria County for its comprehensive annual financial report for the fiscal year ended September 30, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The County has received this prestigious award for the last 19 consecutive fiscal years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

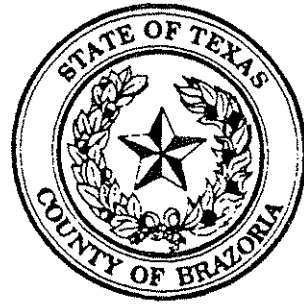
The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the County Auditor's Office. I want to express my appreciation to all staff members who have assisted in the maintenance of the accounting records of the County, and to the members of the Commissioners' Court for their interest and support in planning and conducting the financial operations of the county in a responsible and progressive manner.

I would especially like to thank the District Judges for their support and guidance in matters relating to the discharge of my duties as County Auditor.

Respectfully submitted,

A handwritten signature in cursive script that reads "Connie Garner". The signature is written in black ink and is positioned below the text "Respectfully submitted,".

Connie Garner
County Auditor



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Brazoria County
Texas

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

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



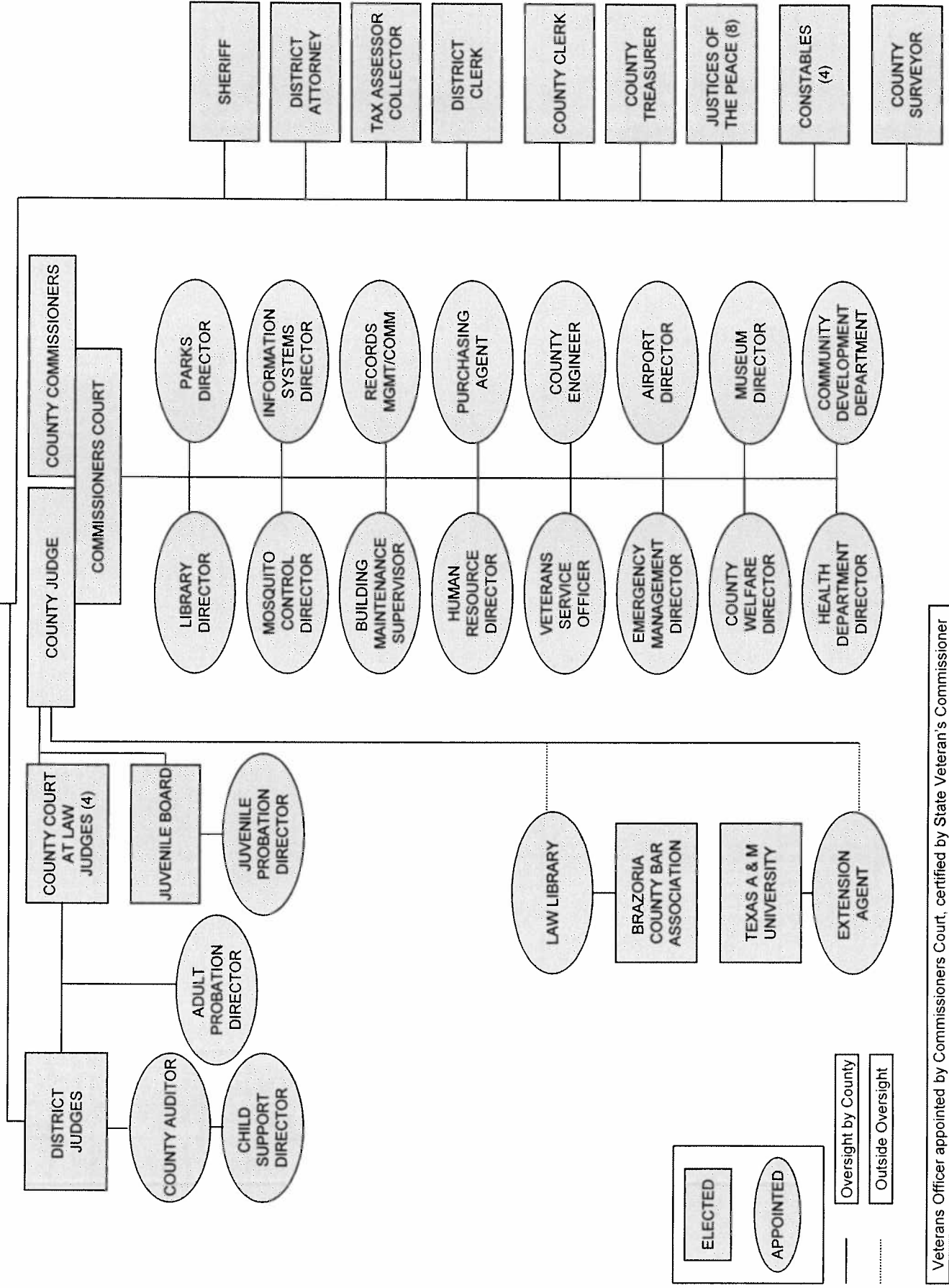
Christopher P. Morill

President

Jeffrey R. Egan

Executive Director

BRAZORIA COUNTY VOTERS



ELECTED
APPOINTED

— Oversight by County
 Outside Oversight

Veterans Officer appointed by Commissioners Court, certified by State Veteran's Commissioner

County Agriculture Agent & Home Demo Agent appointed by Texas A&M Extension Service

BRAZORIA COUNTY, TEXAS
PRINCIPAL OFFICIALS

GOVERNING BODY

Honorable Emory Joseph King, County Judge

Donald Payne, Commissioner, Precinct 1

Matthew Sebesta, Commissioner, Precinct 2

Stacy Adams, Commissioner, Precinct 3

Larry Stanley, Commissioner, Precinct 4

OTHER PRINCIPAL OFFICIALS

Ro'Vin Garrett, Tax Assessor-Collector

Connie Garner, County Auditor

Sharon Reynolds, County Treasurer

Joyce Hudman, County Clerk

Rhonda Barchak, District Clerk

Jeri Yenne, District Attorney

Jim Wiginton, District Attorney - Chief Civil Division

Charles Wagner, Sheriff



FINANCIAL SECTION



KENNEMER, MASTERS & LUNSFORD

CERTIFIED PUBLIC ACCOUNTANTS

Limited Liability Company

Lake Jackson Office:
8 West Way Court
Lake Jackson, Texas 77566
(979) 297-4075 Fax: (979) 297-6648
(800) 399-4075

Houston Office:
10260 Westheimer, Suite 410
Houston, Texas 77042
(281) 974-3416 Fax: (281) 974-3764

Independent Auditor's Report

March 5, 2013

The Honorable County Judge,
and Members of Commissioners'
Court of Brazoria County, Texas

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2013 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

www.kmkwllc.com – Email: kmkw@kmkwllc.com

Members: American Institute of Certified Public Accountants, Texas Society of Certified Public Accountants,
Partnering for CPA Practice Success

The Honorable County Judge,
and Members of Commissioners' Court
of Brazoria County, Texas
March 5, 2013
Page 2

Required Supplementary Information

The Management's Discussion and Analysis and Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund and Major Special Revenue Fund, and the Texas County and District Retirement System Schedule of Funding – Last Three Years on pages 3 through 15 and 88 through 91, respectively, are not a required part of the basic financial statements but is supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Combining and Individual Fund Statements and Schedules, and Federal and State Awards Section

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying information identified in the table of contents as combining and individual fund statements and schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Similarly, the accompanying schedules of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the *Texas Single Audit Circular*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Introductory and Statistical Sections

The information identified in the table of contents as Introductory and Statistical Sections is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the County. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

Kennemer, Masters & Hunzford, LLC

BRAZORIA COUNTY, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2012

As management of Brazoria County, Texas ("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 September 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - iv of this report.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year for governmental and business-type activities by \$ 229,463,494 and \$ 19,791,353 (net assets), respectively. Of this amount, \$ 51,242,021 and \$ 2,700,569 (unrestricted net assets), respectively, may be used to meet the government's ongoing obligations to citizens and creditors with the County's fund designations.
- The County's total net assets increased for governmental activities by \$ 34,371,941 and increased for business-type activities by \$ 868,460.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$ 109,589,469 and its enterprise fund reported ending net assets of \$ 19,790,404. 37.24% and 13.64% of these total amounts, \$ 40,813,095 (unassigned fund balance) and \$ 2,699,620 (unrestricted net assets), respectively, were available for use within the County's fund designations.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 41,062,932 or 45.59% of the total general fund expenditures.

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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

BRAZORIA COUNTY, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2012

The *statement of activities* presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported when 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 the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The *governmental activities* of the County include general administration, judicial and legal, financial administration, elections, public facilities, public safety, corrections, public transportation, health and welfare, public assistance, culture and recreation, conservation, environmental protection, and community development. The *business-type activities* of the County include airport operations.

The government-wide financial statements can be found on pages 19 through 21 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses 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 funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances, provides reconciliations to facilitate this comparison between governmental funds and governmental activities.

The County maintains one hundred and one (101) 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 and Road and Bridge (special revenue fund), County Road 257 Repairs (special revenue fund), and 2012 Certificate of Obligation C & M (capital project fund); all of which are considered to be major funds. Data from the other ninety-seven (97) funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 22 through 29 of this report.

BRAZORIA COUNTY, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2012*

- **Proprietary Funds.** The County maintains two categories of *proprietary funds*. The *enterprise fund* is used to report the same functions presented as *business-type activities* in government-wide financial statements. The County uses an *enterprise fund* to account for its airport operations. The second type of proprietary fund is the *internal service fund*. Internal service funds are an accounting device used to accumulate and allocate costs of its self-funded health and liability insurance internally among various funds and functions. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary funds financial statements can be found on pages 30 through 35 of this report.
- **Fiduciary Funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's operations. The County is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets that can be found on pages 36 and 37.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39 through 85 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 88 through 91 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information on pensions. Combining and individual statements and schedules can be found on pages 95 through 178 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the County, assets exceeded liabilities by \$ 249,150,179 as of September 30, 2012.

The largest portion of the County's net assets, \$ 154,996,414 (62.21%) reflects its investments in capital assets (e.g., land; land improvements; buildings and improvements; furniture, equipment and vehicles; runways, taxiways and aprons; infrastructure; and construction in progress), less any debt used to acquire those assets that is still outstanding. The County uses capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

BRAZORIA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2012

BRAZORIA COUNTY'S NET ASSETS

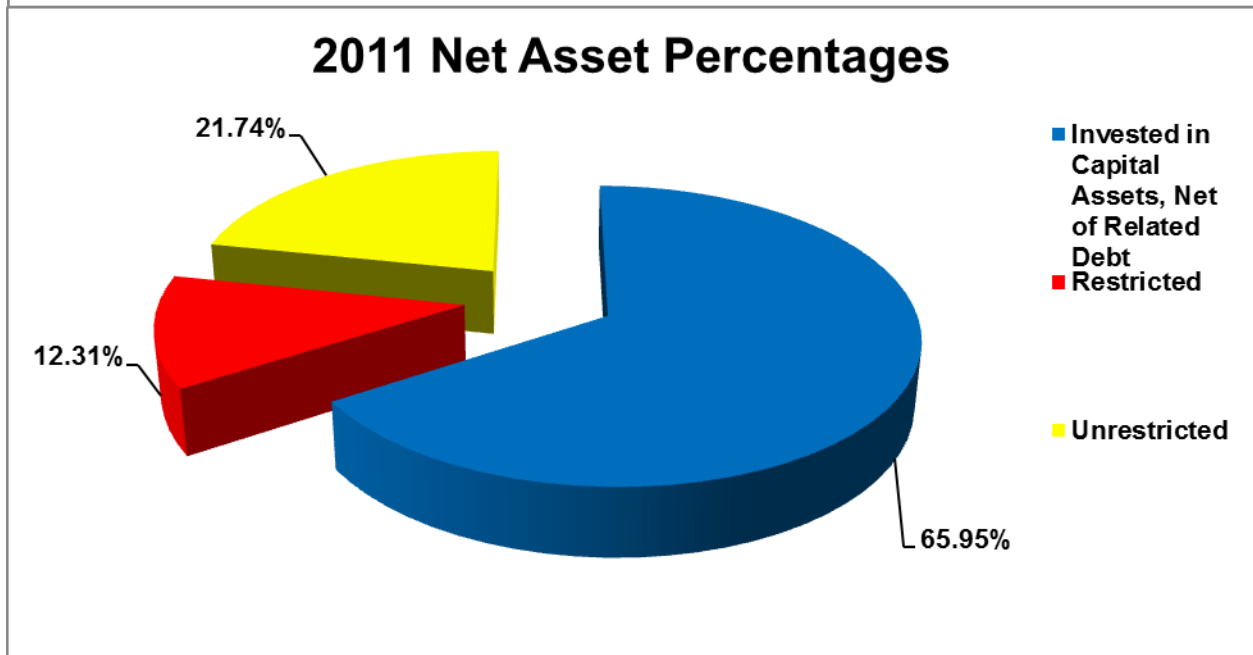
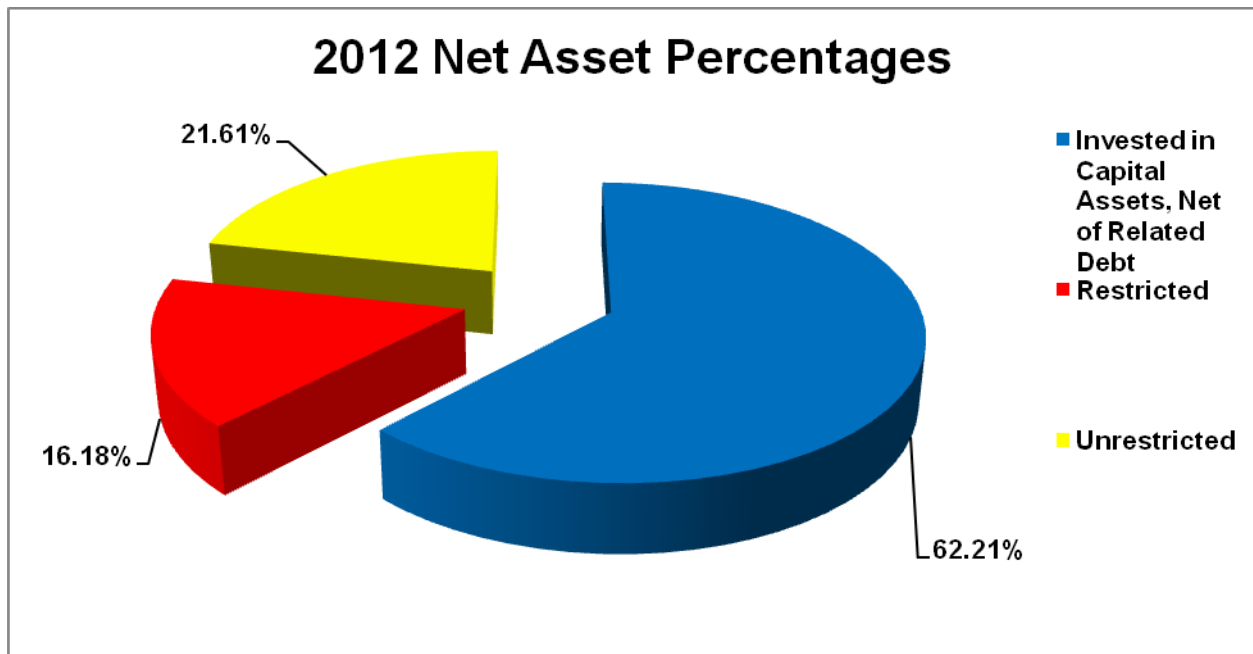
	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2012	Restated 2011	2012	2011	2012	Restated 2011
Current and other assets	\$ 143,602,903	\$ 99,043,705	\$ 2,922,381	\$ 933,957	\$ 146,525,284	\$ 99,977,662
Capital assets	<u>202,476,529</u>	<u>175,554,223</u>	<u>17,090,784</u>	<u>18,091,352</u>	<u>219,567,313</u>	<u>193,645,575</u>
Total assets	<u>346,079,432</u>	<u>274,597,928</u>	<u>20,013,165</u>	<u>19,025,309</u>	<u>366,092,597</u>	<u>293,623,237</u>
Current and other liabilities	18,918,132	13,164,470	191,111	81,361	19,109,243	13,245,831
Long-term liabilities	<u>97,802,474</u>	<u>66,341,905</u>	<u>30,701</u>	<u>21,055</u>	<u>97,833,175</u>	<u>66,362,960</u>
Total liabilities	<u>116,720,606</u>	<u>79,506,375</u>	<u>221,812</u>	<u>102,416</u>	<u>116,942,418</u>	<u>79,608,791</u>
Net Assets:						
Invest in capital assets, net of related debt	137,905,630	123,078,338	17,090,784	18,063,644	154,996,414	141,141,982
Restricted	40,315,843	26,346,128			40,315,843	26,346,128
Unrestricted	<u>51,137,353</u>	<u>45,667,087</u>	<u>2,700,569</u>	<u>859,249</u>	<u>53,837,922</u>	<u>46,526,336</u>
Total net assets	<u>\$ 229,358,826</u>	<u>\$ 195,091,553</u>	<u>\$ 19,791,353</u>	<u>\$ 18,922,893</u>	<u>\$ 249,150,179</u>	<u>\$ 214,014,446</u>

An additional portion of the County's net assets of \$ 40,315,843 (16.18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$ 53,837,922 (21.61%) may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2012, the County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate categories- governmental and business-type activities.

BRAZORIA COUNTY, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2012*



Analysis of the County's Operations. Overall the County had an increase in net assets of \$ 35,135,733. Governmental activities reported an increase in net assets in the amount of \$ 34,267,273, while the business-type activities increased the County's net assets in the amount of \$ 868,460. The reasons for the increases of net assets is primarily related to cash, investments and capital assets balances. Cash balances increased substantially due to the receipt of federal grant funds from the U.S. Department of Transportation - Highway Planning and Construction Program of \$ 15,134,392 for the replacement of Bluewater Highway that was destroyed during Hurricane Ike in 2008. On July 26, 2012, the County sold \$ 25,115,000 of Certificates of Obligation Bonds, Series 2012 which significantly increased the cash and investment balances at September 30, 2012. Regarding the increases in capital asset balances, the County notably spent funds on new building construction and infrastructure related to road and bridge projects.

BRAZORIA COUNTY, TEXAS*Management's Discussion and Analysis
For the Year Ended September 30, 2012*

The following table provides a summary of the County's operations for the years ended September 30, 2012 and 2011:

BRAZORIA COUNTY'S CHANGES IN NET ASSETS

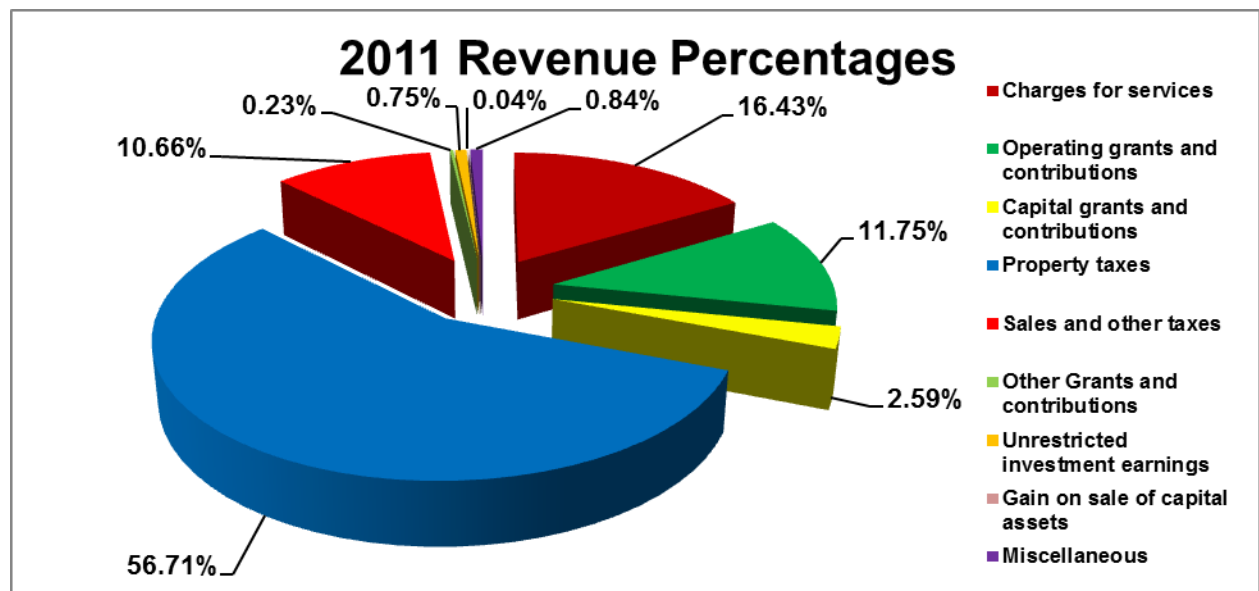
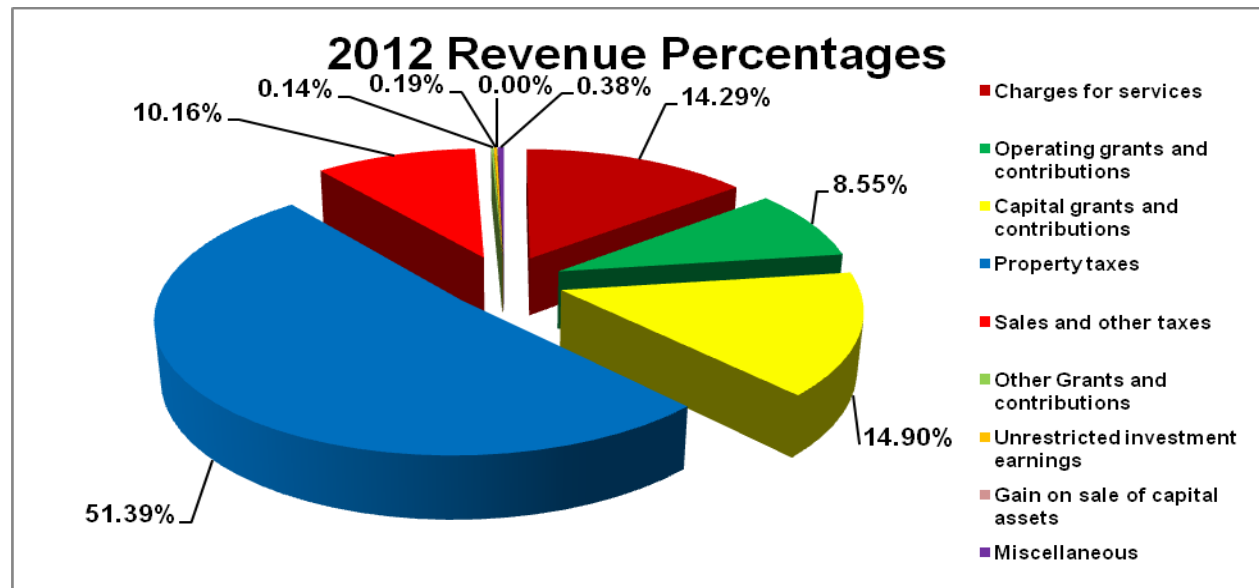
	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2012	Restated 2011	2012	2011	2012	Restated 2011
Revenues:						
Program Revenues:						
Charges for services	\$ 22,574,395	\$ 23,070,956	\$ 3,096,897	\$ 3,091,375	\$ 25,671,292	\$ 26,162,331
Operating grants and contributions	15,345,237	18,663,189	8,509	46,750	15,353,746	18,709,939
Capital grants and contributions	26,617,632	3,315,829	157,535	807,418	26,775,167	4,123,247
General Revenues:						
Property taxes	92,323,262	90,322,731			92,323,262	90,322,731
Sales & other taxes	18,244,871	16,971,997			18,244,871	16,971,997
Grants and contributions not restricted to specific programs	254,896	370,307			254,896	370,307
Unrestricted investment earnings	341,652	1,178,754	2,760	7,550	344,412	1,186,304
Gain on disposition of capital assets		69,146	3,563		3,563	69,146
Miscellaneous	<u>671,000</u>	<u>1,345,057</u>	<u>2,674</u>		<u>673,674</u>	<u>1,345,057</u>
Total revenues	<u>176,372,945</u>	<u>155,307,966</u>	<u>3,271,938</u>	<u>3,953,093</u>	<u>179,644,883</u>	<u>159,261,059</u>
Expenses:						
General administration	8,531,830	9,408,033			8,531,830	9,408,033
Judicial and legal	17,444,241	17,308,546			17,444,241	17,308,546
Financial administration	9,885,427	9,479,980			9,885,427	9,479,980
Elections	429,119	437,165			429,119	437,165
Public facilities	4,295,595	4,159,031			4,295,595	4,159,031
Public safety	17,808,208	17,961,788			17,808,208	17,961,788
Corrections	24,767,932	25,571,693			24,767,932	25,571,693
Public transportation	27,267,696	29,305,292			27,267,696	29,305,292
Health and welfare	9,624,531	11,662,436			9,624,531	11,662,436
Public assistance	296,000	296,000			296,000	296,000
Culture and recreation	8,785,859	8,744,663			8,785,859	8,744,663
Conservation	348,908	355,680			348,908	355,680
Environmental protection	543,559	263,787			543,559	263,787
Community development	7,371,072	5,968,143			7,371,072	5,968,143
Airport			4,297,478	3,898,445	4,297,478	3,898,445
Interest on long-term debt	<u>2,811,695</u>	<u>2,842,829</u>			<u>2,811,695</u>	<u>2,842,829</u>
Total expenses	<u>140,211,672</u>	<u>143,765,066</u>	<u>4,297,478</u>	<u>3,898,445</u>	<u>144,509,150</u>	<u>147,663,511</u>

(continued)

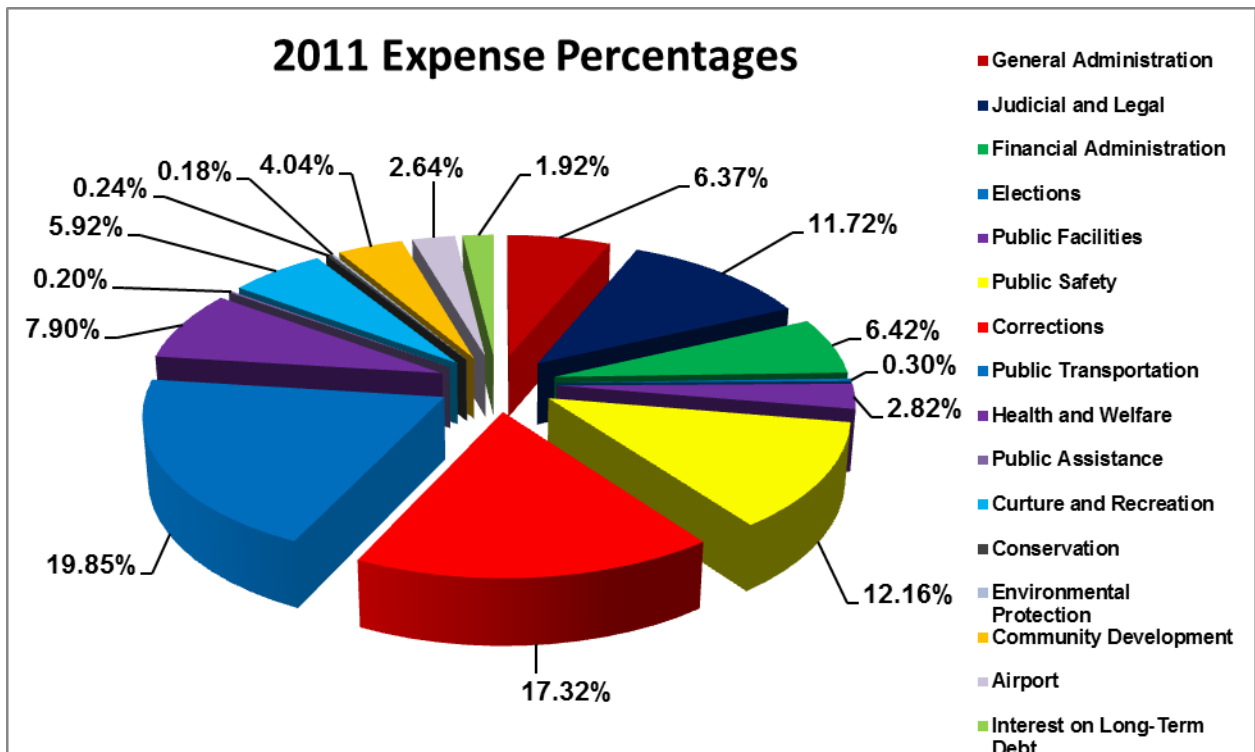
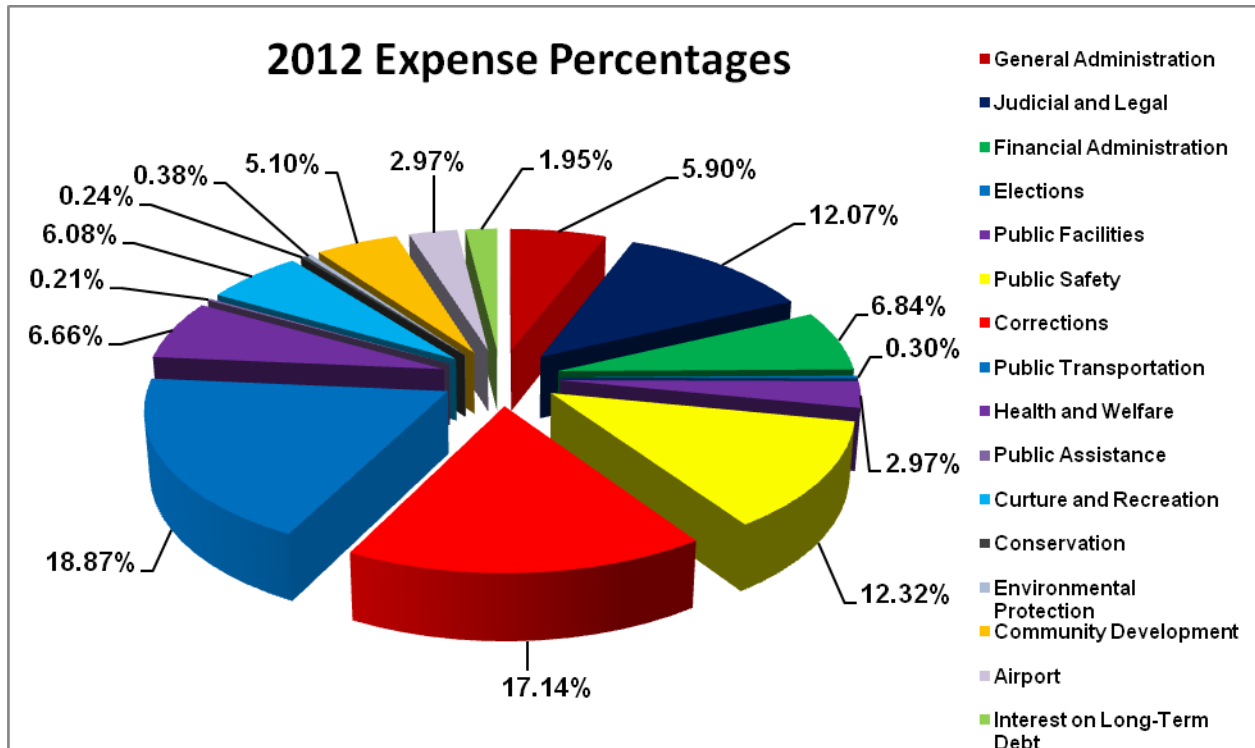
BRAZORIA COUNTY, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2012*

	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2012	Restated 2011	2012	2011	2012	Restated 2011
Increase (decrease) in net assets before contributions and transfers	\$ 36,161,273	\$ 11,542,900	\$(1,025,540)	\$ 54,648	\$ 35,135,733	\$ 11,597,548
Transfers	(1,894,000)		1,894,000		-0-	-0-
Increase (decrease) in net assets	34,267,273	11,542,900	868,460	54,648	35,135,733	11,597,548
Net assets - October 1,	195,091,553	183,548,653	18,922,893	18,868,245	214,014,446	202,416,898
Net assets - September 30,	\$ 229,358,826	\$ 195,091,553	\$ 19,791,353	\$ 18,922,893	\$ 249,150,179	\$ 214,014,446



BRAZORIA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2012



BRAZORIA COUNTY, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2012*

Financial Analysis of the County's Funds

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

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing 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 ending fund balances of \$ 109,589,469. The unassigned fund balance of \$ 40,813,095 constitutes 37.24% of ending fund balance. The remainder of the fund balance is categorized as 1) non-spendable (\$ 2,707,903), 2) restricted (\$ 64,600,603), and 3) committed (\$ 1,467,868).

Fund balance of the General Fund increased by \$ 6,706,797; the Road and Bridge (special revenue fund) increased by \$ 359,375; the County Road 257 Repairs (special revenue fund) remained \$ -0-; the 2012 Certificate of Obligation C & M (capital projects fund) increased by \$ 25,784,389; and, other (non-major) governmental funds increased by \$ 5,206,982. The General Fund revenue increased over the prior year by \$ 2.3 million. Taxes increased due to an increase in the property tax collections and an additional \$ 1.3 in sales tax collections. Charges for services and fines and forfeitures both increased due to increased filing and number of cases as a result of continued population growth. Expenditures in General Fund increased due mainly to increased benefit costs. The Road & Bridge (special revenue fund) increased mostly due to the timing of planned road projects. The County Road 257 Repairs (special revenue fund) had no change due to the fact that it is a reimbursable grant project. The 2012 Certificate of Obligation C & M (capital project fund) increased due to the sale of bonds during the current year.

Proprietary funds. The County's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The enterprise fund is used to account for airport operations. Net assets at September 30, 2012 amounted to \$ 19,790,404. Total net assets increased \$ 863,668 (approximately 4.56%), and the increase was due to an increase in fees and transfer in from other funds.

General Fund Budgetary Highlights. Over the course of the year, the County recommended and the Commissioners approved several revisions to budgeted revenue and appropriations. Differences between the original budget and the final amended budget were a \$ 6.4 million increase in appropriations and were primarily for the following:

- The re-appropriation of funds for prior year-end encumbrances.
- Increased "Tax Increment Reinvestment Zone" (TIRZ) expenditures.
- Increased operating and capital expenditures related to Detention Center Commissary, District Attorney forfeiture and Library funds.
- Increased capital expenditures related to software upgrades, FEMA Park projects and Courthouse elevators.

BRAZORIA COUNTY, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2012

During the year, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates. Major variances include:

- Sales Tax revenue exceeded budget by 15.4% (\$ 2.4 million) due to higher than expected collections.
- Charges for services exceeded budget by 1.2 million due to more document filings by the public.
- Fines and fees exceeded budget due to increased numbers of cases.
- Expenditures in judicial and legal were less than budgeted due to declining number of court appointed attorneys.
- Corrections expenditures were below budget due to fewer inmates than anticipated.

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2012, amounts to \$ 219,567,313 (net of accumulated depreciation). This investment in capital assets includes land; land improvements; buildings and improvements; furniture, equipment and vehicles; runways, taxiways and aprons; infrastructure; and construction in progress.

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

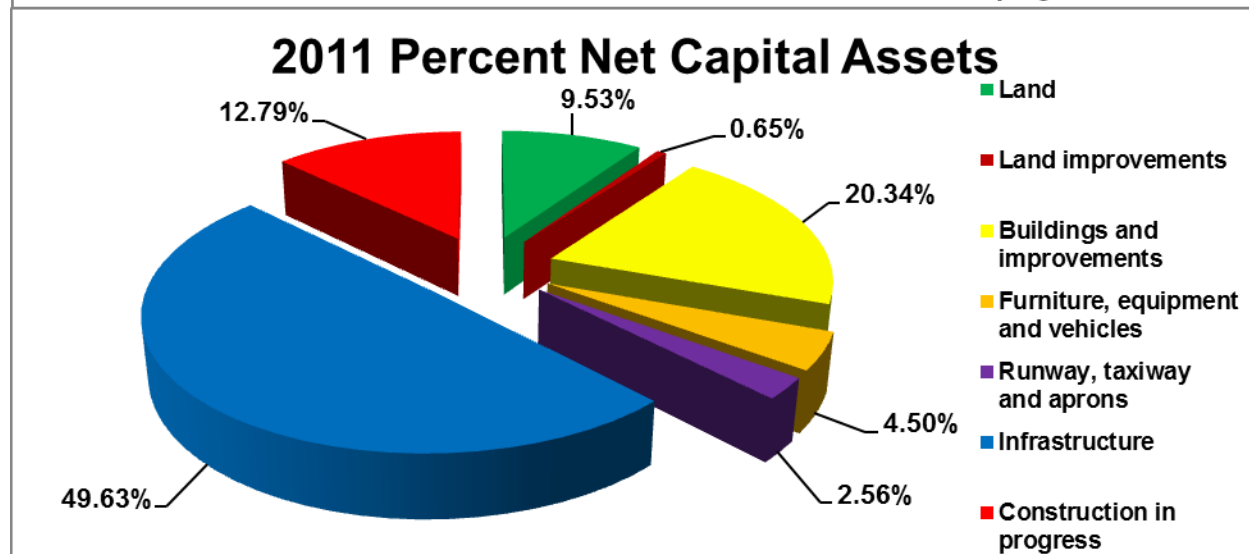
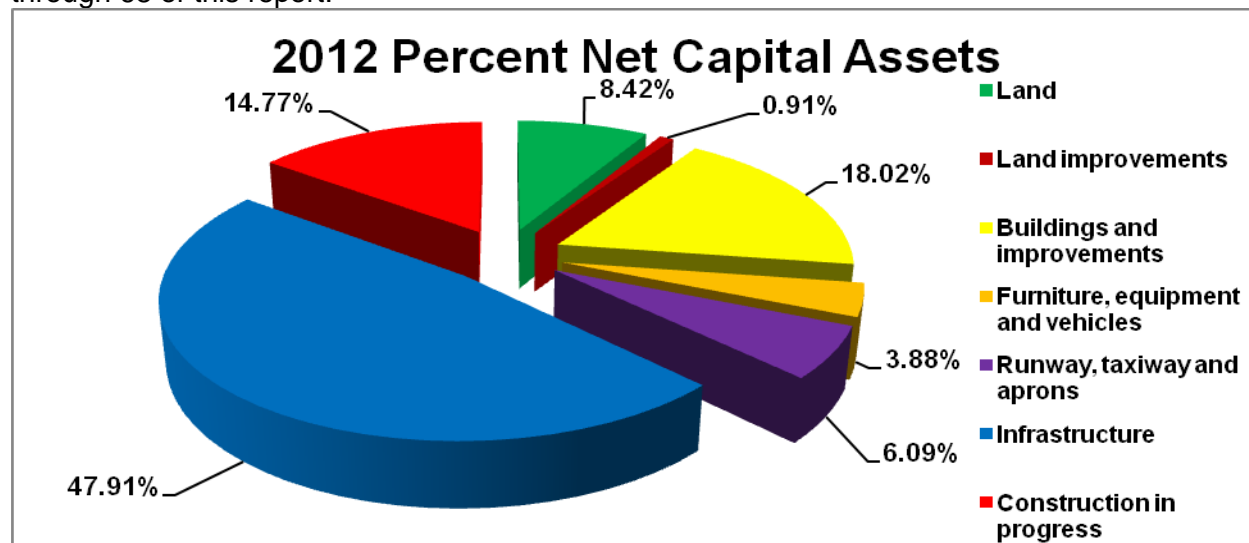
- Completion of the East Annex façade and Emergency Management building for \$ 504,363 and \$ 471,925, respectively.
- Installation of a generator at the completed Emergency Management building for \$ 46,134.
- Completion of the Wellness Clinic renovations for \$ 196,696.
- Installation of new elevators and roof drainage improvements at the Courthouse for \$ 229,692 and \$ 95,356, respectively.
- Completion of the Historical Museum renovations - Phase I for \$ 405,621.
- Reconstruction of Airport runway - \$ 9,179,128.
- Completion of a radio tower - \$ 673,277.
- Completion of a Sheriff's Office Detention Center water purifying system - \$ 361,960.
- Construction of five bridges - \$ 1,901,855
- Completion of CR 58 - \$ 6,792,055 and various other county roads - \$ 810,254
- A variety of park projects including: Quintana Beach boardwalk - \$ 154,697; Follett's Beach boardwalk and parking - \$ 113,724; Surfside Jetty boardwalk - \$ 54,697; Buffalo Camp Trails - \$ 22,766; and a Drum Bay pier - \$ 20,500.
- Construction at Fairgrounds including a livestock barn - \$ 267,110 and offices, fencing and parking lot paving - \$ 93,987.
- Vehicles and equipment purchases, primarily as replacements to vehicles and road and bridge equipment - \$ 2,886,083.
- A variety of transportation construction projects were initiated or continued at a cost of \$ 22.1 million, much of which was financed by road bonds.
- A variety of construction in progress projects including: West Columbia Service Center truck shed - \$ 149,514; Ring of Honor - \$ 124,523; Surfside Jetty construction - \$ 228,440; Oracle PeopleSoft financials and human resources software reimplementation and upgrade - \$ 302,607; Sheriff's Office narcotics building - \$ 295,116; Sheriff's Office fire alarm system - \$ 198,340; Sheriff's Office OSSI software upgrade - \$ 107,332; Sheriff's Office communication upgrade - \$ 819,036; Jury software upgrade - \$ 79,186; Airport terminal construction - \$ 11,774.

BRAZORIA COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2012

BRAZORIA COUNTY'S CAPITAL ASSETS
Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals	
	September 30, 2012	2011	September 30, 2012	2011	September 30, 2012	2011
Land	\$ 16,918,642	\$ 16,905,320	\$ 1,558,687	\$ 1,558,687	\$ 18,477,329	\$ 18,464,007
Land improvements	1,996,987	1,265,272			1,996,987	1,265,272
Buildings & improvements	38,062,903	37,594,825	1,499,120	1,789,948	39,562,023	39,384,773
Furniture, equipment & vehicles	8,102,985	8,212,818	425,429	495,524	8,528,414	8,708,342
Runway, taxiway & aprons			13,375,780	4,951,543	13,375,780	4,951,543
Infrastructure	105,191,946	96,108,432			105,191,946	96,108,432
Construction in progress	<u>32,203,066</u>	<u>15,467,556</u>	<u>231,768</u>	<u>9,295,650</u>	<u>32,434,834</u>	<u>24,763,206</u>
Total	\$ <u>202,476,529</u>	\$ <u>175,554,223</u>	\$ <u>17,090,784</u>	\$ <u>18,091,352</u>	\$ <u>219,567,313</u>	\$ <u>193,645,575</u>

Additional information on the County's capital assets can be found in note 5 on pages 62 through 68 of this report.



BRAZORIA COUNTY, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2012

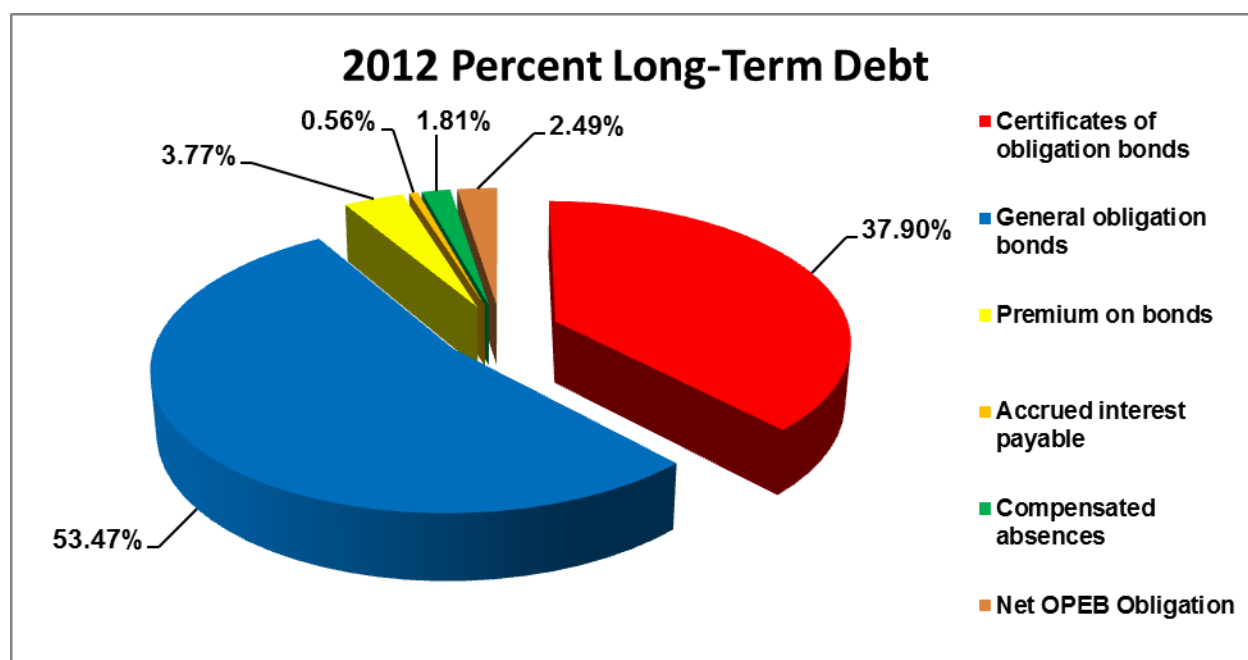
DEBT ADMINISTRATION

At the end of the current fiscal year, the County had a total bonded debt of \$ 89,385,000, which, comprises bonded debt backed by the full faith and credit of the County. These bonds will be retired with revenues from property and sales taxes, and fees for services.

BRAZORIA COUNTY'S LONG-TERM DEBT Bonds, Capital Leases, Components of Debt, and Compensated Absences

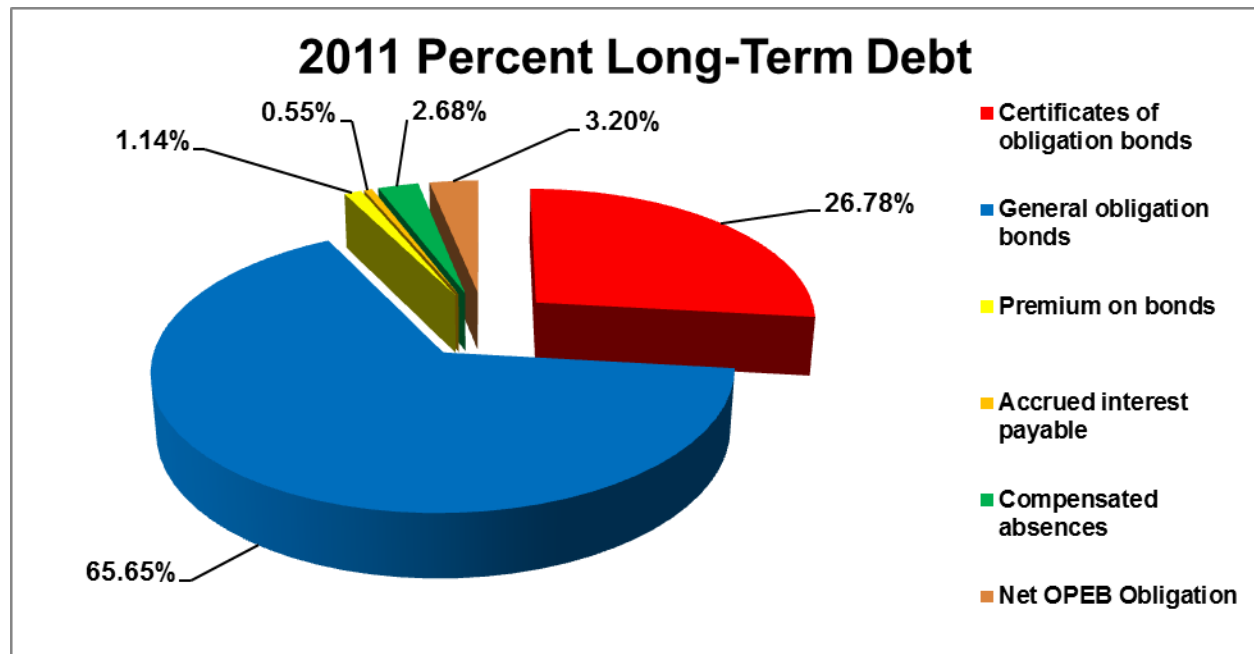
	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2012	2011	2012	2011	2012	2011
Certificates of obligation bonds	\$ 37,075,000	\$ 17,775,000	\$	\$	\$ 37,075,000	\$ 17,775,000
General obligation bonds	52,310,000	43,565,000			52,310,000	43,565,000
Components of Debt:						
Premium on bonds	3,690,314	756,931			3,690,314	756,931
Accrued interest payable	547,408	362,110			547,408	362,110
Compensated absences	1,764,533	1,766,758	10,232	10,206	1,774,765	1,776,964
Net OPEB obligation	<u>2,415,219</u>	<u>2,116,106</u>	<u>20,469</u>	<u>10,849</u>	<u>2,435,688</u>	<u>2,126,955</u>
Total	\$ <u>97,802,474</u>	\$ <u>66,341,905</u>	\$ <u>30,701</u>	\$ <u>21,055</u>	\$ <u>97,833,175</u>	\$ <u>66,362,960</u>

During the fiscal year, the County's total debt increased \$ 31,470,215 or 47.42%. The increase was due primarily to the issuance of Certificates of Obligation Bonds – Series 2012 in the amount of \$ 25,115,000, the issuance of Unlimited Tax Road Bonds – Series 2012 in the amount of \$ 8,575,000, the issuance of General Obligation Refunding Bonds – Series 2012 in the amount of \$ 4,435,000, the receipt of \$ 3,076,953 of bond premium, the refunding of \$ 4,490,000 of Certificates of Obligation Bonds – Series 2003, and payment of \$ 5,590,000 of bond principal.



