

CLAY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2012

CLAY COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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Financial Section

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RUTLEDGE CRAIN & COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS

2401 Garden Park Court, Suite B
Arlington, Texas 76013

Independent Auditors' Report on Financial Statements

To the Honorable County Judge and Commissioners Comprising the
Commissioners' Court of Clay County
Henrietta, Texas

We have audited the accompanying financial statements of the governmental activities, discrete component unit, each major fund, and the aggregate remaining fund information of Clay County, Texas, as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Clay County, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Clay County Memorial Hospital, which represent 100 percent of the assets, net assets, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to Clay County Memorial Hospital, is based solely on the report of the other auditors.

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 11 and 40 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Rutledge Crain & Company, PC

April 29, 2013

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Management's Discussion and Analysis

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CLAY COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2012

As management of Clay 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 found in the footnotes to the financial statements.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the fiscal year ended September 30, 2012, by \$8,826,404 (net assets). Of this amount, \$5,127,927 (unrestricted net assets) may be used to meet the governments ongoing obligations to citizen's and creditors.
- The County's total net assets increased by \$380,722. The majority of this increase is attributable to decreasing depreciation on infrastructure. Most of the County's roads are totally depreciated at this time.
- The County's governmental funds reported combined ending fund balances of \$5,906,755 an increase of \$127,708 in comparison to the previous year. The increase was primarily the result of the drawdown of funds in the Courthouse Annex fund for completion of the construction of the courthouse annex in the prior year.
- The unreserved portion of the General Fund Balance at the end of the year was \$2,961,700, or 66% of total General Fund expenditures.
- Clay County has a bonded indebtedness of \$1,270,000 for the construction of the Annex Building, which was built to house several county offices.

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 four components: 1) government-wide financial statements, 2) fund financial statements, 3) fiduciary financial statements, and 4) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

- The government-wide financial statements are designed to provide readers with a broad overview of Clay County's finances. This is done in a manner similar to a private-sector business. Two statements, the Statement of Net Assets and the Statement of Activities, are utilized to provide this financial overview.
- The Statement of Net Assets presents information on all of the County's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.
- The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements

- The County, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the County can be categorized as governmental 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 the near-term inflows and outflows 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 decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains fourteen individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Road & Bridge Number One, Road & Bridge Number Two, Road & Bridge Number Three, Road & Bridge Number Four, and the Courthouse Annex capital project fund, all of which are considered to be major funds. Data from the other eight funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in the report.

Fiduciary Funds. The County maintains funds used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support County programs.

Notes to Financial Statements. The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide, fund financial statements and fiduciary fund statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents other required supplementary information. Required supplementary information can be found after the notes to the financial statements. The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information.

Government-wide Financial Analysis

At the end of fiscal year 2012, the County's net assets (assets exceeding liabilities) totaled \$8,826,404. This analysis focuses on the net assets (Table 1) and changes in net assets (Table 2).

CLAY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012

Net Assets. The largest portion of the County's net assets, \$2,607,540, or 29.5%, reflects its investment in capital assets (land and improvements, building, infrastructure, machinery and equipment), less depreciation and any related debt used to acquire those assets that is still outstanding. The County uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets, \$1,090,937, represents resources that are subject to external restrictions on how they may be used. The net assets which are restricted for capital projects are due to debt being issued for construction of capital assets. The remaining balance of unrestricted net assets, \$5,127,927, or 58.1%, may be used to meet the government's ongoing obligations to citizens and creditors.

Table 1
Condensed Statement of Net Assets

	2012		2011	
	Governmental Activities	Component Unit	Governmental Activities	Component Unit
ASSETS				
Current and other assets	\$6,485,018	\$4,762,028	\$6,336,311	\$4,699,783
Capital assets, net of depreciation	4,287,745	3,079,465	4,563,965	2,742,817
Total assets	10,772,763	7,841,493	10,900,276	7,442,600
LIABILITIES				
Long-term liabilities	1,767,467	425,465	2,199,923	56,381
Other liabilities	178,892	582,291	166,432	390,517
Total liabilities	1,946,359	1,007,756	2,366,355	446,898
NET ASSETS				
Invested in capital assets, net of related debt	2,607,540	2,654,000	2,366,521	2,686,436
Restricted	1,090,937	--	1,039,256	--
Unrestricted	5,127,927	4,179,737	5,028,144	4,309,266
	\$8,826,404	\$6,833,737	\$8,433,921	\$6,995,702

CLAY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012

Changes in Net Assets. The net assets of the County increased by \$380,722 for the fiscal year ended September 30, 2012.