BRAZORIA COUNTY, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2012



All of the outstanding Bonds of the County payable from its limited taxes are insured and are, therefore, rated "Aa2" by Moody's Investors Service Inc. ("Moody's"), "AA" by Standard & Poor's ("S&P"), and "AA+" by Fitch.

Additional information on the County's long-term debt can be found in note 7 on pages 69 through 72 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Brazoria County dropped to 7% indication of economic growth.
- New construction continues at an increasing rate suggesting a stronger economy.
- Tax rolls saw a slight increase due to the economy.
- Sales tax and other revenues are continuing to improve.

All of these factors were considered in preparing Brazoria County's budget for the 2013 fiscal year. At the end of the current fiscal year, fund balances in the governmental funds increased to \$ 109,589,469. Brazoria County has appropriated \$ 6.3 million of this amount for spending in the 2013 fiscal year budget. It is expected that conservative revenue budgets will serve to make the actual decrease in fund balance far less than budgeted.

Request for Information

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Brazoria County Auditor, 111 E. Locust, Room 303, Angleton, Texas, 77515, or call (979) 864-1275.



BASIC FINANCIAL STATEMENTS



BRAZORIA COUNTY, TEXAS
STATEMENT OF NET ASSETS
September 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and temporary investments	\$ 102,037,383	\$ 2,481,374	\$ 104,518,757
Receivables (Net of Allowance for Uncollectibles):			
Taxes	1,424,063		1,424,063
Accounts	9,715,220	229,739	9,944,959
Special assessments	1,515,595		1,515,595
Due from other governments	12,601,064	44,191	12,645,255
Accrued interest	10,055		10,055
Loans receivable	8,500		8,500
Interfund balances	(949)	949	-0-
Inventories	963,190	153,437	1,116,627
Prepaid items	1,135,220	12,691	1,147,911
Investments	12,006,940		12,006,940
Bond issuance cost (net of accumulated amortization)	1,588,815		1,588,815
Discounted loans receivable (net of current)	597,807		597,807
Capital Assets:			
Land	16,918,642	1,558,687	18,477,329
Land improvements (net)	1,996,987		1,996,987
Buildings and improvements (net)	38,062,903	1,499,120	39,562,023
Furniture, equipment and vehicles (net)	8,102,985	425,429	8,528,414
Runways, taxiways and aprons (net)		13,375,780	13,375,780
Infrastructure (net)	105,191,946		105,191,946
Construction in progress	<u>32,203,066</u>	<u>231,768</u>	<u>32,434,834</u>
Total assets	<u>346,079,432</u>	<u>20,013,165</u>	<u>366,092,597</u>
<u>Liabilities</u>			
Accounts and accrued liabilities payable	13,227,286	171,861	13,399,147
Estimated health claims payable	1,855,830		1,855,830
Due to others	409,172		409,172
Unearned revenue	3,425,844	19,250	3,445,094
Noncurrent Liabilities:			
Due within one year	8,127,711	10,232	8,137,943
Due in more than one year	<u>89,674,763</u>	<u>20,469</u>	<u>89,695,232</u>
Total liabilities	<u>116,720,606</u>	<u>221,812</u>	<u>116,942,418</u>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	137,905,630	17,090,784	154,996,414
Restricted:			
Debt service	3,745,648		3,745,648
Public transportation projects	29,463,484		29,463,484
Records management	2,793,607		2,793,607
Other	4,313,104		4,313,104
Unrestricted	<u>51,137,353</u>	<u>2,700,569</u>	<u>53,837,922</u>
Total net assets	<u>\$ 229,358,826</u>	<u>\$ 19,791,353</u>	<u>\$ 249,150,179</u>

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

BRAZORIA COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General administration	\$ 8,531,830	\$ 3,570,554	\$ 591,349	\$ 231,140
Judicial and legal	17,444,241	7,245,046	1,207,162	3,425
Financial administration	9,885,427	2,838,356	31,512	
Elections	429,119	185,989		
Public facilities	4,295,595	955,404		218,636
Public safety	17,808,208	1,476,484	74,170	1,650,203
Corrections	24,767,932	581,751	1,760,506	
Public transportation	27,267,696	4,911,763	116,425	24,202,284
Health and welfare	9,624,531	459,708	3,545,268	19,550
Public assistance	296,000			
Culture and recreation	8,785,859	337,249	712,070	278,361
Conservation	348,908	5,308		
Environmental protection	543,559	6,783	422,069	
Community development	7,371,072		6,884,706	14,033
Interest on long-term debt	<u>2,811,695</u>			
Total governmental activities	140,211,672	22,574,395	15,345,237	26,617,632
Business-type Activities:				
Airport	<u>4,297,478</u>	<u>3,096,897</u>	<u>8,509</u>	<u>157,535</u>
Total primary government	<u>\$ 144,509,150</u>	<u>\$ 25,671,292</u>	<u>\$ 15,353,746</u>	<u>\$ 26,775,167</u>
General Revenue:				
Property taxes				
Sales and other taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Gain on disposition of capital assets				
Miscellaneous				
Transfers				
Total general revenues, special items, and transfers				
Change in net assets				
Net assets – beginning (restated)				
Net assets – ending				

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

Net (Expense) Revenue and Changes In Net Assets

<u>Primary Government</u>		
<u>Governmental</u>	<u>Business-</u>	
<u>Activities</u>	<u>Type</u>	<u>Total</u>
<u>Activities</u>	<u>Activities</u>	
\$(4,138,787) \$		\$(4,138,787)
(8,988,608)		(8,988,608)
(7,015,559)		(7,015,559)
(243,130)		(243,130)
(3,121,555)		(3,121,555)
(14,607,351)		(14,607,351)
(22,425,675)		(22,425,675)
1,962,776		1,962,776
(5,600,005)		(5,600,005)
(296,000)		(296,000)
(7,458,179)		(7,458,179)
(343,600)		(343,600)
(114,707)		(114,707)
(472,333)		(472,333)
<u>(2,811,695)</u>		<u>(2,811,695)</u>
(75,674,408)	-0-	(75,674,408)
	<u>(1,034,537)</u>	<u>(1,034,537)</u>
<u>(75,674,408)</u>	<u>(1,034,537)</u>	<u>(76,708,945)</u>
92,323,262		92,323,262
18,244,871		18,244,871
254,896		254,896
341,652	2,760	344,412
	3,563	3,563
671,000	2,674	673,674
<u>(1,894,000)</u>	<u>1,894,000</u>	
<u>109,941,681</u>	<u>1,902,997</u>	<u>111,844,678</u>
34,267,273	868,460	35,135,733
<u>195,091,553</u>	<u>18,922,893</u>	<u>214,014,446</u>
<u>\$ 229,358,826</u>	<u>\$ 19,791,353</u>	<u>\$ 249,150,179</u>

BRAZORIA COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2012

	Major Funds			
	General Fund	Road & Bridge Fund	County Road 257 Repairs Fund	2012 Certificate of Obligation C&M Fund
ASSETS				
Cash and temporary investments	\$ 33,366,030	\$ 10,968,811	\$	\$ 25,795,724
Investments	12,006,940			
Receivables (Net of Allowance for Uncollectibles):				
Taxes	986,539	278,657		
Accounts	129,149	24,010		9,632
Special assessments		541,369		
Due from other governments	4,331,005	495,287	5,211,494	
Accrued interest	10,055			
Due from other funds	4,848,547	284,068		18,394
Inventories	51,613	620,372		
Prepaid expenditures	1,074,311	5,345		
Long-Term Receivables:				
Accounts	<u>39,500</u>			
Total assets	<u>\$ 56,843,689</u>	<u>\$ 13,217,919</u>	<u>\$ 5,211,494</u>	<u>\$ 25,823,750</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and accrued liabilities payable	\$ 7,906,578	\$ 765,876	\$ 3,296,502	\$ 39,361
Due to others	409,172			
Due to other funds		6,420	1,914,992	
Deferred revenue	<u>3,377,860</u>	<u>1,077,524</u>		
Total liabilities	<u>11,693,610</u>	<u>1,849,820</u>	<u>5,211,494</u>	<u>39,361</u>
Fund Balances:				
Non-spendable	1,165,424	625,717		
Restricted	1,453,855	10,742,382		25,784,389
Committed	1,467,868			
Unassigned	<u>41,062,932</u>			
Total fund balances	<u>45,150,079</u>	<u>11,368,099</u>	<u>-0-</u>	<u>25,784,389</u>
Total liabilities and fund balance	<u>\$ 56,843,689</u>	<u>\$ 13,217,919</u>	<u>\$ 5,211,494</u>	<u>\$ 25,823,750</u>

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

<u>Non-Major Funds</u>			
<u>Other Governmental Funds</u>		<u>Total Governmental Funds</u>	
\$ 28,203,393	\$	98,333,958	
		12,006,940	
158,867		1,424,063	
5,123		167,914	
974,226		1,515,595	
2,563,278		12,601,064	
		10,055	
297,426		5,448,435	
291,205		963,190	
18,364		1,098,020	
<u>607,193</u>		<u>646,693</u>	
<u>\$ 33,119,075</u>	<u>\$</u>	<u>134,215,927</u>	
\$ 1,002,422	\$	13,010,739	
		409,172	
3,242,955		5,164,367	
<u>1,586,796</u>	<u></u>	<u>6,042,180</u>	
<u>5,832,173</u>	<u></u>	<u>24,626,458</u>	
916,762		2,707,903	
26,619,977		64,600,603	
		1,467,868	
<u>(249,837)</u>	<u></u>	<u>40,813,095</u>	
<u>27,286,902</u>	<u></u>	<u>109,589,469</u>	
<u>\$ 33,119,075</u>	<u>\$</u>	<u>134,215,927</u>	

BRAZORIA COUNTY, TEXAS**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET ASSETS**

September 30, 2012

Exhibit 3R

Page 1

Total fund balances - governmental funds balance sheet (Exhibit 3) \$ 109,589,469

Amounts reported for *governmental activities* in the statement of net assets (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Capital assets include \$ 364,603,406 in assets less \$ 162,126,877 in accumulated depreciation.	202,476,529
Long-term loans receivable from other entities unavailable to pay for current period expenditures are not recorded in the funds. Loans receivable discounted for present value of \$ 40,386.	(40,386)
Judicial accounts receivables net of related allowance for uncollectible are unavailable to pay for current period expenditures and availability of funds are uncertain as to availability are not recorded in the funds. Judicial receivables of \$ 15,157,945 net of allowance for uncollectible accounts of \$ 5,950,389 of the general fund amounted to \$ 9,207,556.	9,207,556
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds. Deferred property tax revenues for the general fund, Road and Bridge special revenue fund, Mosquito Control District, Certificate of Obligation Sheriff & Detention Complex Series 1993 debt service fund, Certificate of Obligation Construction and Maintenance Series 2003 debt service fund, Certificate of Obligation Construction and Maintenance Series 2006 debt service fund, and Unlimited Road Bonds Series 2006 debt service fund amounted to \$ 839,849, \$ 234,315, \$ 24,680, \$ 39,495, \$ 15,041, \$ 15,148, and \$ 41,333, respectively.	1,209,861
Special assessments receivable unavailable to pay for current period expenditures are deferred in the funds. Deferred special assessment tax revenues for Brazos Oaks/Forest Assessment, Brazos Bend Assessment, Bonnie Lane Assessment, Laura Lane Assessment, Sherwood Land Assessment, Norris Road Special Assessment, Brazos Bend 2 Special Assessment, Oakwood Creek Assessment, Manvel Assessment, Quail Ridge Assessment, Hampton Road Assessment, Pecan Estates Assessment, Westwood Road Assessment, Sally Lake Road Assessment, and Rose Mary Street Assessment reported in the Road and Bridge special revenue fund of \$ 541,368 and other special revenue fund (Oakwood Creek Estates Assessment \$ 948,590, and Benefield Assessment \$ 25,636).	1,515,594
Bond issuance costs are reported as current financial uses for governmental funds but the expenditures increase long-term assets in the statement of net assets. This amount is amortized over the life of the bonds. Bond issuance costs of \$ 1,929,106 less accumulated amortization of \$ 505,602.	1,423,504
Bond refunding costs are reported as current financial uses for governmental funds but the expenditures increase long-term assets in the statement of net assets. This amount is amortized over the life of the bonds. Bond refunding costs of \$ 170,830 less accumulated amortization of \$ 5,519.	165,311
Payables for bond principal are not reported in the funds.	(89,385,000)
Premium on the issuance of bonds provide current financial resources to governmental funds but the proceeds decrease long-term assets in the statement of net assets. This amount is amortized over the life of the bonds. Net premium on the issuance of bonds were \$ 3,690,314 (premium on the sale of bonds of \$ 4,232,602 less amortization of \$ 542,288).	(3,690,314)

(continued)

BRAZORIA COUNTY, TEXAS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET ASSETS - Continued**
September 30, 2012

Exhibit 3R
Page 2

Payables for bond interest is not reported in the funds except for amounts received from the sale of bonds or issuance of capital leases after the issuance date. Total accrued interest payable is \$ 547,408.	\$(547,408)
Payables for compensated absences are not reported in the funds.	(1,764,533)
Payables for net OPEB obligation are not reported in the funds.	(2,415,219)

Internal service funds are used by management to charge the cost of certain activities, such as health insurance and liability insurance, to individual funds. The assets and liabilities of the service funds are not reported separately from the funds statements. The internal service funds balances (net of amount allocated to business-type activities and fiduciary funds) not included in other reconciling items:

	<u>Self Insurance</u>		
	<u>Liability</u>	<u>Health</u>	
Current assets	\$ 1,396,563	\$ 2,306,862	
Accounts receivable		55,682	
Prepaid items		37,200	
Accounts and accrued liabilities payable	(17,566)	(198,981)	
Estimated claims payable	(400,000)	(1,455,830)	
Deferred revenue		(109,119)	
Net amount allocated to business-type activities	<u> </u>	<u>(949)</u>	
Net	<u>\$ 978,997</u>	<u>\$ 634,865</u>	<u>1,613,862</u>
Net assets of governmental activities – statement of net assets (Exhibit 1).			<u>\$ 229,358,826</u>

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

BRAZORIA COUNTY, TEXAS**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2012

	Major Funds			
	General Fund	Road & Bridge Fund	County Road 257 Repairs Fund	2012 Certificate of Obligation C&M Fund
Revenues:				
Taxes	\$ 81,270,600	\$ 18,856,190	\$	\$
Intergovernmental	1,441,446	89,618	19,238,990	
Charges for services	8,004,719	574		
Licenses and permits	1,407,009	706,095		
Fines and forfeitures	3,759,072			
Special assessments		66,095		
Investment income	123,290	84,555		24,991
Miscellaneous	<u>1,753,282</u>	<u>39,277</u>		
Total revenues	<u>97,759,418</u>	<u>19,842,404</u>	<u>19,238,990</u>	<u>24,991</u>
Expenditures:				
Current:				
General administration	6,790,872			
Judicial and legal	15,935,048			
Financial administration	10,277,878			
Elections	280,256			
Public facilities	4,875,343			
Public safety	17,476,843			
Corrections	20,842,985			
Public transportation		15,558,764		
Health and welfare	3,940,033			
Public assistance	296,000			
Culture and recreation	8,817,624			
Conservation	334,459			
Environmental protection	207,915			
Community development				
Capital outlay		3,945,349	19,238,990	67,344
Debt Service:				
Principal				
Interest and fiscal charges				
Total expenditures	<u>90,075,256</u>	<u>19,504,113</u>	<u>19,238,990</u>	<u>67,344</u>
Excess (deficiency) of revenues over expenditures	<u>7,684,162</u>	<u>338,291</u>	<u>-0-</u>	<u>(42,353)</u>
Other Financing Sources (Uses):				
Sale of capital assets	82,958	21,084		
Issuance of general obligation bonds				25,115,000
Premium on bonds				2,394,631
Payment to escrow agent				
Transfers in	200,000			
Transfers out	<u>(1,260,323)</u>			<u>(1,682,889)</u>
Total other financing sources and (uses)	<u>(977,365)</u>	<u>21,084</u>	<u>-0-</u>	<u>25,826,742</u>
Net change in fund balances	6,706,797	359,375	-0-	25,784,389
Fund balances - beginning	<u>38,443,282</u>	<u>11,008,724</u>		
Fund balances - ending	<u>\$ 45,150,079</u>	<u>\$ 11,368,099</u>	<u>\$ -0-</u>	<u>\$ 25,784,389</u>

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

<u>Non-Major Funds</u>	
<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 10,832,060	\$ 110,958,850
15,687,038	36,457,092
1,625,169	9,630,462
2,763,666	4,876,770
13,723	3,772,795
127,214	193,309
97,868	330,704
<u>466,474</u>	<u>2,259,033</u>
<u>31,613,212</u>	<u>168,479,015</u>

1,295,451	8,086,323
1,045,035	16,980,083
31,512	10,309,390
132,337	412,593
1,218	4,876,561
81,894	17,558,737
2,632,456	23,475,441
3,237,994	18,796,758
5,356,803	9,296,836
	296,000
160,370	8,977,994
	334,459
325,004	532,919
7,369,411	7,369,411
5,843,081	29,094,764
5,590,000	5,590,000
<u>3,187,785</u>	<u>3,187,785</u>
<u>36,290,351</u>	<u>165,176,054</u>
<u>(4,677,139)</u>	<u>3,302,961</u>

3,417	107,459
13,010,000	38,125,000
682,322	3,076,953
(4,660,830)	(4,660,830)
3,897,912	4,097,912
<u>(3,048,700)</u>	<u>(5,991,912)</u>
<u>9,884,121</u>	<u>34,754,582</u>
5,206,982	38,057,543
<u>22,079,920</u>	<u>71,531,926</u>
<u>\$ 27,286,902</u>	<u>\$ 109,589,469</u>

BRAZORIA COUNTY, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE GOVERNMENTAL
ACTIVITIES STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2012

Exhibit 4R
Page 1

Net change in fund balances - total governmental funds (Exhibit 4)	\$	38,057,543
Amounts reported for <i>governmental activities</i> in the statement of activities (Exhibit 2) are different because:		
Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays \$ 32,937,475 exceeded depreciation \$ 10,733,554 in the current period.		22,203,921
Contributions of capital assets are not reported in the funds, however, contributions of capital assets are reported as capital contributions in the governmental activities statement of activities. During the current year, \$ 4,902,747 of roads were contributed to and accepted by the County.		4,902,747
Property tax revenues in the governmental activities statement of activities do not provide current available resources and are not reported as revenues in the funds. Deferred property tax revenues for the general fund, Road and Bridge special revenue fund, the Mosquito Control District, the Certificate of Obligation Detention Complex Series 1993 debt service fund, the Certificate of Obligation Construction and Maintenance Series 2003 debt service fund, the Certificate of Obligation Construction and Maintenance Series 2006 debt service fund, and the Unlimited Road Tax Series 2006 debt service fund amounted to \$ 313,085, \$ 67,843, \$ 3,668, \$ 17,031, \$ 4,825, \$ 4,579, and \$ 4,863, respectively.	(	415,894)
Special assessment revenues in the governmental activities statement of activities do not provide current available resources and are not reported as revenues in the funds. Deferred special assessment tax revenues for Brazos Oaks/Forest Assessment, Brazos Bend Assessment, Bonnie Lane Assessment, Laura Lane Assessment, Sherwood Land Assessment, Norris Road Special Assessment, Brazos Bend 2 Special Assessment, Oakwood Creek Assessment, Manvel Assessment, Quail Ridge Assessment, Hampton Road Assessment, Pecan Estates Assessment, Westwood Road Assessment, Sally Lake Road Assessment, and Rose Mary Street Assessment reported in the Road and Bridge special revenue fund of \$ 84,157 and other special revenue funds (Oakwood Creek Estates Assessment) of \$ 109,611 and Benefield Assessment of \$(25,636).	(	168,132)
Governmental funds report proceeds from the sale of assets as revenue. However, in the governmental activities statement of activities, the cost of the assets disposed is offset against the proceeds to report gain or loss on the disposition of assets. The cost of assets disposed was \$ 184,362. (Cost of \$ 990,521 less accumulated depreciation of \$ 806,159).	(	184,362)
Judicial revenues (resulting from accounts receivables net of related allowance for uncollectible) in the governmental activities statement of activities does not provide current available resources and are not reported as revenues in the funds. The change in these net receivables resulted in a decrease in revenues reported in the governmental activities statement of activities.		288,404
Bond issuance cost is an expenditure in the governmental funds, but the cost increases long-term assets in the statement of net assets. This amount is amortized over the life of the bond. Current bond issuance costs of \$ 526,950, less amortization of \$ 103,613.		423,337
Bond refunding costs is an expenditure in the governmental fund, but the costs increases long-term assets in the statements of net assets. This amount is amortized over the life of the bond. Current bond refunding costs of \$ 170,830, less amortization of \$ 5,519.		165,311

(continued)

BRAZORIA COUNTY, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE GOVERNMENTAL
ACTIVITIES STATEMENT OF ACTIVITIES - Continued**

Exhibit 4R
Page 2

For the Year Ended September 30, 2012

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the governmental activities statement of net assets. Long-term proceeds in the governmental fund were \$ 38,125,000 for bonds. \$(38,125,000)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the governmental activities statement of net assets. The funds statements reported \$ 5,590,000 in bond principal payments. 5,590,000

Refunding of long-term debt principal is an expenditure in the governmental funds, but the refunding reduces long-term liabilities in the governmental activities statement of net assets. The funds statements reported \$ 4,490,000 in bond refunding included in payments to escrow agent. 4,490,000

Premium on the issuance of bonds provide current financial resources to governmental funds, but the proceeds decrease long-term assets in the statement of net assets. This amount is amortized over the life of the bonds. Proceeds of bond premium of \$(3,076,953) net of amortization of bond premium was \$ 143,570. (2,933,383)

Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount of accrued interest on long-term debt. Change in accrued interest on bonds was \$ 185,298. (185,298)

Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount of change in compensated absences. 2,225

Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount of change in net OPEB obligation. (299,113)

The change in noncurrent loan advance discounts do not produce current financial resources to governmental funds but these changes increase long-term assets in the statement of net assets. The current change in noncurrent loan discounts was \$ 14,644 (prior discount of \$ 25,742 less current discount of \$ 40,386). (14,644)

Internal service funds are used by management to charge the cost of insurance, health and liability to individual funds. The net revenue (expense) of the internal service funds is reported in the governmental activities statement of activities (net of amounts allocated to business-type activities and fiduciary funds) not included in other reconciling items:

	Self Insurance		
	Liability	Health	
Investment income	\$ 4,611	\$ 20,981	
Operating expenses	(384,089)	(11,139,516)	
Contributions for self-insurance	377,982	11,594,434	
Net amount allocated to business-type activities	(4,792)	(4,792)	
Net	\$(1,496)	\$ 471,107	469,611

Change in net assets of governmental activities (Exhibit 2) \$ 34,267,273

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

BRAZORIA COUNTY, TEXAS
COMPARATIVE STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2012

Exhibit 5

	Business-Type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds
	2012	2011	
Assets:			
Current Assets:			
Cash and temporary investments	\$ 2,481,374	\$ 505,736	\$ 3,703,425
Accounts receivable	229,739	269,457	55,682
Due from other governments	44,191	13,392	
Inventory	153,437	144,464	
Prepaid expense	12,691	4,751	37,200
Total current assets	<u>2,921,432</u>	<u>937,800</u>	<u>3,796,307</u>
Noncurrent Assets:			
Capital Assets:			
Land	1,558,687	1,558,687	
Buildings and improvements	5,497,041	5,646,898	
Furniture, equipment and vehicles	1,213,042	1,189,430	
Runways, taxiways and aprons	26,014,529	16,534,395	
Construction in progress	231,768	9,295,650	
Accumulated depreciation	(17,424,583)	(16,133,708)	
Total capital assets (net of accumulated depreciation)	<u>17,090,784</u>	<u>18,091,352</u>	<u>-0-</u>
Total noncurrent assets	<u>17,090,784</u>	<u>18,091,352</u>	<u>-0-</u>
Total assets	<u>20,012,216</u>	<u>19,029,152</u>	<u>3,796,307</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMPARATIVE STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - Continued
September 30, 2012

Exhibit 5

	Business-Type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds
	2012	2011	
Liabilities:			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 171,861	\$ 56,561	\$ 2,072,377
Compensated absences	10,232	10,206	
Deferred revenue	19,250	24,800	109,119
Total current liabilities	201,343	91,567	2,181,496
Noncurrent Liabilities:			
Net OPEB obligation	20,469	10,849	
Total liabilities	221,812	102,416	2,181,496
Net Assets:			
Invested in capital assets, net of related debt	17,090,784	18,063,644	
Unrestricted	2,699,620	863,092	1,614,811
Total net assets	19,790,404	18,926,736	\$ <u>1,614,811</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	949	(3,843)	
Net assets of business-type activities	\$ 19,791,353	\$ 18,922,893	

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

BRAZORIA COUNTY, TEXAS**COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES****IN NET ASSETS - PROPRIETARY FUNDS**

For the Year Ended September 30, 2012

Exhibit 6

	Business-Type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds
	2012	2011	
Operating Revenues:			
Sales of fuel and supplies	\$ 2,301,954	\$ 2,356,036	\$
Cost of sales	<u>1,994,871</u>	<u>2,015,458</u>	
Gross profit	307,083	340,578	-0-
Other Operating Revenue:			
Contributions for self insurance			11,972,416
Rentals	440,946	410,031	
Fees	335,566	279,789	
Miscellaneous	<u>2,674</u>	<u>29,134</u>	
Net operating revenue	<u>1,086,269</u>	<u>1,059,532</u>	<u>11,972,416</u>
Operating Expenses:			
Salaries and wages	455,645	409,002	
Employee benefits	191,422	157,067	
Supplies	95,607	142,409	
Other charges	271,581	303,356	11,523,605
Depreciation	<u>1,274,713</u>	<u>850,725</u>	
Total operating expenses	<u>2,288,968</u>	<u>1,862,559</u>	<u>11,523,605</u>
Operating income (loss)	<u>(1,202,699)</u>	<u>(803,027)</u>	<u>448,811</u>
Non-Operating Revenues (Expenses):			
Investment income	2,760	7,550	25,592
Gain on sale of assets	3,563		
Grant revenue	<u>8,509</u>	<u>46,750</u>	
Total non-operating revenues (expenses)	<u>14,832</u>	<u>54,300</u>	<u>25,592</u>
Net income (loss) before contributions and transfers	<u>(1,187,867)</u>	<u>(748,727)</u>	<u>474,403</u>
Capital contributions	157,535	807,418	
Transfers in	<u>1,894,000</u>		
Change in net assets	863,668	58,691	474,403
Net Assets:			
Total net assets - beginning of year	<u>18,826,736</u>	<u>18,868,045</u>	<u>1,140,408</u>
Total net assets - end of year	<u>\$ 19,790,404</u>	<u>\$ 18,926,736</u>	<u>\$ 1,615,811</u>

(continued)

BRAZORIA COUNTY, TEXAS**COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES****IN NET ASSETS - PROPRIETARY FUNDS - Continued**

For the Year Ended September 30, 2012

Exhibit 6

	Business-Type Activities - Enterprise Fund	
	2012	Restated 2011
Business-type Activities:		
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	\$ <u>4,792</u>	\$ <u>(4,043)</u>
Change in net assets of business-type activities	868,460	54,648
Net Assets (Business-type Activities):		
Total net assets - beginning of year	<u>18,922,893</u>	<u>18,868,245</u>
Total net assets - end of year	<u>\$ 19,791,353</u>	<u>\$ 18,922,893</u>

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

BRAZORIA COUNTY, TEXAS
COMPARATIVE STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2012

Exhibit 7

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	2012	2011	
Cash Flows from Operating Activities:			
Cash flows received from customers	\$ 3,084,509	\$ 2,955,717	\$
Cash receipts from interfund services provided			12,368,528
Cash paid to and on behalf of employees	(637,046)	(565,571)	(8,825,093)
Cash paid to suppliers and others	(2,264,047)	(2,498,192)	(2,260,434)
Net cash provided (used) by operating activities	<u>183,416</u>	<u>(108,046)</u>	<u>1,283,001</u>
Cash Flows from Noncapital Financing Activities:			
Transfers from other funds	1,894,000		
Cash received from operating grants	<u>8,509</u>	<u>46,750</u>	
Net cash provided by noncapital financing activities	<u>1,902,509</u>	<u>46,750</u>	<u>-0-</u>
Cash Flows from Capital and Financing Activities:			
Cash received from capital grants	157,535	807,418	
Cash received from sale of capital assets	3,563		
Acquisition of fixed assets	(274,145)	(1,009,978)	
Net cash provided (used) by capital financing activities	<u>(113,047)</u>	<u>(202,560)</u>	<u>-0-</u>
Cash Flows from Investing Activities:			
Investment income	<u>2,760</u>	<u>7,662</u>	<u>25,592</u>
Net cash provided by investment activities	<u>2,760</u>	<u>7,662</u>	<u>25,592</u>
Net increase (decrease) in cash	1,975,638	(256,194)	1,308,593
Cash and temporary investments - beginning of year	<u>505,736</u>	<u>761,930</u>	<u>2,394,832</u>
Cash and temporary investments - end of year	<u>\$ 2,481,374</u>	<u>\$ 505,736</u>	<u>\$ 3,703,425</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMPARATIVE STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - Continued
For the Year Ended September 30, 2012

Exhibit 7

	Business-Type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds
	2012	2011	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Activities:			
Operating income (loss)	\$(1,202,699)	\$(803,027)	\$ 448,811
Depreciation	1,274,713	850,725	
Changes in Assets and Liabilities:			
(Increase) Decrease In:			
Accounts receivable	39,718	(116,056)	(55,532)
Due from other governments	(30,799)	(13,392)	
Inventory	(8,973)	(51,841)	
Prepaid expenses	(7,940)	6,105	63,183
Increase (Decrease) In:			
Accounts and accrued liabilities payable	115,300	10,676	717,420
Compensated absences	26	297	
Deferred revenue	(5,550)	10,175	109,119
Net OPEB obligation	9,620	(1,708)	
	<u>\$ 183,416</u>	<u>\$(108,046)</u>	<u>\$ 1,283,001</u>
Net cash provided (used) for operating activities			
Noncash Transactions Affecting Financial Position:			
Net noncash transactions affecting financial position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

BRAZORIA COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
September 30, 2012

Exhibit 8

	<u>Private-Purpose Trust Fund</u>		<u>Agency Funds</u>
	Historical Commission Fund		
<u>Assets</u>			
Cash and temporary investments	\$ 20,423	\$	14,105,187
Receivables:			
Accounts receivable	<u> </u>		<u>865,225</u>
Total assets	<u>20,423</u>	\$	<u><u>14,970,412</u></u>
<u>Liabilities</u>			
Accounts and accrued liabilities payable	377	\$	1,864,721
Due to other funds			284,068
Amounts held for others	<u> </u>		<u>12,821,623</u>
Total liabilities	<u>377</u>	\$	<u><u>14,970,412</u></u>
<u>Net Assets</u>			
Held in trust for historical commission	<u>20,046</u>		
Total net assets	<u>20,046</u>	\$	<u><u>20,046</u></u>

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

BRAZORIA COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended September 30, 2012

Exhibit 9

	Private-Purpose Trust Fund <hr/> Historical Commission Funds <hr/>
<u>Additions</u>	
Contributions:	
Private donations and sales	\$ 962
Investment Earnings:	
Interest	<hr/> 18
Total additions	<hr/> 980
<u>Deductions</u>	
Culture and recreation (historical commission)	<hr/> 1,877
Total deductions	<hr/> 1,877
Change in net assets	(897)
<u>Net Assets</u>	
Net assets - beginning of the year	<hr/> 20,943
Net assets - end of the year	\$ <u><hr/> 20,046</u>

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



BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

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BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Brazoria County, Texas (County) related to the funds in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the County has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the County are described below.

Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the County's reporting entity. Financial statements for component units can be obtained from the office of the County Auditor.

Included in the reporting entity:

Brazoria County, Texas (Primary Government) -

The County is a political subdivision of the State of Texas. The County is governed by the Commissioners' Court, composed of four elected County Commissioners and an elected County Judge. Each of these officials serves a term of four years. The primary activities of the County include: the construction and maintenance of county roads, provision of public safety through a sheriff's department, support of area fire protection and ambulance service, administration of justice, correctional facilities, health and welfare services, culture and recreation through libraries, parks and a museum, operation and maintenance of an airport, and other social and administrative services.

For the year ended September 30, 2012, no other organizations have been combined for either blended or discrete presentation in the County's financial statements. The following organizations are not considered "related organizations."

Excluded from the reporting entity:

Adult Probation -

This entity is considered a separate agency of the State of Texas. While the County provides office space, utilities, telephone and certain supplies, the operations of this unit are primarily provided for by the State. A separate board develops the operating budget, which is also approved and controlled by the State of Texas. Required County expenditures are disclosed as a department within the General Fund function of Corrections. Due to custodial responsibility, the accounts of this entity are reported as an Agency Fund of the County.

Brazoria County Fair Association -

The County owns the premises where the annual County Fair is held; however, all financial matters related to the Fair and the Fair Association operating policies are the responsibility of a separate board.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reporting Entity - continued

Brazoria County Appraisal District -

This is a separate entity providing property appraisal services to all taxing units within the county. This entity has its own governing board, elected by the various taxing units, which it serves; however, the taxing units do not designate management or significantly influence operations. The Appraisal District's cost of operations is divided on a prorated basis among the various taxing units within the county. Brazoria County's share of this cost is disclosed within the General Fund under the Financial Administration function.

City Libraries -

The only library owned and operated by Brazoria County is the central library located in the city of Angleton. There are other libraries located in municipalities throughout the county. The County provides for employee salaries in these libraries and the purchase of books and some supplies. The various municipal library premises are owned and maintained by the various municipalities.

Brazoria County Children's Protective Services -

Brazoria County Children's Protective Services (CPS) was created by a mandate from the Texas Legislature, Title II, Section 34. CPS investigates reports of neglected and abused children and provides foster care, institutional care and adoptive placements for children who cannot live with their parents. The Commissioners' Court appoints the CPS Board. The CPS Board appoints an Executive Director to administer the day-to-day operation. CPS is excluded from the reporting entity because the County does not have the ability to exercise influence over its daily operations. The State of Texas directly pays all salaries and related personnel costs of this organization. The County pays some related expenditures, which are disclosed under the department of Child Welfare within the General Fund function of Health and Welfare.

Other entities within the county which provide similar services but are not included in the reporting entity because they do not meet the criteria are: municipalities, school districts, drainage districts, hospital districts, water districts and various non-profit organizations.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities report financial information on all of the nonfiduciary activities of the primary government). For the most part, interfund activity has been removed from these statements; however, interfund services provided and used are not eliminated in the process of consolidation. 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 program 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 program and 2) operating or capital grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Government-Wide and Fund Financial Statements - continued

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The County has only one enterprise fund.

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 and fiduciary fund (excluding agency funds) 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.

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.

Revenues from property and sales taxes, grants and contracts, charges for services, licenses and permits, fines and forfeitures, and interest associated with the current fiscal period are all considered to be susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Revenue from investments, including governmental external investment pools, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

Grant funds are considered earned to the extent of the expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until the related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the County to refund all or part of the unused amount.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation - continued

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and 2) operating and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise fund are charges to customers for sales and services and rentals.

Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

The County has presented the following major governmental funds:

The *General fund* is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the general fund.

The *Road and Bridge, special revenue, fund* accounts for the property taxes and fees from auto registration, certificates of title, and gross weight and axle fees, and approved expenditures for public transportation projects.

The *County Road 257 Repairs, special revenue, fund*, accounts for both grant and local contributions authorized for both the temporary and permanent repairs to County Road 257 which was damaged during Hurricane Ike.

The *2012 Certificate of Obligation C & M, capital projects, fund* accounts for the accumulation of resources and the payment of proceeds of a 2012 Certificate of Obligation Bonds – Series 2012 bond issue totaling \$ 25,115,000 and resulting interest earned on related deposit balances. This issue was approved for the purpose of construction and improvement of numerous facility projects with an estimated cost of \$ 27,500,000.

The County reports the following major proprietary fund:

The *enterprise fund* is used to account for airport operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing services be financed primarily through user charges, or where periodic determination of net income is appropriate. Activities of the fund include administration, operations and maintenance of the airport and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest. All costs are financed through charges to airport customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation - continued

Additionally, the County reports the following fiduciary funds:

The *Historical Commission fiduciary fund* is a private purpose trust fund, which accounts for grant revenues, publication sales, and private donations used by the Historical Commission Board of Directors to preserve Brazoria County's heritage.

The *agency funds* account for assets that the government holds on behalf of others as their agent. The County's agency funds include payroll clearing, child support, District and County Clerk trusts, Brazoria County Freshwater Supply District #2, Brazoria County Groundwater Conservation District, Brazoria County Toll Road Authority, Conoco Phillips FM 524 by-pass, and Community Corrections and Supervision (Adult Probation) funds.

New Pronouncements

GASB No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", was issued April 2009. This statement provides guidance on classification of fund equity. This statement is effective for periods beginning after June 15, 2010. The statement was implemented and did not have an impact on the County's financial statements.

GASB No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", was issued November 2010. The management of the County does not believe that the implementation of this statement will have a material effect on the financial statements of the County. This statement is effective for periods beginning after December 15, 2011.

GASB No. 61, "The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34", was issued November 2010. The management of the County does not believe that the implementation of this statement will have a material effect on the financial statements of the County. This statement is effective for periods beginning after June 15, 2012.

GASB No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", was issued December 2010. The management of the County does not believe that the implementation of this statement will have a material effect on the financial statements of the County. This statement is effective for periods beginning after December 15, 2011.

GASB No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", was issued June 2011. The management of the County does not believe that the implementation of this statement will have a material effect on the financial statements of the County. This statement is effective for periods beginning after December 15, 2011.

GASB No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions-and amendment of GASB Statements No. 53", was issued June 2011. The statement was implemented and did not have an impact on the County's financial statements. This statement is effective for periods beginning after June 15, 2011.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements - continued

GASB No. 65, "Items Previously Reported as Assets and Liabilities", was issued March 2012. The management of the District does not believe that the implementation of this statement will have a material effect on the financial statements of the County, although it will reclassify items previously recorded as assets and liabilities within the County's financial statements as outflow and inflows of resources. This statement is effective for periods beginning after December 15, 2012.

GASB No. 66, "Technical Corrections – 2012 - an amendment of GASB Statements No. 10 and No. 62", was issued March 2012. The management of the County does not believe that the implementation of this statement will have a material effect on the financial statements of the County. This statement is effective for periods beginning after December 15, 2012.

Budgetary Data

The budget law of the State of Texas provides that amounts budgeted for current expenditures from the various funds of the County shall not exceed the balances in the funds, plus the anticipated revenues for the current year as estimated by the County Auditor. The legal level of budgetary control is at the category level (salaries and wages, and employee benefits; operating expenditures/expenses, and capital outlay) within departments of each fund. Any expenditure, which alters the total budgeted amounts of a fund, must be approved by Commissioners' Court, and the budget amended. Budgets are adopted on a basis consistent with generally accepted accounting principles.

Annual appropriated budgets are adopted for the general fund, certain special revenue funds (Road and Bridge Fund, County Road 257 Repairs Fund, Lateral Roads Fund, Road and Bridge Tax Code Chapter 152 Fund, Special Road and Bridge Projects Fund, Law Library Fund, and Mosquito Control District Fund, and debt service funds.

Prior to May 1 of each year, or as soon thereafter as practical, the County Judge, assisted by the County Auditor, prepares a proposed operating budget for the subsequent fiscal year beginning the following October 1st. The proposed operating budget establishes estimated revenues and other resources available for appropriation. Proposed expenditures may not exceed estimated revenues, other resources, and available fund balances. Subsequent to May 15 and after proper publication of notice, a public hearing is conducted by the Commissioners' Court to obtain taxpayer comments. If an increase to the effective tax rate of more than 3% is proposed as a result of the proposed budget, additional notices and public hearings are required. After the public hearing(s) the Commissioners' Court makes appropriate budget changes and adopts the budget through the passage of an order at a regularly scheduled meeting. A separate order is adopted to levy the taxes necessary to finance the budgeted expenditures.

Although the level of budgetary control is total revenues plus available fund balance, the County adopts its budget at a line-item level for managerial control purposes. Line item level is defined for revenue purposes as the type of revenue to be derived and for expenditure purposes by department and type of expenditures (salaries and wages, and employee benefits; operating expenses/expenditures; and capital outlay).

Budget amendments to transfer budgeted amounts from one line item to another may be made at the discretion of Commissioners' Court. Amendments to provide for items not included in the original budget may be made by the Commissioners' Court upon finding and declaration of the existence of an emergency sufficient to require action. County management has no prerogative to amend the budget without the approval of Commissioners' Court. Appropriations not exercised in the current year lapse at the end of the year. Sixteen supplemental budget amendments in the general and special revenue funds were deemed necessary due to the timing of planned expenditures and construction projects.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized. Encumbrances outstanding at year-end are reported as a reservation of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

The following outstanding encumbrances were provided for in the subsequent year's budget:

Major Funds:	
General Fund	\$ 341,177
Road and Bridge (Special Revenue Fund)	1,320,852
Nonmajor funds	<u>20,008</u>
 Total	 <u>\$ 1,682,037</u>

Cash and Investments

Cash and temporary investments include amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the County. For purposes of the cash flow statement, cash and temporary investments are considered cash equivalents. In accordance with GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are stated at fair value.

The County maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and temporary investments under each fund's caption. Funds are allowed to exceed the amount of their equity in the pooled cash account. Funds with overdrawn accounts are disclosed as an interfund payable in the liability section of the balance sheet.

Restricted Assets

Restricted assets consist of debt service restrictions. Restricted assets for debt service consist of amounts placed in interest and sinking funds from operations and residual balances from proceeds of certificates of obligations and general obligations of the County.

Property Taxes

Property taxes are levied as of October 1st of each year with statements prepared and mailed at that date or soon thereafter. The tax levy is based upon appraised property values as of each previous January 1st for all taxable property within the County. Payments are due and payable when taxes are levied and may be timely paid through January 31st. On February 1st, taxes become delinquent and subject to penalty and interest charges. After June 30th, any uncollected taxes are subject to tax suit and additional charges to offset related legal costs. The lien date for property taxes is July 1st.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property Taxes - continued

The appraisal of property within the county is the responsibility of the Brazoria County Appraisal District. The Texas Legislature established the Appraisal District and the related Appraisal Review Board in 1979 through the adoption of a comprehensive Property Tax Code. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Real property is reappraised at least every four years. Under certain circumstances, taxpayers and taxing units including the County, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

Under the Code, the Commissioners' Court will continue to set annual tax rates on the property. The Code also provides that, if approved by the qualified voters in the Appraisal District, collection functions may be placed with the Appraisal District. The County bills and collects its property taxes and those of certain other taxing entities. Collections of those taxes pending distribution are accounted for in an agency fund.

The County is permitted by Article VIII; Section 9 of the State of Texas Constitution to levy taxes up to \$ 0.80 per \$ 100 assessed valuation for general governmental services including payment of principal and interest on general long-term debt and maintenance of roads and bridges. Article 6790 of Vernon's Civil Statutes permits the County to collect an additional \$ 0.15 per \$ 100 valuation for road and bridge purposes. Article 7048a of Vernon's Civil Statutes permits the County to collect \$ 0.30 per \$ 100 valuation for road, bridge and flood control purposes.

The County's 2011 tax levy, supporting the 2012 fiscal period budget, totaled \$ 0.473101 per \$ 100 valuation and was comprised as follows:

Constitutional Levy:	
General Fund	\$ 0.323617
Road and Bridge	0.036500
Mosquito Control	0.010000
Special Road and Bridge:	
Article 6790	0.60000
Article 7048a	-0-
Debt Service:	
General Obligation Refunding	
Bonds Series 1998	0.015000
Combination Tax and Revenue	
Certificates of Obligation Series 2003	0.006000
Combination Tax and Revenue	
Certificates of Obligation Series 2006	0.005784
Unlimited Tax Road Bonds Series 2008	<u>0.016200</u>
Combined tax rate	<u>\$ 0.473101</u>

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All outstanding balances between funds are reported as "due to/from other funds". The County had no advances between funds. All activity between funds was for short-term cash flow requirements. See Note 4 for additional discussion of interfund receivables and payables.

Inventories

The County utilizes the consumption method to account for inventory. Under this method, inventory is considered an expenditure when used rather than when purchased. Significant inventories are reported on the balance sheet at cost, using the first-in, first-out method, with an offsetting reservation of fund balance in the governmental fund financial statements since they do not constitute "available spendable resources" even though they are a component of current assets. Inventories in the governmental funds are comprised of road materials, bulk fuel and chemicals. Inventory of the proprietary fund type, Enterprise Fund (Airport), is comprised of bulk fuel held for sale. Changes in inventory balances for a proprietary fund type have a direct effect on respective cost of sales.

Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, furniture, equipment and vehicles, runways, taxiways and aprons, infrastructure, and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are 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. The amount of interest cost to be capitalized on assets with tax-exempt borrowing is equal to the cost of the borrowing less interest earned on the related tax-exempt borrowing. During the year ended September 30, 2012, no capitalized interest was included in the cost of capital assets under construction.

Assets capitalized have an original cost of \$ 5,000 or more and over two years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Leased assets are depreciated over the lesser of the term of the related lease or the estimated useful lives of the assets. Estimated useful lives are as follows:

Land improvements	12-40 Years
Buildings and improvements	9-40 Years
Furniture, equipment and vehicles	2-20 Years
Runways, taxiways and aprons	15-20 Years
Infrastructure	20-50 Years

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Compensated Absences

Employees are allowed paid absences due to sickness, vacation and compensatory time. As of January 1, 2000, sick leave benefits are earned by all full time employees at a rate of 96 hours annually. The leave policy allows employees to accumulate up to sixty days of sick leave benefit. Sick leave benefits are recognized in the period in which time off is actually taken. Vacation benefits accrue monthly at rates depending upon an employee's length of service. Vacation benefits must be taken annually and are limited to a carryover period depending upon the employee's length of service.

Effective January 1, 2000, the County implemented a sick leave pool. The sick leave pool provides additional sick leave days to employees in the event of a catastrophic illness or injury, surgery, or disability that prevents an employee from active employment. Days are applied from the pool only after the employee exhausts all accrued sick, vacation and compensatory time. The Sick Leave Pool Committee, an elected body of pool members who serve as the pool administrator, authorizes benefits from the pool.

Compensatory time represents time worked by employees in excess of 40 hours per week, and is earned at one and one-half times such hours worked. This applies to all non-exempt employees. Exempt employees are all department heads, supervisory personnel, and certain other professional or administrative positions. The maximum compensatory time an employee may accumulate is 240 hours. All such paid absences are paid at the employee's regular pay rate. The liability for compensated absences disclosed in the financial statements represents accumulated vacation and compensatory time at September 30, 2012, computed at pay rates in effect at that time.

The following is a summary of benefits payable as of September 30, 2012:

Governmental activities	\$ 1,764,533
Business-type activities	<u>10,232</u>
	<u>\$ 1,774,765</u>

Compensated absence liabilities for governmental activities have been paid from the general fund and various special revenue funds, and liabilities for business-type activities have been paid by the enterprise fund. These liabilities are expected to turn over completely during the next fiscal year; therefore, they are reported as current liabilities.

Long-Term Debt

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt is reported as other financing resources. 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.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Equity

The County's Commissioners Court meets on a regular basis to manage and review cash financial activities and to ensure compliance with established policies. The County's Unassigned General Fund Balance is maintained to provide the County with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned General fund balance may only be appropriated by resolution of the County's Commissioners Court. Fund balance of the County may be committed for a specific source by formal action of the County's Commissioners Court. Amendments or modifications of the committed fund balance must also be approved by formal action by the County's Commissioners Court. When it is appropriate for fund balance to be assigned, the County's Commissioners Court has delegated authority to the County Judge or the County Auditor. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Fund Balance Classifications:

The *nonspendable* fund balance includes portion of net resources that cannot be spent because of their form or because they must be maintained intact. Resources not in spendable form include supplies inventories, prepaid items, and long-term receivables net of deferred interest revenue.

The *restricted* fund balance includes net resources that can be spent only for the specific purposes stipulated by constitution, external resource providers (creditors, grantors, and contributors), laws and regulations of other governments, or through enabling legislation.

The enabling legislation authorizes the County to access, levy, charge or otherwise mandate payment of resources from external resource providers; those resources can be used only for the specific purposes stipulated in the legislation. The County's fee revenue generated through enabling legislations include auto registration fees, birth/death certificate fees, adult bond supervision fees, child abuse protection fees, graffiti eradication fees, court technology fees, election service fees, family protection fees, financial security fees, juvenile case management fees, law library fees, records archive fees, and records management and preservation fees reported under Nonmajor Special Revenue Funds, and auto registration fees, certificates of title, and gross weight and axle fees reported under the Road and Bridge Major Fund.

The *committed* fund balance includes spendable net resources that can only be used for specific purposes pursuant to constraints imposed by formal Commissioners Court actions, no later than the close of the fiscal year. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources, which was formal action of Commissioners Court.

The *assigned* fund balance includes amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Such intent should be expressed by Commissioners Court or its designated officials to assign amounts to be used. Constraints imposed on the use of assigned amounts can be removed with no formal Commissioners Court actions. At September 30, 2012, there were no assignments of fund balance.

The *unassigned* fund balance represents spendable net resources that have not been restricted, committed, or assigned to specific purposes.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Governmental Fund Financial Statements:

The following schedule presents details of fund balance components at September 30, 2012:

	Major Funds			Non-Major	Total
	General Fund	Road & Bridge Fund	2012 Certificate of Obligation C & M Fund	Other Governmental Funds	
Fund Balances:					
Nonspendable:					
Inventory	\$ 51,613	\$ 620,372	\$	\$ 291,205	\$ 963,190
Prepaid expenditures	1,074,311	5,345		18,364	1,098,020
Long-term receivables	39,500			607,193	646,693
Restricted:					
Capital projects			25,784,389	1,131,211	26,915,600
Contributor purposes	596,714			163,063	759,777
Court improvements and operations				608,192	608,192
Debt service				4,413,512	4,413,512
Elections services				215,085	215,085
Family protection services				97,517	97,517
Federal grants				497,162	497,162
Health services				270,091	270,091
Inmate services	825,147				825,147
Juvenile services				38,847	38,847
Library services				389,161	389,161
Public safety personnel training				56,726	56,726
Public transportation projects		10,742,382		15,738,283	26,480,665
Records management				2,793,607	2,793,607
State grants and appropriations	31,994			52,178	84,172
Other				155,342	155,342
Committed:					
Capital projects	235,834				235,834
District Attorney supplement	49,794				49,794
District Clerk supplement	524,207				524,207
Health services	1,466				1,466
Narcotics operations	20,012				20,012
Juvenile services	176,249				176,249
Sheriff supplement	398,768				398,768
Tax Collector supplement	61,538				61,538
Unassigned	<u>41,062,932</u>			<u>(249,837)</u>	<u>40,813,095</u>
Total	<u>\$45,150,079</u>	<u>\$11,368,099</u>	<u>\$25,784,389</u>	<u>\$27,286,902</u>	<u>\$109,589,469</u>

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Assets

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net Assets:			
Invested in capital, net of related debt	\$ 137,905,630	\$ 17,090,784	\$ 154,996,414
Restricted:			
Debt service	3,745,648		3,745,648
Public transportation projects	29,463,484		29,463,484
Records management	2,793,607		2,793,607
Other:			
Contributor purposes	759,777		759,777
Court improvements and operations	608,192		608,192
Elections services	215,085		215,085
Family protection services	97,517		97,517
Federal grants	497,162		497,162
Health services	585,976		585,976
Inmate services	825,147		825,147
Juvenile services	38,847		38,847
Library services	389,161		389,161
Public safety personnel training	56,726		56,726
State grants and appropriations	84,172		84,172
Other	155,342		155,342
Unrestricted	<u>51,137,353</u>	<u>2,700,569</u>	<u>53,837,922</u>
	<u>\$ 229,358,826</u>	<u>\$ 19,791,353</u>	<u>\$ 249,150,179</u>

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES

The County classifies deposits and investments for financial statement purposes as cash and temporary investments, and investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose, a temporary investment is one that when purchased had a maturity date of three months or less. See Note 1 for additional Governmental Accounting Standards Board Statement No. 31 disclosures. Cash and temporary investments as reported on the financial statements at September 30, 2012 are as follows:

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

	<u>Unrestricted</u>
Cash and Temporary Investments:	
Cash (petty cash accounts)	\$ 26,275
Financial Institution Deposits:	
Demand deposits	57,987,478
Local Government Investment Pools:	
Texpool	21,210,385
MBIA Texas Class Pool	<u>39,420,229</u>
	118,644,367
Investments:	
Government agency securities	<u>12,006,940</u>
	<u>\$ 130,651,307</u>

Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the County’s deposits may not be returned to them. The County requires that all deposits with financial institutions be collateralized in an amount equal to 100 percent of uninsured balances.

At year-end, in addition to petty cash of \$ 26,275, the carrying amount, of the County's deposits, was \$ 57,987,478, while the financial institution balances totaled \$ 53,674,446. Of these balances, \$ 10,770,990 represents amounts controlled by County courts and held by various financial institutions jointly under the name of the County and the court's beneficiaries and carrying the identification number of the beneficiaries. These accounts are entirely covered by federal deposit insurance. Of the financial institution balances, \$ 11,563,153 was covered by federal depository insurance coverage, and \$ 42,111,293 was covered by collateral held by the County's agent in the County's name.

Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the County to invest its funds under written investment policy (the “investment policy”) that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. This investment policy defines what constitutes the legal list of investments allowed under the policies, which excludes certain instruments allowed under chapter 2256 of the Texas Government Code.

The County’s deposits and investments are invested pursuant to the investment policy, which is approved by Commissioners’ Court. The investment policy includes lists of authorized investment instruments and allowable stated maturity of individual investments. In addition it includes an “Investment Strategy Statement” that specifically addresses each investment option and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the County will deposit funds is addressed. The County’s investment policy and types of investments are governed by the Public Funds Investment Act (PFIA). The County’s management believes it complied with the requirements of the PFIA and the County’s investment policy.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Investments - Continued

The County's Investment Officer submits an investment report each quarter to the Commissioners' Court. The report details the investment positions of the County and the compliance of the investment portfolio's as they relate to both the adopted investment strategy statements and Texas State law.

The County is authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy:

1. Obligations of the United States or its agencies and instrumentalities;
2. Direct obligations of the State of Texas or its agencies and instrumentalities;
3. No-load money market mutual funds: regulated by SEC, with a dollar-weighted average stated maturity of 90 days or less, includes in its investment objectives the maintenance of a stable \$ 1.00 net asset value per each share, and limited in quantity to the requirements, set forth in Chapter 2256, Government Code Section 2256.014;
4. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities;
5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;
6. Certificates of deposit if issued by a state or national bank domiciled in the State of Texas and is: guaranteed or insured by the Federal Deposit insurance Corporation or its successor, secured in any manner and amount provided by law for deposits of the County;
7. Fully collateralized repurchase agreements, if it: has a defined termination date, is secured by obligations described by Section 2256.009(a)(1) of the Public Funds Investment Act, requires the securities being purchased by the County to be pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party selected and approved by the County, is placed through a primary government securities dealer, approved by the County, or a financial institution doing business in the State of Texas;
8. Commercial paper is an authorized investment, if the commercial paper: has a stated maturity of 270 days or fewer from the date of its issuance, and is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit agencies or one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state;
9. Eligible investment pools if the Commissioners' Court by resolution authorizes investment in the particular pool. An investment pool shall invest funds it receives from entities in authorized investments permitted by the Public Funds Investment Act. The County by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds; and,

The County participates in two Local Government Investment Pools (LGIPs): Texpool and MBIA Texas Class. The State Comptroller oversees Texpool with Lehman Brothers and Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Advisory boards consisting of participants or their designees, maintains oversight responsibility for MBIA Texas Class.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Investments - Continued

The County invests in Texpool and MBIA Texas Class to provide its liquidity needs. Texpool and MBIA Texas Class are local government investment pools that were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. Texpool and MBIA Texas Class are 2(a)7 like funds, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$ 1.00, although this cannot be fully guaranteed. Texpool and MBIA Texas Class are rated AAA and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit.

At September 30, 2012 Texpool and MBIA Texas Class had a weighted average maturity of 41 days and 48 days, respectively. Although Texpool and MBIA Texas Class portfolios had a weighted average maturity of 41 days and 48 days, respectively, the County considers holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

During the year ended September 30, 2012, the County invested in the direct purchase of government agency securities (FHLMC, FNMA, FFCB and FHLB Discount Notes) within the General Fund. These securities have staggered maturity dates beginning on February 21, 2014 through July 9, 2015 and had a market value of \$ 12,006,940 at September 30, 2012.

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

<u>Investment Type</u>	<u>Interest Rate</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Local Government Investment Pools:			
Texpool	Varies	\$ 21,210,385	41
MBIA Texas Class Pool	Varies	<u>39,420,229</u>	48
		<u>60,630,614</u>	38.02
Government Agency Securities:			
Federal Farm Credit Bank	0.330%	1,000,300	509
Federal Home Loan Bank	0.380%	1,000,200	512
Federal Farm Credit Bank	0.370%	2,000,000	718
Federal Home Loan Mortgage Corporation	1.000%	2,003,200	810
Federal Home Loan Bank	0.550%	2,000,000	893
Federal National Mortgage Association	0.700%	2,003,240	907
Federal Farm Credit Bank	0.057%	<u>2,000,000</u>	1,012
		<u>12,006,940</u>	133.63
		<u>\$ 72,637,554</u>	171.65

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Investments - continued

Credit Risk – As of September 30, 2012, the LGIPs (which represent approximately 83.47% of the investment portfolio) are rated AAAM by Standard and Poor’s or AAA by Finch. The government agency securities rated A-1 by Standard and Poor’s and P-1 by Moody’s (represent approximately 16.53% of the investment portfolio) are registered and the County’s agent holds the securities in the County’s name; therefore, the County is not exposed to credit risk.

Interest rate Risk – As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities will not exceed the lesser of a dollar weighted average maturity of 365 days or the anticipated cash flow requirements of the funds. Quality short-to-medium term securities should be purchased, which complement each other in a structured manner that minimizes risk and meets the County’s cash flow requirements.

Derivatives

Interest in derivative products has increased in recent years. Derivatives are investment products, which may be a security or contract, which derives its value from another security, currency, commodity, or index, regardless of the source of funds used. The County made no direct investments in derivatives during the year ended September 30, 2012, and holds no direct investments in derivatives at September 30, 2012.

NOTE 3 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUES

Receivables and Allowances

Receivables as of September 30, 2012, for the government’s individual governmental major and nonmajor funds, proprietary major fund, internal service funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds					Total
	General Fund	Road & Bridge Fund	County Road 257 Repairs Fund	2012 Certificate of Obligation C & M Fund	Other Governmental Funds	
Receivables:						
Property Taxes	\$ 1,975,812	\$ 669,372	\$	\$	\$ 284,697	\$ 2,929,881
Accounts	129,149	24,010		9,632	5,123	167,914
Special assessments		689,833			985,344	1,675,177
Due from other governments	4,331,005	495,287	5,211,494		2,563,278	12,601,064
Accrued interest	10,055					10,055
Gross receivables	6,446,021	1,878,502	5,211,494	9,632	3,838,442	17,384,091
Less Allowance for Uncollectible:						
Property Taxes	989,273	390,715			125,830	1,505,818
Special assessments		148,464			11,118	159,582
Net receivables	<u>\$ 5,456,748</u>	<u>\$ 1,339,323</u>	<u>\$ 5,211,494</u>	<u>\$ 9,632</u>	<u>\$ 3,701,494</u>	<u>\$ 15,718,691</u>

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 3 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUES - Continued

Receivables and Allowances - continued

	<u>Proprietary Funds</u>			<u>Fiduciary Funds</u>
	<u>Enterprise Fund</u>	<u>Internal Service Funds</u>	<u>Total</u>	
Receivables:				
Accounts:				
Airport customers	\$ 273,807	\$	\$ 273,807	\$
Stop loss insurance		55,682	55,682	
Due from other government	44,191		44,191	
Other			-0-	865,225
	<u>317,998</u>	<u>55,682</u>	<u>373,680</u>	<u>865,225</u>
Gross receivables				
Less Allowance for Uncollectible:				
Accounts:				
Airport customers	<u>44,068</u>		<u>44,068</u>	
Net total receivables	<u>\$ 273,930</u>	<u>\$ 55,682</u>	<u>\$ 329,612</u>	<u>\$ 865,225</u>

Receivables From Other Governments

The County participates in a variety of federal and state programs from which it receives grants to, partially or fully, finance certain activities. In addition, the County receives entitlements from the State through the legislative actions and taxes collected by the State on behalf of the County (sales and other taxes). All federal grants shown below are either direct or passed through state or local agencies and are reported on the financial statements as due from other governments.

Amounts due from federal, state, and local governments as of September 30, 2012 are summarized below:

	<u>State Entitlements and Taxes</u>	<u>Federal Grants</u>	<u>State Grants</u>	<u>Other</u>	<u>Total</u>
Major Governmental Funds:					
General Fund	\$ 3,228,661	\$ 1,013,002	\$ 51,710	\$ 37,632	\$ 4,331,005
Road & Bridge Fund		495,287			495,287
County Road 257					
Repairs Fund		4,019,499	1,191,995		5,211,494
Non major governmental Funds		<u>2,485,215</u>	<u>54,614</u>	<u>23,449</u>	<u>2,563,278</u>
Total	<u>\$ 3,228,661</u>	<u>\$ 8,013,003</u>	<u>\$ 1,298,319</u>	<u>\$ 61,081</u>	<u>\$ 12,601,064</u>
Major Proprietary Funds:					
Airport Fund	\$	\$	\$ 44,191	\$	\$ 44,191
Total	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 44,191</u>	<u>\$ -0-</u>	<u>\$ 44,191</u>

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 3 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUES - Continued

Loans Receivable (Discounted)

The County advanced funds to the Brazoria County Toll Road Authority in the amount of \$ 307,426 (\$ 1,534, \$ 16,269, \$ 63,387, \$ 64,017, \$ 100,483, \$ 61,736, and \$ 309,767 during the years ended September 30, 2006, 2007, 2008, 2009, 2010, 2011 and 2012, respectively) to provide cash flow. The Brazoria County Toll Road Authority is reported as an agency fund. The Brazoria County Toll Road Authority has agreed to repay these funds, without interest, from future bonds (expected within five years for financial statement purposes).

The County advanced funds to the Brazoria County Fresh Water Supply #2 ("BCFWS") in the amount of \$ 15,000 (\$ 10,000 and \$ 5,000 during the years ended September 30, 2009 and 2010, respectively) to provide cash flow. The Brazoria County Fresh Water Supply #2 is reported as an agency fund. The Brazoria County Fresh Water Supply #2 has agreed to pay back the County over a five year period beginning October 1, 2010 and ending September 30, 2015, without interest. The \$ 6,000 due during the years ended September 30, 2012 and 2011 was unpaid and reported as an allowance for uncollectible accounts at September 30, 2012.

The County advanced funds to the Stephen F. Austin Community Health Center, Inc. ("SFACHC") in the amount of \$ 30,000 during the year ended September 30, 2009 to provide cash flow. The Stephen F. Austin Community Health Center, Inc. is separately reported as a not-for-profit organization. The Stephen F. Austin Community Health Center, Inc. has agreed to pay back the County over two and one-half years beginning October 1, 2010, without interest. The Center is current on its payments to the County at September 30, 2012.

Since these are long-term receivables without interest, the County has discounted the loan receivable as follows:

	<u>2012</u>
Receivable current	\$ 6,000
Receivable within one year	8,500
Receivable within two years	8,500
Receivable within three years	8,500
Receivable within four years	4,000
Receivable within five years	<u>617,193</u>
Total loan receivable	652,693
Less allowance for uncollectible accounts	6,000
Less discounts to net present value	<u>40,386</u>
Net loan receivable at September 30, 2012	<u>\$ 606,307</u>

The discount rate used on long-term loans was 1.70% for the year ended September 30, 2012.

The loan receivable (discounted) is reported as an asset in the governmental activities statement of net assets and is reported (without discount) in the governmental fund balance sheet. Similarly, the discount is reported as a reduction of investment earnings in the governmental activities statement of activities.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 3 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUES - Continued

Judicial Receivables

Judicial receivables are reported in the governmental activities statement of net assets. Since these receivables do not represent current available resources, they are not reported in the governmental funds balance sheet. The allowance for uncollectible receivables related to the County's various court assessments is determined based on historical experience and evaluation of collectability in relation to the aging of customer accounts. The following is a summary of the receivable and allowance for uncollectible as of September 30, 2012:

	<u>Judicial Receivable</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Receivable</u>
Judicial Receivables:			
Justice of the Peace	\$ 8,086,012	\$ 2,830,104	\$ 5,255,908
County courts	1,607,643	482,293	1,125,350
District courts	4,993,524	2,496,762	2,496,762
Juvenile probation	<u>470,766</u>	<u>141,230</u>	<u>329,536</u>
	<u>\$ 15,157,945</u>	<u>\$ 5,950,389</u>	<u>\$ 9,207,556</u>

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are 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. As of September 30, 2012, the various components of deferred revenue and unearned revenue reported in the governmental and proprietary funds were as follows:

	<u>Governmental Funds</u>				<u>Proprietary Funds</u>	
	<u>General Fund</u>	<u>Road & Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
Unavailable:						
Delinquent property taxes receivable	\$ 839,849	\$ 234,315	\$ 135,697	\$ 1,209,861	\$	\$
Special assessment receivable		541,369	974,226	1,515,595		
Unearned:						
Federal grants	448,805	301,840	360,582	1,111,227		
State grants			95,891	95,891		
Bail bonds	940,846			940,846		
Public safety seizures	1,144,860			1,144,860		
Rental deposits	3,500		20,400	23,900		
Airport hangar deposits					19,250	
Third-party provider advance						<u>109,119</u>
	<u>\$ 3,377,860</u>	<u>\$ 1,077,524</u>	<u>\$ 1,586,796</u>	<u>\$ 6,042,180</u>	<u>\$ 19,250</u>	<u>\$ 109,119</u>

BRAZORIA COUNTY, TEXAS*Notes to the Financial Statements*

For The Year Ended September 30, 2012

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at September 30, 2012 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>09-30-12</u>
General	Road and bridge	\$ 6,420
General	County Road 257 Repairs	1,914,992
General	Other governmental	2,927,135
Road and Bridge	Agency	284,068
2012 Certificate of Obligation C & M	Other governmental	18,394
Other governmental	Other governmental	<u>297,426</u>
		<u>\$ 5,448,435</u>

Detail interfund receivables and payables at September 30, 2012 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>09-30-12</u>
General	Road and Bridge	\$ 6,420
General	County Road 257 Repairs	1,914,992
General	Oakwood Creek Estates Special Assessment	912,853
General	CR 313A Special Assessment	34,135
General	State Homeland Security	920,361
General	CJD Juvenile Incentive Block Grant	376
General	TDSHS Immunization	48,570
General	TDSHS Supplementary Food Program WIC	193,081
General	TDSHS Community and Rural Health	6,019
General	TDSHS Peer Counseling Program	18,761
General	TDSHS WIC Registered Dietician	5,682
General	TDSHS WIC Lactation Reimbursement	6,632
General	TDSHS WIC Obesity SHOP/FIT	1,379
General	TDSHS Cities Readiness Initiative	22,452
General	TDSHS Bioterrorism Grant	36,966
General	CPS Title IV-E	6,869
General	CPS Title IV-E Legal Services	7,817
General	CPS Title IV-B (Concrete)	251
General	CMP Erosion Response Plan	299
General	EOCGP Emergency Operations Center	9,953
General	Victim Assistance Grant 02G00551	5,739
General	Crime Victim Assistance	24,638
General	DEA Narcotics OT Expense Program	477
General	2008 CDBG County (HUD)	5,000
General	2009 CDBG County (HUD)	10,471
General	2010 CDBG County (HUD)	8,118
General	2010 CDBG Disaster Recovery Alternative	52,226
General	2011 CDBG County (HUD)	109,864
General	EOC Retrofit Project	17,950
General	Amy Young Barrier Removal	3,177
General	Voter Registration Tax Office	7,011

(continued)

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>09-30-12</u>
General	Drug Court Program	\$ 88,251
General	Mobility Build America	231,473
General	Parks CIAP Grant	72,432
General	SJP Waterfront Revitalization	57,852
Road and Bridge	Conoco Phillips FM 524 Bypass	284,068
2012 Certificate of Obligation C & M	C of O Construction and Maintenance Series 2012	18,394
Mobility Plan C & M	Mobility Build American Bonds C & M	<u>297,426</u>
Total		<u>\$ 5,448,435</u>

Interfund receivables and payables represent short-term borrowings primarily for cash flow purposes. These include short-term borrowings for reimbursement grants and some revenue or expenditures/expense adjustments between funds at or near year-end.

Interfund transfers for the year ended September 30, 2012 consisted of the following individual fund transfers in and transfers out:

<u>Transferring Fund</u>	<u>Receiving Fund</u>	<u>09-30-12</u>
General	Other governmental	\$ 1,049,212
General	Airport	211,111
2012 Certificate of Obligation C&M	Airport	1,682,889
Other governmental	General	200,000
Other governmental	Other governmental	<u>2,848,700</u>
Total		<u>\$ 5,991,912</u>

Detail interfund transfers for the year ended September 30, 2012 consisted of the following individual fund transfers in and transfers out:

<u>Transferring Fund</u>	<u>Receiving Fund</u>	<u>09-30-12</u>
General	TJPC State Aid	\$ 347,966
General	JJAEP Boot Camp	382,967
General	CJD Juvenile Incentive Block Grant	2,285
General	TDSHS Immunization	9,000
General	CPS Title IV-E	76,017
General	CPS Title IV-E Legal Services	97,734
General	CSCD Bond Supervision	15,000
General	Victim Assistance Grant 02G000551	15,941
General	Crime Victim Assistance	35,815
General	EOC Refrofit Project	23,084
General	Law Library	35,500
General	Drug Court Program	707

(continued)

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

<u>Transferring Fund</u>	<u>Receiving Fund</u>	<u>09-30-12</u>
General	Quintana Park Beach Boardwalk	\$ 472
General	Follet's Beach Access Point	6,724
General	Airport	211,111
Financial Security	General	200,000
2006 Section 8 Housing Choice Vouchers	2011 Section 8 Housing Choice Vouchers	8,088
2006 Section 8 Housing Choice Vouchers	2012 Section 8 Housing Choice Vouchers	215,955
2007 Section 8 Housing Choice Vouchers	2012 Section 8 Housing Choice Vouchers	205,932
2008 Section 8 Housing Choice Vouchers	2012 Section 8 Housing Choice Vouchers	56,781
2010 Section 8 Housing Choice Vouchers	2012 Section 8 Housing Choice Vouchers	3,858
Unlimited Tax Road Bonds Series 2006	Mobility Build America	236,689
County Wide Road	Mobility Plan C & M	314,757
Mobility Build American Bonds C & M	Mobility Plan C & M	1,806,640
2012 Certificate of Obligation C & M	Airport	<u>1,682,889</u>
Total		<u>\$ 5,991,912</u>

The Commissioners' Court approved these transfers, as transfers of operational funds to cover planned expenditures/expenses.

NOTE 5 - CAPITAL ASSETS

Capital Transactions

	<u>Balance</u> <u>09-30-11</u>	<u>Transfers</u>	<u>Balance</u> <u>10-01-11</u>
Governmental Activities:			
Capital Assets, Not Depreciated:			
Land	\$ 16,905,320	\$	\$ 16,905,320
Construction in progress	<u>17,110,361</u>	<u>(1,642,805)</u>	<u>15,467,556</u>
Total capital assets not being depreciated	<u>34,015,681</u>	<u>(1,642,805)</u>	<u>32,372,876</u>
Capital Assets, Being Depreciated:			
Land improvements	1,852,804		1,852,804
Buildings and improvements	56,013,938		56,013,938
Furniture, equipment and vehicles	42,950,859		42,950,859
Infrastructure	<u>194,563,228</u>		<u>194,563,228</u>
Total capital assets being depreciated	<u>295,380,829</u>	<u>-0-</u>	<u>295,380,829</u>

(continued)

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 5 - CAPITAL ASSETS - Continued

Capital Transactions - continued

	Balance 09-30-11	Transfers	Balance 10-01-11
Less Accumulated Depreciation For:			
Land improvements	\$ 587,532	\$	\$ 587,532
Buildings and improvements	18,419,113		18,419,113
Furniture, equipment and vehicles	34,738,041		34,738,041
Infrastructure	<u>98,454,796</u>		<u>98,454,796</u>
Total accumulated depreciation	<u>152,199,482</u>	<u>-0-</u>	<u>152,199,482</u>
Total capital assets being depreciated, net	<u>143,181,347</u>	<u>-0-</u>	<u>143,181,347</u>
Governmental activities capital assets, net	<u>\$ 177,197,028</u>	<u>\$ (1,642,805)</u>	<u>\$ 175,554,223</u>

	Balance 10-01-11	Additions	Retirements	Transfers	Balance 09-30-12
Governmental Activities:					
Capital Assets, Not Depreciated:					
Land	\$ 16,905,320	\$ 17,757	\$ 4,435	\$	\$ 16,918,642
Construction in progress	<u>15,467,556</u>	<u>24,067,551</u>	<u>7,332,041</u>		<u>32,203,066</u>
Total capital assets not being depreciated	<u>32,372,876</u>	<u>24,085,308</u>	<u>7,336,476</u>	<u>-0-</u>	<u>49,121,708</u>
Capital Assets, Being Depreciated:					
Land improvements	1,852,804	867,783			2,720,587
Buildings and improvements	56,013,938	2,294,502	147,129		58,161,311
Furniture, equipment and vehicles	42,950,859	3,087,628	838,957		45,199,530
Infrastructure	<u>194,563,228</u>	<u>14,837,042</u>			<u>209,400,270</u>
Total capital assets being depreciated	<u>295,380,829</u>	<u>21,086,955</u>	<u>986,086</u>	<u>-0-</u>	<u>315,481,698</u>
Less Accumulated Depreciation For:					
Land improvements	587,532	136,068			723,600
Buildings and improvements	18,419,113	1,762,055	82,760		20,098,408
Furniture, equipment and vehicles	34,738,041	3,081,903	723,399		37,096,545
Infrastructure	<u>98,454,796</u>	<u>5,753,528</u>			<u>104,208,324</u>
Total accumulated depreciation	<u>152,199,482</u>	<u>10,733,554</u>	<u>806,159</u>	<u>-0-</u>	<u>162,126,877</u>
Total capital assets being depreciated, net	<u>143,181,347</u>	<u>10,353,401</u>	<u>179,927</u>	<u>-0-</u>	<u>153,354,821</u>
Governmental activities capital assets, net	<u>\$ 175,554,223</u>	<u>\$ 34,438,709</u>	<u>\$ 7,516,403</u>	<u>\$ -0-</u>	<u>\$ 202,476,529</u>

BRAZORIA COUNTY, TEXAS
Notes to the Financial Statements
 For The Year Ended September 30, 2012

NOTE 5 - CAPITAL ASSETS - Continued

Capital Transactions - continued

	<u>Balance</u> 10-01-11	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> 09-30-12
Business-type Activities:					
Capital Assets, Not Depreciated:					
Land	\$ 1,558,687	\$	\$	\$	\$ 1,558,687
Construction in progress	<u>9,295,650</u>	<u>204,060</u>	<u>9,267,942</u>	<u></u>	<u>231,768</u>
Total capital assets not being depreciated	<u>10,854,337</u>	<u>204,060</u>	<u>9,267,942</u>	<u>-0-</u>	<u>1,790,455</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	5,646,898	81,813		(231,670)	5,497,041
Furniture, equipment and vehicles	1,189,430	7,750	31,618	47,480	1,213,042
Runways, taxiways and aprons	<u>16,534,395</u>	<u>9,248,464</u>	<u></u>	<u>231,670</u>	<u>26,014,529</u>
Total capital assets being depreciated	<u>23,370,723</u>	<u>9,338,027</u>	<u>31,618</u>	<u>47,480</u>	<u>32,724,612</u>
Less Accumulated Depreciation For:					
Buildings and improvements	3,856,950	149,600		(8,629)	3,997,921
Furniture, equipment and vehicles	693,906	77,845	31,618	47,480	787,613
Runways, taxiways and aprons	<u>11,582,852</u>	<u>1,047,268</u>	<u></u>	<u>8,629</u>	<u>12,638,749</u>
Total accumulated depreciation	<u>16,133,708</u>	<u>1,274,713</u>	<u>31,618</u>	<u>47,480</u>	<u>17,424,283</u>
Total capital assets being depreciated, net	<u>7,237,015</u>	<u>8,063,314</u>	<u>-0-</u>	<u>-0-</u>	<u>15,300,329</u>
Business-type activities capital assets, net	<u>\$ 18,091,352</u>	<u>\$ 8,267,374</u>	<u>\$ 9,267,942</u>	<u>\$ -0-</u>	<u>\$ 17,090,784</u>

Depreciation

Depreciation expense was charged as direct expense to functional categories of the County as follows:

	<u>09-30-12</u>
Governmental Activities:	
General government	\$ 388,317
Judicial and legal	166,624
Financial administration	58,373
Elections	15,233
Public facilities	319,371
Public safety	860,026
Corrections	1,339,656

(continued)

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 5 - CAPITAL ASSETS - Continued

Depreciation - continued

	<u>09-30-12</u>
Public transportation	\$ 7,038,818
Health and welfare	195,844
Culture and recreation	341,037
Conservation	6,080
Environmental protection	<u>4,175</u>
	\$ <u>10,733,554</u>
Business-type Activities:	
Airport	\$ <u>1,274,713</u>

Function and Activity - Original Cost

	<u>Balance 09-30-11</u>	<u>Prior Period Adjustments</u>	<u>Balance 10-01-11</u>
Governmental Activities:			
Function and Activity:			
General government	\$ 5,209,872	\$	\$ 5,209,872
Judicial and legal	4,867,926		4,867,926
Financial administration	882,831		882,831
Elections	252,828		252,828
Public facilities	8,387,698		8,387,698
Public safety	7,157,251		7,157,251
Corrections	41,447,337		41,447,337
Public transportation	231,195,049		231,195,049
Health and welfare	4,547,031		4,547,031
Culture and recreation	8,124,631		8,124,631
Conservation	186,734		186,734
Environmental protection	<u>26,961</u>		<u>26,961</u>
	312,286,149	-0-	312,286,149
Non-Functional:			
Construction in progress	<u>17,110,361</u>	<u>(1,642,805)</u>	<u>15,467,556</u>
Total governmental activities	\$ <u>329,396,510</u>	\$ <u>(1,642,805)</u>	\$ <u>327,753,705</u>
Business-type Activities:			
Function and Activity:			
Airport	\$ 24,929,410	\$	\$ 24,929,410
Non-Functional:			
Construction in progress	<u>9,295,650</u>		<u>9,295,650</u>
Total business-type activities	\$ <u>34,225,060</u>	\$ <u>-0-</u>	\$ <u>34,225,060</u>

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 5 - CAPITAL ASSETS - Continued

Function and Activity - Original Cost - continued

	<u>Balance</u> <u>10-01-11</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers and</u> <u>Adjustments</u>	<u>Balance</u> <u>09-30-12</u>
Governmental Activities:					
Function and Activity:					
General government	\$ 5,209,872	\$ 1,298,099	\$ 46,514	\$	\$ 6,461,457
Judicial and legal	4,867,926	36,473			4,904,399
Financial administration	882,831	65,529			948,360
Elections	252,828	7,885			260,713
Public facilities	8,387,698	963,712		(29,380)	9,322,030
Public safety	7,157,251	1,392,437	367,986		8,181,702
Corrections	41,447,337	487,066	211,971		41,722,432
Public transportation	231,195,049	15,930,801	124,905		247,000,945
Health and welfare	4,547,031	82,286	116,593		4,512,724
Culture and recreation	8,124,631	840,424	122,552	29,380	8,871,883
Conservation	186,734				186,734
Environmental protection	<u>26,961</u>				<u>26,961</u>
	312,286,149	21,104,712	990,521	-0-	332,400,340
Non-Functional:					
Construction in progress	<u>15,467,556</u>	<u>24,067,551</u>	<u>7,332,041</u>		<u>32,203,066</u>
Total governmental activities	<u>\$327,753,705</u>	<u>\$ 45,172,263</u>	<u>\$ 8,322,562</u>	<u>\$ -0-</u>	<u>\$364,603,406</u>
Business-type Activities:					
Function and Activity:					
Airport	\$ 24,929,410	\$ 9,338,027	\$ 31,618	\$ 47,480	\$ 34,283,299
Non-Functional:					
Construction in progress	<u>9,295,650</u>	<u>204,060</u>	<u>9,267,942</u>		<u>231,768</u>
Total business-type activities	<u>\$ 34,225,060</u>	<u>\$ 9,542,087</u>	<u>\$ 9,299,560</u>	<u>\$ 47,480</u>	<u>\$ 34,515,067</u>

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 5 - CAPITAL ASSETS - Continued

Function and Activity - Original Cost - continued

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings and Improvements</u>	<u>Furniture, Equipment and Vehicles</u>	<u>Infrastructure/ Runways, Taxiways and Aprons</u>
Governmental Activities:					
Function and Activity:					
General government	\$ 1,142,900	\$	\$ 3,796,715	\$ 1,521,842	\$
Judicial and legal	232,206	15,319	1,395,378	3,261,496	
Financial administration	26,875	49,048	79,040	793,397	
Elections			89,196	171,517	
Public facilities	1,377,281	519,035	6,421,185	995,408	9,121
Public safety	10,963	9,092	175,843	5,789,084	2,196,720
Corrections	159,014	67,716	38,637,668	2,858,034	
Public transportation	10,669,388	1,005,980	2,484,318	26,465,607	206,375,652
Health and welfare	1,604,732	15,795	1,391,405	1,494,838	5,954
Culture and recreation	1,686,348	1,038,602	3,512,764	1,821,346	812,823
Conservation	8,935		177,799		
Environmental protection				26,961	
Total governmental activities	<u>\$ 16,918,642</u>	<u>\$ 2,720,587</u>	<u>\$ 58,161,311</u>	<u>\$ 45,199,530</u>	<u>\$ 209,400,270</u>

Business-type Activities:

Function and Activity:

Airport	<u>\$ 1,558,687</u>	<u>\$ -0-</u>	<u>\$ 5,497,041</u>	<u>\$ 1,213,042</u>	<u>\$ 26,014,529</u>
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Construction Commitments

	<u>Projects Authorized</u>	<u>Expended To Date</u>	<u>Commitment</u>	<u>Requiring Further Financing</u>
September 30, 2012:				
Governmental Activities:				
Surfside Jelly Park - bulkhead	\$ 483,000	\$ 223,000	\$ 260,000	\$
Sheriff – narcotics	483,300	288,224	195,076	
Health department	59,350	2,000	57,350	
WC Pct 4 Commissioner/JP	28,800	2,000	26,800	
WC Pct 4 truck barn	180,840	139,914	40,926	
Ring of Honor	245,030	145,607	99,423	
Odyssey – jury software	102,220	75,000	27,220	
GIS	343,646	77,098	266,548	
Peoplesoft financial	1,107,542	302,607	804,935	
CR 59	586,379		586,379	
CR 101	1,670,905	598,463	1,072,442	
CR 403 (Hughes Ranch Road)	1,220,266	957,748	262,518	
SH 36 (Port Freeport entrance)	4,055,000	570,063	3,484,937	

(continued)

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 5 - CAPITAL ASSETS - Continued

Construction Commitments - continued

	<u>Projects Authorized</u>	<u>Expended To Date</u>	<u>Commitment</u>	<u>Requiring Further Financing</u>
SH 36 (N. West Col-S. of new 35)	\$ 2,706,000	\$ 648,225	\$ 2,057,775	\$
CR 220	120,814	70,973	49,841	
CR 48	293,935	255,723	38,212	
SH 288 (Toll road)	<u>560,098</u>	<u>324,074</u>	<u>236,024</u>	
Total governmental activities	<u>\$ 14,247,125</u>	<u>\$ 4,680,719</u>	<u>\$ 9,566,406</u>	<u>\$ -0-</u>

Business-type Activities:

None

NOTE 6 - DISAGGREGATION OF ACCOUNTS AND ACCRUED LIABILITIES PAYABLE

Accounts and accrued liabilities payable as of September 30, 2012, for the government's individual governmental major and nonmajor funds, proprietary major fund, internal service funds, and fiduciary funds in the aggregate are as follows:

	<u>Governmental Funds</u>					<u>Total</u>
	<u>General Fund</u>	<u>Road & Bridge Fund</u>	<u>County Road 257 Repairs Fund</u>	<u>2012 Certificate of Obligation C&M Fund</u>	<u>Other Governmental Funds</u>	
Accounts and Accrued Liabilities Payable:						
Vendors	\$ 5,471,431	\$ 606,912	\$ 3,296,502	\$ 39,361	\$ 903,881	\$ 10,318,087
Other governments	1,336,212	61			670	1,336,943
Accrued compensation	865,301	132,466			82,363	1,080,130
Accrued benefits	170,970	26,437			15,508	212,915
Other accrued liabilities	<u>62,664</u>					<u>62,664</u>
	<u>\$ 7,906,578</u>	<u>\$ 765,876</u>	<u>\$ 3,296,502</u>	<u>\$ 39,361</u>	<u>\$ 1,002,422</u>	<u>\$ 13,010,739</u>
			<u>Proprietary Funds</u>			
			<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Total</u>	<u>Fiduciary Funds</u>
Accounts and Accrued Liabilities Payable:						
Vendors			\$ 161,334	\$ 216,547	\$ 377,881	\$ 742,501
Other governments			18		18	
Accrued compensation			8,758		8,758	54,830
Accrued benefits			1,751		1,751	1,067,767
Estimated claims payable				<u>1,855,830</u>	<u>1,855,830</u>	
Totals			<u>\$ 171,861</u>	<u>\$ 2,072,377</u>	<u>\$ 2,244,238</u>	<u>\$ 1,865,098</u>

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 7 - LONG-TERM DEBT

General Obligation Debt

General obligation and certificates of obligations payable at September 30, 2012, are summarized as follows:

	Interest Rate %	Series Dates			Bonds Outstanding 09-30-12
		Issued	Maturity	Callable	
General Obligation:					
Unlimited Tax Road Bonds, Series 2006	4.250 - 5.250	2006	2027		\$ 11,585,000
Unlimited Tax Road Bonds, Series 2008	3.000 - 5.000	2008	2028		2,650,000
Refunding Bonds, Series 2008	3.500 - 5.000	2008	2013		6,880,000
Unlimited Tax Road Bonds, Series 2010	1.750 - 3.750	2010	2018		4,960,000
Unlimited Tax Road Bonds, (Build America Bonds) Series 2010	4.594 - 6.026	2010	2030		13,225,000
Unlimited Tax Road Bonds, Series 2012	2.000 - 3.625	2012	2015		8,575,000
Refunding Bonds, Series 2012	2.000 - 3.000	2012	2032		4,435,000
Certificate of Obligations:					
Combination Tax and Revenue Certificates of Obligation Series 2003	3.800 - 5.500	2003	2018	2013	625,000
Combination Tax and Revenue Certificates of Obligation Series 2006	4.200 - 5.000	2006	2026	2017	11,335,000
Combination Tax and Revenue Certificates of Obligation Series 2012	3.500 - 5.000	2012	2032	2022	<u>25,115,000</u>
Total					<u>\$ 89,385,000</u>

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 7 - LONG-TERM DEBT - Continued

General Obligation Debt - continued

General obligation and certificates of obligation bond transactions for the year ended September 30, 2012 were as follows:

Bonds outstanding, October 1, 2011	\$ 61,340,000
Issued	38,125,000
Refunded	(4,490,000)
Maturities	<u>(5,590,000)</u>
 Bonds outstanding, September 30, 2012	 <u>\$ 89,385,000</u>

The bond ordinances require that a tax be levied sufficient to pay current interest and create a sinking fund of not less than the amount to pay current principal and interest. For the year ended September 30, 2012, the amount of ad valorem taxes collected for interest and sinking were \$ 8,422,314, while the debt service requirements for principal and interest was \$ 8,777,785. The bond resolutions provide no express remedies in the event of default and make no provision for acceleration of maturity of the bonds.

The scheduled federal subsidy for the 2010 Unlimited Tax Road Bonds (Build America Bonds) to be received at September 30, 2012 is as follows:

<u>September 30,</u>	<u>Federal Subsidy</u>
2013	\$ 254,896
2014	254,896
2015	254,896
2016	254,896
2017	254,896
2018-2022	1,150,580
2023-2027	697,305
2028-2030	<u>124,542</u>
	<u>\$ 3,246,907</u>

During the year ended September 30, 2012, the County received \$ 254,896 in federal subsidy under the Build America Bond program. The federal subsidy is provided to offset the interest paid on the bonds.

On July 26, 2012 the County sold \$ 25,115,000 of Certificates of Obligation Bonds, Series 2012. These bonds were issued for the purpose of generating funds for numerous facilities projects with an estimated cost of \$ 27,500,000.

On July 26, 2012 the County sold \$ 4,435,000 of General Obligation Refunding Bonds, Series 2012. The net proceeds of \$ 4,590,372 along with \$ 70,458 from the general fund, a total of \$ 4,660,830, were placed in escrow for the defeasement of \$ 4,490,000 in Certificates of Obligation Bonds, Series 2003.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 7 - LONG-TERM DEBT - Continued

General Obligation Debt - continued

On July 26, 2012 the County sold \$ 8,575,000 of Unlimited Tax Road Bonds, Series 2012. These bonds were issued to provide funding for the following road projects:

County Road 48 South from State Highway 6 to County Road 894 (four lanes divided)	\$ 3,098,812
County Road 220 from Farm to Market Road 523 to State Highway 288 (two lanes each/ Left turn)	3,328,000
State Highway 288 from location to be determined to Harris County line (two additional Lanes reversible)	1,000,000
Other County general mobility projects	<u>1,148,188</u>
	<u>\$ 8,575,000</u>

On November 2, 2004, the voters of Brazoria County approved the issuance of Brazoria County general obligation bonds for roads and bridges in the amount of \$ 50,000,000. This issue was approved for the purpose of construction and improvement of transportation projects within Brazoria County, including State highways, county roads, bridges and related drainage, and specifically the construction and improvement of roads, bridges and related drainage that constitute connecting links and integral parts of County roads and State highways located both within Brazoria County and also within the corporate limits of Brazoria County cities. On November 28, 2006, the County sold \$ 14,000,000 of Unlimited Road Tax Bonds, Series 2006. On July 17, 2008, the County sold \$ 8,000,000 of Unlimited Road Tax Bonds, Series 2008. On March 1, 2010 the County sold \$ 6,200,000 of Unlimited Road Tax Bonds, Series 2010, and \$ 13,225,000 of Unlimited Road Bonds (Build America Bonds) Series 2010.

On May 6, 1998 the County sold \$ 24,185,000 of General Obligation Refunding Bonds, Series 1998. The net proceeds of \$ 23,568,899 along with \$ 850,199 from the general fund, a total of \$ 24,419,098, were placed in escrow for the defeasement of \$ 22,860,000 in Certificate of Obligation, Series 1993 bonds (Sheriff and Detention Center). These refunding bonds (Series 1998) were issued for the purpose of generating resources and decreasing the total debt service payments. This refunding issue defeased a portion of the outstanding certificates of obligation bonds from the original issue of 1993. All future debt service payments on the original bonds were provided for by placing the proceeds of the refunding bonds in an irrevocable trust. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's basic financial statements. The difference between the cash flow required to service the old debt and that required to service the new debt and complete the refunding was a decrease of \$ 1,177,529. The economic gain resulting from the transaction was \$ 858,221. The balance of the escrow account and the liability for the defeased bonds as of September 30, 2012, was \$ 2,827,661 and \$ 2,800,000, respectively.

On July 26, 2012 the County sold \$ 4,435,000 of General Obligation Refunding Bonds, Series 2012. The net proceeds of \$ 4,590,372 along with \$ 70,458 from the general fund, a total of \$ 4,660,830 were placed in escrow for the defeasement of \$ 4,490,000 in Certificates of Obligation Bonds, Series 2003. These refunding bonds, Series 2012, were issued for the purpose of generating resources and decreasing the total debt service payments. This refunding issue defeased a portion of the outstanding certificates of obligation bonds from the original issue of 2003. All future debt service payments on the original bonds were provided for by placing the proceeds of the refunding bonds in an irrevocable trust. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the

BRAZORIA COUNTY, TEXAS*Notes to the Financial Statements*

For The Year Ended September 30, 2012

NOTE 7 - LONG-TERM DEBT - ContinuedGeneral Obligation Debt - continued

County's basic financial statements. The difference between the cash flow required to service the old debt and that required to service the new debt and complete the refunding was a decrease of \$ 217,063. The economic gain resulting from the transaction was \$ 213,231. The balance of the escrow agent and the liability for the defeased bonds as of September 30, 2012 was \$ 4,574,003 and \$ 4,490,000, respectively.

Proprietary Debt

Other than accrued compensated absences, there was no proprietary long-term debt at or during the year ended September 30, 2012.

Changes in Long-Term Debt

Transactions for the year ended September 30, 2012 are summarized as follows:

	<u>Balance 10-01-11</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance 09-30-12</u>	<u>Due Within One Year</u>
Governmental Type Activities:					
Certificates of obligation bonds	\$ 17,775,000	\$ 25,115,000	\$ 5,815,000	\$ 37,075,000	\$ 1,225,000
General obligation bonds	43,565,000	13,010,000	4,265,000	52,310,000	4,295,000
Component of Bonded Debt:					
Premium on bonds	756,931	3,076,953	143,570	3,690,314	295,770
Accrued interest	362,110	547,408	362,110	547,408	547,408
Compensated absences	1,766,758	2,401,213	2,403,438	1,764,533	1,764,533
Net OPEB obligation	<u>2,116,106</u>	<u>1,539,007</u>	<u>1,239,894</u>	<u>2,415,219</u>	<u> </u>
Total governmental activities	<u>66,341,905</u>	<u>45,689,581</u>	<u>14,229,012</u>	<u>97,802,474</u>	<u>8,127,711</u>
Business-Type Activities:					
Compensated absences	10,206	12,917	12,891	10,232	10,232
Net OPEB obligation	<u>10,849</u>	<u>15,977</u>	<u>6,357</u>	<u>20,469</u>	<u> </u>
Total business-type activities	<u>21,055</u>	<u>28,894</u>	<u>19,248</u>	<u>30,701</u>	<u>10,232</u>
Total government	<u>\$ 66,362,960</u>	<u>\$ 45,718,475</u>	<u>\$ 14,248,260</u>	<u>\$ 97,833,175</u>	<u>\$ 8,137,943</u>

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 8 - LEASING OPERATIONS

Operating Leases - Lessor

The County is involved in various operating leases as lessor. These leases are for properties such as airport facilities and other facilities. Some of the airport facilities are leased for periods through 2022. Other facilities and the coffee shop are leased on either a month-to-month or year-to-year arrangement. The County has not determined the cost of these facilities as of September 30, 2012.

Governmental Funds (General Fund):

There are no minimum future rentals to be received on noncancelable leases, as of September 30, 2012. Gross rental income for operating leases, including month-to-month, for the year ended September 30, 2012 was \$ 3,200.

Proprietary Funds (Enterprise Fund - Airport):

Minimum future rentals to be received on noncancelable leases, as of September 30, 2012, for each of the next five years and in the aggregate are:

<u>Year Ended September 30,</u>	<u>2012</u>
2013	\$ 128,228
2014	132,131
2015	132,820
2016	133,522
2017	134,238
2018-2022	544,936
2023-2027	292,717
2028-2032	61,820
2033-2037	<u>50,000</u>
	<u>\$ 1,610,412</u>

Gross rental income for operating leases, including month-to-month for the year ended September 30, 2012 was as follows:

	<u>2012</u>
Building rental	\$ 187,512
Hangar rental	207,060
Ground rental	<u>46,374</u>
	<u>\$ 440,946</u>

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 8 - LEASING OPERATIONS - Continued

Operating Leases - Lessee

Governmental Funds:

The County is involved in various operating leases as lessee. These leases are for properties such as buildings, copiers, ground, equipment and other facilities. Most are on month-to-month or year-to-year; however one ground lease expires in 2020.

Minimum future rentals to be paid on non-cancelable leases, as of September 30, 2012, for each of the next five years and in the aggregate are as follows:

<u>Year Ended September 30,</u>	<u>2012</u>
2013	\$ 69,412
2014	41,376
2015	41,376
2016	35,093
2017	32,400
2018-2020	<u>81,000</u>
	<u>\$ 300,657</u>

Gross rental expenditures for operating leases, including month-to-month for the year ended September 30, 2012 was as follows:

	<u>2012</u>
Building rental	\$ 131,158
Copier rental	233,642
Ground rental	32,572
Equipment rental	264,110
Section 8 Housing Voucher Choice rentals	3,373,219
Other rental	<u>178</u>
	<u>\$ 4,034,879</u>

Proprietary Funds (Enterprise Fund - Airport):

The County is involved in various operating leases as lessee. These leases are for properties such as buildings, copiers, ground, equipment and other facilities. Most are on month-to-month or year-to-year, however one building lease expires on October 16, 2012.

Minimum future rentals to be paid on noncancelable leases, as of September 30, 2012, for each of the next five years and in the aggregate are as follows:

<u>Year Ended September 30,</u>	<u>2012</u>
2013	\$ <u>15,620</u>
	<u>\$ 15,620</u>

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 8 - LEASING OPERATIONS - Continued

Operating Leases - Lessee - Continued

Gross rental expenditure for operating leases, including month-to-month, for the year ended September 30, 2012 were as follows:

	<u>2012</u>
Building rental	\$ 15,620
Copier rental	4,363
Equipment rental	<u>13,064</u>
	<u>\$ 33,047</u>

NOTE 9 - PENSION PLAN

Plan Description

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

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service 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 governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 9 - PENSION PLAN - Continued

Funding Policy

The employer has elected the annually determined contribution rate (ADCR) 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 the employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 10.96% for the months of the accounting year in 2012, and 10.45% for the months of the accounting year in 2011.

The contribution rate payable by the employee members for calendar years 2012 and 2011 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost

For the employer’s accounting years ending September 30, 2012 and 2011, the annual pension cost for the TCDRS plan for its employees was \$ 10,486,395 and \$ 10,014,322, and the actual contributions were \$ 10,486,395 and \$ 10,014,322, respectively.

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

Actuarial Valuation Information			
Actuarial valuation date	12/31/09	12/31/10	12/31/11
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	20	20	20
Asset valuation method	SAF: 10-YR smoothed value ESF: Fund value	SAF: 10-YR smoothed value ESF: Fund value	SAF: 10-YR smoothed value ESF: Fund value
	<u>12/31/09</u>	<u>12/31/10</u>	<u>12/31/11</u>
Actuarial Assumptions:			
Investment return ¹	8.0%	8.0%	8.0%
Projected salary increases ¹	5.3%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

¹Includes inflation at the stated rate

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 9 - PENSION PLAN - Continued

Annual Pension Cost - continued

<u>Trend Information</u>			
Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/10	10,014,322	100.00%	-0-
9/30/11	10,120,105	100.00%	-0-
9/30/12	10,486,395	100.00%	-0-

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll ¹ (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/09	\$ 141,509,411	\$ 164,484,412	\$ 22,975,001	86.03%	\$ 56,517,212	40.65%
12/31/10	149,273,671	175,537,311	26,263,640	85.04%	56,717,078	46.31%
12/31/11	157,442,013	187,166,198	29,724,185	84.12%	57,650,743	51.56%

¹The annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.

NOTE 10 - DEFERRED COMPENSATION AND POST-RETIREMENT LIFE INSURANCE BENEFITS

The County provides participating eligible employees the alternate plans of disability, survivorship and deferred compensation created in accordance with Internal Revenue Code Section 457. The Plans are administered by First Financial Benefits, Inc. (FFB). The plans are funded through tax-deferred employee contributions of 6.7% of eligible gross annual compensation. The County contributes an additional 6.7% of the total eligible gross annual compensation of all participating employees. The employee contribution is deposited into the employee's retirement annuity account. The County contribution is applied to disability and survivorship benefit premiums with the remaining amounts contributed to the employee's retirement annuity.

The County funds all amounts of compensation deferred under the plan through investment in a fixed rate group annuity contract underwritten by American United Life Insurance Company. Investments in these funds are reported at market value. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Transactions within the annuity for the year are summarized below:

Balance - October 1, 2011	\$ 51,332,444
Contributions and earnings	10,160,279
Withdrawals, premiums, and benefits	<u>(3,343,400)</u>
Balance - September 30, 2012	<u>\$ 58,149,323</u>

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 10 - DEFERRED COMPENSATION AND POST-RETIREMENT LIFE INSURANCE BENEFITS - Continued

Participants may make additional contributions to their Deferred Compensation Retirement Plan Account. These contributions will be in addition to the employees 6.7% contribution and the County's matching contribution.

The alternate plan also provides plan participants with long-term disability benefits through Lincoln Financial Group. The policy generally provides the totally disabled insured with benefits of 60 percent of base pay up to a maximum benefit of \$ 1,500 per month.

A Group Term Life Insurance Policy is in effect which covers all participating employees. Benefits are a multiple of annual salary with maximum benefit of \$ 150,000. The plan also provides a paid-up death benefit of \$ 50,000 to employees who retire under certain provisions. Premiums are provided for the benefit through a portion of the County's contribution to the alternate plan. The funds are invested in an annuity with Standard Life Insurance Company referred to as the Retired Lives Reserve (RLR). Funds required for benefits payable under this plan are drawn from the annuity as needed.

A Group Annuity Contract to reimburse TCDRS eligible employees for amounts paid for health insurance benefits became effective on October 1, 1990. The plan provides \$ 275 per month until age 65 and then \$ 250 per month towards the cost of health insurance premiums.

Transactions within the annuities for the year are summarized below:

	<u>Retired Lives Reserve</u>	<u>Retiree Medical Plan</u>
Balance - October 1, 2011	\$ 7,578,438	\$ 9,622,772
Contributions and earnings	1,000,419	1,246,251
Withdrawals, premiums, benefits	(969,291)	(731,340)
Balance - September 30, 2012	<u>\$ 7,609,566</u>	<u>\$ 10,137,683</u>

Two additional deferred compensation plans are available to employees. The two plans are Nationwide and Lincoln National. The County does not participate and match benefits in these two plans. Transactions for these two plans are summarized below:

	<u>Nationwide</u>	<u>Lincoln</u>
Balance - October 1, 2011	\$ 1,790,166	\$ 217,805
Contribution and earnings	491,324	24,993
Withdrawals, premiums, benefits, and losses	(141,786)	_____
Balance - September 30, 2012	<u>\$ 2,139,704</u>	<u>\$ 242,798</u>

The County has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 11 - POST EMPLOYMENT MEDICAL CARE PLAN

The County maintains a Group Annuity Contract to reimburse TCDRS eligible employees for amounts paid for health insurance benefits. The plan is a single-employer defined benefit plan. The Group Annuity Contract became effective on October 1, 1990. The plan provides \$ 295 per month until age 65 and then \$ 200 per month towards the cost of health insurance premiums. A separate, audited GAAP-basis post employment benefit plan report is not available for this plan.

Funding Policy - The contribution requirements of the County are established by the County's Board of Commissioners and may be amended at any time. For the years ended September 30, 2012, 2011, and 2010, the County contributed \$ 1,246,251, \$ 1,031,400, and \$ 1,060,571 to the Group Annuity Contract which includes net investment earnings of \$ 417,686, \$ 347,290, and \$ 389,073, respectively.

Annual Other Post Employment Benefit (OPEB) Cost and Net OPEB Obligation - The County's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters established by GASB Statement 45. The annual OPEB cost represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or excess) over a period not to exceed thirty years. Actuarial valuations which are used to value OPEB plans reflect a long-term perspective and involve estimates of the value of reported amounts and assumptions about the possibility of events far into the future and actuarially amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each evaluation. The following table shows the components of the County's annual OPEB cost, the amounts actually contributed to the plan, and changes in the County's net OPEB obligation to the Group Annuity Contract for the years ended September 30, 2012, 2011, and 2010:

	<u>09-30-12</u>	<u>09-30-11</u>	<u>09-30-10</u>
Annual required contribution	\$ 1,545,515	\$ 1,559,089	\$ 1,058,266
Interest on net OPEB obligation	95,713	73,166	48,316
Adjustment to annual required contribution	<u>(86,244)</u>	<u>(99,818)</u>	<u>506,213</u>
Annual OPEB cost	1,554,984	1,532,437	1,612,795
Contributions made	<u>(1,246,251)</u>	<u>(1,031,400)</u>	<u>(1,060,571)</u>
Increase (decrease) in net OPEB obligation	308,733	501,037	552,224
Net OPEB obligation – beginning of year	<u>2,126,955</u>	<u>1,625,918</u>	<u>1,073,694</u>
Net OPEB obligation – end of year	<u>\$ 2,435,688</u>	<u>\$ 2,126,955</u>	<u>\$ 1,625,918</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended September 30, 2012 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/10	\$ 1,612,795	65.8%	\$ 1,625,918
9/30/11	1,532,437	67.3%	2,126,955
9/30/12	1,554,984	80.1%	2,435,688

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 11 - POST EMPLOYMENT MEDICAL CARE PLAN - Continued

Funding Status and Funding Progress - As of September 30, 2011, the most recent actuarial valuation date, the plan was 47.0% funded. The actuarial accrued liability for benefits was \$ 20,498,474, and the actuarial value of assets was \$ 9,622,772, resulting in an unfunded liability (UAAL) of \$ 10,875,702. The County's general fund is ultimately responsible for the liquidation of the net obligation. The covered payroll was \$ 52,923,183 and the ratio of the UAAL to the covered payroll was 20.5 percent.

Actuarial Methods and Assumptions - In the September 30, 2011 actuarial valuation, the projected unit credit method was used. The actuarial assumptions include a 4.5% investment rate of return. An inflation rate of 3.0%, salary growth rate of 3.0%, and health care cost trend rate ranging from 10% down to 5% over a 10 year period is used. An interest discount rate of 4.5% was used to value the liability. The UAAL is being amortized over a closed period of thirty years at 4.5% using the level percent of payroll method. The remaining amortization period at September 30, 2011, was 27 years.

NOTE 12 - SELF INSURANCE

Health Insurance

The County implemented a limited self-insured health care benefit and life AD&D coverage plan that became effective August 1, 1989. The plan was established to provide for the payment or reimbursement of all or a portion of eligible medical, dental and prescription drug expenses incurred by eligible participants and eligible dependents of such participants. The County is the named fiduciary and plan administrator and has the authority to control and manage the operation and administration of the plan. The County has the authority to amend the plan, to determine its policies, to appoint and remove plan supervisors and exercise general administrative authority over them.

The County, under the direction of the plan supervisor, Third Party Administrators, shall evaluate the cost of the plan and determine the amount to be contributed to the plan. The current contribution to the plan by the County was \$ 647 per eligible employee per month for the period October 1, 2011 through September 30, 2012. The contributions, or interfund premiums paid into the Group Health Insurance Fund (Internal Service Fund) are available to pay claims and administrative costs of the plan with a portion of the premiums set aside as reserves for anticipated claims. The total contribution to the plan for the fiscal year ended September 30, 2012 was \$ 11,594,434. The plan provides limited medical care benefits to the eligible participants up to \$ 1,000,000 lifetime maximum benefit. The plan has in place an excess loss insurance policy through Aetna, which covers claims in excess of \$ 175,000 per participant in any calendar year, with a maximum aggregate benefit of \$ 1,000,000 per coverage period. Estimated claims payable at September 30, 2012 was \$ 1,455,830.

The following is a reconciliation of changes in the aggregate liabilities for claims for the years ended September 30, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Claims payable - October 1,	\$ 912,095	\$ 686,225
Incurred claims	9,225,284	10,895,758
Payment of claims	<u>(8,482,568)</u>	<u>(10,669,888)</u>
Claims payable - September 30,	<u>\$ 1,654,811</u>	<u>\$ 912,095</u>

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 12 - SELF INSURANCE - Continued

Health Insurance - continued

Claims payable:

Actual	\$ 198,981	\$ 7,261
Estimated	<u>1,455,830</u>	<u>904,834</u>
Total claims payable	\$ <u>1,654,811</u>	\$ <u>912,095</u>

Insurance Reserve

Brazoria County established a self-insurance reserve within the General Fund in 1979. This reserve was established to provide coverage for general liability and automobile risks including settlements, claims and costs in defense of torts, civil rights, contractual suits, environmental protection and defense of County employees not covered by or in excess of commercial insurance limits. In the fiscal year ended September 30, 1989, the Commissioners' Court transferred the balance of \$ 789,486 into a self-insurance internal service fund. This was done to facilitate control where all costs and claims can be charged to the fund from which the related liability arose. The repayment of these claims and expenses is reported as expenditures/expenses in the respective funds. The self-insurance fund reports the receipt of the interfund repayment as operating revenue with all legal costs and claims reported as an operating expense. Estimated claims payable at September 30, 2012 was \$ 400,000.

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains commercial coverage for these risks and self-insures amounts in excess of insurance coverage. There have been no significant changes in insurance coverage and settlements (related to self insurance). For the year's ended September 30, 2012, 2011, and 2010 claims and settlements in excess of insurance coverage amounted to \$ 384,089, \$ 271,710, and \$ 701,368, respectively.

The following is a reconciliation of changes in the aggregate liabilities for claims for the years ended September 30, 2012 and 2011 for both actual and estimated liabilities:

	<u>2012</u>	<u>2011</u>
Claims payable - October 1,	\$ 442,862	\$ 400,000
Incurred claims	384,089	271,710
Payment of claims	<u>(409,385)</u>	<u>(228,848)</u>
Claims payable - September 30,	\$ <u>417,566</u>	\$ <u>442,862</u>
Claims payable:		
Actual	\$ 17,566	\$ 42,862
Estimated	<u>400,000</u>	<u>400,000</u>
Total claims payable	\$ <u>417,566</u>	\$ <u>442,862</u>

These estimated claims are considered current liabilities based on the fact that no clear estimate is available to determine the timing of settlements in the future.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 13 - CONTINGENCIES

The County is contingently liable in respect to lawsuits and other claims in the ordinary course of its operations. The potential settlement (if any) of such contingencies under the budgetary process would require appropriation of revenues yet to be realized and in the opinion of the County management would not materially affect the financial position of the County at September 30, 2012.

NOTE 14 - DEFICIT FUND BALANCES

As of September 30, 2012, various funds of the County had deficit fund balances as itemized below:

	<u>2012</u>
Fund Balances:	
Special Revenue Funds:	
Oakwood Creek Estates Special Assessment	\$ 912,853
CR 313A Special Assessment Fund	34,135
Debt Service Fund:	
Mobility Build America Fund	231,473

Deficit balances will either be offset by future revenues or reimbursed by other funds. The special revenue (special assessment) funds would be reimbursed by the Road and Bridge Fund, while the debt service fund would be reimbursed by the General Fund.

NOTE 15 - GRANTS, ENTITLEMENTS AND SHARED REVENUES

During the year ended September 30, 2012, the County applied for and received federal and state grants related to various activities. The operations of these grants are reported in the general fund, various special revenue funds, capital projects fund, and the enterprise fund. For the most part, these grants are reimbursement type grants, therefore, revenues equal expenditures. Grant revenues are classified as intergovernmental revenues. The federal grants are covered by the requirements of the Single Audit Act and OMB Circular A-133. The state grants are covered by the State of Texas Single Audit Circular.

NOTE 16 - BAIL BOND COLLATERAL

The County holds, as collateral, time deposits and other cash equivalents and real property pledged toward bail bonds. The County does not have access to the assets unless the bond is violated; therefore, these assets are not reported in the financial statements of the County as of September 30, 2012. As of September 30, 2012, bail bonds outstanding totaled \$ 38,283,171 and collateral pledged against these bonds amounted to \$ 3,828,317 (10 percent of bonds outstanding), respectively.

NOTE 17 - LITIGATION

The County is involved in the following legal actions, and is represented by legal counsel. The stated probable outcome and the possible effect are the opinion of legal counsel based upon conditions existing as of February 18, 2013.

Civil Action No. G-11-31 styled Mark Wiggins vs. Brazoria County Sheriff’s Office, et. al.; in the United States District Court for the Southern District of Texas, Galveston Division. A former employee filed suit alleging wrongful termination. The case is currently in litigation. There is a \$ 100,000 damage limit. The County is unable to form a judgment as to the outcome at this time.

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 17 - LITIGATION - Continued

Civil Action No. 3:10-CV-00071 styled Diana Coates & Margo Green, plaintiffs v. the Brazoria County et. al; in the United States District Court for the Southern District of Texas, Galveston Division. Civil Rights Retaliation Litigation. The case was subsequently settled for \$ 350,000.

Civil Action No. 3:12-CV-75; styled Shelly McPeak-Torres and Alexander James-Joseph Torres v. Brazoria County Texas and Sheriff Wagner: in the Federal District Court Southern District of Texas Galveston Division. Section 1983 violation to civil rights/in custody death. The case is currently in litigation. The County is unable to form a judgment as to the outcome at this time.

Civil Action No. 3:12-CV-95; styled Betty Jo Woodward et. al. vs. Charles Daniel Adams, MD, et al.; in the United States District Court Southern District of Texas Galveston Division. Section 1983 violation to civil rights/in custody death. The case is currently in litigation. The County is unable to form a judgment as to the outcome at this time.

Case No. 60970 styled Juanita D. Lovett and John T. Lovett v. Brazoria County; in the 239th Judicial District Court of Brazoria County, Texas. Personal Injury (fall). The case is currently in litigation; unable to form judgment as to outcome.

Case No. 69510 styled Eugene Eldridge and Raymond Perry v. Brazoria County; in the 149th Judicial District Court of Brazoria County, Texas. Personal Injury (motor vehicle accident). The case is currently in litigation; unable to form judgment as to outcome.

There was \$ 42,862 in actual payables reported at September 30, 2012. In addition, the County has recorded a contingent estimated liability of \$ 400,000 in the Self Insurance Liability Fund (Internal Service Fund) at September 30, 2012.

NOTE 18 - PEARLAND-MANVEL LANDFILL

The Pearland-Manvel Landfill site is a five-acre tract deeded from Brazoria County to the City of Pearland for use as a landfill during the 1950's and 60's. Upon completion of its use as a landfill the tract reverted to Brazoria County pursuant to the original instrument of conveyance. In the mid 1980's the Texas Department of Health reviewed the site, which was also the subject of some litigation because of the presence of some radioactive materials. These materials apparently were placed on the property by third parties illegally. No action was taken at that time against Brazoria County. In 2001, the then Texas Natural Resources Conservation Commission reopened its review of the site and mandated further investigation and remediation if appropriate. Brazoria County and the City of Pearland agreed to split evenly the costs of such investigation and remediation because of the fact that both entities at one time had dominion over the property. A phase one study has been presented to the Texas Commission on Environmental Quality (TCEQ). The scope of work in compliance with the findings of the phase one study has also been submitted to the Commission. They responded with another comment letter on November 17, 2004 to which the County responded with a letter to the Commission dated December 30, 2004, agreeing to the installation of a fourth additional groundwater monitoring well. The County's legal and technical representatives met with the Commission on April 20, 2005 and agreed to relocate the three wells. Another comment letter dated October 11, 2005 was received from the Commission after that meeting, and the County's environmental consultants responded by letter on December 14, 2005 and proceeded to install the new monitoring wells in December 2005. Additional sampling was

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 18 - PEARLAND-MANVEL LANDFILL - Continued

conducted in March 2006, and the new wells were found to not have contamination above applicable TCEQ standards. Results of the latest sampling were reported to TCEQ on October 31, 2006, but no response has been received. At this time the County proposes to leave all existing solid waste and radioactive material deposited at the landfill (as opposed to excavating and removing the same) coupled with a restriction of access and prohibition against future residential use of the site. Periodic future testing and financial assurance may also be necessary. Since the TCEQ has not yet responded to the last submission by the County, the County is not in a position to determine the extent of remediation activities that will ultimately be required in connection with the Landfill.

Environmental consultants have been paid \$ 276,736 for their work to date. Half of that expense has been shared by the City of Pearland. The consultant estimates that the costs for additional work suggested by the Commission would total an additional \$ 27,338. Further, Brazoria County has retained outside assistance in the environmental legal aspects of this matter. To date the County has spent \$ 51,632 in such legal expenses. An additional \$ 10,326 has been authorized for further legal services.

At September 30, 2012, the County has recorded an accrued liability in the amount of \$ 62,664, which includes its portion of estimated costs as well as \$ 25,000 for estimated ongoing costs of monitoring.

NOTE 19 - RESTATEMENT OF NET ASSETS

Net Assets

During the year ended September 30, 2012 the County determined that capital assets at September 30, 2011 had been overstated in the amount of \$ 1,642,805. During the year ended September 30, 2011, capital assets were reported as construction in progress until the County began closing out construction in progress programs and determined that these assets were not part of the capital asset or the capital asset was not the property of the County. This adjustment resulted in a decrease in governmental activities net assets (investment in capital assets, net of related debt), as noted below. This adjustment also resulted in an increase in governmental activities expenses (public transportation) and a decrease in change in net assets for the year ended September 30, 2011, in the amount of \$ 1,642,805. This adjustment had no effect on governmental funds fund balance.

During the year ended September 30, 2012 the County determined that information related to the actual payment amount for the year ended September 30, 2011, for the Post Employment Medical Care Plan (see note 11), an Other Post Employment Benefit (OPEB), were understated by \$ 722,141, resulting in an understatement of the net OPEB obligation reported in the government-wide Statement of Net Assets and an understatement of governmental activities expenses in the Statement of Activities for the year ended September 30, 2011.

Governmental Activities

	<u>2011</u>
Net assets, September 30, previously reported	\$ 197,456,499
Decrease in capital assets	(1,642,805)
Increase in net OPEB obligation	<u>(722,141)</u>
Net assets, September 30, restated	<u>\$ 195,091,553</u>

BRAZORIA COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2012

NOTE 19 - RESTATEMENT OF NET ASSETS - Continued

Change in net assets for the year ended September 30, previously reported	\$ 13,907,846
Expenses:	
Increase in OPEB Expense:	
General administration	(40,273)
Judicial and legal	(123,533)
Financial administration	(58,265)
Elections	(311)
Public facilities	(13,110)
Public safety	(136,079)
Corrections	(156,337)
Public transportation	(89,592)
Health and welfare	(43,261)
Culture and recreation	(53,863)
Conservation	(3,193)
Environmental protection	(1,861)
Community development	(2,463)
Increase in Road Maintenance Expense:	
Public transportation	<u>(1,642,805)</u>
Change in net assets for the year ended September 30, restated	<u>\$ 11,542,900</u>

NOTE 20 - EVALUATION OF SUBSEQUENT EVENTS

Brazoria County established a Wellness Clinic on October 3, 2012. Participation is voluntary if you are enrolled in the County's medical plan either as an employee, their dependent or retiree. The clinic will offer a range of health and wellness services such as a primary health care, health screenings, laboratory services, preventative care support, health education and more. Services provided will be free to all County health insurance plan members. This is an effort to reduce health insurance costs. The County is contracting with a third party to manage the clinic. This activity will be reported as an internal service fund.

The County has evaluated subsequent events through March 5, 2013, the date which the financial statements were available to be issued.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

BRAZORIA COUNTY, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
(ROAD AND BRIDGE FUND AND COUNTY ROAD 257 REPAIRS)**

For the Year Ended September 30, 2012

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 77,346,217	\$ 78,645,908	\$ 81,270,600	\$ 2,624,692
Intergovernmental	1,172,914	1,199,257	1,441,446	242,189
Charges for services	6,771,150	6,771,150	8,004,719	1,233,569
Licenses and permits	1,200,000	1,313,397	1,407,009	93,612
Fines and forfeitures	3,340,050	3,340,050	3,759,072	419,022
Special assessments				-0-
Investment income	600,000	600,000	123,290	(476,710)
Miscellaneous	<u>1,054,000</u>	<u>1,054,000</u>	<u>1,753,282</u>	<u>699,282</u>
Total revenues	<u>91,484,331</u>	<u>92,923,762</u>	<u>97,759,418</u>	<u>4,835,656</u>
Expenditures:				
Current:				
General administration	6,990,497	7,295,272	6,790,872	404,400
Judicial and legal	17,228,939	17,232,622	15,935,048	1,297,574
Financial administration	10,107,330	10,919,688	10,277,878	641,810
Elections	327,433	329,041	280,256	48,785
Public facilities	4,540,557	5,155,661	4,875,343	280,318
Public safety	16,955,701	18,007,009	17,476,843	530,166
Corrections	20,503,729	22,487,202	20,842,985	1,644,217
Public transportation				-0-
Health and welfare	4,502,212	4,688,103	3,940,033	748,070
Public assistance	296,000	296,000	296,000	-0-
Culture and recreation	8,986,705	9,952,426	8,817,624	1,134,802
Conservation	347,139	347,337	334,459	12,878
Environmental protection	213,404	213,704	207,915	5,789
Capital outlay				-0-
Total expenditures	<u>90,999,646</u>	<u>96,924,065</u>	<u>90,075,256</u>	<u>6,848,809</u>
Excess (deficiency) of revenues over expenditures	<u>484,685</u>	<u>(4,000,303)</u>	<u>7,684,162</u>	<u>11,684,465</u>
Other Financing Sources (Uses):				
Sale of capital assets	35,000	35,000	82,958	47,958
Transfers in	200,000	302,832	200,000	(102,832)
Transfers out	<u>(1,018,500)</u>	<u>(1,874,861)</u>	<u>(1,260,323)</u>	<u>614,538</u>
Total other financing sources (uses)	<u>(783,500)</u>	<u>(1,177,029)</u>	<u>(977,365)</u>	<u>199,664</u>
Net change in fund balances	<u>(298,815)</u>	<u>(5,177,332)</u>	<u>6,706,797</u>	<u>11,884,129</u>
Fund balances – beginning	<u>38,443,282</u>	<u>38,443,282</u>	<u>38,443,282</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 38,144,467</u>	<u>\$ 33,265,950</u>	<u>\$ 45,150,079</u>	<u>\$ 11,884,129</u>

Note: Budgets are adopted on a basis consistent with generally accepted accounting principles.

BRAZORIA COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
(ROAD AND BRIDGE FUND AND COUNTY ROAD 257 REPAIRS)- Continued**

For the Year Ended September 30, 2012

	County Road 257 Repairs			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$	\$	\$	\$ -0-
Intergovernmental	28,011,943	28,011,943	19,238,990	(8,772,953)
Charges for services				-0-
Licenses and permits				-0-
Fines and forfeitures				-0-
Special assessments				-0-
Investment income				-0-
Miscellaneous				-0-
Total revenues	<u>28,011,943</u>	<u>28,011,943</u>	<u>19,238,990</u>	<u>(8,772,953)</u>
Expenditures:				
Current:				
General administration				-0-
Judicial and legal				-0-
Financial administration				-0-
Elections				-0-
Public facilities				-0-
Public safety				-0-
Corrections				-0-
Public transportation				-0-
Health and welfare				-0-
Public assistance				-0-
Culture and recreation				-0-
Conservation				-0-
Environmental protection				-0-
Capital outlay	<u>28,011,943</u>	<u>28,011,943</u>	<u>19,238,990</u>	<u>8,772,953</u>
Total expenditures	<u>28,011,943</u>	<u>28,011,943</u>	<u>19,238,990</u>	<u>8,772,953</u>
Excess (deficiency) of revenues over expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Other Financing Sources (Uses):				
Sale of capital assets				-0-
Transfers in				-0-
Transfers out				-0-
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balances – beginning				-0-
Fund balances – ending	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

BRAZORIA COUNTY, TEXAS

Exhibit 11

REQUIRED SUPPLEMENTARY INFORMATION
 TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
 SCHEDULE OF FUNDING PROGRESS
 LAST THREE YEARS

Actuarial Valuation Date	Actuarial Value of Assets*	Actuarial Accrued Liability* (AAL)-	Unfunded AAL (UAAL)	Percentage Funded (a/b)	Annual Covered Payroll**	UAAL as a Percentage of Covered Payroll (b-a)/(c)
	(a)	(b)	(b-a)		(c)	
12-31-09	\$ 141,509,411	\$ 164,484,412	\$ 22,975,001	86.03%	\$ 56,517,212	40.65%
12-31-10	149,273,671	175,537,311	26,263,640	85.04%	56,717,078	46.31%
12-31-11	157,442,013	187,166,198	29,724,185	84.12%	57,650,743	51.56%

* As of December 31 of the preceding year, the date of the actuarial valuation.

** Annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.



**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Lateral Road - This fund accounts for intergovernmental revenue received from the State of Texas for use restricted to lateral roads as defined by the State Department of Highways and Public Transportation. Reports concerned with the use of these resources are filed annually each fiscal year ended August 31 with the State Treasurer's office.

Road & Bridge Tax Code, Chapter 152 - This fund accounts for funds retained in an amount equal to five percent (5%) of the motor vehicle sales tax and penalties collected in the preceding year, and the use of these funds for county road and bridge purposes. Senate Bill 3 also stipulated that on or before January 30th of each year, the County shall file a report promulgated by the Texas Department of Transportation, with the State Engineer-Director that accurately sets forth the amounts and purposes of all expenditures of the tax and penalties collected and retained by the County.

Special Road and Bridge Projects - This fund accounts for an annual fee assessed against each motor vehicle registered in the County. The Commissioners restricted the use of this revenue to approved road and bridge special projects.

Oakwood Creek Estates Special Assessment - This fund accounts for the expenditures required to upgrade roads in the unincorporated area to County specifications. The one-time assessment covers material cost used in upgrading the roads to a condition to where they can be brought into the County road system.

Benfield Special Assessment - This fund accounts for the expenditures required to upgrade roads in the unincorporated area to County specifications. The one-time assessment covers material cost used in upgrading the roads to a condition to where they can be brought into the County road system.

CR 313A Special Assessment - This fund accounts for the expenditures required to upgrade roads in the unincorporated area to County specifications. The one-time assessment covers material cost used in upgrading the roads to a condition to where they can be brought into the County road system.

Drug Court Program - This fund accounts for grant proceeds awarded through the State of Texas Office of the Governor Criminal Justice Division to create a Drug Treatment Court. Drug courts identify non-violent drug offenders and place them in an intensive program of judicially-supervised substance abuse treatment, case management and drug testing designed to break the cycle of substance abuse and crime.

State Homeland Security – Urban Areas Security Initiative (UASI) - This fund accounts for grant proceeds awarded through the United States Department of Homeland Security to purchase equipment and other activities involving preparedness planning, training, and exercises to prevent terrorist attacks, reduce vulnerability to terrorism and minimize the damage from potential attacks and natural disaster.

Law Enforcement Officers Standards & Education Fund - This fund accounts for fees utilized for law enforcement officers' educational expenditures.

Texas Juvenile Justice Department (TJJD)-State Aid - This fund accounts for revenues received from the Texas Juvenile Justice Department to supplement expenditures of the County in administering a Juvenile Justice Department. The County operates under an approved budget with the TJJD and submits reports quarterly with an annual contract report submitted as of each fiscal year ended August 31.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - Continued

TJPC Title IV-E Federal Foster Care - This fund accounts for an interagency agreement between TJPC and Texas Department of Protective and Regulatory Services (TDPRS) that set up a system to allow juvenile boards to recoup federal monies for eligible juvenile probation children and for administrative costs related to administering the Title IV-E program.

Juvenile Justice Alternative Education Program (JJAEP) - This fund accounts for intergovernmental revenues from the Texas Juvenile Justice Department to fund mandatory juvenile justice alternative education programs as required under Chapter 37, Texas Education Code.

Criminal Justice Division (CJD) Juvenile Incentive Block Grant - This fund accounts for grant proceeds awarded through the Criminal Justice Division Juvenile Accountability Incentive Block Grant Program for the improvement of local juvenile law enforcement.

Juvenile Case Manager - This fund accounts for the \$ 5 fee collected on convicted fine-only misdemeanor offenses by the Justice of Peace provides for the salary and benefits of a Juvenile Case Manager. The Commissioners' Court approved the fee collection on February 28, 2006 in accordance with Code of Criminal Procedure Art. 102.074.

Family Protection - The family protection fee of \$ 15 collected by the District Clerk in accordance with Texas Government Code, § 51.961 and approved in Commissioners' Court on December 13, 2005 is collected at the time a suit for dissolution of a marriage under Chapter 6, Family Code, is filed. After sending one half of the fee to the State Comptroller, the County uses the fund for a service provider located in the County or an adjacent county. The service provider may provide family violence and child abuse prevention, intervention, family strengthening, mental health, counseling, legal, and marriage preservation services to families that are at risk of experiencing or that have experienced family violence or the abuse or neglect of a child. Commissioner's Court may provide funding to a nonprofit organization that provides services described above.

Texas Department of State Health Services (TDSHS) - Immunization - This fund accounts for grant proceeds awarded for the implementation of an immunization program. The emphasis of this program is on children two years old or younger. The immunization program goal is to prevent, control, and eliminate indigenous vaccine-preventable diseases. This is done by providing and administering biologicals, promoting immunizations, and applying epidemiological principles and outbreak control within budgetary constraints.

Texas Department of State Health Services (TDSHS) - Supplemental Food Program Women, Infants and Children (WIC) - This fund accounts for grant proceeds awarded to provide supplemental food vouchers, nutrition education and immunizations as an adjunct to good health care at no cost to low income pregnant and postpartum women, infants, and children identified to be at nutritional risk.

Texas Department of State Health Services (TDSHS) – Local Public Health System (LPHS) - This fund accounts for grant proceeds awarded to provide medical services, prescriptions, and supplies to STD and TB patients.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - Continued

Texas Department of State Health Services (TDSHS) - WIC (Women, Infants and Children) Peer Counseling Program - This fund accounts for supplemental funding for training and salaries of peer counselors who assist pregnant and breastfeeding WIC participants.

Texas Department of State Health Services (TDSHS) - WIC (Women, Infants and Children) Registered Dietitian Program - This fund accounts for supplemental funding for the services of a registered dietitian to WIC participants.

Texas Department of State Health Services (TDSHS) - WIC (Women, Infants and Children) Lactation Reimbursement - This fund accounts for supplemental funding for lactation supplies for WIC participants.

Texas Department of State Health Services (TDSHS) – WIC (Women, Infants and Children) Obesity Shopping for Healthy Foods and Obesity Play to be FIT - This fund accounts for grant proceeds awarded for obesity prevention education related to “shopping for healthy foods” and to “playing to be fit” for WIC participants.

TDSHS Cities Readiness Initiative - This fund accounts for grant proceeds awarded through the Department of State Health Services to aid cities in increasing their capacity to deliver medicines and medical supplies during a large-scale public health emergency such as a bioterrorism attack or a nuclear accident. The initiative focuses on the ability to distribute medicine to a population in a very short time.

TDSHS Bioterrorism Grant - This fund accounts for grant proceeds that allows Brazoria County to assist the Office of Public Health in the implementation of activities associated with the FY 04 Centers for Disease Control and Prevention (CDC) Public Health preparedness and Response for Bioterrorism Cooperative Agreement. This project is designed to upgrade state and local public health jurisdictions’ preparedness for a response to bioterrorism, other outbreaks of infectious disease, and other public health threats and emergencies.

CPS Title IV E Foster Care/Maintenance - This fund accounts for grant proceeds awarded for federal Child Protective Services.

CPS Title IV-E Legal Services - This fund accounts for administration and training for services rendered to foster care children under provisions of Title IV-E of the Social Security Act and is also authorized by Chapter 40 of the health care code.

CPS Title IV-B (Concrete) - This fund accounts for grant proceeds awarded for State Child Protective Services.

JP Building Security - The State Legislature amended the Court of Criminal Procedures Art. 102.017 by adding \$ 1 to the existing Courthouse Security Fund. The Justice of Peace collect the funds and deposit them in a Justice Court building security fund for providing security services for a Justice Court located in a building that is not in the County Courthouse.

Shoreline Restoration Task Force - This fund accounts for administration of funds as a result of a letter of understanding (LOU) between Brazoria County, Port of Freeport, Town of Quintana, Village of Surfside Beach and Treasure Island Municipal Utility District to create a task force to evaluate shoreline erosion problems in Brazoria County, identify and investigate feasible alternatives to restore the shoreline, and maximize state assistance to the region for shoreline restoration projects under the CEPR, CIAP and other applicable and appropriate state programs.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - Continued

State Criminal Alien Assistance Program (SCAAP) - This fund accounts for grant proceeds awarded through the Bureau of Justice Assistance (BJA), Office of Justice Programs (OJP), and the United States Department of Justice (DOJ), to States and localities that have incurred correctional officer salary costs for incarcerating undocumented criminal aliens that have at least one felony or two misdemeanor convictions for violations of State or local law and incarcerated for at least four consecutive days during the reporting period.

CMP Erosion Response - This fund accounts for funding from the General Land Office to provide financial assistance with funds received under the Texas Coastal Management Program (CMP) Cycle 15 for implementation of a coastal zone management project.

CSCD Bond Supervision - This fund accounts for collection of program income and expenditures related to the operation of the CSCD surety and personal recognizance bond supervision program. Article 17.42 of the Code of Criminal Procedure authorized the establishment and funding of a personal bond office approved by commissioners' court.

Texas VINE (Victim's Information Notification Everyday) Contract - This fund accounts for grant proceeds awarded for reimbursement for certain costs incurred in the participation in a statewide crime victim notification service.

EOCGP Emergency Operations Center - This fund accounts for grant proceeds awarded through the United States Department of Homeland Security - Fiscal Year (FY) 2010 Emergency Operation Center Grant Program (EOCGP) to build an Emergency Operations Center.

Mutual Fire Protection & Disbursement Assistance - This fund accounts for grant proceeds received from the United States Fish and Wildlife department to cover expenditures relating to any natural disasters and/or wildfires that occur.

Reliant Energy CARE Program - This fund accounts for local contributions from Reliant Energy for use in providing needy Brazoria County residents with utility assistance.

Repetitive Flood Claims Program – This fund accounts for grant proceeds received for activities that reduce or eliminate the long-term risk of flood damage to structures, insured under the National Flood Insurance Program (NFIP), that have one or more claims for flood damages.

HGAC - 911 Address Project - This fund accounts for the costs incurred in establishing uniform guidelines for 911 addressing needs within Brazoria County. The objective of 9-1-1 addressing is to enable all public safety agencies to quickly respond and locate all residences and businesses throughout Brazoria County. All structures are assigned a physical address or road address.

Child Abuse Prevention - This fund accounts for funds collected from private donations and jurors' reimbursement donations to the CPS child welfare board of the county.

Economic Development Tax Abatement - This fund accounts for local revenues (contributions) for the furtherance of economic development as related to tax abatement programs.

Victim Assistance Grant 02G00551 - This fund accounts for intergovernmental revenues from the State of Texas for the purpose of providing victim assistance coordinators or crime victim liaisons to victims of crime.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - Continued

Crime Victim Assistance Fund - This fund accounts for intergovernmental revenues from the State of Texas for the purpose of providing legal assistance to victims of crime.

Justice Assistance Grant (JAG) - This fund accounts for grant proceeds awarded through the United States Department of Justice to support a broad range of activities to prevent and control crime and to improve the criminal justice system. JAG replaces the LLEBG grant.

Justice Court Technology Fund - This fund accounts for the mandate that each Brazoria County justice court assess a technology fee of \$ 4.00 as cost of court on each conviction, as defined by Art. 102.0173 Code of Criminal Procedure, for a fine-only misdemeanor committed on or after January 1, 2002. The use of this fee is restricted to the purchase of technological enhancements for a justice court.

Drug Enforcement Agency (DEA) Narcotics Overtime Expense Program - This fund accounts for an agreement between Brazoria County and the United States Department of Justice (DEA) to provide funding for payment of overtime costs for law enforcement officers assigned to specified narcotics investigations.

2008 - 2011 CDBG County (HUD) - These funds account for direct grant proceeds awarded for projects conducted throughout the county. The County is the fiscal agent for these projects, which are performed for municipalities and other non-profit organizations within Brazoria County, Texas.

2010 CDBG Disaster Recovery Alternative - This fund accounts for grant proceeds from Texas Department of Rural Affairs (TDRA) Disaster Recovery Division for non-housing hurricane recovery activities funded by the U.S. Department of Housing and Urban Development (HUD).

2005 – 2012 Section 8 Housing Choice Voucher Program - These funds account for the activities of the Brazoria County Housing Agency (BCHA) that was established in 2004 and empowered with the responsibility and authority to maintain the Public Housing Program for the County. In 2004, BCHA established the Section 8 Housing program. The BCHA mission is to serve the needs of low-income, very low-income and extremely low-income families in the County by increasing the availability of decent, safe and affordable housing in its communities, by ensuring equal opportunity in housing, by promoting self-sufficiency and asset development of families and individuals and by improving community quality of life and economic viability. Through federal funding from the U.S. Department of Housing and Urban Development (HUD) and landlord participation, BDHA provides low-income families with rental assistance; job training; education opportunities; and support services to obtain housing in a courteous, patient and efficient manner, while promoting self-sufficiency for County growth.

Vital Statistics Fee - This fund accounts for an optional one dollar local fee collected for death and/or birth certificates by justice of the Peace officers and/or County Clerk.

United Way Emergency Assistance - This fund accounts for grant proceeds awarded from United Way of Brazoria County to provide emergency assistance to qualified residents.

TCEQ LIRAP Program - This fund accounts for grant proceeds received from TCEQ for low income repair assistance, retrofit, and accelerated vehicle retirement program that pays for necessary repairs to bring vehicles into emissions compliance and for replacement vehicles when existing vehicles are retired.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - Continued

EOC Retrofit Project - This fund accounts for grant proceeds from The Federal Emergency Management Agency (FEMA) through the Hazard Mitigation Grant Program (HMGP) to harden Brazoria County's Emergency Operations Center (EOC).

Amy Young Barrier Removal – This fund accounts for grant proceeds from the Texas Department of Housing and Community Affairs for the purpose of providing handicap modifications in the home for disabled families.

TCEQ Supplemental Environmental Project (SEP) - This fund accounts for grant proceeds awarded through the Texas Commission on Environmental Quality (TCEQ) to provide assistance to low income homeowners to repair or replace failing or inadequately designed on-site sewage facilities within the County.

TCEQ Supplemental Environmental Parks Project (SEP) - This fund accounts for proceeds awarded through the Texas Commission on Environmental Quality (TCEQ) for replacement of gasoline and diesel powered lawn mowers, heavy equipment, and vehicles with lower-emission items to reduce air pollution emissions.

Records Management County Clerk - The "Records Management and Preservation" fee collected by the County Clerk pursuant to Local Government Code 118.011 is for the records management and preservation services performed after the filing and recording of a document in the records of the office of the clerk. The fee is used to provide funds for specific records preservation and automation projects.

Records Management District Clerk - The "Records Management and Preservation" fee collected by the District Clerk pursuant to Local Government Code 118.011 is for the records management and preservation services performed after the filing and recording of a document in the records of the office of the clerk. The fee is used to provide funds for specific records preservation and automation projects.

Records Archive County Clerk - The "Records Archive" fee collected by the County Clerk, pursuant to Local Government Code 118.011 (f) is for the preservation and restoration services performed by the County Clerk in connection with maintaining a County Clerk's records archive.

Records Archive District Clerk - The "Records Management and Preservation" fee collected by the District Clerk pursuant Government Code 51.317 (c)(2) is for records management and preservation services performed by the District Clerk. The fee is used to provide funds for specific records preservation and automation projects.

Financial Security - The Financial Security fee collected by the county and district clerks is pursuant to Article 102.017 of the Code of Criminal Procedure and Local Government Code 291.007. Article 102.017 of the Code of Criminal Procedure mandates a \$ 5 fee to court costs of a defendant convicted in trial for a felony offense in a district court and adds a \$ 3 fee to court costs of a defendant convicted in trial for a misdemeanor offense in a county court. Local Government Code 291.007 allows Commissioners' Court to set a \$ 5 fee to be collected at the time of filing in each county or district court civil case. The use of this fee is restricted to specific items used for providing security services for buildings housing a district or county court.

Records Preservation County/District Clerk – This fund accounts for fees collected by the District and County Clerks pursuant to Government Code 51.708, where the District Clerk shall collect a filing fee of \$ 10 in each civil case filed. The County Clerk shall collect a filing fee of \$ 5 in each civil case filed. These funds are restricted to digitize and preserve court records from natural disasters. Commissioners' Court approved this fee on September 8, 2009.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - Continued

Civil, Criminal and Probate Records Management - The fee collected by the County and District Clerks pursuant to Local Government Code 118.011 and Government Code 51.317 (c)(2) respectively. This fee is for the civil, criminal and probate records management and preservation services performed after the filing and recording of a document in the records of the office of the clerk. The fee is used to provide funds for specific records preservation and automation projects.

County and District Court Technology - This fund accounts for the mandate in House Bill 3637 that each county court, statutory county court, or district court in Brazoria County assess a \$ 4 technology fee on each criminal offense conviction. These funds are restricted to technological enhancements as described by Subchapter A, Chapter 102, Article 102.0169 of the Code of Criminal Procedure. Commissioners' Court approved this fee on September 8, 2009.

Law Library - This fund accounts for the cost of operating and maintaining a law library for public use. Revenues are derived from law library fees assessed against each civil case filed in District and County courts.

County Graffiti Eradication - This fund accounts for local revenues designated for the purpose of graffiti eradication in the County.

2006 GoM Energy Security - This fund accounts for revenue from the United States Department of the Interior under the Gulf of Mexico Energy Security Act of 2006 (GOMESA) which provides that certain states and counties receive 37.5% of the oil and gas qualified leasing revenues from certain Outer Continental Shelf areas. Funds are designated for coastal protection.

Mosquito Control District - This fund accounts for the district approved by Brazoria County voters in April, 1955 that authorized a separate tax not to exceed five cents per one dollar of valuations. Mosquito control districts were introduced to the State of Texas by House Bill 127 which was passed by the 1949 Texas Legislature.

Voter Registration Tax Office Fund - This fund accounts for the commission fee received from the Texas State Comptroller and is used to defray expenditures of the Registrar's office.

Elections HAVA (Help America Vote Act) Equipment Rental - This fund accounts for surplus funds from Election Service Contracts under the Texas Election Code 31.003. Funds are used only for the purchase of voting equipment changes or upgrades, and technology upgrades for the election office.

Elections Services Contract - This fund accounts for surplus funds from Election Service Contracts under the Texas Election Code 31.003. Funds are used only to defray expenses of the county election officer's office in connection with election-related duties or functions.

Parks Improvement - This fund accounts for a pending Texas Parks & Wildlife grant application for several parks projects. The current donation revenue is from Wal-Mart for a specific project.

Debt Service Funds

Debt service funds account for the accumulation of resources from governmental resources and the payments of general obligation debt principal, interest and related costs.

NONMAJOR GOVERNMENTAL FUNDS

Debt Service Funds - Continued

Certificates of Obligation Sheriff and Detention Center Complex - Series 1993 General Obligation Refunding Bonds - Series 1998 - This fund accounts for the accumulation of resources and the payment of those resources related to the retiring of the Series 1993 - Certificates of Obligation issued to build a Sheriff and Detention Center Complex, and the retiring of the General Obligation Refunding Bonds, Series 1998 which were utilized to defease a portion of the Series 1993 Bonds.

Certificates of Obligation Construction and Maintenance - Series 2003 - This fund accounts for the accumulation of resources and the payment of those resources related to the retiring of the Series 2003 - Certificates of Obligation issued for construction and acquisition projects accounted for in the 2003 Certificate of Obligation Construction and Maintenance capital project fund.

Certificates of Obligation Construction and Maintenance - Series 2006 - This fund accounts for the accumulation of resources and the payment of those resources related to the retiring of the Series 2006 - Certificates of Obligation issued for construction and acquisition projects accounted for in the 2006 Certificate of Obligation Construction and Maintenance capital project fund.

Unlimited Tax Road Bonds - Series 2006 - This fund accounts for the accumulation of resources and the payment of those resources related to the retiring of the Series 2006 – Unlimited Tax Road Bonds issued for construction and acquisition projects accounted for in the Mobility Plan Construction and Maintenance capital project fund.

Mobility Build America (Unlimited Tax Road Bonds) - Series 2010 - This fund accounts for the accumulation of resources and the payment of those resources related to the retiring of the Series 2010B – Unlimited Tax Road Bonds issued for construction and acquisition projects accounted for in the Mobility Plan (Build America Bonds) Construction and Maintenance capital project fund.

Certificates of Obligation Construction and Maintenance - Series 2012 - This fund accounts for the accumulation of resources and the payment of those resources related to the retiring of the Series 2012 Certificates of Obligations, issued for construction and acquisition projects.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

SJP Waterfront Revitalization – This fund accounts for proceeds from the General Land Office to provide financial assistance with funds received under the Texas Coastal Management Program (CMP) Cycle 14 to revitalize Surfside Jetty Park waterfront by reconstructing a footbridge and overlaying an existing walking trail.

Parks CIAP Grant - This fund accounts for grant funding from the General Land Office to develop the Coastal Impact Assistance Plan for projects and activities for conservation, protection and/or restoration of coastal areas.

Highway Right-of-Way Acquisition (Series 1991A) - This fund accounts for the acquisition of rights-of-way for authorized county purposes and for the payment of contractual obligations for professional services. Certificates of Obligation in the amount of \$ 1,800,000 were authorized and issued on January 14, 1991. Brazoria County has agreed to contribute funds to the State Department of Highways and Public Transportation pursuant to CSJ No. 0192-01-040 in an amount equal to ten percent (10%) of the cost of the right of way to be acquired.

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds – Continued

County Wide Road Construction - This fund accounts for the proceeds of a 1968 road bond issue totaling \$ 6,900,000 and resulting interest earned on related deposit balances. This issue was approved by the voters for the purpose of construction, maintenance and operation of roads within Brazoria County.

2006 Certificate of Obligation C & M - This fund accounts for bond proceeds authorized for acquisition and construction, including the purchase and renovation of a building located in Angleton for the purpose of housing various County departments; relocation of the North Service Center; construction of the West Service Center and Annex; expansion of the Juvenile Detention Center; renovation of a Park Administration building; renovation of Courthouse for additional courtrooms; expansion of parking lots; and expansion of the Adult Detention Center.

Wall of Honor - This fund accounts for the activity related to the new war memorial planned for the northwest corner of the Brazoria County courthouse.

Mobility Plan C & M - This fund accounts for bond proceeds for the purpose of the construction and improvement of transportation projects within Brazoria County including State highways, county roads, bridges and related drainage, and specifically the construction and improvement of roads, bridges and related drainage that constitute connecting links and integral parts of County roads and State highways located both within Brazoria County and also within the corporate limits of Brazoria County cities.

Mobility Build America Bonds C & M - This fund accounts for bond proceeds of a 2010B (Build America Bonds) tax road bond issue totaling \$ 13,225,000 and the resulting interest earned on related deposit balances. This issue was approved for the purpose of construction and improvement of transportation projects within Brazoria County including State highways, county roads, bridges and related drainage that constitute connecting links and integral parts of County roads and State highways located both within Brazoria County and also within the corporate limits of Brazoria County cities.

Quintana Park Beach Boardwalk - This fund accounts for grant proceeds awarded through the United States Department of Commerce, National Oceanic and Atmospheric Administration (NOAA) filtered through the General Land Office (GLO) Coastal Management Program (CMP) for implementation of a coastal zone management project.

Follet's Beach Access Point – This fund accounts for proceeds from the General Land Office to provide financial assistance with funds received under the Texas Coastal Management Program (CMP) Cycle 14 to construct parking and pedestrian beach access through a parcel of property within .8 miles of San Luis Pass County Park to access the beach.

BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2012

	<u>Special</u>		
	<u>Lateral Road Fund</u>	<u>Road and Bridge Tax Code Chapter 152 Fund</u>	<u>Special Road and Bridge Projects Fund</u>
<u>Assets</u>			
Cash and temporary investments	\$ 26,822	\$ 174,968	\$ 1,546,284
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments			
Due from other funds			
Inventory			
Prepaid expenditures			
Long-Term Receivables:			
Accounts			
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 26,822</u>	<u>\$ 174,968</u>	<u>\$ 1,546,284</u>
<u>Liabilities and Fund Balance</u>			
<u>Liabilities:</u>			
Accounts and accrued liabilities payable	\$	\$	\$
Due to other funds			
Deferred revenue			
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>Fund Balance (Deficit):</u>			
Non-spendable			
Restricted	26,822	174,968	1,546,284
Unassigned			
	<hr/>	<hr/>	<hr/>
Total fund balance	<u>26,822</u>	<u>174,968</u>	<u>1,546,284</u>
Total liabilities and fund balance	<u>\$ 26,822</u>	<u>\$ 174,968</u>	<u>\$ 1,546,284</u>

Revenue Funds

Oakwood Creek Estates Special Assessment Fund	Benefield Special Assessment Fund	CR 313A Special Assessment Fund	Drug Court Program Fund	State Homeland Security Fund	Law Enforce- ment Officers Standards & Education Fund
\$	\$ 17,603	\$	\$	\$	\$ 56,726
948,590	25,636		98,465	974,051	
<u>\$ 948,590</u>	<u>\$ 43,239</u>	<u>\$ -0-</u>	<u>\$ 98,465</u>	<u>\$ 974,051</u>	<u>\$ 56,726</u>
\$ 912,853	\$	\$ 34,135	\$ 10,214	\$ 53,690	\$
948,590	25,636		88,251	920,361	
<u>1,861,443</u>	<u>25,636</u>	<u>34,135</u>	<u>98,465</u>	<u>974,051</u>	<u>-0-</u>
(912,853)	17,603	(34,135)			56,726
<u>(912,853)</u>	<u>17,603</u>	<u>(34,135)</u>	<u>-0-</u>	<u>-0-</u>	<u>56,726</u>
<u>\$ 948,590</u>	<u>\$ 43,239</u>	<u>\$ -0-</u>	<u>\$ 98,465</u>	<u>\$ 974,051</u>	<u>\$ 56,726</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2012

	Special		
	TJJD State Aid Fund	TJPC Title IV-E Foster Care Fund	JJAEP Boot Camp Fund
<u>Assets</u>			
Cash and temporary investments	\$ 141,319	\$	\$ 1,160
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments			11,264
Due from other funds			
Inventory			
Prepaid expenditures			
Long-Term Receivable:			
Accounts			
Total assets	\$ 141,319	\$ -0-	\$ 12,424
<u>Liabilities and Fund Balance</u>			
<u>Liabilities:</u>			
Accounts and accrued liabilities payable	\$ 45,428	\$	\$ 12,424
Due to other funds			
Deferred revenue	95,891		
Total liabilities	141,319	-0-	12,424
<u>Fund Balance (Deficit):</u>			
Non-spendable			
Restricted			
Unassigned			
Total fund balance	-0-	-0-	-0-
Total liabilities and fund balance	\$ 141,319	\$ -0-	\$ 12,424

Revenue Funds

CJD Juvenile Incentive Block Grant Fund	Juvenile Case Manager Fund	Family Protection Fund	TDSHS Immunization Fund	TDSHS Supplemental Food Program WIC Fund	TDSHS RLSS/Local Public Health System (LPHS) Fund
\$	\$ 35,854	\$ 97,502	\$	\$	\$
		15	586		
376			50,639	200,538	3,019
				9,304	3,000
<u>\$ 376</u>	<u>\$ 35,854</u>	<u>\$ 97,517</u>	<u>\$ 51,225</u>	<u>\$ 209,842</u>	<u>\$ 6,019</u>
\$ 376	\$ 2,135	\$	\$ 2,655	\$ 16,761	\$
			48,570	193,081	6,019
<u>376</u>	<u>2,135</u>	<u>-0-</u>	<u>51,225</u>	<u>209,842</u>	<u>6,019</u>
	33,719	97,517		9,304	3,000
				(9,034)	(3,000)
<u>-0-</u>	<u>33,719</u>	<u>97,517</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 376</u>	<u>\$ 35,854</u>	<u>\$ 97,517</u>	<u>\$ 51,225</u>	<u>\$ 209,842</u>	<u>\$ 6,019</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2012

	TDSHS WIC Peer Counseling Program Fund	TDSHS WIC Registered Dietician Fund	Special TDSHS WIC Lactation Reimbursement Fund
<u>Assets</u>			
Cash and temporary investments	\$	\$	\$
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments	20,673	5,682	6,632
Due from other funds			
Inventory			
Prepaid expenditures			
Long-Term Receivables:			
Accounts			
Total assets	<u>\$ 20,673</u>	<u>\$ 5,682</u>	<u>\$ 6,632</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts and accrued liabilities payable	\$ 1,912	\$	\$
Due to other funds	18,761	5,682	6,632
Deferred revenue			
Total liabilities	<u>20,673</u>	<u>5,682</u>	<u>6,632</u>
Fund Balance (Deficit):			
Non-spendable			
Restricted			
Unassigned			
Total fund balance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities and fund balance	<u>\$ 20,673</u>	<u>\$ 5,682</u>	<u>\$ 6,632</u>

Revenue Funds

TDSHS WIC Obesity SHOP/FIT Fund	TDSHS Cities Readiness Initiative Fund	TDSHS Bioterrorism Grant Fund	CPS Title IV-E Fund	CPS Title IV-E Legal Services Fund	CPS Title IV-B (Concrete) Fund
\$	\$	\$	\$	\$	\$
				63	
2,563	22,501	41,534	21,786	12,489	251
	100	100			
<u>\$ 2,563</u>	<u>\$ 22,601</u>	<u>\$ 41,634</u>	<u>\$ 21,786</u>	<u>\$ 12,552</u>	<u>\$ 251</u>
\$ 1,184	\$ 149	\$ 4,668	\$ 14,917	\$ 4,735	\$
1,379	22,452	36,966	6,869	7,817	251
<u>2,563</u>	<u>22,601</u>	<u>41,634</u>	<u>21,786</u>	<u>12,552</u>	<u>251</u>
	100	100			
	(100)	(100)			
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 2,563</u>	<u>\$ 22,601</u>	<u>\$ 41,634</u>	<u>\$ 21,786</u>	<u>\$ 12,552</u>	<u>\$ 251</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2012

	<u>Special</u>		
	<u>JP Building Security Fund</u>	<u>Shoreline Restoration Task Force Fund</u>	<u>State Alien Assistance Fund</u>
<u>Assets</u>			
Cash and temporary investments	\$ 107,463	\$ 10,770	\$ 54,872
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments			
Due from other funds			
Inventory			
Prepaid expenditures			
Long-Term Receivables:			
Accounts			
	<hr/>	<hr/>	<hr/>
Total assets	\$ <u>107,463</u>	\$ <u>10,770</u>	\$ <u>54,872</u>
<u>Liabilities and Fund Balance</u>			
<u>Liabilities:</u>			
Accounts and accrued liabilities payable	\$	\$	\$
Due to other funds			
Deferred revenue			54,872
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-0-</u>	<u>-0-</u>	<u>54,872</u>
<u>Fund Balance (Deficit):</u>			
Non-spendable			
Restricted	107,463	10,770	
Unassigned			
	<hr/>	<hr/>	<hr/>
Total fund balance	<u>107,463</u>	<u>10,770</u>	<u>-0-</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	\$ <u>107,463</u>	\$ <u>10,770</u>	\$ <u>54,872</u>

Revenue Funds

CMP Erosion Response Plan Fund	CSCD Bond Supervision Fund	Texas VINE Contract Fund	EOCGP Emergency Operations Center Fund	Mutual Fire Protection & Disbursement Assistance Fund	Reliant Energy CARE Program Fund
\$	\$ 851	\$	\$	\$ 15	\$ 16,411
299			11,128		
<u>\$ 299</u>	<u>\$ 851</u>	<u>\$ -0-</u>	<u>\$ 11,128</u>	<u>\$ 15</u>	<u>\$ 16,411</u>
\$ 299	\$ 634	\$	\$ 1,175 9,953	\$	\$
<u>299</u>	<u>634</u>	<u>-0-</u>	<u>11,128</u>	<u>-0-</u>	<u>-0-</u>
	217			15	16,411
<u>-0-</u>	<u>217</u>	<u>-0-</u>	<u>-0-</u>	<u>15</u>	<u>16,411</u>
<u>\$ 299</u>	<u>\$ 851</u>	<u>\$ -0-</u>	<u>\$ 11,128</u>	<u>\$ 15</u>	<u>\$ 16,411</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2012

	Special		
	Repetitive Flood Claims Program Fund	HGAC911 Addressing Fund	Child Abuse Prevention Fund
<u>Assets</u>			
Cash and temporary investments	\$ 100,110	\$	\$ 5,128
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments			
Due from other funds			
Inventory			
Prepaid expenditures			
Long-Term Receivables:			
Accounts			
Total assets	\$ 100,110	\$ -0-	\$ 5,128
<u>Liabilities and Fund Balance</u>			
<u>Liabilities:</u>			
Accounts and accrued liabilities payable	\$	\$	\$
Due to other funds			
Deferred revenue	100,110		
Total liabilities	100,110	-0-	-0-
<u>Fund Balance (Deficit):</u>			
Non-spendable			
Restricted			5,128
Unassigned			
Total fund balance	-0-	-0-	5,128
Total liabilities and fund balance	\$ 100,110	\$ -0-	\$ 5,128

Revenue Funds

<u>Economic Development Tax Abatement Fund</u>	<u>Victim Assistance Grant 02G00551 Fund</u>	<u>Crime Victim Assistance Fund</u>	<u>Justice Assistance Grant (JAG) Fund</u>	<u>Justice Court Technology Fund</u>	<u>DEA Narcotics OT Expense Program Fund</u>
\$ 3,030	\$	\$	\$	\$ 466,347	\$
	6,696	28,047			477
<u>\$ 3,030</u>	<u>\$ 6,696</u>	<u>\$ 28,047</u>	<u>\$ -0-</u>	<u>\$ 466,347</u>	<u>\$ 477</u>
\$	\$ 957 5,739	\$ 3,409 24,638	\$	\$ 113	\$ 477
<u>-0-</u>	<u>6,696</u>	<u>28,047</u>	<u>-0-</u>	<u>113</u>	<u>477</u>
3,030				466,234	
<u>3,030</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>466,234</u>	<u>-0-</u>
<u>\$ 3,030</u>	<u>\$ 6,696</u>	<u>\$ 28,047</u>	<u>\$ -0-</u>	<u>\$ 466,347</u>	<u>\$ 477</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2012

	2008 CDBG County (HUD) Fund	2009 CDBG County (HUD) Fund	Special 2010 CDBG County (HUD) Fund
<u>Assets</u>			
Cash and temporary investments	\$	\$	\$
Receivable (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments	5,000	11,175	14,151
Due from other funds			
Inventory			
Prepaid expenditures			
Long-Term Receivables:			
Accounts			
Total assets	<u>\$ 5,000</u>	<u>\$ 11,175</u>	<u>\$ 14,151</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts and accrued liabilities payable	\$	\$ 704	\$ 6,033
Due to other funds	5,000	10,471	8,118
Deferred revenue			
Total liabilities	<u>5,000</u>	<u>11,175</u>	<u>14,151</u>
Fund Balance (Deficit):			
Non-spendable			
Restricted			
Unassigned			
Total fund balance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities and fund balance	<u>\$ 5,000</u>	<u>\$ 11,175</u>	<u>\$ 14,151</u>

Revenue Funds

2010 CDBG Disaster Recovery Alternative Fund	2011 CDBG County (HUD) Fund	2005 Section 8 Housing Choice Vouchers Fund	2006 Section 8 Housing Choice Vouchers Fund	2007 Section 8 Housing Choice Vouchers Fund	2008 Section 8 Housing Choice Vouchers Fund
\$	\$	\$ 35,238	\$ 103,782	\$ 18,763	\$ 37,104
244,559	254,858				
<u>\$ 244,559</u>	<u>\$ 254,858</u>	<u>\$ 35,238</u>	<u>\$ 103,782</u>	<u>\$ 18,763</u>	<u>\$ 37,104</u>
\$ 192,333 52,226	\$ 144,994 109,864	\$	\$	\$	\$
<u>244,559</u>	<u>254,858</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
		35,238	103,782	18,763	37,104
<u>-0-</u>	<u>-0-</u>	<u>35,238</u>	<u>103,782</u>	<u>18,763</u>	<u>37,104</u>
<u>\$ 244,559</u>	<u>\$ 254,858</u>	<u>\$ 35,238</u>	<u>\$ 103,782</u>	<u>\$ 18,763</u>	<u>\$ 37,104</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2012

	2009 Section 8 Housing Choice Vouchers Fund	2010 Section 8 Housing Choice Vouchers Fund	Special 2011 Section 8 Housing Choice Vouchers Fund
<u>Assets</u>			
Cash and temporary investments	\$ 81,375	\$ 323,507	\$ 88,368
Receivable (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments			
Due from other funds			
Inventory			
Prepaid expenditures			
Long-Term Receivables:			
Accounts			
Total assets	<u>\$ 81,375</u>	<u>\$ 323,507</u>	<u>\$ 88,368</u>
<u>Liabilities and Fund Balance</u>			
<u>Liabilities:</u>			
Accounts and accrued liabilities payable	\$	\$	\$
Due to other funds			
Deferred revenue		205,599	
Total liabilities	<u>-0-</u>	<u>205,599</u>	<u>-0-</u>
<u>Fund Balance (Deficit):</u>			
Non-Spendable			
Restricted	81,375	117,908	88,368
Unassigned			
Total fund balance	<u>81,375</u>	<u>117,908</u>	<u>88,368</u>
Total liabilities and fund balance	<u>\$ 81,375</u>	<u>\$ 323,507</u>	<u>\$ 88,368</u>

Revenue Funds

2012 Section 8 Housing Choice Vouchers Fund	Vital Statistics Fee Fund	United Way Emergency Assistance Fund	TCEQ LIRAP Program Fund	EOC Retrofit Project Fund	Amy Young Barrier Removal Fund
\$ 9,191	\$ 285	\$ 4,218	\$	\$	\$
13,901				17,950	3,177
<u>\$ 23,092</u>	<u>\$ 285</u>	<u>\$ 4,218</u>	<u>\$ -0-</u>	<u>\$ 17,950</u>	<u>\$ 3,177</u>
\$ 8,468	\$	\$ 750	\$	\$ 17,950	\$ 3,177
<u>8,468</u>	<u>-0-</u>	<u>750</u>	<u>-0-</u>	<u>17,950</u>	<u>3,177</u>
14,624	285	3,468			
<u>14,624</u>	<u>285</u>	<u>3,468</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 23,092</u>	<u>\$ 285</u>	<u>\$ 4,218</u>	<u>\$ -0-</u>	<u>\$ 17,950</u>	<u>\$ 3,177</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2012

	TCEQ Supplemental Environmental Project Fund	TCEQ Supplemental Environmental Parks Project Fund	Special Records Management County Clerk Fund
<u>Assets</u>			
Cash and temporary investments	\$ 17	\$ 136,428	\$ 1,342,680
Receivable (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			10
Special assessments			
Due from other governments			
Due from other funds			
Inventory			
Prepaid expenditures			
Long-Term Receivables:			
Accounts			
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 17</u>	<u>\$ 136,428</u>	<u>\$ 1,342,690</u>
<u>Liabilities and Fund Balance</u>			
<u>Liabilities:</u>			
Accounts and accrued liabilities payable	\$	\$	\$
Due to other funds			
Deferred revenue			
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>Fund Balance (Deficit):</u>			
Non-spendable			
Restricted	17	136,428	1,342,690
Unassigned			
	<hr/>	<hr/>	<hr/>
Total fund balance	<u>17</u>	<u>136,428</u>	<u>1,342,690</u>
Total liabilities and fund balance	<u>\$ 17</u>	<u>\$ 136,428</u>	<u>\$ 1,342,690</u>

Revenue Funds

Records Management District Clerk Fund	Records Archive County Clerk Fund	Records Archive District Clerk Fund	Financial Security Fund	Records Preservation County/District Clerk Fund	Civil, Criminal & Probate Records Management Fund
\$ 208,778	\$ 251,733	\$ 71,934	\$ 153,054	\$ 160,041	\$ 774,471
5	10	5	4	10	5
<u>\$ 208,783</u>	<u>\$ 251,743</u>	<u>\$ 71,939</u>	<u>\$ 153,058</u>	<u>\$ 160,051</u>	<u>\$ 774,476</u>
\$ 5,314	\$ 1,015	\$ -	\$ 340	\$ -	\$ 10,031
<u>5,314</u>	<u>1,015</u>	<u>-0-</u>	<u>340</u>	<u>-0-</u>	<u>10,031</u>
203,469	250,728	71,939	152,718	160,051	764,445
<u>203,469</u>	<u>250,728</u>	<u>71,939</u>	<u>152,718</u>	<u>160,051</u>	<u>764,445</u>
<u>\$ 208,783</u>	<u>\$ 251,743</u>	<u>\$ 71,939</u>	<u>\$ 153,058</u>	<u>\$ 160,051</u>	<u>\$ 774,476</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2012

	County/ District Court Technology Fund	Law Library Fund	Special County Graffiti Eradication Fund
<u>Assets</u>			
Cash and temporary investments	\$ 34,495	\$ 401,539	\$ 2,407
Receivable (Net of Allowance for Uncollectibles):			
Taxes			
Accounts		22	
Special assessments			
Due from other governments			
Due from other funds			
Inventory			
Prepaid expenditures			
Long-Term Receivables:			
Accounts			
	<u>34,495</u>	<u>401,561</u>	<u>2,407</u>
Total assets	<u>\$ 34,495</u>	<u>\$ 401,561</u>	<u>\$ 2,407</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts and accrued liabilities payable	\$	\$ 12,400	\$
Due to other funds			
Deferred revenue			
	<u>-0-</u>	<u>12,400</u>	<u>-0-</u>
Total liabilities	<u>-0-</u>	<u>12,400</u>	<u>-0-</u>
Fund Balance (Deficit):			
Non-spendable			
Restricted	34,495	389,161	2,407
Unassigned			
	<u>34,495</u>	<u>399,161</u>	<u>2,407</u>
Total fund balance	<u>34,495</u>	<u>399,161</u>	<u>2,407</u>
Total liabilities and fund balance	<u>\$ 34,495</u>	<u>\$ 401,561</u>	<u>\$ 2,407</u>

Revenue Funds

2006 GoM Energy Security Fund	Mosquito Control District Fund	Voter Registration Tax Office Fund	Elections HAVA Equipment Rental Fund	Elections Services Contract Fund	Parks Improvement Fund
\$ 41,408	\$ 300,975	\$	\$ 162,172	\$ 68,925	\$ 1,000
	28,868			4,388	
		14,449			
	291,205				
		2,500			
<u>\$ 41,408</u>	<u>\$ 621,048</u>	<u>\$ 16,949</u>	<u>\$ 162,172</u>	<u>\$ 73,313</u>	<u>\$ 1,000</u>
\$	\$ 171,517	\$ 9,938	\$	\$	\$
		7,011			
	24,680			20,400	
<u>-0-</u>	<u>196,197</u>	<u>16,949</u>	<u>-0-</u>	<u>20,400</u>	<u>-0-</u>
	291,205	2,500			
41,408	133,646		162,172	52,913	1,000
		(2,500)			
<u>41,408</u>	<u>424,851</u>	<u>-0-</u>	<u>162,172</u>	<u>52,913</u>	<u>1,000</u>
<u>\$ 41,408</u>	<u>\$ 621,048</u>	<u>\$ 16,949</u>	<u>\$ 162,172</u>	<u>\$ 73,313</u>	<u>\$ 1,000</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2012

	<u>Total Special Revenue Fund</u>	<u>C of O Sheriff & Detention Complex Series 1993</u>	<u>Debt C of O Construction and Maintenance Series 2003</u>
<u>Assets</u>			
Cash and temporary investments	\$ 7,677,123	\$ 2,251,447	\$ 594,244
Receivable (Net of Allowance for Uncollectibles):			
Taxes	28,868	46,434	17,685
Accounts	5,123		
Special assessments	974,226		
Due from other governments	2,098,330		
Due from other funds	-0-		
Inventory	291,205		
Prepaid expenditures	15,004		
Long-Term Receivables:			
Accounts	-0-		
	<u>11,089,879</u>	<u>2,297,881</u>	<u>611,929</u>
Total assets	<u>\$ 11,089,879</u>	<u>\$ 2,297,881</u>	<u>\$ 611,929</u>
<u>Liabilities and Fund Balance</u>			
<u>Liabilities:</u>			
Accounts and accrued liabilities payable	\$ 740,997	\$	\$
Due to other funds	2,565,378		
Deferred revenue	<u>1,475,778</u>	<u>39,495</u>	<u>15,041</u>
Total liabilities	<u>4,782,153</u>	<u>39,495</u>	<u>15,041</u>
<u>Fund Balance (Deficit):</u>			
Non-spendable	306,209		
Restricted	6,016,521	2,258,386	596,888
Unassigned	<u>(15,004)</u>		
Total fund balance	<u>6,307,726</u>	<u>2,258,386</u>	<u>596,888</u>
Total liabilities and fund balance	<u>\$ 11,089,879</u>	<u>\$ 2,297,881</u>	<u>\$ 611,929</u>

Service Funds					Capital Projects Funds
C of O Construction and Maintenance Series 2006	Unlimited Tax Road Bonds Series 2006	Mobility Build America Fund	C of O Construction and Maintenance Series 2012	Total Debt Service Funds	SJP Waterfront Revitalization Fund
\$ 538,781	\$ 1,010,059	\$	\$ 18,394	\$ 4,412,925	\$
17,740	48,140			129,999	
				-0-	
				-0-	
				-0-	57,852
				-0-	
				-0-	
<u>\$ 556,521</u>	<u>\$ 1,058,199</u>	<u>\$ -0-</u>	<u>\$ 18,394</u>	<u>\$ 4,542,924</u>	<u>\$ 57,852</u>
\$	\$	\$	\$	\$ -0-	\$
15,149	41,333	231,473	18,394	249,867	57,852
<u>15,149</u>	<u>41,333</u>	<u>231,473</u>	<u>18,394</u>	<u>111,018</u>	<u>57,852</u>
<u>15,149</u>	<u>41,333</u>	<u>231,473</u>	<u>18,394</u>	<u>360,885</u>	<u>57,852</u>
541,372	1,016,866	(231,473)		-0-	
<u>541,372</u>	<u>1,016,866</u>	<u>(231,473)</u>	<u>-0-</u>	<u>4,413,512</u>	<u>-0-</u>
<u>541,372</u>	<u>1,016,866</u>	<u>(231,473)</u>	<u>-0-</u>	<u>(231,473)</u>	<u>-0-</u>
<u>\$ 556,521</u>	<u>\$ 1,058,199</u>	<u>\$ -0-</u>	<u>\$ 18,394</u>	<u>\$ 4,542,924</u>	<u>\$ 57,852</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2012

	Capital		
	Parks CIAP Grant Fund	Highway Right-of-Way Acquisition Fund	County Wide Road Construction Fund
<u>Assets</u>			
Cash and temporary investments	\$	\$ 422,502	\$
Receivable (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Special assessments			
Due from other governments	71,781		
Due from other funds			
Inventory			
Prepaid expenditures	3,360		
Long-Term Receivables:			
Accounts			
Total assets	\$ 75,141	\$ 422,502	\$ -0-
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts and accrued liabilities payable	\$ 2,709	\$ 1,800	\$
Due to other funds	72,432		
Deferred revenue			
Total liabilities	75,141	1,800	-0-
Fund Balance (Deficit):			
Non-spendable	3,360		
Restricted		420,702	
Unassigned	(3,360)		
Total fund balance	-0-	420,702	-0-
Total liabilities and fund balance	\$ 75,141	\$ 422,502	\$ -0-

Projects Funds

2006 Certificate of Obligation C & M Fund	Wall of Honor Fund	Mobility Plan C & M Fund	Mobility Build America Bonds C & M Fund	Quintana Park Beach Boardwalk Fund	Follet's Beach Access Point Fund
\$ 876,546	\$ 226,129	\$ 8,488,639	\$ 6,099,529	\$	\$
335,315		297,426			
		607,193			
<u>\$ 1,211,861</u>	<u>\$ 266,129</u>	<u>\$ 9,393,258</u>	<u>\$ 6,099,529</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
\$ 80,650	\$ 86,990	\$ 89,276	\$ 297,426	\$	\$
<u>80,650</u>	<u>86,990</u>	<u>89,276</u>	<u>297,426</u>	<u>-0-</u>	<u>-0-</u>
1,131,211	139,139	607,193 8,696,789	5,802,103		
<u>1,131,211</u>	<u>139,139</u>	<u>9,303,982</u>	<u>5,802,103</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 1,211,861</u>	<u>\$ 226,129</u>	<u>\$ 9,393,258</u>	<u>\$ 6,099,529</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

(continued)

BRAZORIA COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2012

Exhibit 12
Page 12 of 12

	Total Capital Projects Funds	Total Non-Major Governmental Funds
<u>Assets</u>		
Cash and temporary investments	\$ 16,113,345	\$ 28,203,393
Receivable (Net of Allowance for Uncollectible):		
Taxes	-0-	158,867
Accounts	-0-	5,123
Special assessments	-0-	974,226
Due from other governments	464,948	2,563,278
Due from other funds	297,426	297,426
Inventory	-0-	291,205
Prepaid expenditures	3,360	18,364
Long-Term Receivables:		
Accounts	607,193	607,193
Total assets	\$ 17,486,272	\$ 33,119,075
<u>Liabilities and Fund Balance</u>		
<u>Liabilities:</u>		
Accounts and accrued liabilities payable	\$ 261,425	\$ 1,002,422
Due to other funds	427,740	3,242,955
Deferred revenue	-0-	1,586,796
Total liabilities	689,135	5,832,173
<u>Fund Balance (Deficit):</u>		
Non-spendable	610,553	916,762
Restricted	16,189,944	26,619,977
Unassigned	(3,360)	(249,837)
Total fund balance	16,797,137	27,286,902
Total liabilities and fund balance	\$ 17,486,272	\$ 33,119,075



BRAZORIA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2012

	Special		
	Lateral Road Fund	Road and Bridge Tax Code Chapter 152 Fund	Special Road and Bridge Projects Fund
Revenues:			
Taxes	\$	\$ 454,358	\$
Intergovernmental	87,354		
Charges for services			
Licenses and permits			2,763,666
Fines and forfeitures			
Special assessment			
Investment income	3	2,006	
Miscellaneous			
Total revenues	<u>87,357</u>	<u>456,364</u>	<u>2,763,666</u>
Expenditures:			
Current:			
General administration			
Judicial and legal			
Financial administration			
Elections			
Public facilities			
Public safety			
Corrections			
Public transportation	24,021	75,396	1,857,186
Health and welfare			
Culture and recreation			
Environmental protection			
Community development			
Capital outlay	60,547	206,400	1,289,377
Debt Service:			
Principal			
Interest			
Total expenditures	<u>84,568</u>	<u>281,796</u>	<u>3,146,563</u>
Excess (deficiency) of revenue over (under) expenditures	<u>2,789</u>	<u>174,568</u>	<u>(382,897)</u>
Other Financing Sources (Uses):			
Sale of capital assets			
Issuance of general obligation bonds			
Premium on bonds			
Payment to escrow agent			
Transfers in			
Transfers out			
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	2,789	174,568	(382,897)
Fund Balance (Deficits):			
Beginning of year	<u>24,033</u>	<u>400</u>	<u>1,929,181</u>
End of year	<u>\$ 26,822</u>	<u>\$ 174,968</u>	<u>\$ 1,546,284</u>

Revenue Funds

Oakwood Creek Estates Special Assessment Fund	Benefield Special Assessment Fund	CR 313A Special Assessment Fund	Drug Court Program Fund	State Homeland Security Fund	Law Enforcement Officers Standards & Education Fund
\$	\$	\$	\$	\$	\$
			304,831	1,856,732	
			39,958		
			13,723		
109,611	17,603				511
<u>109,611</u>	<u>17,603</u>	<u>-0-</u>	<u>358,512</u>	<u>1,856,732</u>	<u>511</u>
				209,938	
			359,219		530
				1,375	6,871
639,893		34,135			
				1,645,419	
<u>639,893</u>	<u>-0-</u>	<u>34,135</u>	<u>359,219</u>	<u>1,856,732</u>	<u>7,401</u>
<u>(530,282)</u>	<u>17,603</u>	<u>(34,135)</u>	<u>(707)</u>	<u>-0-</u>	<u>(6,890)</u>
			707		
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>707</u>	<u>-0-</u>	<u>-0-</u>
<u>(530,282)</u>	<u>17,603</u>	<u>(34,135)</u>	<u>-0-</u>	<u>-0-</u>	<u>(6,890)</u>
<u>(382,571)</u>					<u>63,616</u>
<u>\$(912,853)</u>	<u>\$ 17,603</u>	<u>\$(34,135)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 56,726</u>

BRAZORIA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - Continued**
For the Year Ended September 30, 2012

	Special		
	TJJD State Aid Fund	TJPC Title IV-E Foster Care Fund	JJAEP Boot Camp Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental	1,317,197	36,260	283,694
Charges for services			
Licenses and permits			
Fines and forfeitures			
Special assessments			
Investment income	13		
Miscellaneous			
Total revenues	<u>1,317,210</u>	<u>36,260</u>	<u>283,694</u>
Expenditures:			
Current:			
General administration			
Judicial and legal			
Financial administration			
Elections			
Public facilities			
Public safety			
Corrections	1,665,176	36,260	666,661
Public transportation			
Health and welfare			
Culture and recreation			
Environmental protection			
Community development			
Capital outlay			
Debt Service:			
Principal			
Interest and fiscal charges			
Total expenditures	<u>1,665,176</u>	<u>36,260</u>	<u>666,661</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(347,966)</u>	<u>-0-</u>	<u>(382,967)</u>
Other Financing Sources (Uses):			
Sale of capital assets			
Issuance of general obligation bonds			
Premium on bonds			
Payment to escrow agent			
Transfers in	347,966		382,967
Transfers out			
Total other financing sources (uses)	<u>347,966</u>	<u>-0-</u>	<u>382,967</u>
Net change in fund balances	-0-	-0-	-0-
Fund Balance (Deficits):			
Beginning of year			
End of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Revenue Funds

CJD Juvenile Incentive Block Grant Fund	Juvenile Case Manager Fund	Family Protection Fund	TDSHS Immunization Fund	TDSHS Supplemental Food Program WIC Fund	TDSHS RLSS/Local Public Health System (LPHS) Fund
\$ 17,463	\$ 15,419	\$ 22,709	\$ 186,166	\$ 1,095,238	\$ 34,760
	521	777			
<u>17,463</u>	<u>15,940</u>	<u>23,486</u>	<u>186,166</u>	<u>1,095,238</u>	<u>34,760</u>
		34,000			
19,748	126,679				
			175,616	1,095,238	34,760
			19,550		
<u>19,748</u>	<u>126,679</u>	<u>34,000</u>	<u>195,166</u>	<u>1,095,238</u>	<u>34,760</u>
(2,285)	(110,739)	(10,514)	(9,000)	-0-	-0-
2,285			9,000		
<u>2,285</u>	<u>-0-</u>	<u>-0-</u>	<u>9,000</u>	<u>-0-</u>	<u>-0-</u>
-0-	(110,739)	(10,514)	-0-	-0-	-0-
	144,458	108,031			
<u>\$ -0-</u>	<u>\$ 33,719</u>	<u>\$ 97,517</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

BRAZORIA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - Continued**
For the Year Ended September 30, 2012

	TDSHS WIC Peer Counseling Program Fund	TDSHS WIC Registered Dietician Fund	Special TDSHS WIC Lactation Reimbursement Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental	118,383	47,000	21,529
Charges for services			
Licenses and permits			
Fines and forfeitures			
Special assessment			
Investment income			
Miscellaneous			
Total revenues	<u>118,383</u>	<u>47,000</u>	<u>21,529</u>
Expenditures:			
Current:			
General administration			
Judicial and legal			
Financial administration			
Elections			
Public facilities			
Public safety			
Corrections			
Public transportation			
Health and welfare	118,383	47,000	21,529
Culture and recreation			
Environmental protection			
Community development			
Capital outlay			
Debt Service:			
Principal			
Interest and fiscal charges			
Total expenditures	<u>118,383</u>	<u>47,000</u>	<u>21,529</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Other Financing Sources (Uses):			
Sale of capital assets			
Issuance of general obligation bonds			
Premium on bonds			
Payment to escrow agent			
Transfers in			
Transfers out			
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance (Deficits):			
Beginning of year			
End of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Revenue Funds

TDSHS WIC Obesity SHOP/FIT Fund	TDSHS Cities Readiness Initiative Fund	TDSHS Bioterrorism Grant Fund	CPS Title IV-E Fund	CPS Title IV-E Legal Services Fund	CPS Title IV-B (Concrete) Fund
\$ 30,000	\$ 75,324	\$ 237,665	\$ 38,654	\$ 24,265	\$ 1,955
<u>30,000</u>	<u>75,324</u>	<u>237,665</u>	<u>38,654</u>	<u>24,265</u>	<u>1,955</u>
				118,574	
30,000	75,324	237,665	114,671		1,955
				3,425	
<u>30,000</u>	<u>75,324</u>	<u>237,665</u>	<u>114,671</u>	<u>121,999</u>	<u>1,955</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(76,017)</u>	<u>(97,734)</u>	<u>-0-</u>
			76,017	97,734	
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>76,017</u>	<u>97,734</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

BRAZORIA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - Continued**
For the Year Ended September 30, 2012

	Special		
	JP Building Security Fund	Shoreline Restoration Task Force Fund	State Alien Assistance Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			49,489
Charges for services	18,585		
Licenses and permits			
Fines and forfeitures			
Special assessment			
Investment income	799	96	511
Miscellaneous			
Total revenues	<u>19,384</u>	<u>96</u>	<u>50,000</u>
Expenditures:			
Current:			
General administration			
Judicial and legal	772		
Financial administration			
Elections			
Public facilities			
Public safety			50,000
Corrections			
Public transportation			
Health and welfare			
Culture and recreation		2,542	
Environmental protection			
Community development			
Capital outlay			
Debt Service:			
Principal			
Interest			
Total expenditures	<u>772</u>	<u>2,542</u>	<u>50,000</u>
Excess (deficiency) of revenue over (under) expenditures	<u>18,612</u>	<u>(2,446)</u>	<u>-0-</u>
Other Financing Sources (Uses):			
Sale of capital assets			
Issuance of general obligation bonds			
Premium on bonds			
Payment to escrow agent			
Transfers in			
Transfers out			
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	18,612	(2,446)	-0-
Fund Balance (Deficits):			
Beginning of year	<u>88,851</u>	<u>13,216</u>	<u></u>
End of year	<u>\$ 107,463</u>	<u>\$ 10,770</u>	<u>\$ -0-</u>

Revenue Funds

CMP Erosion Response Plan Fund	CSCD Bond Supervision Fund	Texas VINE Contract Fund	EOCGP Emergency Operations Center Fund	Mutual Fire Protection & Disbursement Assistance Fund	Reliant Energy CARE Program Fund
\$ 299	\$ 11,419	\$ 30,710	\$ 51,470	\$ 650	\$
				35	
				4,730	23,500
<u>299</u>	<u>11,419</u>	<u>30,710</u>	<u>51,470</u>	<u>5,415</u>	<u>23,500</u>
			1,217	5,400	
		30,710			
	26,701				
299					17,975
			50,253		
<u>299</u>	<u>26,701</u>	<u>30,710</u>	<u>51,470</u>	<u>5,400</u>	<u>17,975</u>
<u>-0-</u>	<u>(15,282)</u>	<u>-0-</u>	<u>-0-</u>	<u>15</u>	<u>5,525</u>
	15,000				
<u>-0-</u>	<u>15,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>-0-</u>	<u>(282)</u>	<u>-0-</u>	<u>-0-</u>	<u>15</u>	<u>5,525</u>
	499				10,886
<u>\$ -0-</u>	<u>\$ 217</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 15</u>	<u>\$ 16,411</u>

Revenue Funds

Economic Development Tax Abatement Fund	Victim Assistance Grant 02G00551 Fund	Crime Victim Assistance Fund	Justice Assistance Grant (JAG) Fund	Justice Court Technology Fund	DEA Narcotics OT Expense Program Fund
\$ 4,500	\$ 41,696	\$ 136,930	\$ 10,888	\$ 75,700	\$ 17,202
56			53	3,484	
<u>96,351</u>		<u>33,074</u>			
<u>100,907</u>	<u>41,696</u>	<u>170,004</u>	<u>10,941</u>	<u>79,184</u>	<u>17,202</u>
99,398	57,637	114,588		5,089	
		91,231	6,446		17,202
			4,784		
<u>99,398</u>	<u>57,637</u>	<u>205,819</u>	<u>11,230</u>	<u>5,089</u>	<u>17,202</u>
<u>1,509</u>	<u>(15,941)</u>	<u>(35,815)</u>	<u>(289)</u>	<u>74,095</u>	<u>-0-</u>
	15,941	35,815			
<u>-0-</u>	<u>15,941</u>	<u>35,815</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
1,509	-0-	-0-	(289)	74,095	
<u>1,521</u>			<u>289</u>	<u>392,139</u>	
<u>\$ 3,030</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 466,234</u>	<u>\$ -0-</u>

BRAZORIA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - Continued**
For the Year Ended September 30, 2012

	2008 CDBG County (HUD) Fund	2009 CDBG County (HUD) Fund	2010 CDBG County (HUD) Fund	Special
Revenues:				
Taxes	\$	\$	\$	
Intergovernmental	21,327	283,085	1,025,314	
Charges for services				
Licenses and permits				
Fines and forfeitures				
Special assessment				
Investment income				
Miscellaneous				
Total revenues	<u>21,327</u>	<u>283,085</u>	<u>1,025,314</u>	
Expenditures:				
Current:				
General administration				
Judicial and legal				
Financial administration				
Elections				
Public facilities				
Public safety				
Corrections				
Public transportation				
Health and welfare				
Culture and recreation				
Environmental protection				
Community development	21,327	269,063	1,025,303	
Capital outlay		14,022	11	
Debt Service:				
Principal				
Interest				
Total expenditures	<u>21,327</u>	<u>283,085</u>	<u>1,025,314</u>	
Excess (deficiency) of revenue over (under) expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	
Other Financing Sources (Uses):				
Sale of capital assets				
Issuance of general obligation bonds				
Premium on bonds				
Payment to escrow agent				
Transfers in				
Transfers out				
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	
Net change in fund balance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	
Fund Balance (Deficits):				
Beginning of year				
End of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	

Revenue Funds

2010 CDBG Disaster Recovery Alternative Fund	2011 CDBG County (HUD) Fund	2005 Section 8 Housing Choice Vouchers Fund	2006 Section 8 Housing Choice Vouchers Fund	2007 Section 8 Housing Choice Vouchers Fund	2008 Section 8 Housing Choice Vouchers Fund
\$ 1,939,181	\$ 1,261,883	\$	\$ 223,697	\$ 204,173	\$ 56,296
		301	1,232	1,919	802
<u>1,939,181</u>	<u>1,261,883</u>	<u>301</u>	<u>224,929</u>	<u>206,092</u>	<u>57,098</u>
1,939,181	1,261,883				
<u>1,939,181</u>	<u>1,261,883</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>301</u>	<u>224,929</u>	<u>206,092</u>	<u>57,098</u>
			(224,043)	(205,932)	(56,781)
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(224,043)</u>	<u>(205,932)</u>	<u>(56,781)</u>
<u>-0-</u>	<u>-0-</u>	<u>301</u>	<u>886</u>	<u>160</u>	<u>317</u>
		<u>34,937</u>	<u>102,896</u>	<u>18,603</u>	<u>36,787</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 35,238</u>	<u>\$ 103,782</u>	<u>\$ 18,763</u>	<u>\$ 37,104</u>

BRAZORIA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - Continued**
For the Year Ended September 30, 2012

	2009 Section 8 Housing Choice Vouchers Fund	2010 Section 8 Housing Choice Vouchers Fund	Special 2011 Section 8 Housing Choice Vouchers Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental		2,070	921,084
Charges for services			
Licenses and permits			
Fines and forfeitures			
Special assessment			
Investment income	695	2,795	727
Miscellaneous			606
Total revenues	<u>695</u>	<u>4,865</u>	<u>922,417</u>
Expenditures:			
Current:			
General administration			
Judicial and legal			
Financial administration			
Elections			
Public facilities			
Public safety			
Corrections			
Public transportation			
Health and welfare			913,870
Culture and recreation			
Environmental protection			
Community development			
Capital outlay			
Debt Service:			
Principal			
Interest			
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>913,870</u>
Excess (deficiency) of revenue over (under) expenditures	<u>695</u>	<u>4,865</u>	<u>8,547</u>
Other Financing Sources (Uses):			
Sale of capital assets			
Issuance of general obligation bonds			
Premium on bonds			
Payment to escrow agent			
Transfers in			8,088
Transfers out		(3,858)	
Total other financing sources (uses)	<u>-0-</u>	<u>(3,858)</u>	<u>8,088</u>
Net change in fund balances	695	1,007	16,635
Fund Balance (Deficits):			
Beginning of year	80,680	116,901	71,733
End of year	<u>\$ 81,375</u>	<u>\$ 117,908</u>	<u>\$ 88,368</u>

Revenue Funds

2012 Section 8 Housing Choice Vouchers Fund	Vital Statistics Fee Fund	United Way Emergency Assistance Fund	TCEQ LIRAP Program Fund	EOC Retrofit Project Fund	Amy Young Barrier Removal Fund
\$ 2,364,772	\$ 10,355	\$	\$ 122,006	\$ 57,867	\$ 3,177
91	19	151			
<u>16,712</u>	<u></u>	<u>8,500</u>	<u></u>	<u></u>	<u></u>
<u>2,381,575</u>	<u>10,374</u>	<u>8,651</u>	<u>122,006</u>	<u>57,867</u>	<u>3,177</u>
	23,648		122,006	24,587	
		44,059			
2,849,477				56,364	3,177
<u>2,849,477</u>	<u>23,648</u>	<u>44,059</u>	<u>122,006</u>	<u>80,951</u>	<u>3,177</u>
<u>(467,902)</u>	<u>(13,274)</u>	<u>(35,408)</u>	<u>-0-</u>	<u>(23,084)</u>	<u>-0-</u>
482,526				23,084	
<u>482,526</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>23,084</u>	<u>-0-</u>
14,624	(13,274)	(35,408)	-0-	-0-	-0-
<u>14,624</u>	<u>13,559</u>	<u>38,876</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 14,624</u>	<u>\$ 285</u>	<u>\$ 3,468</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

BRAZORIA COUNTY, TEXAS

*COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - Continued
For the Year Ended September 30, 2012*

	Special		
	TCEQ Supplemental Environmental Project Fund	TCEQ Supplemental Environmental Parks Project Fund	Records Management County Clerk Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			
Charges for services			303,680
Licenses and permits			
Fines and forfeitures			
Special assessment			
Investment income	225	1,795	4,613
Miscellaneous			
Total revenues	<u>225</u>	<u>1,795</u>	<u>308,293</u>
Expenditures:			
Current:			
General administration			282,033
Judicial and legal			
Financial administration			
Elections			
Public facilities			
Public safety			
Corrections			
Public transportation			
Health and welfare	40,933		
Culture and recreation			
Environmental protection			
Community development			
Capital outlay		78,698	108,655
Debt Service:			
Principal			
Interest			
Total expenditures	<u>40,933</u>	<u>78,698</u>	<u>390,688</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(40,708)</u>	<u>(76,903)</u>	<u>(82,395)</u>
Other Financing Sources (Uses):			
Sale of capital assets		566	
Issuance of general obligation bonds			
Premium on bonds			
Payment to escrow agent			
Transfers in			
Transfers out			
Total other financing sources (uses)	<u>-0-</u>	<u>566</u>	<u>-0-</u>
Net change in fund balances	<u>(40,708)</u>	<u>(76,337)</u>	<u>(82,395)</u>
Fund Balance (Deficits):			
Beginning of year	<u>40,725</u>	<u>212,765</u>	<u>1,425,085</u>
End of year	<u>\$ 17</u>	<u>\$ 136,428</u>	<u>\$ 1,342,690</u>

Revenue Funds

Records Management District Clerk Fund	Records Archive County Clerk Fund	Records Archive District Clerk Fund	Financial Security Fund	Records Preservation County/District Clerk Fund	Civil, Criminal & Probate Records Management Fund
\$	\$	\$	\$	\$	\$
26,406	298,861	22,691	166,188	57,997	139,082
1,875	2,832	514	1,938	1,114	2,282
			454		
<u>28,281</u>	<u>301,693</u>	<u>23,205</u>	<u>168,580</u>	<u>59,111</u>	<u>141,364</u>
41,473	469,786		1,780		30,297
					43,992
4,186			5,047		283,809
<u>45,659</u>	<u>469,786</u>	<u>-0-</u>	<u>6,827</u>	<u>-0-</u>	<u>358,098</u>
(<u>17,378</u>)	(<u>168,093</u>)	<u>23,205</u>	<u>161,753</u>	<u>59,111</u>	(<u>216,734</u>)
			(<u>200,000</u>)		
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	(<u>200,000</u>)	<u>-0-</u>	<u>-0-</u>
(<u>17,378</u>)	(<u>168,093</u>)	<u>23,205</u>	(<u>38,247</u>)	<u>59,111</u>	(<u>216,734</u>)
<u>220,847</u>	<u>418,821</u>	<u>48,734</u>	<u>190,965</u>	<u>100,940</u>	<u>981,179</u>
<u>\$ 203,469</u>	<u>\$ 250,728</u>	<u>\$ 71,939</u>	<u>\$ 152,718</u>	<u>\$ 160,051</u>	<u>\$ 764,445</u>

BRAZORIA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - Continued**
For the Year Ended September 30, 2012

	County/ District Court Technology Fund	Law Library Fund	Special County Graffiti Eradication Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			
Charges for services	16,999	194,787	200
Licenses and permits			
Fines and forfeitures			
Special assessment			
Investment income	213	1,585	20
Miscellaneous		13,095	
Total revenues	<u>17,212</u>	<u>209,467</u>	<u>220</u>
Expenditures:			
Current:			
General administration			
Judicial and legal		236,671	
Financial administration			
Elections			
Public facilities			
Public safety			
Corrections			
Public transportation			
Health and welfare			
Culture and recreation			
Environmental protection			
Community development			
Capital outlay			
Debt Service:			
Principal			
Interest			
Total expenditures	<u>-0-</u>	<u>236,671</u>	<u>-0-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>17,212</u>	<u>(27,204)</u>	<u>220</u>
Other Financing Sources (Uses):			
Sale of capital assets			
Issuance of general obligation bonds			
Premium on bonds			
Payment to escrow agent			
Transfers in		35,500	
Transfers out			
Total other financing sources (uses)	<u>-0-</u>	<u>35,500</u>	<u>-0-</u>
Net change in fund balances	<u>17,212</u>	<u>8,296</u>	<u>220</u>
Fund Balance (Deficits):			
Beginning of year	<u>17,283</u>	<u>380,865</u>	<u>2,187</u>
End of year	<u>\$ 34,495</u>	<u>\$ 389,161</u>	<u>\$ 2,407</u>

Revenue Funds

2006 GoM Energy Security Fund	Mosquito Control District Fund	Voter Registration Tax Office Fund	Elections HAVA Equipment Rental Fund	Elections Services Contract Fund	Parks Improvement Fund
\$	\$ 1,955,388	\$ 31,512	\$	\$	\$
			50,798	135,191	
354	702		1,211	536	
442	584				
<u>796</u>	<u>1,956,674</u>	<u>31,512</u>	<u>52,009</u>	<u>135,727</u>	<u>-0-</u>
		31,512	8,681	123,656	
	2,387,825				
	48,704		7,884		
<u>-0-</u>	<u>2,436,529</u>	<u>31,512</u>	<u>16,565</u>	<u>123,656</u>	<u>-0-</u>
<u>796</u>	<u>(479,855)</u>	<u>-0-</u>	<u>35,444</u>	<u>12,071</u>	<u>-0-</u>
	2,851				
<u>-0-</u>	<u>2,851</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>796</u>	<u>(477,004)</u>	<u>-0-</u>	<u>35,444</u>	<u>12,071</u>	<u>-0-</u>
<u>40,612</u>	<u>901,855</u>	<u></u>	<u>126,728</u>	<u>40,842</u>	<u>1,000</u>
<u>\$ 41,408</u>	<u>\$ 424,851</u>	<u>\$ -0-</u>	<u>\$ 162,172</u>	<u>\$ 52,913</u>	<u>\$ 1,000</u>

BRAZORIA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - Continued**
For the Year Ended September 30, 2012

	Total Special Revenue Fund	C of O Sheriff & Detention Complex Series 1993	C of O Construction and Maintenance Series 2003	Debt
Revenues:				
Taxes	\$ 2,409,746	\$ 2,946,220	\$ 1,175,154	
Intergovernmental	14,995,953			
Charges for services	1,613,169			
Licenses and permits	2,763,666			
Fines and forfeitures	13,723			
Special assessment	127,214			
Investment income	39,444	21,215		4,748
Miscellaneous	198,048			
Total revenues	<u>22,160,963</u>	<u>2,967,435</u>	<u>1,179,902</u>	
Expenditures:				
Current:				
General administration	1,268,310			
Judicial and legal	1,045,035			
Financial administration	31,512			
Elections	132,337			
Public facilities	1,218			
Public safety	81,894			
Corrections	2,632,456			
Public transportation	2,630,631			
Health and welfare	5,356,803			
Culture and recreation	2,542			
Environmental protection	325,004			
Community development	7,369,411			
Capital outlay	3,887,135			
Debt Service:				
Principal	-0-	2,665,000		750,000
Interest and fiscal charges	-0-	279,675		250,374
Total expenditures	<u>24,764,288</u>	<u>2,944,675</u>	<u>1,000,374</u>	
Excess (deficiency) of revenue over (under) expenditures	<u>(2,603,325)</u>	<u>22,760</u>	<u>179,528</u>	
Other Financing Sources (Uses):				
Sale of capital assets	3,417			
Issuance of general obligation bonds	-0-			4,435,000
Premium on bonds	-0-			270,920
Payment to escrow agent	-0-			(4,660,830)
Transfers in	1,532,630			
Transfers out	<u>(690,614)</u>			
Total other financing sources (uses)	<u>845,433</u>	<u>-0-</u>	<u>45,090</u>	
Net change in fund balances	<u>(1,757,892)</u>	<u>22,760</u>	<u>224,618</u>	
Fund Balance (Deficits):				
Beginning of year	<u>8,065,618</u>	<u>2,235,626</u>	<u>372,270</u>	
End of year	<u>\$ 6,307,726</u>	<u>\$ 2,258,386</u>	<u>\$ 596,888</u>	

BRAZORIA COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - Continued

For the Year Ended September 30, 2012

	Capital		
	Parks CIAP Grant Fund	Highway Right-of-Way Acquisition Fund	County Wide Road Construction Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental	211,663		
Charges for services		12,000	
Licenses and permits			
Fines and forfeitures			
Special assessment			
Investment income		1,957	455
Miscellaneous			
Total revenues	<u>211,663</u>	<u>13,957</u>	<u>455</u>
Expenditures:			
Current:			
General administration			
Judicial and legal			
Financial administration			
Elections			
Public facilities			
Public safety			
Corrections			
Public transportation			
Health and welfare			
Culture and recreation	157,828		
Environmental protection			
Community development			
Capital outlay	53,835	57,652	
Debt Service:			
Principal			
Interest and fiscal charges			
Total expenditures	<u>211,663</u>	<u>57,652</u>	<u>-0-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-0-</u>	<u>(43,695)</u>	<u>455</u>
Other Financing Sources (Uses):			
Sale of capital assets			
Issuance of general obligation bonds			
Premium on bonds			
Payment to escrow agent			
Transfers in			
Transfers out			(314,757)
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>(314,757)</u>
Net change in fund balances	<u>-0-</u>	<u>(43,695)</u>	<u>(314,302)</u>
Fund Balance (Deficits):			
Beginning of year		464,397	314,302
End of year	<u>\$ -0-</u>	<u>\$ 420,702</u>	<u>\$ -0-</u>

Projects Funds

2006 Certificate of Obligation C & M Fund	Wall of Honor Fund	Mobility Plan C & M Fund	Mobility Build America Bonds C & M Fund	Quintana Park Beach Boardwalk Fund	Follet's Beach Access Point Fund
\$	\$	\$	\$	\$	\$
				70,570	94,525
	1,369	3,664	19,489		
	173,735	94,691			
<u>-0-</u>	<u>175,104</u>	<u>98,355</u>	<u>19,489</u>	<u>70,570</u>	<u>94,525</u>
17,748	9,393				
		607,363			
285,410	124,523	1,202,804		71,042	101,249
<u>303,158</u>	<u>133,916</u>	<u>1,810,167</u>	<u>-0-</u>	<u>71,042</u>	<u>101,249</u>
(<u>303,158</u>)	<u>41,188</u>	(<u>1,711,812</u>)	<u>19,489</u>	(<u>472</u>)	(<u>6,724</u>)
		8,575,000			
		2,121,397	(<u>1,806,640</u>)	472	6,724
<u>-0-</u>	<u>-0-</u>	<u>10,696,397</u>	(<u>1,806,640</u>)	<u>472</u>	<u>6,724</u>
(<u>303,158</u>)	<u>41,188</u>	<u>8,984,585</u>	(<u>1,787,151</u>)	<u>-0-</u>	<u>-0-</u>
<u>1,434,369</u>	<u>97,951</u>	<u>319,397</u>	<u>7,589,254</u>		
<u>\$ 1,131,211</u>	<u>\$ 139,139</u>	<u>\$ 9,303,982</u>	<u>\$ 5,802,103</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

BRAZORIA COUNTY, TEXAS**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS - Continued**
For the Year Ended September 30, 2012Exhibit 13
Page 12 of 12

	Total Capital Projects Funds	Total Non-Major Governmental Funds
Revenues:		
Taxes	\$ -0-	\$ 10,832,060
Intergovernmental	436,189	15,687,038
Charges for services	12,000	1,625,169
Licenses and permits	-0-	2,763,666
Fines and forfeitures	-0-	13,723
Special assessment	-0-	127,214
Investment income	26,934	97,868
Miscellaneous	<u>268,426</u>	<u>466,474</u>
Total revenues	<u>743,549</u>	<u>31,613,212</u>
Expenditures:		
Current:		
General administration	27,141	1,295,451
Judicial and legal	-0-	1,045,035
Financial administration	-0-	31,512
Elections	-0-	132,337
Public facilities	-0-	1,218
Public safety	-0-	81,894
Corrections	-0-	2,632,456
Public transportation	607,363	3,237,994
Health and welfare	-0-	5,356,803
Culture and recreation	157,828	160,370
Environmental protection	-0-	325,004
Community development	-0-	7,369,411
Capital outlay	1,955,946	5,843,081
Debt Service:		
Principal	-0-	5,590,000
Interest and fiscal charges	<u>-0-</u>	<u>3,187,785</u>
Total expenditures	<u>2,748,278</u>	<u>36,290,351</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(2,004,729)</u>	<u>(4,677,139)</u>
Other Financing Sources (Uses):		
Sale of capital assets	-0-	3,417
Issuance of general obligation bonds	8,575,000	13,010,000
Premium on bonds	-0-	682,322
Payment to escrow agent	-0-	(4,660,830)
Transfers in	2,128,593	3,897,912
Transfers out	<u>(2,121,397)</u>	<u>(3,048,700)</u>
Total other financing sources (uses)	<u>8,582,196</u>	<u>9,884,121</u>
Net change in fund balances	6,577,467	5,206,982
Fund Balance (Deficits):		
Beginning of year	<u>10,219,670</u>	<u>22,079,920</u>
End of year	<u>\$ 16,797,137</u>	<u>\$ 27,286,902</u>

BRAZORIA COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND**

For the Year Ended September 30, 2012

Exhibit 14
Page 1 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General Administration:				
County Judge:				
Salaries and wages, and employee benefits	\$ 419,072	\$ 419,072	\$ 416,845	\$ 2,227
Operating expenditures	15,650	15,650	3,744	11,906
Total County Judge	434,722	434,722	420,589	14,133
South Service Center:				
Salaries and wages, and employee benefits	303,938	303,938	302,954	984
Operating expenditures	15,005	15,005	10,137	4,868
Total South Service Center	318,943	318,943	313,091	5,852
Central Service Center:				
Salaries and wages, and employee benefits	350,949	350,949	349,144	1,805
Operating expenditures	18,461	18,595	8,752	9,843
Total Central Service Center	369,410	369,544	357,896	11,648
North Service Center:				
Salaries and wages, and employee benefits	344,301	344,301	303,145	41,156
Operating expenditures	17,299	17,325	10,626	6,699
Total North Service Center	361,600	361,626	313,771	47,855
West Service Center:				
Salaries and wages, and employee benefits	293,697	293,697	292,639	1,058
Operating expenditures	14,210	14,335	8,972	5,363
Capital outlay	27,939	27,939	27,067	872
Total West Service Center	335,846	335,971	328,678	7,293
County Clerk:				
Salaries and wages, and employee benefits	2,207,881	2,207,881	2,146,844	61,037
Operating expenditures	60,492	61,301	54,000	7,301
Total County Clerk	2,268,373	2,269,182	2,200,844	68,338
Veteran's Service:				
Salaries and wages, and employee benefits	172,121	172,121	139,971	32,150
Operating expenditures	3,565	3,565	3,092	473
Total veteran's service	175,686	175,686	143,063	32,623

(continued)

BRAZORIA COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**
For the Year Ended September 30, 2012

Exhibit 14
Page 2 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General Administration - Continued:				
Emergency Management:				
Salaries and wages, and employee benefits	\$ 190,943	\$ 267,340	\$ 251,803	\$ 15,537
Operating expenditures	60,550	73,529	45,987	27,542
Capital outlay		25,121	25,121	-0-
Total emergency management	<u>251,493</u>	<u>365,990</u>	<u>322,911</u>	<u>43,079</u>
Non-departmental:				
Salaries and wages, and employee benefits	250,000	15,800		15,800
Operating expenditures	1,924,424	2,280,808	2,387,578	(106,770)
Capital outlay		7,000	2,451	4,549
Total non-departmental	<u>2,174,424</u>	<u>2,303,608</u>	<u>2,390,029</u>	<u>(86,421)</u>
Total general administration	<u>6,690,497</u>	<u>6,935,272</u>	<u>6,790,872</u>	<u>144,400</u>
Judicial and Legal:				
County Court at Law 1:				
Salaries and wages, and employee benefits	349,411	353,611	352,962	649
Operating expenditures	33,000	28,813	6,972	21,841
Total County Court at Law 1	<u>382,411</u>	<u>382,424</u>	<u>359,934</u>	<u>22,490</u>
County Court at Law 2:				
Salaries and wages, and employee benefits	349,483	359,483	358,632	851
Operating expenditures	38,800	28,800	11,632	17,168
Total County Court at Law 2	<u>388,283</u>	<u>388,283</u>	<u>370,264</u>	<u>18,019</u>
County Court at Law 3:				
Salaries and wages, and employee benefits	349,288	362,788	361,792	996
Operating expenditures	34,600	20,818	11,971	8,847
Total County Court at Law 3	<u>383,888</u>	<u>383,606</u>	<u>373,763</u>	<u>9,843</u>
County Court at Law 4:				
Salaries and wages, and employee benefits	350,347	360,347	359,365	982
Operating expenses	28,750	18,846	8,805	10,041
Total County Court at Law 4	<u>379,097</u>	<u>379,193</u>	<u>368,170</u>	<u>11,023</u>
Probate Court Investigations:				
Salaries and wages, and employee benefits	132,763	133,763	133,466	297
Operating expenditures	3,371	5,271	4,094	1,177
Total probate court investigations	<u>136,134</u>	<u>139,034</u>	<u>137,560</u>	<u>1,474</u>
District Courts:				
Salaries and wages, and employee benefits	1,203,640	1,274,640	1,268,767	5,873
Operating expenditures	272,305	201,981	124,622	77,359
Total district courts	<u>1,475,945</u>	<u>1,476,621</u>	<u>1,393,389</u>	<u>83,232</u>

(continued)

BRAZORIA COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**
For the Year Ended September 30, 2012

Exhibit 14
Page 3 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Judicial and Legal - Continued:				
District Clerk:				
Salaries and wages, and employee benefits	\$ 1,674,557	\$ 1,674,557	\$ 1,621,128	\$ 53,429
Operating expenditures	71,319	70,614	66,585	4,029
Total District Clerk	1,745,876	1,745,171	1,687,713	57,458
Justice of the Peace Pct. 1, Pl. 1:				
Salaries and wages, and employee benefits	363,397	363,797	366,753	(2,956)
Operating expenditures	8,401	8,401	5,180	3,221
Total Justice of the Peace Pct. 1, Pl. 1	371,798	372,198	371,933	265
Justice of the Peace Pct. 1, Pl. 2:				
Salaries and wages, and employee benefits	353,495	353,495	347,772	5,723
Operating expenditures	10,150	11,097	6,687	4,410
Total Justice of the Peace Pct. 1, Pl. 2	363,645	364,592	354,459	10,133
Justice of the Peace Pct. 2, Pl. 1:				
Salaries and wages, and employee benefits	376,936	376,936	366,158	10,778
Operating expenditures	9,850	9,850	6,747	3,103
Total Justice of the Peace Pct. 2, Pl. 1	386,786	386,786	372,905	13,881
Justice of the Peace Pct. 2, Pl. 2:				
Salaries and wages, and employee benefits	402,810	402,810	385,703	17,107
Operating expenditures	12,390	12,390	7,619	4,771
Total Justice of the Peace Pct. 2, Pl. 2	415,200	415,200	393,322	21,878
Justice of the Peace Pct. 3, Pl. 1:				
Salaries and wages, and employee benefits	333,197	333,197	316,461	16,736
Operating expenditures	24,554	24,713	21,932	2,781
Total Justice of the Peace Pct. 3, Pl. 1	357,751	357,910	338,393	19,517
Justice of the Peace Pct. 3, Pl. 2:				
Salaries and wages, and employee benefits	278,223	278,223	274,164	4,059
Operating expenditures	7,825	8,025	7,795	230
Total Justice of the Peace Pct. 3, Pl. 2	286,048	286,248	281,959	4,289
Justice of the Peace Pct. 4, Pl. 1:				
Salaries and wages, and employee benefits	394,411	394,411	352,704	41,707
Operating expenditures	22,446	22,446	10,445	12,001
Total Justice of the Peace Pct. 4, Pl. 1	416,857	416,857	363,149	53,708

(continued)

BRAZORIA COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**
For the Year Ended September 30, 2012

Exhibit 14
Page 4 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Judicial and Legal - Continued:				
Justice of the Peace Pct. 4, Pl. 2:				
Salaries and wages, and employee benefits	\$ 401,015	\$ 401,015	\$ 382,970	\$ 18,045
Operating expenditures	13,650	13,650	7,176	6,474
Total Justice of the Peace Pct. 4, Pl. 2	414,665	414,665	390,146	24,519
District Attorney:				
Salaries and wages, and employee benefits	4,809,838	4,846,838	4,830,084	16,754
Operating expenditures	138,210	276,972	206,807	70,165
Capital outlay		70,000	28,000	42,000
Total District Attorney	4,948,048	5,193,810	5,064,891	128,919
Juror Fees and Costs:				
Operating expenditures	410,000	410,000	388,653	21,347
Total juror fees and costs	410,000	410,000	388,653	21,347
Judicial Miscellaneous:				
Salaries and wages, and employee benefits	15,000	15,000	15,000	-0-
Operating expenditures	1,355,000	1,093,086	869,740	223,346
Total judicial miscellaneous	1,370,000	1,108,086	884,740	223,346
Indigent Defense:				
Salaries and wages, and employee benefits	60,470	75,701	75,495	206
Operating expenditures	2,246,000	2,246,000	1,676,411	569,589
Total indigent defense	2,306,470	2,321,701	1,751,906	569,795
Child Support:				
Salaries and wages, and employee benefits	176,560	176,560	175,115	1,445
Operating expenditures	2,678	2,678	2,059	619
Total child support	179,238	179,238	177,174	2,064
Bail Bond Board:				
Salaries and wages, and employee benefits	107,399	107,599	107,360	239
Operating expenditures	3,400	3,400	3,265	135
Total bail bond board	110,799	110,999	110,625	374
Total judicial and legal	17,228,939	17,232,622	15,935,048	1,297,574
Financial Administration:				
County Auditor:				
Salaries and wages, and employee benefits	1,135,188	1,135,188	1,107,696	27,492
Operating expenditures	13,677	13,750	12,194	1,556
Total county auditor	1,148,865	1,148,938	1,119,890	29,048

(continued)

BRAZORIA COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**
For the Year Ended September 30, 2012

Exhibit 14
Page 5 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Financial Administration - Continued:				
Purchasing:				
Salaries and wages, and employee benefits	\$ 436,688	\$ 436,688	\$ 416,268	\$ 20,420
Operating expenditures	20,813	20,825	19,010	1,815
Total purchasing	457,501	457,513	435,278	22,235
County Treasurer:				
Salaries and wages, and employee benefits	272,606	272,606	272,342	264
Operating expenditures	156,176	156,176	132,162	24,014
Total County Treasurer	428,782	428,782	404,504	24,278
Human Resources:				
Salaries and wages, and employee benefits	363,287	373,087	370,389	2,698
Operating expenditures	33,625	57,225	41,557	15,668
Total human resources	396,912	430,312	411,946	18,366
Tax Assessor-Collector:				
Salaries and wages, and employee benefits	2,658,405	2,658,405	2,452,372	206,033
Operating expenditures	391,570	394,582	403,286	(8,704)
Capital Outlay			15,000	(15,000)
Total Tax Assessor-Collector	3,049,975	3,052,987	2,870,658	182,329
Information Systems:				
Salaries and wages, and employee benefits	1,596,807	1,604,907	1,604,824	83
Operating expenditures	2,081,217	2,285,871	2,139,315	146,556
Capital outlay	277,271	839,878	620,964	218,914
Total information systems	3,955,295	4,730,656	4,365,103	365,553
Appraisal District Assessment:				
Operating expenditures	670,000	670,500	670,499	1
Total appraisal district assessment	670,000	670,500	670,499	1
Total financial administration	10,107,330	10,919,688	10,277,878	641,810
Elections:				
Salaries and wages, and employee benefits	180,000	180,000	139,775	40,225
Operating expenditures	147,433	149,041	140,481	8,560
Total elections	327,433	329,041	280,256	48,785

(continued)

BRAZORIA COUNTY, TEXAS**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**

For the Year Ended September 30, 2012

Exhibit 14
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	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Public Facilities:				
Courthouses and Associated Buildings:				
Salaries and wages, and employee benefits	\$ 1,532,007	\$ 1,532,007	\$ 1,419,939	\$ 112,068
Operating expenditures	1,588,550	1,661,112	1,560,084	101,028
Capital outlay	<u>570,000</u>	<u>1,001,342</u>	<u>934,201</u>	<u>67,141</u>
Total courthouses and associated buildings	<u>3,690,557</u>	<u>4,194,461</u>	<u>3,914,224</u>	<u>280,237</u>
Property Insurance:				
Operating expenditures	<u>850,000</u>	<u>961,200</u>	<u>961,119</u>	<u>81</u>
Total property insurance	<u>850,000</u>	<u>961,200</u>	<u>961,119</u>	<u>81</u>
Total public facilities	<u>4,540,557</u>	<u>5,155,661</u>	<u>4,875,343</u>	<u>280,318</u>
Public Safety:				
County Sheriff:				
Salaries and wages, and employee benefits	12,110,962	12,204,962	12,202,811	2,151
Operating expenditures	1,823,951	1,993,619	1,842,410	151,209
Capital outlay	<u>402,315</u>	<u>1,131,827</u>	<u>819,053</u>	<u>312,774</u>
Total County Sheriff	<u>14,337,228</u>	<u>15,330,408</u>	<u>14,864,274</u>	<u>466,134</u>
Texas Department of Public Safety:				
Salaries and wages, and employee benefits	<u>135,664</u>	<u>135,664</u>	<u>134,588</u>	<u>1,076</u>
Total Texas Department of Public Safety:	<u>135,664</u>	<u>135,664</u>	<u>134,588</u>	<u>1,076</u>
Constable – Precinct 1:				
Salaries and wages, and employee benefits	338,885	338,885	337,138	1,747
Operating expenditures	<u>18,595</u>	<u>19,112</u>	<u>15,204</u>	<u>3,908</u>
Total Constable – Precinct 1	<u>357,480</u>	<u>357,997</u>	<u>352,342</u>	<u>5,655</u>
Constable – Precinct 2:				
Salaries and wages, and employee benefits	359,360	368,360	368,353	7
Operating expenditures	52,905	52,518	41,278	11,240
Capital outlay	<u>34,000</u>	<u>36,600</u>	<u>36,591</u>	<u>9</u>
Total Constable – Precinct 2	<u>446,265</u>	<u>457,478</u>	<u>446,222</u>	<u>11,256</u>
Constable – Precinct 3:				
Salaries and wages, and employee benefits	351,551	351,551	346,432	5,119
Operating expenditures	43,944	49,944	46,470	3,474
Capital outlay	<u> </u>	<u>29,137</u>	<u>28,810</u>	<u>327</u>
Total Constable – Precinct 3	<u>395,495</u>	<u>430,632</u>	<u>421,712</u>	<u>8,920</u>

(continued)

BRAZORIA COUNTY, TEXAS**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**

For the Year Ended September 30, 2012

Exhibit 14
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	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Public Safety - Continued:				
Constable – Precinct 4:				
Salaries and wages, and employee benefits	\$ 358,095	\$ 358,095	\$ 340,462	\$ 17,633
Operating expenditures	46,800	47,361	44,689	2,672
Capital outlay	35,000	35,000	33,688	1,312
Total Constable – Precinct 4	439,895	440,456	418,839	21,617
Inmate Community Service Work Program:				
Salaries and wages, and employee benefits	87,877	87,877	83,728	4,149
Operating expenditures	46,213	46,213	43,065	3,148
Total inmate community service work program	134,090	134,090	126,793	7,297
Ambulance EMS:				
Operating expenditures	96,000	96,000	96,000	-0-
Total ambulance EMS	96,000	96,000	96,000	-0-
Fire Protection:				
Salaries and wages, and employee benefits	47,584	48,284	48,160	124
Operating expenditures	566,000	576,000	567,913	8,087
Total fire protection	613,584	624,284	616,073	8,211
Total public safety	16,955,701	18,007,009	17,476,843	530,166
Corrections:				
Detention Center:				
Salaries and wages, and employee benefits	9,742,409	10,039,409	9,971,834	67,575
Operating expenditures	4,556,350	5,509,120	4,615,954	893,166
Capital outlay		671,600	542,364	129,236
Total detention center	14,298,759	16,220,129	15,130,152	1,089,977
Juvenile Probation:				
Salaries and wages, and employee benefits	5,158,121	5,158,121	4,988,277	169,844
Operating expenditures	933,305	1,004,595	634,401	370,194
Capital outlay	45,000	45,000	38,540	6,460
Total juvenile probation	6,136,426	6,207,716	5,661,218	546,498
Adult Probation:				
Operating expenditures	68,544	59,357	51,615	7,742
Total adult probation	68,544	59,357	51,615	7,742
Total corrections	20,503,729	22,487,202	20,842,985	1,644,217

(continued)

BRAZORIA COUNTY, TEXAS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued

For the Year Ended September 30, 2012

Exhibit 14
Page 8 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Health and Welfare:				
Health Department:				
Salaries and wages, and employee benefits	\$ 745,738	\$ 745,738	\$ 721,612	\$ 24,126
Operating expenditures	<u>125,987</u>	<u>127,693</u>	<u>62,922</u>	<u>64,771</u>
Total health department	<u>871,725</u>	<u>873,431</u>	<u>784,534</u>	<u>88,897</u>
Environmental Health:				
Salaries and wages, and employee benefits	640,654	788,654	774,865	13,789
Other charges	<u>32,880</u>	<u>44,008</u>	<u>38,892</u>	<u>5,116</u>
Total environmental health	<u>673,534</u>	<u>832,662</u>	<u>813,757</u>	<u>18,905</u>
Child Protective Services:				
Operating expenditures	<u>107,050</u>	<u>123,237</u>	<u>61,446</u>	<u>61,791</u>
Total child protective services	<u>107,050</u>	<u>123,237</u>	<u>61,446</u>	<u>61,791</u>
Water Lab:				
Salaries and wages, and employee benefits	185,058	185,058	184,589	469
Operating expenditures	<u>49,525</u>	<u>50,150</u>	<u>37,450</u>	<u>12,700</u>
Total water lab	<u>234,583</u>	<u>235,208</u>	<u>222,039</u>	<u>13,169</u>
County Welfare:				
Salaries and wages, and employee benefits	133,241	141,741	134,084	7,657
Operating expenditures	<u>13,950</u>	<u>13,950</u>	<u>3,346</u>	<u>10,604</u>
Total county welfare	<u>147,191</u>	<u>155,691</u>	<u>137,430</u>	<u>18,261</u>
Indigent Health Care:				
Salaries and wages, and employee benefits	82,980	83,480	83,213	267
Operating expenditures	<u>2,385,149</u>	<u>2,384,394</u>	<u>1,837,614</u>	<u>546,780</u>
Total indigent health care	<u>2,468,129</u>	<u>2,467,874</u>	<u>1,920,827</u>	<u>547,047</u>
Total health and welfare	<u>4,502,212</u>	<u>4,688,103</u>	<u>3,940,033</u>	<u>748,070</u>
Public Assistance:				
Mental Health-Mental Retardation:				
Operating expenditures	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>	<u>-0-</u>
Total mental health-mental retardation	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>	<u>-0-</u>
Actions, Inc.:				
Operating expenditures	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-0-</u>
Total Actions, Inc.	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-0-</u>
Brazoria County Marine Protection:				
Operating expenditures	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-0-</u>
Total Brazoria County marine protection	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-0-</u>

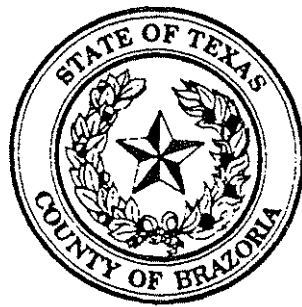
(continued)

BRAZORIA COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**
For the Year Ended September 30, 2012

Exhibit 14
Page 9 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Public Assistance - Continued:				
Helpline:				
Operating expenditures	\$ 14,000	\$ 14,000	\$ 14,000	\$ -0-
Total helpline	14,000	14,000	14,000	-0-
Total public assistance	296,000	296,000	296,000	-0-
Culture and Recreation:				
Library:				
Salaries and wages, and employee benefits	4,296,153	4,296,153	4,099,010	197,143
Operating expenditures	1,153,298	1,522,511	1,116,449	406,062
Total library	5,449,451	5,818,664	5,215,459	603,205
Parks and Recreation:				
Salaries and wages, and employee benefits	1,784,336	1,784,336	1,720,545	63,791
Operating expenditures	552,670	641,292	583,391	57,901
Capital outlay	68,815	574,981	319,879	255,102
Total parks and recreation	2,405,821	3,000,609	2,623,815	376,794
Fairgrounds:				
Salaries and wages, and employee benefits	67,196	67,196	66,900	296
Operating expenditures	105,000	111,720	96,459	15,261
Capital outlay	400,000	395,000	370,980	24,020
Total fairgrounds	572,196	573,916	534,339	39,577
Museum Supplement:				
Salaries and wages, and employee benefits	444,802	444,802	429,792	15,010
Operating expenditures	18,335	18,335	14,219	4,116
Capital outlay	96,100	96,100		96,100
Total museum supplement	559,237	559,237	444,011	115,226
Total culture and recreation	8,986,705	9,952,426	8,817,624	1,134,802
Conservation:				
Salaries and wages, and employee benefits	315,504	315,504	303,811	11,693
Operating expenditures	31,635	31,833	30,648	1,185
Total conservation	347,139	347,337	334,459	12,878
Environmental protection:				
Flood Plain Administrator:				
Salaries and wages, and employee benefits	207,209	207,209	202,276	4,933
Operating expenditures	6,195	6,495	5,639	856
Total flood plan administrator	213,404	213,704	207,915	5,789
Total environmental protection	213,404	213,704	207,915	5,789
Total current expenditures	\$ 90,699,646	\$ 96,564,065	\$ 90,075,256	\$ 6,488,809



BRAZORIA COUNTY, TEXAS**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - MAJOR SPECIAL REVENUE FUND
(ROAD AND BRIDGE FUND)**

Exhibit 15

For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Public Transportation:				
Engineers Office:				
Salaries and wages, and employee benefits	\$ 10,249,519	\$ 10,249,519	\$ 9,746,873	\$ 502,646
Operating expenditures	9,310,295	8,496,430	5,811,891	2,684,539
Capital outlay	<u>3,773,500</u>	<u>5,818,113</u>	<u>3,945,349</u>	<u>1,872,764</u>
Total public transportation	<u>23,333,314</u>	<u>24,564,062</u>	<u>19,504,113</u>	<u>5,059,949</u>
Total expenditures	<u>\$ 23,333,314</u>	<u>\$ 24,564,062</u>	<u>\$ 19,504,113</u>	<u>\$ 5,059,949</u>

BRAZORIA COUNTY, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR)**

For the Year Ended September 30, 2012

	Lateral Road Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$	\$	\$	\$ -0-
Intergovernmental	87,500	87,500	87,354	(146)
Investment income	100	100	3	(97)
Total revenues	<u>87,600</u>	<u>87,600</u>	<u>87,357</u>	<u>(243)</u>
Expenditures:				
Current:				
Public Transportation:				
Operating expenditures	110,000	49,000	24,021	24,979
Capital outlay		<u>61,000</u>	<u>60,547</u>	<u>453</u>
Total public transportation	<u>110,000</u>	<u>110,000</u>	<u>84,568</u>	<u>25,432</u>
Total expenditures	<u>110,000</u>	<u>110,000</u>	<u>84,568</u>	<u>25,432</u>
Excess (deficiency) of revenues over expenditures	<u>(22,400)</u>	<u>(22,400)</u>	<u>2,789</u>	<u>25,189</u>
Other Financing Sources (Uses):				
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	<u>(22,400)</u>	<u>(22,400)</u>	<u>2,789</u>	<u>25,189</u>
Fund balances – beginning	<u>24,033</u>	<u>24,033</u>	<u>24,033</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 1,633</u>	<u>\$ 1,633</u>	<u>\$ 26,822</u>	<u>\$ 25,189</u>

Road and Bridge Tax Code Chapter 152 Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 450,000	\$ 450,000	\$ 454,358	\$ 4,358
<u>5,000</u>	<u>5,000</u>	<u>2,006</u>	(<u>2,994</u>)
<u>455,000</u>	<u>455,000</u>	<u>456,364</u>	<u>1,364</u>
350,000	143,000	75,396	67,604
<u> </u>	<u>207,000</u>	<u>206,400</u>	<u>600</u>
<u>350,000</u>	<u>350,000</u>	<u>281,796</u>	<u>68,204</u>
<u>350,000</u>	<u>350,000</u>	<u>281,796</u>	<u>68,204</u>
<u>105,000</u>	<u>105,000</u>	<u>174,568</u>	<u>69,568</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
105,000	105,000	174,568	69,568
<u>400</u>	<u>400</u>	<u>400</u>	<u>-0-</u>
<u>\$ 105,400</u>	<u>\$ 105,400</u>	<u>\$ 174,968</u>	<u>\$ 69,568</u>

(continued)

BRAZORIA COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR) - Continued**

For the Year Ended September 30, 2012

	Special Road and Bridge Projects Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Charges for services	\$	\$	\$	\$ -0-
Licenses and permits	2,000,000	2,000,000	2,763,666	763,666
Investment income	500	500		(500)
Miscellaneous				-0-
Total revenues	<u>2,000,500</u>	<u>2,000,500</u>	<u>2,763,666</u>	<u>763,166</u>
Expenditures:				
Current:				
Judicial and Legal:				
Salaries and wages, and employee benefits				-0-
Operating expenditures				-0-
Capital outlay				-0-
Total judicial and legal	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Public Transportation:				
Operating expenditures	3,200,000	1,910,000	1,857,186	52,814
Capital outlay		<u>1,290,000</u>	<u>1,289,377</u>	<u>623</u>
Total public transportation	<u>3,200,000</u>	<u>3,200,000</u>	<u>3,146,563</u>	<u>53,437</u>
Total expenditures	<u>3,200,000</u>	<u>3,200,000</u>	<u>3,146,563</u>	<u>53,437</u>
Excess (deficiency) of revenues over expenditures	<u>(1,199,500)</u>	<u>(1,199,500)</u>	<u>(382,897)</u>	<u>816,603</u>
Other Financing Sources (Uses):				
Transfers in				-0-
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	<u>(1,199,500)</u>	<u>(1,199,500)</u>	<u>(382,897)</u>	<u>816,603</u>
Fund balances – beginning	<u>1,929,181</u>	<u>1,929,181</u>	<u>1,929,181</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 729,681</u>	<u>\$ 729,681</u>	<u>\$ 1,546,284</u>	<u>\$ 816,603</u>

Law Library Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 180,000	\$ 180,000	\$ 194,787	\$ 14,787
			-0-
3,500	3,500	1,585	(1,915)
<u>14,000</u>	<u>14,000</u>	<u>13,095</u>	<u>(905)</u>
<u>197,500</u>	<u>197,500</u>	<u>209,467</u>	<u>11,967</u>
59,249	61,849	60,835	1,014
228,600	232,625	175,836	56,789
<u>15,000</u>	<u>12,400</u>	<u> </u>	<u>12,400</u>
<u>302,849</u>	<u>306,874</u>	<u>236,671</u>	<u>70,203</u>
<u> </u>	<u> </u>	<u> </u>	<u>-0-</u>
<u> </u>	<u> </u>	<u> </u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>302,849</u>	<u>306,874</u>	<u>236,671</u>	<u>70,203</u>
<u>(105,349)</u>	<u>(109,374)</u>	<u>(27,204)</u>	<u>82,170</u>
<u>34,500</u>	<u>34,500</u>	<u>35,500</u>	<u>(1,000)</u>
<u>34,500</u>	<u>34,500</u>	<u>35,500</u>	<u>(1,000)</u>
<u>(70,849)</u>	<u>(74,874)</u>	<u>8,296</u>	<u>81,170</u>
<u>380,865</u>	<u>380,865</u>	<u>380,865</u>	<u>-0-</u>
<u>\$ 310,016</u>	<u>\$ 305,991</u>	<u>\$ 389,161</u>	<u>\$ 81,170</u>

(continued)

BRAZORIA COUNTY, TEXAS

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR) - Continued*
For the Year Ended September 30, 2012

Exhibit 16
Page 3 of 3

	Mosquito Control District Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 1,969,444	\$ 1,969,444	\$ 1,955,388	\$(14,056)
Investment income	5,000	5,000	702	(4,298)
Miscellaneous	500	500	584	84
Total revenues	<u>1,974,944</u>	<u>1,974,944</u>	<u>1,956,674</u>	<u>(18,270)</u>
Expenditures:				
Current:				
Health and Welfare:				
Salaries and wages, and employee benefits	1,221,203	1,221,203	1,001,801	219,402
Operating expenditures	1,417,620	1,460,558	1,386,024	74,534
Capital outlay	<u>60,300</u>	<u>60,300</u>	<u>48,704</u>	<u>11,596</u>
Total judicial and legal	<u>2,699,123</u>	<u>2,742,061</u>	<u>2,436,529</u>	<u>305,532</u>
Total expenditures	<u>2,699,123</u>	<u>2,742,061</u>	<u>2,436,529</u>	<u>305,532</u>
Excess (deficiency) of revenues over expenditures	<u>(724,179)</u>	<u>(767,117)</u>	<u>(479,855)</u>	<u>287,262</u>
Other Financing Sources (Uses):				
Sale of capital assets	<u> </u>	<u> </u>	<u>2,851</u>	<u>(2,851)</u>
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>2,851</u>	<u>(2,851)</u>
Net change in fund balances	<u>(724,179)</u>	<u>(767,117)</u>	<u>(477,004)</u>	<u>284,411</u>
Fund balances – beginning	<u>901,855</u>	<u>901,855</u>	<u>901,855</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 177,676</u>	<u>\$ 134,738</u>	<u>\$ 424,851</u>	<u>\$ 284,411</u>



BRAZORIA COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - DEBT SERVICE FUNDS (NONMAJOR)**

For the Year Ended September 30, 2012

	C of O Sheriff & Detention Complex – Series 1993			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 2,751,166	\$ 2,929,166	\$ 2,946,220	\$ 17,054
Investment income	<u>20,000</u>	<u>20,000</u>	<u>21,215</u>	<u>1,215</u>
Total revenues	<u>2,771,166</u>	<u>2,949,166</u>	<u>2,967,435</u>	<u>18,269</u>
Expenditures:				
Debt Service:				
Principal on long-term debt	2,665,000	2,665,000	2,665,000	-0-
Interest on long-term debt	<u>174,100</u>	<u>282,100</u>	<u>279,675</u>	<u>2,425</u>
Total expenditures	<u>2,839,100</u>	<u>2,947,100</u>	<u>2,944,675</u>	<u>2,425</u>
Excess (deficiency) of revenues over expenditures	(67,934)	<u>2,066</u>	<u>22,760</u>	<u>20,694</u>
Other Financing Sources (Uses):				
Issuance of general obligation bonds				-0-
Premium on bonds				-0-
Transfers in				<u>-0-</u>
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	(67,934)	2,066	22,760	20,694
Fund balances – beginning	<u>2,235,626</u>	<u>2,235,626</u>	<u>2,235,626</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 2,167,692</u>	<u>\$ 2,237,692</u>	<u>\$ 2,258,386</u>	<u>\$ 20,694</u>

C of O Construction and Maintenance – Series 2003			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 1,081,466	\$ 1,171,466	\$ 1,175,154	\$ 3,688
<u>3,000</u>	<u>3,000</u>	<u>4,748</u>	<u>1,748</u>
<u>1,084,466</u>	<u>1,174,466</u>	<u>1,179,902</u>	<u>5,436</u>
750,000	750,000	750,000	-0-
<u>212,368</u>	<u>326,368</u>	<u>250,374</u>	<u>75,994</u>
<u>962,368</u>	<u>1,076,368</u>	<u>1,000,374</u>	<u>75,994</u>
<u>122,098</u>	<u>98,098</u>	<u>179,528</u>	<u>81,430</u>
		4,435,000	4,435,000
		270,920	270,920
	(4,661,000)	(4,660,830)	170
<u>-0-</u>	(4,661,000)	<u>45,090</u>	<u>4,706,090</u>
122,098	(4,562,902)	224,618	4,787,520
<u>372,270</u>	<u>372,270</u>	<u>372,270</u>	<u>-0-</u>
<u>\$ 494,368</u>	<u>\$(4,190,632)</u>	<u>\$ 596,888</u>	<u>\$ 4,787,520</u>

(continued)

BRAZORIA COUNTY, TEXAS

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - DEBT SERVICE FUNDS (NONMAJOR) - Continued*

For the Year Ended September 30, 2012

	C of O Construction and Maintenance – Series 2006			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,040,186	\$ 1,040,186	\$ 1,133,372	\$ 93,186
Investment income	<u>8,000</u>	<u>8,000</u>	<u>4,254</u>	<u>(3,746)</u>
Total revenues	<u>1,048,186</u>	<u>1,048,186</u>	<u>1,137,626</u>	<u>89,440</u>
Expenditures:				
Debt Service:				
Principal on long-term debt	575,000	575,000	575,000	-0-
Interest on long-term debt	<u>524,058</u>	<u>524,058</u>	<u>523,057</u>	<u>1,001</u>
Total expenditures	<u>1,099,058</u>	<u>1,099,058</u>	<u>1,098,057</u>	<u>1,001</u>
Excess (deficiency) of revenues over expenditures	<u>(50,872)</u>	<u>(50,872)</u>	<u>39,569</u>	<u>90,441</u>
Other Financing Sources (Uses):				
Premium on bonds				-0-
Transfers out				<u>-0-</u>
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	<u>(50,872)</u>	<u>(50,872)</u>	<u>39,569</u>	<u>90,441</u>
Fund balances – beginning	<u>501,803</u>	<u>501,803</u>	<u>501,803</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 450,931</u>	<u>\$ 450,931</u>	<u>\$ 541,372</u>	<u>\$ 90,441</u>

Unlimited Tax Road Bonds – Series 2006			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 3,037,638	\$ 3,037,638	\$ 3,167,568	\$ 129,930
<u>10,000</u>	<u>10,000</u>	<u>1,265</u>	<u>(8,735)</u>
<u>3,047,638</u>	<u>3,047,638</u>	<u>3,168,833</u>	<u>121,195</u>
1,600,000	1,600,000	1,600,000	-0-
<u>1,468,281</u>	<u>1,552,281</u>	<u>1,078,275</u>	<u>474,006</u>
<u>3,068,281</u>	<u>3,152,281</u>	<u>2,678,275</u>	<u>474,006</u>
<u>(20,643)</u>	<u>(104,643)</u>	<u>490,558</u>	<u>595,201</u>
	84,000	83,272	(728)
		<u>(236,689)</u>	<u>(236,689)</u>
<u>-0-</u>	<u>84,000</u>	<u>(153,417)</u>	<u>(237,417)</u>
<u>(20,643)</u>	<u>(20,643)</u>	337,141	357,784
<u>679,725</u>	<u>679,725</u>	<u>679,725</u>	<u>-0-</u>
<u>\$ 659,082</u>	<u>\$ 659,082</u>	<u>\$ 1,016,866</u>	<u>\$ 357,784</u>

BRAZORIA COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL - ENTERPRISE FUND (AIRPORT)**

Exhibit 18

For the Year Ended September 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Sales:				
Fuel and supplies	\$ 2,289,765	\$ 2,289,765	\$ 2,301,954	\$ 12,189
Cost of sales	<u>2,091,978</u>	<u>2,096,789</u>	<u>1,994,871</u>	<u>101,918</u>
Gross profit	197,787	192,976	307,083	114,107
Other Revenue:				
Rentals	412,700	412,700	397,697	(15,003)
Fees	289,031	289,031	378,815	89,784
Miscellaneous	<u>71,400</u>	<u>71,400</u>	<u>2,674</u>	<u>(68,726)</u>
Net operating revenue	<u>970,918</u>	<u>966,107</u>	<u>1,086,269</u>	<u>120,162</u>
Operating Expenses:				
Salaries and wages	478,202	478,202	455,645	22,557
Employee benefits	200,898	200,898	191,422	9,476
Supplies	100,261	100,261	95,607	4,654
Other charges	284,801	284,801	271,581	13,220
Depreciation	<u>98,000</u>	<u>1,260,673</u>	<u>1,274,713</u>	<u>(14,040)</u>
Total operating expenses	<u>1,162,162</u>	<u>2,324,835</u>	<u>2,288,968</u>	<u>35,867</u>
Operating income (loss)	<u>(191,244)</u>	<u>(1,358,728)</u>	<u>(1,202,699)</u>	<u>156,029</u>
Non-Operating Revenues (Expenses):				
Interest			2,760	2,760
Gain on sale of assets			3,563	3,563
Grant revenue			<u>8,509</u>	<u>8,509</u>
Total non-operating revenues (expenses)	<u>-0-</u>	<u>-0-</u>	<u>14,832</u>	<u>14,832</u>
Net income (loss) before contributions and transfers	<u>(191,244)</u>	<u>(1,358,728)</u>	<u>(1,187,867)</u>	<u>170,861</u>
Capital contributions			157,535	157,535
Transfers in			1,894,000	1,894,000
Transfers out	<u>(65,000)</u>	<u>(268,367)</u>		<u>268,367</u>
Change in net assets	<u>(256,244)</u>	<u>(1,627,095)</u>	<u>863,668</u>	<u>2,490,763</u>
Net Assets:				
Total net assets – beginning of year	<u>18,926,736</u>	<u>18,926,736</u>	<u>18,926,736</u>	<u>-0-</u>
Total net assets – end of year	<u>\$ 18,670,492</u>	<u>\$ 17,299,641</u>	<u>\$ 19,790,404</u>	<u>\$ 2,490,763</u>

BRAZORIA COUNTY, TEXAS
COMBINING STATEMENT OF NET ASSETS -
INTERNAL SERVICE FUNDS
September 30, 2012

Exhibit 19

	<u>Self Insurance Liability</u>	<u>Self Insurance Health</u>	<u>Total</u>
<u>Assets</u>			
Current Assets:			
Cash and temporary investments	\$ 1,396,563	\$ 2,306,862	\$ 3,703,425
Accounts receivable		55,682	55,682
Prepaid expenses		<u>37,200</u>	<u>37,200</u>
Total assets	<u>\$ 1,396,563</u>	<u>\$ 2,399,744</u>	<u>\$ 3,796,307</u>
 <u>Liabilities and Fund Balance</u>			
Current Liabilities:			
Accounts and accrued liabilities payable	\$ 17,566	\$ 198,981	\$ 216,547
Estimated claims payable	400,000	1,455,830	1,855,830
Deferred revenue		<u>109,119</u>	<u>109,119</u>
Total liabilities	<u>417,566</u>	<u>1,763,930</u>	<u>2,181,496</u>
 <u>Net Assets</u>			
Unrestricted	<u>978,997</u>	<u>635,814</u>	<u>1,614,811</u>
Total net assets	<u>978,997</u>	<u>635,814</u>	<u>1,614,811</u>
Total liabilities and net assets	<u>\$ 1,396,563</u>	<u>\$ 2,399,744</u>	<u>\$ 3,796,307</u>

BRAZORIA COUNTY, TEXAS**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - INTERNAL SERVICE FUNDS**

For the Year Ended September 30, 2012

Exhibit 20

	Self Insurance Liability	Self Insurance Health	Total
Operating Revenues:			
Contributions for self insurance	\$ <u>377,982</u>	\$ <u>11,594,434</u>	\$ <u>11,972,416</u>
Total operating revenues	<u>377,982</u>	<u>11,594,434</u>	<u>11,972,416</u>
Operating Expenses:			
Legal expenses and settlements	384,089		384,089
Health claims expense		9,225,284	9,225,284
Administrative expense		<u>1,914,232</u>	<u>1,914,232</u>
Total operating expenses	<u>384,089</u>	<u>11,139,516</u>	<u>11,523,605</u>
Operating income (loss)	(6,107)	454,918	448,811
Non-Operating Revenue (Expense):			
Investment income	<u>4,611</u>	<u>20,981</u>	<u>25,592</u>
Net income (loss)	(1,496)	475,899	474,403
Net assets – beginning of year	<u>980,493</u>	<u>159,915</u>	<u>1,140,408</u>
Net assets – end of year	<u>\$ 978,997</u>	<u>\$ 635,814</u>	<u>\$ 1,614,811</u>

BRAZORIA COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS -
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2012

Exhibit 21

	Self Insurance Liability	Self Insurance Health	Total
Cash Flows from Operating Activities:			
Cash flows received from employees and other funds	\$ 377,982	\$ 11,648,021	\$ 12,026,003
Cash paid to and on behalf of employees	(409,385)	(8,482,568)	(8,482,568)
Cash paid to suppliers and others	(31,403)	(1,851,049)	(2,260,434)
Net cash provided (used) by operating activities	<u>(31,403)</u>	<u>1,314,404</u>	<u>1,283,001</u>
Cash Flows from Non-Capital Financing Activities:			
Net cash provided (used) by non-capital financing activities	<u> </u>	<u> </u>	<u>-0-</u>
Cash Flows from Capital and Financing Activities:			
Net cash provided (used) by capital and financing activities	<u> </u>	<u> </u>	<u>-0-</u>
Cash Flows from Investing Activities:			
Investment income	<u>4,611</u>	<u>20,981</u>	<u>25,592</u>
Net cash provided by investment activities	<u>4,611</u>	<u>20,981</u>	<u>25,592</u>
Net increase (decrease) in cash	(26,792)	1,335,385	1,308,593
Cash and temporary investments - beginning of year	<u>1,423,355</u>	<u>971,477</u>	<u>2,394,832</u>
Cash and temporary investments - end of year	<u>\$ 1,396,563</u>	<u>\$ 2,306,862</u>	<u>\$ 3,703,425</u>
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:			
Operating Activities:			
Operating income (loss)	\$(6,107)	\$ 454,918	\$ 448,811
Changes in Assets and Liabilities:			
(Increase) Decrease In:			
Accounts receivable		(55,532)	(55,532)
Prepaid expenses		63,183	63,183
Increase (Decrease) In:			
Accounts and accrued liabilities payable	(25,296)	742,716	717,420
Deferred revenue	<u> </u>	<u>109,119</u>	<u>109,119</u>
Net cash provided (used) for operating activities	<u>\$(31,403)</u>	<u>\$ 1,314,404</u>	<u>\$ 1,283,001</u>
Noncash Transactions Affecting Financial Position:			
Net noncash transactions affecting financial position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

BRAZORIA COUNTY, TEXAS**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS**

For the Year Ended September 30, 2012

Exhibit 22
Page 1 of 3

	<u>Balance 10-01-11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 09-30-12</u>
PAYROLL CLEARING:				
<i>Assets</i>				
Cash and temporary investments	\$ 1,146,701	\$ 70,066,656	\$ 70,155,775	\$ 1,057,582
Accounts receivable	<u>148</u>	<u></u>	<u>148</u>	<u>-0-</u>
Total assets	<u>\$ 1,146,849</u>	<u>\$ 70,066,656</u>	<u>\$ 70,155,923</u>	<u>\$ 1,057,582</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Accounts payable and accrued expense	<u>\$ 1,146,849</u>	<u>\$ 70,066,656</u>	<u>\$ 70,155,923</u>	<u>\$ 1,057,582</u>
Total liabilities	<u>\$ 1,146,849</u>	<u>\$ 70,066,656</u>	<u>\$ 70,155,923</u>	<u>\$ 1,057,582</u>
BRAZORIA COUNTY FRESH WATER SUPPLY DISTRICT #2:				
<i>Assets</i>				
Cash and temporary investments	<u>\$ 263</u>	<u>\$ 10,000</u>	<u>\$ 3,363</u>	<u>\$ 6,900</u>
Total assets	<u>\$ 263</u>	<u>\$ 10,000</u>	<u>\$ 3,363</u>	<u>\$ 6,900</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Accounts payable and accrued expenses	\$ 121	\$	\$ 121	\$ -0-
Due to others	<u>142</u>	<u>10,000</u>	<u>3,242</u>	<u>6,900</u>
Total liabilities	<u>\$ 263</u>	<u>\$ 10,000</u>	<u>\$ 3,363</u>	<u>\$ 6,900</u>
BRAZORIA COUNTY GROUNDWATER CONSERVATION DISTRICT:				
<i>Assets</i>				
Cash and temporary investments	\$ 479,609	\$ 449,275	\$ 204,739	\$ 724,145
Accounts receivable	<u>37,158</u>	<u>35,245</u>	<u>37,158</u>	<u>35,245</u>
Total assets	<u>\$ 516,767</u>	<u>\$ 484,520</u>	<u>\$ 241,897</u>	<u>\$ 759,390</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Accounts payable and accrued expenses	\$ 1,350	\$ 70,524	\$ 65,997	\$ 5,877
Due to others	<u>515,417</u>	<u>413,996</u>	<u>175,900</u>	<u>753,513</u>
Total liabilities	<u>\$ 516,767</u>	<u>\$ 484,520</u>	<u>\$ 241,897</u>	<u>\$ 759,390</u>

(continued)

BRAZORIA COUNTY, TEXAS**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -****AGENCY FUNDS - Continued**

For the Year Ended September 30, 2012

Exhibit 22

Page 2 of 3

	<u>Balance 10-01-11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 09-30-12</u>
CHILD SUPPORT:				
<i>Assets</i>				
Cash and temporary investments	\$ <u>1,640</u>	\$ <u>11,606</u>	\$ <u>13,096</u>	\$ <u>150</u>
Total assets	\$ <u>1,640</u>	\$ <u>11,606</u>	\$ <u>13,096</u>	\$ <u>150</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Due to others	\$ <u>1,640</u>	\$ <u>11,606</u>	\$ <u>13,096</u>	\$ <u>150</u>
Total liabilities	\$ <u>1,640</u>	\$ <u>11,606</u>	\$ <u>13,096</u>	\$ <u>150</u>
TDCJ-CJAD:				
<i>Assets</i>				
Cash and temporary investments	\$ 1,092,297	\$ 4,022,431	\$ 3,736,594	\$ 1,378,134
Accounts receivable	<u>34</u>	<u>372</u>	<u>341</u>	<u>65</u>
Total assets	\$ <u>1,092,331</u>	\$ <u>4,022,803</u>	\$ <u>3,736,935</u>	\$ <u>1,378,199</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Accounts payable and accrued expenses	\$ 232,158	\$ 864,174	\$ 1,008,203	\$ 88,129
Due to others	<u>860,173</u>	<u>3,158,629</u>	<u>2,728,732</u>	<u>1,290,070</u>
Total liabilities	\$ <u>1,092,331</u>	\$ <u>4,022,803</u>	\$ <u>3,736,935</u>	\$ <u>1,378,199</u>
DISTRICT/COUNTY CLERKS TRUSTS:				
<i>Assets</i>				
Cash and temporary investments	\$ <u>10,799,270</u>	\$ <u>20,523,874</u>	\$ <u>20,552,154</u>	\$ <u>10,770,990</u>
Total assets	\$ <u>10,799,270</u>	\$ <u>20,523,874</u>	\$ <u>20,552,154</u>	\$ <u>10,770,990</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Due to others	\$ <u>10,799,270</u>	\$ <u>20,523,874</u>	\$ <u>20,552,154</u>	\$ <u>10,770,990</u>
Total liabilities	\$ <u>10,799,270</u>	\$ <u>20,523,874</u>	\$ <u>20,552,154</u>	\$ <u>10,770,990</u>

(continued)

BRAZORIA COUNTY, TEXAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - Continued**

For the Year Ended September 30, 2012

Exhibit 22
Page 3 of 3

	<u>Balance 10-01-11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 09-30-12</u>
CONOCO PHILLIPS FM 524 BY-PASS:				
<i>Assets</i>				
Accounts receivable	\$	\$ 695,051	\$ 81,045	\$ 614,006
Due from other funds	<u>45,869</u>	<u></u>	<u>45,869</u>	<u></u>
Total assets	<u>\$ 45,869</u>	<u>\$ 695,051</u>	<u>\$ 126,914</u>	<u>\$ 614,006</u>

Liabilities and Fund Balance

Liabilities:				
Accounts payable and accrued expenses	\$	\$ 410,983	\$ 81,045	\$ 329,938
Due to other funds		284,068		284,068
Due to others	<u>45,869</u>	<u></u>	<u>45,869</u>	<u>-0-</u>
Total liabilities	<u>\$ 45,869</u>	<u>\$ 695,051</u>	<u>\$ 126,914</u>	<u>\$ 614,006</u>

BRAZORIA COUNTY TOLL ROAD AUTHORITY:

Assets

Cash and temporary investments	\$	\$ 347,425	\$ 180,139	\$ 167,286
Accounts receivable		<u>215,909</u>		<u>215,909</u>
Total assets	<u>\$ -0-</u>	<u>\$ 563,334</u>	<u>\$ 180,139</u>	<u>\$ 383,195</u>

Liabilities and Fund Balance

Liabilities:				
Accounts payable and accrued expenses	\$	\$ 563,334	\$ 180,139	\$ 383,195
Total liabilities	<u>\$ -0-</u>	<u>\$ 563,334</u>	<u>\$ 180,139</u>	<u>\$ 383,195</u>

TOTALS - ALL AGENCY FUNDS:

Assets

Cash and temporary investments	\$ 13,519,780	\$ 95,431,267	\$ 94,845,860	\$ 14,105,187
Accounts receivable	37,340	946,577	118,692	865,225
Due from other funds	<u>45,869</u>	<u></u>	<u>45,869</u>	<u></u>
Total assets	<u>\$ 13,602,989</u>	<u>\$ 96,377,844</u>	<u>\$ 95,010,421</u>	<u>\$ 14,970,412</u>

Liabilities and Fund Balance

Liabilities:				
Accounts payable and accrued expenses	\$ 1,380,478	\$ 71,975,671	\$ 71,491,428	\$ 1,864,721
Due to other funds		284,068		284,068
Due to others	<u>12,222,511</u>	<u>24,118,105</u>	<u>23,518,993</u>	<u>12,821,623</u>
Total liabilities	<u>\$ 13,602,989</u>	<u>\$ 96,377,844</u>	<u>\$ 95,010,421</u>	<u>\$ 14,970,412</u>

STATISTICAL SECTION



BRAZORIA COUNTY, TEXAS

Statistical Section
(unaudited)

This part of Brazoria County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and additional supplementary information say about the County's overall financial health.

<u>Content</u>	<u>Table</u>
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Financial Trends	1-4
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These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity	5-8
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These tables contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity	9-11
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These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Indicators	12-14
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These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information	15-16
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These tables contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides.

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in 2003; tables presenting government-wide information include information beginning in that year.

BRAZORIA COUNTY, TEXAS
NET ASSETS BY COMPONENTS
Last Nine Fiscal Years
(accrual basis of accounting)

Table 1

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental Activities:					
Invested in capital assets, net of related debt	\$ 82,951,384	\$ 81,631,717	\$ 81,466,363	\$ 96,668,961	\$ 99,498,617
Restricted For:					
Roads and bridges	9,003,081	8,055,178	7,847,782	9,671,499	11,599,655
Debt service	1,052,575	1,341,841	2,157,744	3,310,158	4,334,733
Capital projects					
Other purposes	2,240,136	2,717,710	3,237,218	3,863,186	4,891,652
Restricted					
Unrestricted	<u>12,729,881</u>	<u>11,482,088</u>	<u>13,911,427</u>	<u>23,072,866</u>	<u>30,957,200</u>
Total governmental activities net assets	<u>\$ 107,977,057</u>	<u>\$ 105,228,534</u>	<u>\$ 108,620,534</u>	<u>\$ 136,586,670</u>	<u>\$ 151,281,857</u>
Business-type Activities:					
Invested in capital assets, net of related debt	\$ 7,886,581	\$ 10,293,274	\$ 9,617,689	\$ 10,871,918	\$ 11,094,843
Restricted For:					
Debt service	63,174	50,168	52,674	56,663	43,582
Other purposes	99,211	72,637	48,102	18,835	58,566
Unrestricted	<u>122,827</u>	<u>142,989</u>	<u>1,666,061</u>	<u>606,769</u>	<u>340,261</u>
Total business-type activities	<u>\$ 8,171,793</u>	<u>\$ 10,559,068</u>	<u>\$ 11,384,526</u>	<u>\$ 11,554,185</u>	<u>\$ 11,537,252</u>
Primary Government:					
Invested in capital assets, net of related debt	\$ 90,837,965	\$ 91,924,991	\$ 91,084,052	\$ 107,540,879	\$ 110,593,460
Restricted	12,458,177	12,237,534	13,343,520	16,920,341	20,928,188
Unrestricted	<u>12,852,708</u>	<u>11,625,077</u>	<u>15,577,488</u>	<u>23,679,635</u>	<u>31,297,461</u>
Total primary government	<u>\$ 116,148,850</u>	<u>\$ 115,787,602</u>	<u>\$ 120,005,060</u>	<u>\$ 148,140,855</u>	<u>\$ 162,819,109</u>

Note: The County did not begin reporting government-wide statements until it implemented GASB Statement 34 in 2003.

Fiscal Year				
2008	2009	2010	2011	2012
\$ 105,895,455	\$ 118,386,142	\$ 107,946,044	\$ 125,443,284	\$ 137,905,630
11,785,704	14,812,978	28,317,997	12,899,517	29,463,484
2,397,569	2,674,027	2,642,145	5,589,069	3,745,648
				2,793,607
6,903,230	11,038,528	9,138,277	7,857,542	4,313,104
<u>30,975,246</u>	<u>29,373,464</u>	<u>35,504,190</u>	<u>45,667,087</u>	<u>51,137,353</u>
<u>\$ 157,957,204</u>	<u>\$ 176,285,139</u>	<u>\$ 183,548,653</u>	<u>\$ 197,456,499</u>	<u>\$ 229,358,826</u>
\$ 10,654,958	\$ 10,262,087	\$ 17,932,099	\$ 18,063,644	\$ 17,090,784
49,419				
17,781				
<u>488,387</u>	<u>1,240,854</u>	<u>936,146</u>	<u>859,249</u>	<u>2,700,569</u>
<u>\$ 11,210,545</u>	<u>\$ 11,502,941</u>	<u>\$ 18,868,245</u>	<u>\$ 18,922,893</u>	<u>\$ 19,791,353</u>
\$ 116,550,413	\$ 128,648,229	\$ 125,878,143	\$ 143,506,928	\$ 154,996,414
21,153,703	28,525,533	40,098,419	26,346,128	40,315,843
<u>31,463,633</u>	<u>30,614,318</u>	<u>36,440,336</u>	<u>46,526,336</u>	<u>53,837,922</u>
<u>\$ 169,167,749</u>	<u>\$ 187,788,080</u>	<u>\$ 202,416,898</u>	<u>\$ 216,379,392</u>	<u>\$ 249,150,179</u>

BRAZORIA COUNTY, TEXAS
CHANGES IN NET ASSETS
Last Nine Fiscal Years
(accrual basis of accounting)

Table 2

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental Activities:					
General administration	\$ 4,105,945	\$ 4,588,331	\$ 5,292,979	\$ 4,974,768	\$ 5,806,262
Judicial and legal	12,002,634	12,540,748	13,078,631	13,797,943	15,208,486
Financial administration	6,433,818	7,017,884	7,441,233	7,726,563	8,093,087
Elections	156,447	77,817	109,644	2,169,341	402,710
Public facilities	2,313,530	2,732,495	2,826,693	2,809,843	3,522,780
Public safety	10,535,578	11,064,291	12,177,212	13,317,747	14,026,836
Corrections	16,251,641	17,824,167	18,334,618	18,966,237	20,270,216
Public transportation	20,038,508	22,626,704	22,895,228	18,864,434	24,475,813
Health and welfare	6,644,933	7,844,979	8,178,159	9,745,180	10,170,647
Public assistance	226,000	226,000	296,000	296,000	296,000
Culture and recreation	5,822,897	6,437,956	6,262,357	6,652,453	7,316,858
Conservation	377,647	408,329	350,218	393,433	366,651
Environmental protection	125,604	132,419	142,928	150,987	189,657
Community development	2,502,382	3,458,661	3,956,237	2,937,926	2,320,743
Interest on long-term debt	<u>1,531,282</u>	<u>1,455,717</u>	<u>1,386,006</u>	<u>1,477,364</u>	<u>2,408,476</u>
Total governmental activities expenses	<u>89,068,846</u>	<u>98,436,498</u>	<u>102,728,143</u>	<u>104,280,219</u>	<u>114,875,222</u>
Business-type Activities:					
Airport	<u>1,379,687</u>	<u>1,635,067</u>	<u>1,819,390</u>	<u>2,124,407</u>	<u>2,344,879</u>
Total business-type activities expenses	<u>1,379,687</u>	<u>1,635,067</u>	<u>1,819,390</u>	<u>2,124,407</u>	<u>2,344,879</u>
Total primary government expenses	<u>\$ 90,448,533</u>	<u>\$ 100,071,565</u>	<u>\$ 104,547,533</u>	<u>\$ 106,404,626</u>	<u>\$ 117,220,101</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General administration	\$ 2,372,556	\$ 1,986,196	\$ 3,023,513	\$ 3,831,544	\$ 4,140,190
Judicial and legal	4,476,802	5,695,541	5,936,348	6,314,663	6,824,945
Financial administration	920,919	897,500	915,332	1,140,119	1,392,176
Elections	3,302	3,512	11,604	74,959	198,739
Public facilities		22,116	31,385	29,897	31,464
Public safety	1,049,565	1,516,419	1,314,159	1,355,560	1,688,373
Corrections	50,305	533,296	401,742	496,467	653,232
Public transportation	1,979,526	2,172,502	2,921,637	3,369,217	3,795,045
Health and welfare	410,076	433,374	401,182	402,469	663,374
Culture and recreation	227,312	397,668	390,327	436,156	482,471
Conservation		10,683	12,777	12,662	11,572
Environmental protection	40,309	45,485	49,706	76,386	70,206
Operating grants and contributions	6,646,814	6,392,287	8,765,064	11,055,123	9,672,233
Capital grants and contributions	<u>3,019,603</u>	<u>4,149,354</u>	<u>4,562,373</u>	<u>19,032,936</u>	<u>7,163,245</u>
Total governmental activities program revenues	<u>21,197,089</u>	<u>24,255,933</u>	<u>28,737,149</u>	<u>47,628,158</u>	<u>36,787,265</u>

		Fiscal Year							
		2008	2009	2010	2011	2012			
\$	7,505,494	\$	8,402,752	\$	9,765,100	\$	9,367,760	\$	8,531,830
	16,425,146		17,095,026		17,108,112		17,185,013		17,444,241
	8,825,918		9,274,787		9,417,717		9,421,715		9,885,427
	717,673		460,608		471,550		436,854		429,119
	3,608,908		3,726,303		4,007,936		4,145,921		4,295,595
	16,714,660		16,565,137		17,203,454		17,825,709		17,808,208
	22,487,177		23,084,589		23,167,977		25,415,355		24,767,932
	28,116,886		33,663,115		30,129,895		27,572,896		27,267,696
	10,269,808		11,379,348		12,684,269		11,619,175		9,624,531
	296,000		296,000		296,000		296,000		296,000
	7,810,785		8,501,264		8,514,714		8,690,800		8,785,859
	407,178		433,198		389,848		352,487		348,908
	205,704		211,300		204,162		261,926		543,559
	2,228,027		2,477,725		3,433,743		5,965,680		7,371,072
	<u>2,497,944</u>		<u>2,242,764</u>		<u>2,650,328</u>		<u>2,842,829</u>		<u>2,811,695</u>
	<u>128,117,308</u>		<u>137,813,916</u>		<u>139,444,805</u>		<u>141,400,120</u>		<u>140,211,672</u>
	<u>3,283,991</u>		<u>3,746,623</u>		<u>3,273,887</u>		<u>3,898,445</u>		<u>4,297,478</u>
	<u>3,283,991</u>		<u>3,746,623</u>		<u>3,273,887</u>		<u>3,898,445</u>		<u>4,297,478</u>
\$	<u>131,401,299</u>	\$	<u>141,560,539</u>	\$	<u>142,718,692</u>	\$	<u>145,298,565</u>	\$	<u>144,509,150</u>
\$	3,592,424	\$	3,078,349	\$	3,068,103	\$	2,916,705	\$	3,570,554
	6,510,075		6,719,465		7,562,837		8,806,300		7,245,046
	1,607,565		1,782,317		1,774,714		2,472,605		2,838,356
	216,604		163,679		213,801		139,755		185,989
	32,625		1,168,851		36,305		1,610,574		955,404
	1,690,817		735,649		1,285,185		725,934		1,476,484
	585,301		395,555		786,547		691,574		581,751
	3,910,942		4,092,757		3,467,955		4,881,755		4,911,763
	531,764		501,588		613,305		351,506		459,708
	303,660		320,080		329,062		353,387		337,249
	10,147		11,448		106,364		113,441		5,308
	62,375		6,759		6,728		7,420		6,783
	14,474,328		20,615,452		17,275,047		18,663,189		15,345,237
	<u>7,102,464</u>		<u>15,200,393</u>		<u>6,058,920</u>		<u>3,315,829</u>		<u>26,617,632</u>
	<u>40,631,091</u>		<u>54,792,342</u>		<u>42,584,873</u>		<u>45,049,974</u>		<u>64,537,264</u>

BRAZORIA COUNTY, TEXAS
CHANGES IN NET ASSETS - Continued
Last Nine Fiscal Years
(accrual basis of accounting)

Table 2

	Fiscal Year				
	2003	2004	2005	2006	2007
Business-type Activities:					
Charges for Services	\$ 1,101,170	\$ 1,178,963	\$ 1,269,237	\$ 1,616,331	\$ 1,715,941
Operating Grants and Contributions	13,325			29,461	45,940
Capital Grants and Contributions	<u>2,080,660</u>	<u>2,691,254</u>	<u>1,224,318</u>	<u>408,153</u>	<u>561,342</u>
Total business-type activities program revenues	<u>3,195,155</u>	<u>3,870,217</u>	<u>2,493,555</u>	<u>2,053,945</u>	<u>2,323,223</u>
Total primary government program revenues	<u>\$ 24,392,244</u>	<u>\$ 28,126,150</u>	<u>\$ 31,230,704</u>	<u>\$ 49,682,103</u>	<u>\$ 39,110,488</u>
Net (Expense)/Revenue:					
Governmental activities	\$(67,871,757)	\$(74,180,565)	\$(73,990,994)	\$(56,652,061)	\$(78,087,957)
Business-type activities	<u>1,815,468</u>	<u>2,235,150</u>	<u>674,165</u>	<u>(70,462)</u>	<u>(21,656)</u>
Total primary governmental net expense	<u>(66,056,289)</u>	<u>(71,945,415)</u>	<u>(73,316,829)</u>	<u>(56,722,523)</u>	<u>(78,109,613)</u>
General Revenues & Other Changes in Net Assets					
Governmental Activities:					
Property taxes	52,610,118	56,725,407	60,611,489	67,484,298	68,739,287
Sales and other taxes	11,558,370	11,874,486	13,541,179	12,689,046	17,543,873
Grants and contributions not restricted to specific programs	193,472	244,538	199,006	314,168	245,477
Unrestricted investment earnings	960,571	928,391	1,227,165	2,615,731	4,516,924
Gain on disposition of capital assets	114,143	117,822		85,872	520
Miscellaneous	1,414,756	1,691,398	1,954,155	1,666,557	1,737,063
Transfers		<u>(150,000)</u>	<u>(150,000)</u>	<u>(237,475)</u>	
Total governmental activities	<u>66,851,430</u>	<u>71,432,042</u>	<u>77,382,994</u>	<u>84,618,197</u>	<u>92,783,144</u>
Business-type Activities:					
Unrestricted investment earnings	11,229	2,125	1,293	2,646	4,723
Gain on disposition of capital assets					
Miscellaneous					
Transfers		<u>150,000</u>	<u>150,000</u>	<u>237,475</u>	
Total business-type activities	<u>11,229</u>	<u>152,125</u>	<u>151,293</u>	<u>240,121</u>	<u>4,723</u>
Total primary government	<u>66,862,659</u>	<u>71,584,167</u>	<u>77,534,287</u>	<u>84,858,318</u>	<u>92,787,867</u>
Change in Net Assets					
Governmental activities	(1,020,327)	(2,748,523)	3,392,000	27,966,136	14,695,187
Business-type activities	<u>1,826,697</u>	<u>2,387,275</u>	<u>825,458</u>	<u>169,659</u>	<u>(16,933)</u>
Total primary government	<u>\$ 806,370</u>	<u>\$(361,248)</u>	<u>\$ 4,217,458</u>	<u>\$ 28,135,795</u>	<u>\$ 14,678,254</u>

Note: Accrual-basis financial information for the County government as a whole is only available back to 2003, the year GASB Statement 34 was implemented.

		Fiscal Year							
		2008	2009	2010	2011	2012			
\$	2,696,391	\$	3,281,882	\$	2,523,391	\$	3,091,375	\$	3,096,897
	5,498		43,086		46,750		8,509		
	<u>141,668</u>		<u>354,225</u>		<u>8,085,786</u>		<u>807,418</u>		<u>157,535</u>
	<u>2,843,557</u>		<u>3,679,183</u>		<u>10,609,177</u>		<u>3,945,543</u>		<u>3,262,941</u>
	<u>43,474,648</u>		<u>58,471,535</u>		<u>53,194,050</u>		<u>48,995,517</u>		<u>67,800,205</u>
(	87,486,217)	(	83,021,574)	(	96,859,932)	(	96,350,146)		75,674,408
(	<u>440,434</u>)	(	<u>67,430</u>)		<u>7,335,290</u>		<u>47,098</u>		<u>1,034,537</u>
(	<u>87,926,651</u>)	(	<u>83,089,004</u>)	(	<u>89,524,642</u>)	(	<u>96,303,048</u>)		<u>76,708,945</u>
	72,549,360		81,235,296		86,026,984		90,322,731		92,323,262
	16,825,916		16,794,059		15,538,547		16,971,997		18,244,871
	217,066		78,956				370,307		254,896
	2,950,658		1,686,538		1,304,639		1,178,754		341,652
	111,195		10,106				69,146		671,000
	1,607,369		1,894,054		1,253,276		1,345,057	(	1,894,000)
(	<u>100,000</u>)	(	<u>349,500</u>)						
	<u>94,161,564</u>		<u>101,349,509</u>		<u>104,123,446</u>		<u>110,257,992</u>		<u>109,941,681</u>
	13,227		10,326		16,585		7,550		2,760
	500				13,429				3,563
									2,674
	<u>100,000</u>		<u>349,500</u>						<u>1,894,000</u>
	<u>113,727</u>		<u>359,826</u>		<u>30,014</u>		<u>7,550</u>		<u>1,902,997</u>
	<u>94,275,291</u>		<u>101,709,335</u>		<u>104,153,460</u>		<u>110,265,542</u>		<u>111,844,678</u>
	6,675,347		18,327,935		7,263,514		13,907,846		34,267,273
(	<u>326,707</u>)		<u>292,396</u>		<u>7,365,304</u>		<u>54,648</u>		<u>868,460</u>
\$	<u>6,348,640</u>	\$	<u>18,620,331</u>	\$	<u>14,628,818</u>	\$	<u>13,962,494</u>	\$	<u>35,135,733</u>

BRAZORIA COUNTY, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Table 3

	Fiscal Year				
	2003	2004	2005	2006	2007
General Fund:					
Reserved	\$ 776,941	\$ 1,149,125	\$ 1,035,239	\$ 1,181,546	\$ 1,536,623
Unreserved	10,628,263	10,119,747	12,398,370	17,368,350	23,816,764
Non-spendable					
Restricted					
Committed					
Unassigned					
Total general fund	<u>\$ 11,405,204</u>	<u>\$ 11,268,872</u>	<u>\$ 13,433,609</u>	<u>\$ 18,549,896</u>	<u>\$ 25,353,387</u>
All Other Governmental Funds:					
Reserved	\$ 2,127,108	\$ 2,341,383	\$ 2,904,897	\$ 3,780,614	\$ 5,025,466
Unreserved:					
Designated:					
Capital projects funds	10,894,981	7,288,634	5,482,269	16,542,134	23,553,119
Undesignated:					
Capital projects funds			85,098		
Special revenue funds	10,506,768	9,262,935	9,825,608	12,453,432	14,721,315
Non-spendable					
Restricted					
Committed					
Assigned					
Unassigned					
Total all other governmental funds	<u>\$ 23,528,857</u>	<u>\$ 18,892,952</u>	<u>\$ 18,297,872</u>	<u>\$ 32,776,180</u>	<u>\$ 43,299,900</u>

Fiscal Year				
2008	2009	2010	2011	2012
\$ 945,689	\$ 3,668,508	\$ 4,099,579	\$	\$
24,057,655	22,719,603	27,121,283		
			1,158,255	1,165,424
			1,530,251	1,453,855
			1,553,849	1,467,868
			<u>34,200,927</u>	<u>41,062,932</u>
<u>\$ 25,003,344</u>	<u>\$ 26,388,111</u>	<u>\$ 31,220,862</u>	<u>\$ 38,443,282</u>	<u>\$ 45,150,079</u>
\$ 4,426,316	\$ 29,103,256	\$ 41,438,332	\$ 33,101,953	\$
19,157,559	792,514	776,374		
16,417,485				
			1,053,294	1,542,479
			31,269,960	63,146,748
			778,699	
			(13,309)	(249,837)
<u>\$ 40,001,360</u>	<u>\$ 29,895,770</u>	<u>\$ 42,214,706</u>	<u>\$ 33,088,644</u>	<u>\$ 64,439,390</u>

BRAZORIA COUNTY, TEXAS**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

(modified accrual basis of accounting)

Table 4

Page 1 of 2

	Fiscal Year				
	2003	2004	2005	2006	2007
Revenues:					
Taxes	\$ 64,712,267	\$ 68,926,987	\$ 74,871,254	\$ 80,618,481	\$ 85,899,285
Intergovernmental	9,673,483	10,554,254	13,154,480	14,658,241	12,553,652
Charges for services	5,497,608	6,777,239	6,946,094	8,505,724	9,339,206
Licenses and permits	3,061,146	2,716,482	3,510,492	4,192,040	4,319,103
Fines and forfeitures	2,480,513	2,755,884	2,681,213	2,937,726	3,030,492
Special assessments	388,636	40,622	21,142	20,355	39,984
Investment income	812,240	896,098	1,189,482	2,558,836	4,437,291
Miscellaneous	1,593,134	2,775,181	2,168,765	1,650,000	2,707,950
Total revenues	<u>88,219,027</u>	<u>95,442,747</u>	<u>104,542,922</u>	<u>115,141,403</u>	<u>122,326,963</u>
Expenditures:					
General administration	3,944,682	4,490,510	5,036,224	5,193,392	5,647,182
Judicial and legal	11,784,197	11,702,822	12,132,962	13,101,418	14,720,532
Financial administration	6,436,503	6,825,415	7,307,863	7,477,425	7,895,801
Elections	156,447	77,817	109,644	2,276,634	378,867
Public facilities	2,300,228	2,544,981	2,757,631	2,667,167	3,379,986
Public safety	10,260,660	10,726,572	12,224,147	13,229,168	13,543,831
Corrections	15,468,693	16,441,503	16,995,740	17,823,526	19,110,690
Public transportation	19,091,164	20,201,559	20,923,768	20,482,267	19,549,824
Health and welfare	6,628,407	7,724,836	8,014,313	9,779,785	9,925,766
Public assistance	226,000	226,000	296,000	296,000	296,000
Culture and recreation	5,954,913	6,724,925	6,114,890	6,335,099	7,046,649
Conservation	377,852	388,549	334,836	373,006	350,210
Environmental protection	123,226	122,224	135,140	142,056	179,182
Community development	2,502,382	3,869,450	4,158,810	2,867,898	2,241,638
Capital outlay	2,650,785	3,416,104	1,720,896	2,841,843	9,988,904
Debt Service:					
Principal	2,305,504	3,016,366	3,164,604	2,975,208	2,805,000
Interest and fiscal charges	1,581,102	1,565,351	1,395,797	1,556,717	2,617,009
Total expenditures	<u>91,792,745</u>	<u>100,064,984</u>	<u>102,823,265</u>	<u>109,418,609</u>	<u>119,677,071</u>
Excess of revenues over (under) expenditures	<u>(3,573,718)</u>	<u>(4,622,237)</u>	<u>1,719,657</u>	<u>5,722,794</u>	<u>2,649,892</u>

(continued)

Fiscal Year				
2008	2009	2010	2011	2012
\$ 89,733,333	\$ 97,948,315	\$ 101,144,578	\$ 107,106,700	\$ 110,958,850
16,962,416	23,271,447	19,425,363	21,252,449	36,457,092
9,170,529	8,513,053	8,825,218	9,312,082	9,630,462
4,178,179	4,364,604	4,632,972	4,748,920	4,876,770
2,932,468	2,999,714	3,349,587	3,868,556	3,772,795
41,366	65,891	127,307	221,773	193,309
2,910,886	1,670,081	1,299,600	1,197,606	330,704
<u>2,256,193</u>	<u>2,461,330</u>	<u>1,837,188</u>	<u>2,131,525</u>	<u>2,259,033</u>
<u>128,185,370</u>	<u>141,294,435</u>	<u>140,641,813</u>	<u>149,839,611</u>	<u>168,479,015</u>
7,338,056	8,316,067	8,967,373	9,161,421	8,086,323
16,024,206	16,581,752	16,795,972	16,748,044	16,980,083
8,618,867	9,014,398	9,234,021	9,204,212	10,309,390
692,279	433,657	441,531	413,086	412,593
3,428,404	3,716,015	3,762,477	4,428,992	4,876,561
17,059,446	16,101,590	16,467,367	17,115,173	17,558,737
21,462,209	21,802,308	21,811,543	23,659,629	23,475,441
21,173,785	26,550,726	19,813,342	20,420,257	18,796,758
9,945,531	10,964,979	12,373,186	11,255,659	9,296,836
296,000	296,000	296,000	296,000	296,000
7,660,650	8,429,724	8,872,828	8,647,754	8,977,994
393,215	411,494	376,220	337,521	334,459
199,402	203,304	196,019	272,161	532,919
2,227,029	2,476,674	3,433,742	5,964,892	7,369,411
17,263,186	17,780,454	13,286,022	15,687,513	29,094,764
3,760,000	4,240,000	4,450,000	5,030,000	5,590,000
<u>2,472,201</u>	<u>2,391,636</u>	<u>2,510,730</u>	<u>3,319,324</u>	<u>3,187,785</u>
<u>140,014,466</u>	<u>149,710,778</u>	<u>143,088,373</u>	<u>151,961,638</u>	<u>165,176,054</u>
(11,829,096)	(8,416,343)	(2,446,560)	(2,122,027)	3,302,961

BRAZORIA COUNTY, TEXAS*CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - Continued*

Last Ten Fiscal Years

(modified accrual basis of accounting)

Table 4

Page 2 of 2

	Fiscal Year				
	2003	2004	2005	2006	2007
Other Financing Sources (Uses):					
Issuance of bonds	\$ 11,000,000	\$	\$	\$ 13,880,000	\$ 14,000,000
Premium on issuance of bonds				117,050	606,572
Proceeds from sale of capital assets	1,459,392				
Issuance of capital leases				134,081	70,747
Proceeds from refunding bonds					
Payments to escrow agent					
Other				(21,855)	
Transfers in	1,101,179	1,859,610	1,266,797	1,496,992	988,139
Transfers out	(1,101,179)	(2,009,610)	(1,416,797)	(1,734,467)	(988,139)
Total other financing sources (uses)	<u>12,459,392</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>13,871,801</u>	<u>14,677,319</u>
Net change in fund balances	<u>\$ 8,885,674</u>	<u>\$(4,772,237)</u>	<u>\$ 1,569,657</u>	<u>\$ 19,594,595</u>	<u>\$ 17,327,211</u>
Debt service as a percentage of noncapital expenditures	4.4%	4.7%	4.5%	4.3%	4.9%

		Fiscal Year				
		2008	2009	2010	2011	2012
\$	17,950,000	\$		\$ 19,425,000	\$	\$ 38,125,000
	330,304			101,722		3,076,953
						107,459
	344,569		45,020	71,525	218,385	
(	10,344,360)					(4,660,830)
	1,802,660		2,097,774	1,204,557	7,686,208	4,097,912
(	1,902,660)	(	2,447,274)	(1,204,557)	(7,686,208)	(5,991,912)
	8,180,513	(	304,480)	19,598,247	218,385	34,754,582
\$	(3,648,583)	\$	(8,720,823)	\$ 17,151,687	\$	(1,903,642)
		\$			\$	37,957,543
	5.1%		5.0%	5.4%	6.1%	6.4%

BRAZORIA COUNTY, TEXAS**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

Table 5

Last Ten Fiscal Years

(Amounts in thousands)

Fiscal Year	Real Property			Less: Exemptions	Net Real Property	Minerals	Personal Property	Total Taxable Assessed Value
	Residential	Commercial	Total					
2012	\$ 12,144,343	\$ 10,995,245	\$ 23,139,588	\$ 7,556,250	\$ 15,583,338	\$ 391,224	\$ 3,599,879	\$ 19,574,441
2011	11,317,327	13,509,869	24,827,196	7,405,684	17,421,512	453,986	2,320,561	20,196,059
2010	11,551,683	13,546,817	25,098,500	7,174,101	17,924,399	512,177	2,435,863	20,872,439
2009	10,501,274	12,734,892	23,236,166	6,223,999	17,012,167	443,245	2,250,737	19,706,149
2008	9,527,254	13,172,882	22,700,136	7,152,420	15,547,716	405,484	2,055,336	18,008,536
2007	8,487,677	11,709,803	20,197,480	6,400,362	13,797,118	386,629	1,847,430	16,031,177
2006	9,114,072	9,824,879	18,938,951	5,150,588	13,788,363	387,153	1,774,176	15,949,692
2005	8,261,046	9,134,771	17,395,817	4,951,648	12,444,169	313,207	1,593,186	14,350,562
2004	7,433,887	9,266,226	16,700,113	4,939,527	11,760,586	223,890	1,492,274	13,476,750
2003	5,696,992	8,919,374	14,616,366	4,189,088	10,427,278	212,272	1,461,238	12,100,788

Source: Brazoria County Appraisal District

Note: Brazoria County assesses property annually. Property is assessed at actual market value.
Tax rates are per \$ 100 of assessed value.

Fiscal
Year

\$ 0.473101
0.463101
0.426286
0.390000
0.371396
0.381701
0.407987
0.421955
0.419500
0.419500

BRAZORIA COUNTY, TEXAS**DIRECT AND OVERLAPPING PROPERTY TAX RATES**

Last Ten Fiscal Years

(rate per \$100 of assessed value)

Table 6

Page 1 of 2

	2003 Tax Rate	2004 Tax Rate	2005 Tax Rate	2006 Tax Rate
County Direct Rates:				
General Fund	0.278287	0.284237	0.286210	0.279356
Road & Bridge	0.060000	0.047500	0.047500	0.047500
Mosquito Control				
Special R&B - Article 6790	0.060000	0.060000	0.060000	0.060000
Debt Service Fund - Jail Building Bonds	0.021213	0.020513	0.020995	0.015000
Certificate of Obligation - Series 2003		0.007250	0.007250	0.006131
Certificate of Obligation - Series 2006				
Certificate of Obligation - Series 2012				
Unlimited Tax Road Bonds - Series 2008				
Total direct rate	<u>0.419500</u>	<u>0.419500</u>	<u>0.421955</u>	<u>0.407987</u>
City Rates:				
Alvin	0.803600	0.803600	0.803600	0.803600
Angleton	0.744774	0.744774	0.739774	0.734150
Brazoria	0.728300	0.728300	0.728300	0.728300
Brookside Village	0.460000	0.460000	0.460000	0.460000
Clute	0.723000	0.723000	0.723000	0.723000
Danbury	0.841738	0.841738	0.823830	0.775664
Freeport	0.748500	0.716900	0.716900	0.710000
Hillcrest Village	0.374512	0.374512	0.374512	0.374512
Town of Holiday Lakes	1.269340	1.269340	1.230848	0.719325
Village of Jones Creek	0.310000	0.310000	0.310000	0.310000
Lake Jackson	0.370300	0.370300	0.370000	0.380000
Liverpool	0.175800	0.175800	0.175800	0.175800
Manvel	0.710247	0.710247	0.659603	0.648500
Village of Oyster Creek	0.411106	0.411106	0.411106	0.452100
Pearland	0.696000	0.696000	0.694755	0.674400
Town of Quintana	0.160000	0.160000	0.050000	0.040000
Richwood	0.691200	0.691200	0.691200	0.691200
Village of Surfside Beach	0.400354	0.400354	0.400354	0.490000
Sweeny	0.775571	0.775571	0.775571	0.750000
West Columbia	0.838837	0.838837	0.838837	0.838837
School District Rates:				
Alvin ISD	1.626100	1.626100	1.676000	1.705800
Angleton ISD	1.630000	1.630000	1.610000	1.571000
Brazosport ISD	1.472800	1.472800	1.522800	1.572800
Columbia-Brazoria ISD	1.576300	1.576300	1.870000	1.770000
Damon ISD	1.360000	1.360000	1.420000	1.420000
Danbury ISD	1.540000	1.540000	1.561500	1.557600
Pearland ISD	1.809200	1.809200	1.792200	1.792200
Sweeny ISD	1.675000	1.675000	1.692000	1.671000
Special District Rates:				
Alvin Community College	0.254766	0.254766	0.240561	0.237555
Angleton-Danbury Hospital	0.260562	0.260562	0.248244	0.247745
Brazoria Co. DD # 1 (Angleton)	0.185000	0.185000	0.185000	0.175000
Brazoria Co. DD # 2 (Velasco)	0.073924	0.073924	0.076210	0.082113
Brazoria Co. DD # 3 (Alvin or C&R #3)	0.116623	0.116623	0.131623	0.130634
Brazoria Co. DD # 4 (Pearland)	0.142820	0.142820	0.142009	0.143845
Brazoria Co. DD # 5 (Iowa Colony)	0.266328	0.266328	0.244006	0.221958
Brazoria Co. DD # 8 (Danbury)	0.372689	0.372689	0.372689	0.372541
Brazoria Co. DD #11 (W. Brazoria Co.)	0.020000	0.020000	0.020000	0.020000
Brazoria Co. FWSD # 1	0.730000	0.730000	0.400000	0.360000
Brazoria Co. MUD # 1 (Pearland)	0.540000	0.540000	0.530000	0.460000
Brazoria Co. MUD # 2 (Southwyck)	0.670000	0.670000	0.550000	0.480000
Brazoria Co. MUD # 3 (Silverlake)	0.817000	0.817000	0.717000	0.647000
Brazoria Co. MUD # 4 (Country Place)	0.778000	0.778000	0.728000	0.688000
Brazoria Co. MUD # 5 (Southdown)	0.670000	0.670000	0.670000	0.670000
Brazoria Co. MUD # 6 (Weatherford)	0.987500	0.987500	0.890000	0.800000
Brazoria Co. MUD #16			0.950000	
Brazoria Co. MUD #17	0.750000	0.750000	0.750000	0.750000
Brazoria Co. MUD #18	0.650000	0.650000	0.650000	0.640000
Brazoria Co. MUD #19	0.800000	0.800000	0.800000	0.800000
Brazoria Co. MUD #21	1.350000	1.350000	1.350000	1.350000

<u>2007 Tax Rate</u>	<u>2008 Tax Rate</u>	<u>2009 Tax Rate</u>	<u>2010 Tax Rate</u>	<u>2011 Tax Rate</u>	<u>2012 Tax Rate</u>
0.266000	0.247671	0.255767	0.288745	0.319268	0.323617
0.034500	0.028800	0.035500	0.035000	0.032800	0.036500
	0.010200	0.008550	0.008000	0.008000	0.010000
0.060000	0.600000	0.600000	0.060000	0.060000	0.060000
0.011000	0.008925	0.011404	0.015141	0.015141	0.015000
0.005131	0.004950	0.004650	0.005200	0.005200	0.006000
0.005070	0.005150	0.005129	0.005600	0.005600	0.005784
	0.005700	0.009000	0.008600	0.017092	0.016200
<u>0.381701</u>	<u>0.371396</u>	<u>0.390000</u>	<u>0.426286</u>	<u>0.463101</u>	<u>0.473101</u>
0.803600	0.803600	0.803600	0.803600	0.883600	0.843800
0.706000	0.706000	0.706000	0.706000	0.723500	0.723500
0.728300	0.728300	0.728300	0.762300	0.762300	0.762300
0.460000	0.460000	0.460000	0.500000	0.500000	0.500000
0.698000	0.693000	0.672000	0.672000	0.672000	0.672000
0.766940	0.760600	0.762014	0.769538	0.826940	0.826940
0.710000	0.700000	0.708266	0.708266	0.680000	0.700000
0.374512	0.374512	0.374512	0.377754	0.386105	0.391782
0.945784	0.924070	0.950737	0.983434	1.035704	1.085564
0.310000	0.340000	0.340000	0.380000	0.380000	0.380000
0.385000	0.390000	0.390000	0.390000	0.390000	0.390000
0.175800	0.175800	0.236852	0.236850	0.296850	0.230463
0.587831	0.587863	0.587863	0.587863	0.587863	0.587863
0.387211	0.395000	0.401142	0.423154	0.431106	0.473161
0.652600	0.652600	0.652600	0.665100	0.685100	0.705100
0.032000	0.027140	0.033365	0.024413	0.024413	0.023640
0.681080	0.693660	0.693660	0.693660	0.693660	0.735680
0.342392	0.352392	0.442056	0.408801	0.402610	0.432601
0.750000	0.762105	0.741595	0.772818	0.782818	0.844034
0.831900	0.831900	0.831900	0.831900	0.831900	0.831900
1.328200	1.328200	1.304100	1.304100	1.344100	1.329100
1.197000	1.314000	1.455200	1.455200	1.455200	1.455200
1.133900	1.192200	1.228500	1.241500	1.241500	0.125950
1.296500	1.296500	1.296500	1.296500	1.296500	1.296500
1.040000	1.170000	1.170000	1.170000	1.170000	1.170000
1.134900	1.134900	1.143900	1.135400	1.137000	1.136445
1.427200	1.419400	1.419400	1.419400	1.419400	1.419400
1.211700	1.211700	1.211700	1.211700	1.211700	1.211700
0.210280	0.199832	0.199830	0.199830	0.199485	0.199756
0.246500	0.246500	0.246500	0.279998	0.299592	0.359592
0.170850	0.183900	0.183900	0.183900	0.176563	0.176563
0.082075	0.082075	0.087130	0.090907	0.094214	0.094805
0.128143	0.150000	0.150000	0.150000	0.150000	0.150000
0.143845	0.143845	0.143845	0.156000	0.156000	0.156000
0.190894	0.186897	0.189727	0.189098	0.188304	0.193966
0.353723	0.361000	0.366000	0.366000	0.366000	0.366000
0.020000	0.200000	0.020000	0.020000	0.020000	0.020000
0.310000	0.300000	0.295000	0.280000	0.280000	0.250000
0.510000	0.500000	0.500000	0.500000	0.500000	0.490000
0.650000	0.630000	0.630000	0.630000	0.630000	0.630000
0.628000	0.628000	0.630000	0.630000	0.660000	0.630000
0.000000					
0.670000	0.630000	0.630000	0.630000	0.630000	0.630000
0.950000	0.950000	0.950000	0.950000	0.950000	0.940000
0.730000	0.630000	0.600000	0.547000	0.547000	0.547000
0.590000	0.570000	0.560000	0.550000	0.545000	0.530000
0.680000	0.660000	0.630000	0.620000	0.600000	0.580000
1.350000	1.350000	1.450000	1.430000	1.430000	1.430000

(continued)

BRAZORIA COUNTY, TEXAS*DIRECT AND OVERLAPPING PROPERTY TAX RATES - Continued*

Last Ten Fiscal Years

(rate per \$100 of assessed value)

Table 6

Page 2 of 2

<u>Taxing Jurisdictions</u>	<u>2003 Tax Rate</u>	<u>2004 Tax Rate</u>	<u>2005 Tax Rate</u>	<u>2006 Tax Rate</u>
Special Districts: (continued)				
Brazoria Co. MUD #23	0.850000	0.850000	0.850000	0.850000
Brazoria Co. MUD #25	1.250000	1.250000	1.250000	1.250000
Brazoria Co. MUD #26	0.850000	0.850000	0.850000	0.850000
Brazoria Co. MUD #28	0.820000	0.820000	0.820000	0.820000
Brazoria Co. MUD #29			0.750000	0.750000
Brazoria Co. MUD #31				
Brazoria Co. MUD #34			0.850000	0.850000
Brazoria Co. MUD #35				
Brazoria Co. MUD #36				
Brazoria/Ft. Bend MUD #1			0.850000	
Sedona Lakes MUD #1				
Port Freeport	0.070000	0.070000	0.067500	0.065000
Brazosport College	0.105000	0.105000	0.114000	0.119000
Commodore Cove Improvement District	0.986093	0.986093	0.986093	0.890000
Oak Manor MUD	0.400000	0.400000	0.360000	0.398000
Treasure Island MUD	0.927240	0.927240	0.823466	0.739283
Varner Creek Utility District	0.592300	0.592300	0.540000	0.510000
Sweeny Hospital *	0.352600	0.352600	0.349000	0.343781
Rural Fire District #1	0.030000	0.030000		
Emergency Svc District #1	0.070000	0.070000	0.080000	0.080000
Emergency Svc District #2	0.030000	0.030000	0.030000	0.030000
Emergency Svc District #3			0.100000	0.089975

Source: Brazoria County Appraisal District (www.brazoriacad.org)
 Brazoria County Commissioner's Court minutes

<u>2007 Tax Rate</u>	<u>2008 Tax Rate</u>	<u>2009 Tax Rate</u>	<u>2010 Tax Rate</u>	<u>2011 Tax Rate</u>	<u>2012 Tax Rate</u>
0.850000	0.820000	0.800000	0.770000	1.630000	0.610000
1.230000	1.100000	1.100000	1.100000	1.100000	1.050000
0.710000	0.710000	0.710000	0.710000	0.690000	0.690000
0.820000	0.820000	0.820000	0.820000	0.820000	0.820000
0.750000	0.750000	0.800000	0.800000	0.800000	0.900000
1.390000	1.402040	1.300000	1.300000	1.300000	1.300000
0.850000	0.850000	0.850000	0.850000	0.850000	0.850000
	0.850000	0.890000	1.020000	1.020000	1.020000
0.700000	0.700000	0.700000	0.700000	0.700000	0.700000
0.850000	0.850000	0.850000	0.850000	0.850000	0.850000
		1.250000	1.250000	1.250000	1.250000
0.056000	0.053500	0.053500	0.053500	0.053500	0.051500
0.121000	0.156488	0.175754	0.190175	0.239198	0.259436
0.597220	0.597220	0.620318	0.472234	0.475693	0.461570
0.363000	0.421852	0.451178	0.480000	0.500000	0.505000
0.595802	0.563556	1.258218	0.576368	0.604590	0.551848
0.661890	0.814000	0.858000	0.858000	0.888220	0.928000
0.298289	0.323170	0.349917	0.380692	0.393133	0.429109
0.080000	0.080000	0.080000	0.080000	0.080000	0.080000
0.030000	0.029987	0.030000	0.030000	0.030000	0.030000
0.093414	0.093410	0.093700	0.095000	0.097200	0.098322

BRAZORIA COUNTY, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Nine Years Ago
 (Amounts in thousands)

Table 7

<u>2012 Taxpayer</u>	<u>Type of Business</u>	<u>2012 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Dow Chemical Company	Chemical Manufacturer	\$ 2,438,778	12.46%
Conoco/Phillips Company	Petroleum Refinery	494,804	2.53%
BASF Corp	Chemical Manufacturer	487,552	2.49%
Ineos USA LLC	Chemical Manufacturer	483,289	2.47%
Chevron Phillips Chemical Co LP	Petroleum Refinery	279,096	1.43%
Shintech, Inc.	Chemical Manufacturer	148,356	1.10%
Centerpoint Energy Inc.	Utility	124,834	0.64%
Denbury Onshore LLC	Utility	101,042	0.52%
Sweeny Cogeneration Limited Ptnshp	Utility	99,350	0.51%
SI Group Inc dba Schenectady Inc.	Chemical Manufacturer	89,608	0.46%
		<u>\$ 4,746,709</u>	<u>\$ 24.61%</u>

<u>2003 Taxpayer</u>	<u>Type of Business</u>	<u>2003 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Dow Chemical Company	Chemical Manufacturer	\$ 2,505,577	18.59%
Phillips Petroleum	Petroleum Refinery	755,717	5.61%
BASF Corp - Chemical Division	Chemical Manufacturer	458,306	3.40%
BP Amoco Chemical	Chemical Manufacturer	430,707	3.20%
Equistar Chemicals	Chemical Manufacturer	153,471	1.14%
Shintech, Inc.	Chemical Manufacturer	151,481	1.12%
Oyster Creek Limited	Contract Services	151,294	1.12%
Houston Lighting & Power	Electric Utility Company	102,781	0.76%
Southwestern Bell Telephone Co.	Utility	77,406	0.57%
Schenectady International	Chemical/Manufacturer	76,384	0.57%
		<u>\$ 4,863,124</u>	<u>\$ 36.08%</u>

Source: Brazoria County Appraisal District
 Assessed Valuation - 2012 \$ 19,574,441
 Assessed Valuation - 2003 \$ 13,476,750

BRAZORIA COUNTY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years
 (Amounts in thousands)

Table 8

Fiscal Year	Taxies Levied For the Fiscal Year (Original Levy)		Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Original Levy	Amount	Percentage of Original Levy		Amount	Percentage of Levy
2012	\$ 94,984		\$ 90,896	95.70%	\$ --	\$ 90,896	95.70%
2011	89,443		88,280	98.70%	573	88,853	99.34%
2010	85,056		83,846	98.58%	670	84,516	99.37%
2009	80,634		79,473	98.56%	629	80,102	98.34%
2008	72,190		71,118	98.52%	474	71,592	99.17%
2007	67,995		66,923	98.42%	507	67,430	99.17%
2006	64,505		63,508	98.45%	505	64,013	99.97%
2005	60,641		59,638	98.35%	482	60,120	99.14%
2004	56,304		55,284	98.19%	479	55,763	99.04%
2003	52,605		51,649	98.18%	432	52,081	99.00%

Source: Brazoria County Tax Assessor-Collector

Note: The information in this schedule relates to the County's own property tax levies, and does not include those it collected on behalf of other governments.

BRAZORIA COUNTY, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Table 9

Fiscal Year	Governmental Activities				Business-type Activities		
	General Obligation Bonds	Certificates of Obligation	Less: Amounts Available for Debt Service	Total	Certificates of Obligation	Less Amounts Available for Debt Service	Total
2003	\$ 23,455,000	\$ 11,000,000	\$ 1,102,514	\$ 33,352,486	\$ 475,000	\$ 65,000	\$ 410,000
2004	21,390,000	10,520,000	1,224,771	30,685,229	410,000	65,000	345,000
2005	19,295,000	9,905,000	2,026,821	27,173,179	335,000	75,000	260,000
2006	17,220,000	23,155,000	3,108,753	37,266,247	255,000	80,000	175,000
2007	29,060,000	22,510,000	3,948,197	47,621,803	175,000	80,000	95,000
2008	34,170,000	21,465,000	2,809,782	52,825,218	90,000	85,000	5,000
2009	31,115,000	20,280,000	2,947,736	48,447,264	-0-	-0-	-0-
2010	47,320,000	19,050,000	3,354,187	63,015,813	-0-	-0-	-0-
2011	43,565,000	17,775,000	3,794,632	57,545,368	-0-	-0-	-0-
2012	52,310,000	37,075,000	4,182,039	85,202,961	-0-	-0-	-0-

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

See Table 5 for property value data.

Population and personal income data can be found in Table 12.

<u>Combined Governmental & Business-type Totals</u>	<u>Percentage of Actual Property Value</u>	<u>Net General Long-Term Debt Per Capita</u>	<u>Percentage of Personal Income</u>
\$ 33,762,486	0.27%	\$ 129	0.46%
31,030,229	0.23%	116	0.40%
27,433,179	0.19%	100	0.41%
37,441,247	0.23%	132	0.54%
47,716,803	0.26%	163	0.61%
52,830,218	0.28%	175	0.64%
48,447,264	0.24%	157	0.59%
63,015,813	0.33%	201	0.76%
57,545,368	0.30%	180	0.70%
85,202,961	0.44%	264	0.89%

BRAZORIA COUNTY, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2012

Governmental Unit	Debt As Of	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Special Districts:				
Angleton-Danbury Hospital District	06/30/2012	\$ 14,070,000 *	100.00%	\$ 14,070,000
Angleton Drainage District	11/30/2007	--	100.00%	--
Brazoria Co. MUD #1 (Pearland)	11/30/2007	--	100.00%	--
Brazoria Co. MUD #2 (Southwyck)	06/03/2012	6,145,115	100.00%	6,145,115
Brazoria Co. MUD #3	06/05/2012	8,911,700	100.00%	8,911,700
Brazoria Co. MUD #4 (Country Place)	02/14/2011	5,533,807	100.00%	5,533,807
Brazoria Co. MUD #6 (Weatherford)	12/13/2011	23,707,058	100.00%	23,707,058
Brazoria Co. MUD #16	11/15/2010	6,329,733	100.00%	6,329,733
Brazoria Co. MUD #17	06/07/2012	26,761,351	100.00%	26,761,351
Brazoria Co. MUD #18	01/10/2012	29,127,999	53.66%	15,630,084
Brazoria Co. MUD #19	09/01/2011	36,097,993	100.00%	36,097,993
Brazoria Co. MUD #21	09/01/2011	20,660,064	100.00%	20,660,064
Brazoria Co. MUD #23	06/08/2011	16,044,028	100.00%	16,044,028
Brazoria Co. MUD #25	03/18/2011	17,090,112	100.00%	17,090,112
Brazoria Co. MUD #26	04/05/2012	43,176,840	100.00%	43,176,840
Brazoria Co. MUD #28	10/20/2010	12,682,029	99.89%	12,668,079
Brazoria Co. MUD #29	10/22/2010	9,353,695	100.00%	9,353,695
Brazoria Co. MUD #31	06/30/2010	3,163,183	100.00%	3,163,183
Brazoria Co. MUD #34	10/31/2011	19,999,462	100.00%	19,999,462
Brazoria Co. MUD #35	12/31/2010	9,157,643	100.00%	9,157,643
Brazoria-Fort Bend Co. MUD #1	09/30/2010	53,351,852	75.09%	40,061,906
Brazosport College District	06/30/2012	67,100,000 *	100.00%	67,100,000
Varner Creek Utility District	12/31/2011	9,132,930	100.00%	9,132,930
Port Freeport	09/30/2011	5,087,457	100.00%	5,087,457
Brazoria Co. FWSD #1	06/30/2012	40,000 *	100.00%	40,000
Commodore Cove Improvement District	06/30/2012	235,000 *	100.00%	235,000
Sedona Lakes MUD #1	06/28/2011	2,961,046	100.00%	2,961,046
Total Special Districts		\$ 445,920,097		\$ 419,118,286
Cities:				
Alvin	09/30/2010	\$ 13,261,369	100.00%	\$ 13,261,369
Angleton	06/30/2012	18,045,000 *	100.00%	18,045,000
Brazoria	06/30/2012	1,910,000 *	100.00%	1,910,000
Clute	06/30/2012	5,490,000 *	100.00%	5,490,000
Danbury	11/30/2011	2,400,000	100.00%	2,400,000
Freeport	06/30/2012	5,511,000 *	100.00%	5,511,000
Hillcrest Village	06/30/2012	135,000 *	100.00%	135,000
Town of Holiday Lakes	06/30/2012	52,000 *	100.00%	52,000
Lake Jackson	09/30/2010	18,739,503	100.00%	18,739,503
Manvel	06/30/2012	2,875,000 *	100.00%	2,875,000
Oyster Creek	09/30/2010	248,050	100.00%	248,050
Pearland	12/31/2011	287,962,112	91.89%	264,608,385
Richwood	09/30/2010	1,465,772 *	100.00%	1,465,772
Sweeny	09/30/2010	1,442,552	100.00%	1,442,552
West Columbia	06/30/2012	260,000	100.00%	260,000
Total Cities		\$ 359,797,358		\$ 336,443,631

(continued)

BRAZORIA COUNTY, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT - Continued

Table 10

As of September 30, 2012

Governmental Unit	Debt As Of	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
School Districts:				
Alvin CCD	08/31/2011	\$ 15,456,000 *	100.00%	\$ 15,456,000
Alvin ISD	05/15/2012	306,841,014	100.00%	306,841,014
Angleton ISD	08/31/2011	141,494,020	100.00%	141,494,020
Brazosport ISD	08/31/2011	129,754,597	100.00%	129,754,597
Columbia-Brazoria ISD	06/01/2012	36,123,600	100.00%	36,123,600
Damon ISD	06/30/2012	--	100.00%	--
Danbury ISD	08/31/2011	2,803,902	100.00%	2,803,902
Pearland ISD	02/29/2012	301,730,942 *	97.94%	295,515,285
Sweeny ISD	08/31/2011	<u>20,067,807</u> *	100.00%	<u>20,067,807</u>
Total School Districts		<u>\$ 954,271,882</u>		<u>\$ 948,056,225</u>
Subtotal, overlapping debt				\$ 1,703,618,142
Total direct debt - Brazoria County			9/30/2011	<u>91,180,368</u>
Total direct and overlapping debt				<u>\$ 1,794,798,510</u>

Source: Brazoria County Auditor's office and Municipal Advisory Council of Texas, *Texas Municipal Reports*.

* Gross Debt

BRAZORIA COUNTY, TEXAS
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years
 (Unaudited)
 (Amounts in thousands)

Table 11

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Assessed Value	\$ 12,611,927	\$ 13,498,808	\$ 14,521,217	\$ 16,031,176
Debt Limit 25%	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Debt Limit	<u>\$ 3,152,982</u>	<u>\$ 3,374,702</u>	<u>\$ 3,630,304</u>	<u>\$ 4,007,794</u>
Total bonded debt	\$ 23,930	\$ 32,320	\$ 29,200	\$ 40,375
Less: Amount available-repayment of General obligation bonds	<u>1,094</u>	<u>1,103</u>	<u>1,225</u>	<u>3,109</u>
Total net debt applicable to limit	<u>\$ 22,836</u>	<u>\$ 31,217</u>	<u>\$ 27,975</u>	<u>\$ 37,266</u>
Legal debt margin	<u>\$ 3,130,146</u>	<u>\$ 3,343,485</u>	<u>\$ 3,602,329</u>	<u>\$ 3,970,528</u>
Total net debt applicable to the limit As a percentage of debt limit	0.7%	0.9%	0.8%	0.9%

Texas Constitution Article 3 Section 52b

Under Legislative provision, any county, political subdivision of a county, number of adjoining counties, political subdivision of the State, or defined district now or hereafter to be described and defined within the State of Texas, and which may or may not include, towns, villages or municipal corporations, upon a vote of two-thirds majority of the voting qualified voters or such district or territory to be affected thereby, may issue bonds or otherwise lend its credit in any amount not to exceed one-fourth of the assessed valuation of the real property of such district or territory, except that the total bonded indebtedness of any city or town shall never exceed the limits imposed by other provisions of this Constitution, and levy and collect taxes to pay the interest thereon and provide a sinking fund for the redemption thereof.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 18,008,536 <u>25%</u>	\$ 19,706,149 <u>25%</u>	\$ 20,872,439 <u>25%</u>	\$ 20,196,059 <u>25%</u>	\$ 19,596,750 <u>25%</u>	\$ 19,574,441 <u>25%</u>
\$ <u>4,502,134</u>	\$ <u>4,926,537</u>	\$ <u>5,218,110</u>	\$ <u>5,049,015</u>	\$ <u>4,899,188</u>	\$ <u>4,893,610</u>
\$ 51,570	\$ 55,635	\$ 51,395	\$ 66,370	\$ 61,340	\$ 89,385
<u>3,895</u>	<u>4,097</u>	<u>2,948</u>	<u>3,354</u>	<u>3,795</u>	<u>4,182</u>
\$ <u>47,675</u>	\$ <u>51,538</u>	\$ <u>48,447</u>	\$ <u>63,016</u>	\$ <u>57,545</u>	\$ <u>85,203</u>
\$ <u>4,454,459</u>	\$ <u>4,874,999</u>	\$ <u>5,169,663</u>	\$ <u>4,985,999</u>	\$ <u>4,841,643</u>	\$ <u>4,808,407</u>
1.1%	1.0%	0.9%	1.2%	1.2%	1.7%

BRAZORIA COUNTY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Table 12

<u>Fiscal Year</u>	<u>Population*</u>	<u>Personal Income** (thousands of dollars)</u>	<u>Per Capita Personal Income*</u>	<u>School Enrollment***</u>	<u>Unemployment Rate*</u>
2003	261,132	\$ 7,375,136	\$ 28,241	49,951	7.3
2004	267,879	7,750,217	28,927	51,045	6.9
2005	274,045	6,630,519	24,195	52,598	5.7
2006	283,934	6,934,804	24,424	54,578	5.0
2007	293,106	7,881,620	26,890	56,226	4.5
2008	301,228	8,278,348	27,482	58,002	5.2
2009	309,208	8,229,571	26,615	59,074	8.2
2010	313,166	8,306,728	26,525	60,251	8.3
2011	319,781	8,184,475	25,594	61,341	8.9
2012	323,185	9,572,093	29,618	62,244	7.0

* Information from The Economic Development Alliance for Brazoria County – Gary Basinger, CEcD
 ** Years 2003-2004 Information from <http://www.tracer2.com>
 ** Years 2005-2012 Information from The Economic Development Alliance for Brazoria County.
 *** Information from <http://www.tea.state.tx.us/>

BRAZORIA COUNTY, TEXAS*PRINCIPAL EMPLOYERS*

Current Year

Table 13

<u>Employer</u>	<u>2012</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
The Dow Chemical Company	4,200	1	2.9%
Infinity Group	2,694	2	1.9%
Alvin ISD	2,546	3	1.8%
Texas Department of Criminal Justice	2,361	4	1.6%
Pearland ISD	2,269	5	1.6%
Brazosport ISD	1,575	6	1.1%
Zachary Construction Company	1,393	7	1.0%
Brazoria County	1,147	8	0.8%
Conoco Phillips	900	9	0.6%
Miken Specialities	825	10	0.6%
	<u>19,910</u>		<u>13.9%</u>

Source: Economic Development Alliance of Brazoria County
 Texas Workforce Commission website <http://www.tracer2.com>

Note: Total employment is 145,078. Table should reflect comparison data from nine years ago; however, data was unavailable. All employers are non-retail.

BRAZORIA COUNTY, TEXAS**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION**

Table 14

Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of September 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General administration	65	67	66	66	66	73	73	72	70	70
Judicial and legal	168	165	165	172	181	186	191	187	192	196
Financial administration	109	109	111	110	111	110	111	108	105	113
Elections		9	12	22	29	34	42	46	48	58
Public facilities	22	22	23	22	22	23	24	24	25	24
Public safety	158	162	160	169	183	193	197	206	204	204
Corrections	303	301	306	314	324	337	335	358	351	350
Public transportation	171	175	167	166	172	171	172	164	167	163
Health and welfare	67	73	75	73	79	80	91	91	86	85
Culture and recreation	127	120	125	124	127	126	132	136	133	133
Conservation	11	10	10	9	11	11	11	9	8	10
Environmental protection	3	3	3	3	4	4	4	4	4	3
Community development	2	3	3	4	4	4	5	6	5	5
Airport	9	9	10	10	8	9	9	8	11	11
Total	1,215	1,228	1,236	1,264	1,321	1,361	1,397	1,419	1,409	1,425

Source: Brazoria County Human Resource Reports – “Job Function Report”

Note: Totals have changes due to who qualifies as a full time employee. This table was revised in 2012.



BRAZORIA COUNTY, TEXAS
OPERATING INDICATORS BY FUNCTION
 Last Ten Fiscal Years

Table 15
 Page 1 of 3

Function	Fiscal Year				
	2003	2004	2005	2006	2007
General Administration:					
County Clerk:					
Marriage License applications	2,461	1,643	1,674	1,871	1,905
Birth certificates filed	1,178	1,194	1,304	1,194	1,330
Death certificates filed	1,138	959	1,202	1,177	1,270
Probate cases filed	744	732	783	803	738
Beer license applications	78	87	78	63	118
Judicial and Legal:					
District Court Level:					
Beginning civil cases pending	6,019	6,331	6,288	6,304	5,543
Civil cases docket adjustment	1				
Civil cases filed	6,036	6,078	6,015	6,075	5,947
Civil cases disposed	<u>5,725</u>	<u>6,121</u>	<u>5,999</u>	<u>6,836</u>	<u>5,806</u>
Ending civil cases pending	<u>6,331</u>	<u>6,288</u>	<u>6,304</u>	<u>5,543</u>	<u>5,684</u>
Beginning criminal cases pending	2,052	1,837	1,820	1,934	2,121
Criminal cases docket adjustment		10	(73)		4
Criminal cases filed	2,470	2,498	2,840	2,954	2,788
Criminal cases disposed	<u>2,685</u>	<u>2,525</u>	<u>2,653</u>	<u>2,767</u>	<u>2,940</u>
Ending criminal cases pending	<u>1,837</u>	<u>1,820</u>	<u>1,934</u>	<u>2,121</u>	<u>1,973</u>
County Court Level:					
Beginning civil cases pending	437	842	996	941	1,382
Civil cases docket adjustment	503				2
Civil cases filed	2,226	2,767	2,673	3,276	3,453
Civil cases disposed	<u>2,324</u>	<u>2,613</u>	<u>2,728</u>	<u>2,835</u>	<u>2,862</u>
Ending civil cases pending	<u>842</u>	<u>996</u>	<u>941</u>	<u>1,382</u>	<u>1,975</u>
Beginning criminal cases pending	2,959	3,509	4,113	5,948	6,763
Criminal cases docket adjustment	1,050	1			
Criminal cases filed	6,587	7,581	7,716	8,466	7,176
Criminal cases disposed	<u>7,087</u>	<u>6,978</u>	<u>5,881</u>	<u>7,651</u>	<u>7,758</u>
Ending criminal cases pending	<u>3,509</u>	<u>4,113</u>	<u>5,948</u>	<u>6,763</u>	<u>6,181</u>
Beginning juvenile cases pending	153	163	174	171	191
Juvenile cases docket adjustment		1			
Juvenile cases filed	569	566	621	667	718
Juvenile cases disposed	<u>559</u>	<u>556</u>	<u>624</u>	<u>647</u>	<u>707</u>
Ending juvenile cases pending	<u>163</u>	<u>174</u>	<u>171</u>	<u>191</u>	<u>202</u>

Fiscal Year					
2008	2009	2010	2011	2012	
1,865	1,978	1,979	1,998	2,087	
1,325	1,251	1,262	1,044	1,222	
1,126	1,248	1,251	1,347	1,461	
762	763	773	747	753	
126	126	88	89	71	
5,684	5,171	6,332	6,544	7,025	
178 (	132) (	387)	232	2	
6,028	6,686	6,709	7,085	6,634	
6,719	5,393	6,110	6,836	7,316	
5,171	6,332	6,544	7,025	6,345	
1,973	2,334	2,312	2,448	2,134	
70		2 (	290)	5	
3,668	3,201	2,918	3,548	3,308	
3,377	3,223	2,784	3,572	3,308	
2,334	2,312	2,448	2,134	2,137	
1,975	1,760	1,260	1,053	1,167	
	29	1	93 (	14)	
2,620	1,891	1,863	1,951	1,885	
2,835	2,420	2,071	1,929	1,849	
1,760	1,260	1,053	1,168	1,189	
6,181	5,266	5,758	6,007	5,022	
	18 (	4) (	5,888) (	8)	
6,192	7,650	6,707	7,578	7,971	
7,107	7,176	6,454	7,687	8,219	
5,266	5,758	6,007	-0-	4,766	
202	197	181	135	165	
			86	98	
536	519	462	593	561	
541	535	508	649	708	
197	181	135	165	116	

(continued)

BRAZORIA COUNTY, TEXAS
OPERATING INDICATORS BY FUNCTION
 Last Ten Fiscal Years

Table 15
 Page 2 of 3

Function	Fiscal Year				
	2003	2004	2005	2006	2007
Judicial and Legal:					
Justice of the Peace Level:					
Cases Filed:					
Traffic	22,729	29,651	28,634	28,265	30,787
Non-traffic	11,175	11,055	10,474	11,127	10,990
Small claims suits	562	730	544	506	429
Forcible entry & detainer	1,492	1,925	1,978	2,075	2,480
Other civil suits	483	665	522	769	1,114
Cases Disposed:					
Traffic	22,647	26,037	26,859	27,634	31,162
Non-traffic	11,224	9,449	10,527	11,396	12,632
Small claims suits	445	636	450	452	476
Forcible entry and detainer	1,368	1,814	1,765	1,959	2,248
Other civil suits	366	523	379	511	862
Inquests	337	361	336	371	341
Financial Administration:					
County Auditor:					
Accounts payable check issued	17,834	17,954	18,720	18,633	19,650
Human Resources:					
Pre-employment drug screens	175	109	179	298	274
Employee random drug screen	N/A	55	68	25	64
Payroll checks	5,137	5,143	4,750	4,657	4,866
Payroll advices	27,836	28,189	29,680	29,133	30,231
Purchasing:					
Number of purchase orders issued	9,062	9,350	8,901	8,815	8,991
Tax Assessor-Collector:					
Registered voters	148,726	161,485	156,126	161,683	160,507
Voting precincts	78	75	77	77	77
Elections:					
Computerized Voting Equipment:					
Judges booths	0	0	125	125	125
Regular voting machines	0	0	499	499	499
ADA compliant voting machine	0	0	125	125	125

Fiscal Year				
2008	2009	2010	2011	2012
29,008	26,236	22,763	24,317	50,384
9,406	9,857	8,467	7,779	35,067
496	528	455	421	681
2,345	2,322	2,481	2,177	3,008
2,294	1,787	1,226	1,429	3,072
28,688	24,556	24,329	23,823	21,937
10,299	9,079	8,914	7,988	13,503
471	473	513	378	438
2,328	2,257	2,388	2,105	2,722
1,675	1,712	1,487	1,208	1,696
316	335	311	N/A	N/A
20,171	20,242	20,199	19,317	18,329
242	185	166	288	178
73	99	89	70	89
4,444	4,071	3,382	3,170	2,834
31,800	33,051	33,764	33,911	34,853
8,754	8,026	8,305	7,662	7,943
172,768	167,921	164,625	168,769	181,576
71	72	72	62	66
125	135	135	135	135
623	623	623	623	623
125	125	125	125	125

(continued)

BRAZORIA COUNTY, TEXAS
OPERATING INDICATORS BY FUNCTION
 Last Ten Fiscal Years

Table 15
 Page 3 of 3

Function	Fiscal Year				
	2003	2004	2005	2006	2007
Corrections:					
Detention Center - Adult:					
Facility square footage	209,962	209,962	209,962	209,962	209,962
Number of Male beds	1,073	1,073	1,073	1,073	1,073
Number of Female beds	96	96	96	96	96
Detention Center - Juvenile:					
Capacity:					
Detention	32	32	32	32	32
Residential	24	24	24	24	24
Health and Welfare:					
Environmental Health:					
Septic permits issued	794	736	730	710	600
Indigent Health Care:					
Indigent patients	N/A	6,408	2,196	1,632	1,200
Water Lab:					
Water test performed	9,535	8,879	8,629	8,846	8,639
Culture and Recreation:					
Library:					
Library locations	11	11	11	11	11
Bookmobiles	0	0	0	0	0
Collection inventory	574,651	576,449	589,066	589,747	590,399
Items checked out	1,170,520	1,282,210	1,284,806	1,326,618	1,364,303
Library program attendance	37,097	42,554	41,339	43,771	44,642
Internet usage	118,307	134,836	147,645	179,147	218,607
Parks and Recreation:					
Museum	1	1	1	1	1
Environmental Protection:					
Flood Plain Administrator:					
Construction permits issued	3,326	3,751	4,307	3,596	3,127
Estimated value of construction	587,327,075	714,353,069	2,619,633,789	838,167,441	896,501,328
Community Development:					
First time homebuyers	N/A	36	39	26	18
Reconstructions (home replacement)	N/A	2	5	3	6
Rehabilitation (home repair)	N/A	2	4	9	1

Sources: Various County departments. Case data is reported to the Texas Office of Court Administration. In addition to the Flood Plain Administrator, cities within the County provided construction permit information. For the Indigent Health Care patients, the numbers reflect a decrease from 100% coverage of the federal poverty guidelines to the present coverage of 21%.

Note: N/A - Data is not available for the year.

Fiscal Year				
2008	2009	2010	2011	2012
209,962	209,962	209,962	209,962	209,962
1,073	1,073	1,073	1,073	1,073
96	96	96	96	96
32	30	52	52	52
24	24	24	24	24
1,063	409	419	388	400
1,172	406	526	412	394
8,827	8,395	8,234	8,129	7,942
11	11	12	12	12
0	0	0	0	0
593,128	608,484	612,028	608,127	587,243
1,335,901	1,305,167	1,424,178	1,460,912	1,444,729
43,468	45,046	41,586	41,893	45,978
292,449	316,054	337,804	286,277	270,668
1	1	1	1	1
2,308	1,708	1,895	2,157	1,936
623,458,910	423,848,799	405,085,040	379,486,135	434,749,197
12	23	22	20	19
3	4	3	2	7
2	2	3	1	2

BRAZORIA COUNTY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

Table 16

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Airport:										
7,000 Runway	1	1	1	1	1	1	1	1	1	1
Health and Welfare:										
Health clinic locations	7	7	7	7	7	7	7	7	7	7
Public Facilities:										
County Parks	8	8	8	9	9	9	9	9	9	9
Public Safety:										
Sheriff Vehicles	100	98	98	116	109	125	119	116	123	124
Constable Vehicles	12	12	13	15	16	25	25	28	26	27
Public Transportation:										
Roads - Paved (miles)	979.6	999.65	1002.53	1004.14	1012.47	1020.42	1042.69	1048.04	1048.65	1055.34
Roads - Unpaved (miles)	170.85	170.15	169.95	169.95	169.95	169.95	169.95	167.82	167.82	168.82
Bridges	120	120	124	126	126	126	127	128	130	131

Source: Various County departments, Brazoria County Auditor's office capital assets listing.

Note: Brazoria County implemented GASB 34 and capital asset software in FY 2003.

N/A - Data is not available for the year.

FEDERAL AND STATE AWARDS SECTION



KENNEMER, MASTERS & LUNSFORD

CERTIFIED PUBLIC ACCOUNTANTS
Limited Liability Company

Lake Jackson Office:
8 West Way Court
Lake Jackson, Texas 77566
(979) 297-4075 Fax: (979) 297-6648
(800) 399-4075

Houston Office:
10260 Westheimer, Suite 410
Houston, Texas 77042
(281) 974-3416 Fax: (281) 974-3764

Independent Auditor's Report

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statement Performed in Accordance with
Government Auditing Standards

March 5, 2013

The Honorable County Judge,
and Members of Commissioners'
Court of Brazoria County, Texas

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Brazoria County, Texas (the "County") as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 5, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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The Honorable County Judge,
and Members of Commissioners'
Court of Brazoria County, Texas
March 5, 2013
Page 2

Compliance and Other Matters

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

We have performed tests designed to verify the County's compliance with the requirements of the Public Funds Investment Act. During the year ended September 30, 2012, no instances of noncompliance were found.

This report is intended solely for the information and use of the County Judge, members of Commissioners' Court, management, and appropriate state and federal agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Kennemer, Masters & Hungford, LLC

KENNEMER, MASTERS & LUNSFORD

CERTIFIED PUBLIC ACCOUNTANTS

Limited Liability Company

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Independent Auditor's Report

Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

March 5, 2013

The Honorable County Judge
and Members of Commissioners'
Court of Brazoria County, Texas

Compliance

We have audited the compliance of Brazoria County (the "County"), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major state and federal programs for the year ended September 30, 2012. The County's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state and federal programs for the year ended September 30, 2012.

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Members: American Institute of Certified Public Accountants, Texas Society of Certified Public Accountants,
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The Honorable County Judge,
and Members of Commissioners'
Court of Brazoria County, Texas
March 5, 2013
Page 2

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major state or federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

This report is intended solely for the information and use of the County Judge, members of Commissioners' Court, management, and appropriate state and federal agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Kennemer, Masters & Hurdford, LLC

BRAZORIA COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2012

Page 1 of 1

I. Summary of auditor's results:

1. Type of auditor's report issued on the financial statements: Unqualified.
2. No internal control finding, that was required to be reported in this schedule, was disclosed in the audit of the financial statements.
3. Noncompliance, which is material to the financial statements: None.
4. No internal control findings, that are required to be reported in this schedule, were disclosed in the audit of the major programs.
5. Type of auditor's report on compliance for major programs: Unqualified.
6. Did the audit disclose findings which are required to be reported under Sec._510(a): No
7. Major programs include:
 - Federal:
 - 20.205 Highway Planning and Construction Program
 - State:
 - TJPC Cluster Programs
 - Reconstruction CR 257 - Permanent
8. Dollar threshold used to distinguish between Type A and Type B programs: Federal \$ 869,392; State \$ 300,000.
9. Low Risk Auditee: Federal – Yes; State – Yes.

II. Findings related to the financial statements

None.

III. Findings and questioned costs related to the federal and state awards.

None.

BRAZORIA COUNTY, TEXAS
SCHEDULE OF STATUS OF PRIOR FINDINGS
Year Ended September 30, 2012

None.

BRAZORIA COUNTY, TEXAS
CORRECTIVE ACTION PLAN
Year Ended September 30, 2012

None.

BRAZORIA COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2012

Exhibit 23
Page 1

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Contract/ Program Number	Expenditures Indirect Costs or Award Amount
U.S. Department of Agriculture:			
Passed Through Texas Department of State Health Services:			
Special Supplemental Nutrition Program for Women, Infants and Children (WIC Program)	10.557	TDH746000044512	\$ <u>1,312,150</u> 1,312,150
Passed Through Texas Health and Human Services Commission:			
School Breakfast Program (1)	10.553	TX-020-2012	27,793
National School Lunch Program (1)	10.555	TX-020-2012	<u>51,693</u>
TOTAL DEPARTMENT OF AGRICULTURE			\$ <u><u>1,391,636</u></u>
U.S. Department of Commerce:			
Passed Through General Land Office:			
Texas Coastal Management Program (CMP) Cycle 14	11.419	10-054-000-3750	\$ 94,525
Texas Coastal Management Program (CMP) Cycle 14	11.419	10-056-000-3752	70,569
Texas Coastal Management Program (CMP) Cycle 14	11.419	10-057-000-3753	<u>59,431</u>
TOTAL DEPARTMENT OF COMMERCE			\$ <u><u>224,525</u></u>
U.S. Department of Housing and Urban Development:			
Direct Program:			
Community Development Block Grant (2)	14.218	B-08-UC-48-0005	\$ 21,327
Community Development Block Grant (2)	14.218	B-09-UC-48-0005	267,914
Community Development Block Grant (2)	14.218	B-10-UC-48-0005	522,681
Community Development Block Grant (2)	14.218	B-11-UC-48-0005	<u>861,475</u> <u>1,673,397</u>
Home Program	14.239	M-09-UC-48-0230	15,171
Home Program	14.239	M-10-UC-48-0230	502,632
Home Program	14.239	M-11-UC-48-0230	<u>312,817</u> <u>830,620</u>
Emergency Shelter Program (ESG)	14.231	S-11-UC-48-0006	<u>87,592</u>
Section 8 Housing Choice Voucher Program	14.871	TX484VO 0011	929,172
Section 8 Housing Choice Voucher Program	14.871	TX484VO 0012	<u>2,842,920</u> <u>3,772,092</u>
Passed Through Texas Department of Rural Affairs:			
Community Development Block Grant – Recovery Alternative	14.228	DRS010014	<u>1,939,181</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			\$ <u><u>8,302,882</u></u>

BRAZORIA COUNTY, TEXAS**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued**

For the Year Ended September 30, 2012

Exhibit 23

Page 2

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Contract/ Program Number	Expenditures Indirect Costs or Award Amount
U.S. Department of Interior:			
Passed Through Minerals Management Service:			
Coastal Impact Assistance Program - Quintana Beach Education Center	15.426	F12AF70055	\$ 22,526
Coastal Impact Assistance Program – Administrative Costs	15.426	M10AF00042	51,957
Coastal Impact Assistance Program – Restoration of Wetland	15.426	F12AF70266	31,309
Coastal Impact Assistance Program – Bryan Mound wastewater	15.426	M10AF20059	6,450
Coastal Impact Assistance Program – San Louis Pass Inlet	15.426	M12AF70053	<u>100,000</u>
			212,242
Passed Through Fish and Wildlife Service:			
Refuge Revenue Sharing Act of 1978	15.000	---	50,808
Rural Fire Assistance	15.608	1448-20181-01-J856	<u>650</u>
TOTAL U.S. DEPARTMENT OF INTERIOR			\$ <u>263,700</u>
U.S. Department of Justice:			
Direct:			
State Criminal Alien Assistance Program	16.606	2010-AP-BX-0632	40,470
State Criminal Alien Assistance Program	16.606	2011-AP-BX-0344	<u>9,019</u>
			<u>49,489</u>
Passed Through the Drug Enforcement Administration:			
State and Local Task Force Agreement	16.540	--	17,202
Passed Through Office of the Governor - Criminal Justice Division:			
Juvenile Incentive Block Grant	16.540	JB-11-J20-19113-03	<u>17,463</u>
			<u>34,665</u>
Crime Victim Assistance Program	16.575	VA-11-V30-13535-12	72,306
Crime Victim Assistance Program	16.575	VA-12-V30-13535-13	6,467
Crime Victim Assistance Program	16.575	VA-11-V30-13536-12	53,817
Crime Victim Assistance Program	16.575	VA-12-V30-13536-13	<u>4,340</u>
			<u>136,930</u>
Edward Byrne Memorial Assistance Grant - Drug Court	16.738	DJ-12-A10-20527-04	280,540
Edward Byrne Memorial Assistance Grant - Drug Court	16.738	DJ-13-A10-20527-04	24,291
Edward Byrne Memorial Assistance Grant - Drug Court	16.738	2009-DJBX1293	<u>10,289</u>
			315,120
Passed Through the City of Pearland:			
Edward Byrne Memorial Assistance Grant	16.738	---	<u>599</u>
			<u>315,719</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			\$ <u>536,803</u>

BRAZORIA COUNTY, TEXAS**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued**

For the Year Ended September 30, 2012

Exhibit 23

Page 3

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Contract/ Program Number	Expenditures Indirect Costs or Award Amount
U.S. Department of Transportation:			
Passed Through Texas Department of Transportation:			
Airport Improvement Program (Runway Construction)	20.106	0912ANGLE	\$ 66,500
Airport Improvement Program (Terminal Building)	20.106	12TBANGLE	609
Airport Improvement Program (Wildlife Assessment Plan)	20.106	1212ANGLE	<u>8,510</u>
			<u>75,619</u>
Highway Planning and Construction Program	20.205	0912-31-236	<u>15,134,392</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>\$ 15,210,011</u>
U.S. Department of Health and Human Service:			
Passed Through Texas Department of State Health Services:			
RLSS/ Local Public Health System (LPHS)	93.268	TDH746000044512	<u>\$ 34,760</u>
CPS - Cities Readiness Initiative	93.283	2011-038666	69,682
CPS - Cities Readiness Initiative	93.283	2013-041394	7,771
Bioterrorism	93.283	2011-038685-001	205,562
Bioterrorism	93.283	2012-040287	22,287
Bioterrorism	93.283	2013-041394-003	<u>12,972</u>
			<u>318,274</u>
Passed Through Texas Department of Family and Protective Services:			
Foster Care Title IV-E Legal Costs	93.658	23379422	24,265
Foster Care Title IV-E Legal Costs	93.658	23940142	38,654
Foster Care Title IV-E Legal Costs	93.658	23940143	<u>33,628</u>
			96,547
Passed Through Texas Juvenile Probation Commission:			
Foster Care Title IV-E	93.658	TJPC-E-12-020	<u>36,261</u>
			<u>132,808</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$ 485,842</u>

BRAZORIA COUNTY, TEXAS**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued**

For the Year Ended September 30, 2012

Exhibit 23

Page 4

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Contract/ Program Number	Expenditures Indirect Costs or Award Amount
U.S. Department of Homeland Security:			
Direct:			
Public Assistance Grant - Hurricane Ike	97.036	Various	\$ <u>218,636</u>
Passed Through Texas Department of Public Safety's Division Of Emergency Management:			
Hazard Mitigation Grant - Brazoria County EOC Retrofit	97.039	DR-1791-133	<u>57,867</u>
Emergency Management Performance Grant	97.042	12TX-EMPG-0310	<u>54,934</u>
Passed Through Governor's Division of Emergency Management:			
UASI - Emergency Operations Center	97.008	2008-GE-T8-0034	504,954
2010 - UASI-LETPA	97.008	2010-SS-T0-0008	<u>130,152</u>
			<u>635,106</u>
Homeland Security SHSP	97.073	2009-SS-T9-0064	223,291
Homeland Security SHSP	97.073	2010-SS-T0-0008	<u>217,190</u>
			<u>440,481</u>
FY 2010 State Homeland Security HSGP-CCP	97.053	2010-SS-T0-0008	<u>45,080</u>
2010 - Emergency Operations Center Grant Program	97.052	2010-EO-MX-0017	<u>51,470</u>
2010 - EASI-LETPA	97.067	EMW-2011-SS-00019	<u>736,066</u>
2011 - Repetitive Food Claims Program	97.092	RFC-FY11-002	<u>324,705</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY			\$ <u>2,564,345</u>
TOTAL FEDERAL ASSISTANCE			\$ <u>28,979,744</u>
TOTAL MAJOR PROGRAMS			\$ <u>15,134,392</u>
TYPE A PROGRAM			\$ <u>869,392</u>

(1) Child Nutrition Cluster

BRAZORIA COUNTY, TEXAS**SCHEDULE OF EXPENDITURES OF STATE AWARDS**

For the Year Ended September 30, 2012

Exhibit 24

Page 1

State Grantor/ Pass-Through Grantor/ Program Title	Contract/ Program Number	Expenditures or Award Amount
Texas Department of State Health Services:		
Direct Programs:		
Immunization OPTS/LHS	TDH 7460000445 12	\$ 168,101
Immunization OPTS/LHS	TDH 7460000445 13	<u>12,508</u>
TOTAL TEXAS DEPARTMENT OF HEALTH		\$ <u>180,609</u>
Texas Juvenile Justice Department:		
Direct Programs:		
State Aid Program (1)	TJJD-A-12-020	\$ 1,191,807
State Aid Program (1)	TJJD-A-13-020	125,390
Passed Through Texas Education Agency:		
Juvenile Justice Alternative Education Program (Boot Camp) (1)	TJJD-P-12-020	<u>219,541</u>
TOTAL TEXAS JUVENILE JUSTICE DEPARTMENT		\$ <u>1,536,738</u>
Texas Juvenile Probation Commission:		
Direct Programs:		
Diversionary Placement	TJPC-H-11-020	<u>1,214</u>
TOTAL TEXAS JUVENILE PROBATION COMMISSION		\$ <u>1,214</u>
Texas Commission on Environmental Quality:		
Direct:		
Aircheck Texas Repair and Replacement Assistance Program	582-12-20280	<u>122,006</u>
TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY		\$ <u>122,006</u>
Texas Department of Family and Protective Services:		
Direct Program:		
Title IV-B Concrete Services	23619621	<u>1,955</u>
TOTAL TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES		\$ <u>1,955</u>
Texas Department of Transportation:		
Direct Program:		
Reconstruction CR 257 – Permanent	0912-31-236	\$ 4,104,598
Terminal Design – Road/Parking	12TBANGLE	37,176
Routine Airport Maintenance	M112ANGLE	3,250
Routine Airport Maintenance	M212ANGLE	<u>50,000</u>
TOTAL TEXAS DEPARTMENT OF TRANSPORTATION		\$ <u>4,195,024</u>

BRAZORIA COUNTY, TEXAS**SCHEDULE OF EXPENDITURES OF STATE AWARDS - Continued**
For the Year Ended September 30, 2012Exhibit 24
Page 2

State Grantor/ Pass-Through Grantor/ Program Title	Contract/ Program Number	Expenditures or Award Amount
Office of Attorney General:		
Direct Program:		
Victim Coordinator Liaison Grant (VCLG)	12-26570	\$ 38,500
Victim Coordinator Liaison Grant (VCLG)	13-32816	3,195
Texas Victim Information and Notification Everyday (VINE)	12-23973	28,151
Texas Victim Information and Notification Everyday (VINE)	13-36346	<u>2,559</u>
TOTAL OFFICE OF ATTORNEY GENERAL		\$ <u>72,405</u>
Texas Task Force on Indigent Defense:		
Direct Program:		
Indigent Defense Services	212-12-020	\$ <u>152,912</u>
TOTAL TEXAS TASK FORCE ON INDIGENT DEFENSE		\$ <u>152,912</u>
General Land Office:		
Direct Program:		
Beach Cleanup and Maintenance Assistance	12-414-001-6558	\$ 36,660
CMP Cycle 15 – Erosion Response Plan	11-022-000-4320	<u>299</u>
TOTAL GENERAL LAND OFFICE		\$ <u>36,959</u>
Texas Department of Housing and Community Affairs:		
Direct Program:		
Amy Young Barrier Removal Program	1001627	\$ <u>3,177</u>
TOTAL DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS		\$ <u>3,177</u>
TOTAL STATE ASSISTANCE		\$ <u>6,302,999</u>
TOTAL MAJOR PROGRAMS		\$ <u>5,641,336</u>
TYPE A PROGRAM		\$ <u>300,000</u>
(1) Cluster Programs		

BRAZORIA COUNTY, TEXAS

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AND STATE AWARDS

Year Ended September 30, 2012

1. The County uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designated to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designated to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available resources. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn is divided into separate "fund types". The following fund types were utilized to account for federal awards.

Governmental Fund Types:

General Fund - is the general operating fund of the County. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. Federal financial assistance not required to be reported in other funds is accounted for in the General Fund.

Special Revenue Funds - used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Federal financial assistance generally is accounted for in a Special Revenue Fund unless required to be reported in a Capital Projects Fund or a proprietary fund type. Generally, unused balances are returned to the grantor at the close of specified project periods.

Capital Projects Funds - used to account for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by Proprietary and Trust Funds. Federal financial assistance for the construction of major capital facilities generally is accounted for in a Capital Projects Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

Proprietary Fund Types:

Enterprise Fund - used to account for activities similar to those found in the private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing services be financed primarily through user charges, or where periodic determination of net income is appropriate. Federal financial assistance for the benefiting enterprise operations generally is accounted for in the Enterprise Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Federal and State grant funds were accounted for in the General Fund, Special Revenue Fund, and the Capital Projects Fund, a component of the Governmental Fund type.

BRAZORIA COUNTY, TEXAS

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AND STATE AWARDS - Continued

Year Ended September 30, 2012

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total assets) is segregated into contributed capital and retained earnings components for proprietary funds. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Federal grant funds were accounted for in the Enterprise Fund, a component of the Proprietary Fund type.

The modified accrual basis of accounting is used for the Governmental Fund Types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The accrual basis of accounting is used for the Proprietary Fund Types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Federal grant funds are considered to be earned to the extent of expenditures/expenses made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for state grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement.
4. Indirect Costs - Brazoria County, Texas received \$ 18,284 in reimbursements for indirect costs during the year ended September 30, 2012, \$ 4,599 for the BNS Food Cards (WIC Program) CFDA #10.557, \$ 7,956 Coastal Impact Assistance Program CFDA #15.426, \$ 4,877 Bioterrorism CFDA #93.283, and \$ 852 for the CPS – Cities Readiness Initiative CFDA #93.583.