Table 2
Changes in Net Assets

	2012		2011	
	Governmental	Component	Governmental	Component
	Activities	Unit	Activities	Unit
Program Revenues:				
Charges for services	\$1,670,362	\$6,090,642	\$1,587,889	\$6,725,892
Operating grants and contributions	359,572	32,809	72,471	43,802
Capital grants and contributions	263,800	58,391	--	82,982
General Revenues:				
Property taxes	4,888,370	--	4,879,978	--
Miscellaneous	24,558	542,411	177,742	540,745
Interest	136,101	161,648	146,633	34,785
Gain (loss) on disposal of capital assets	101,319	--	60,935	--
Total Revenues	7,444,082	6,885,901	6,925,648	7,428,206
Expenses:				
General government	623,224	--	599,971	--
Judicial	515,373	--	501,047	--
Legal	160,807	--	147,034	--
Financial administration	197,126	--	185,943	--
Public facilities	72,599	--	68,062	--
Public safety	1,762,811	--	1,783,320	--
Public transportation	2,100,119	--	4,971,342	--
Health and welfare	374,372	--	147,638	--
Conservation	95,310	--	89,937	--
Nondepartmental	1,110,598	--	892,204	--
Interest & Fiscal Charges	51,021	--	68,911	--
Hospital Operations	--	7,047,865	--	7,060,438
Total Expenses	7,063,360	7,047,865	9,455,409	7,060,438
Increase (decrease) in net assets	380,722	(161,964)	(2,529,761)	367,768
Net assets, October 1	8,445,682	6,995,701	10,975,443	6,627,934
Net assets, September 30	\$8,826,404	\$6,833,737	\$8,445,682	\$6,995,702

CLAY COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2012

Clay County's net assets increased by \$380,722. Key elements of this increase are as follows:

- The depreciation of capital assets decreased as the road system became fully depreciated.
- Charges for services increased.

Financial Analysis of the Government's Funds

Government 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 balances may serve as a useful measure of the governments net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined fund balances of \$5,906,755.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the General Fund unassigned fund balance was \$2,961,700. The fund balance increased by \$28,680 during the current fiscal year. A key factor of the increase was in Fines and Fees.

General Fund Budgetary Highlights. Each year the County performs periodic reviews of the budget. State law prohibits increasing total budgeted expenditures except during an emergency, however, an amount budgeted for one line item can be transferred to another budgeted item without authorizing an emergency expenditure.

There was no significant change in the total appropriations for the final amended budget compared to the original budget.

During the year there was a \$1,082,490 positive variance in appropriations between the final amended budget and actual. Following are the main components of the increase:

- \$98,336 in general government - scheduled computer hardware/software not purchased.
- \$63,200 in judicial - district court jury preparation not used
- \$169,328 in Public Safety-Sheriff prisoner expense down, fewer employees on health Insurance.
- \$131,153 in health and welfare - Indigent health care cost were down.
- \$575,252 in nondepartmental - a number of items are over budgeted, postage meter, county property renovation, right of way, grants paid out, utilities, emergency reserve and contingency.

There was no change in the estimated revenues for the final amended budget compared to the original budget.

CLAY COUNTY, TEXAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 September 30, 2012

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental activities as of September 30, 2012, amounts to \$4,287,745 (net of accumulated depreciation). The investment in capital assets includes land, buildings, machinery and equipment, and infrastructure.

Table 3
 Capital Assets at Year End
 Net of Accumulated Depreciation

	Governmental Activities		Component Unit	
	2012	2011	2012	2011
Land	\$140,695	\$140,695	\$361,951	\$361,951
Construction in progress	--	--	--	463,180
Buildings	2,784,500	2,853,361	1,099,446	1,174,353
Machinery and equipment	1,063,614	1,160,252	1,618,068	743,333
Infrastructure	298,936	309,657	--	--
Total	\$4,287,745	\$4,463,965	\$3,079,465	\$2,742,817

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

Debt Administration. Clay County has a bonded debt outstanding of \$1,270,000 for the Courthouse Annex.

From time to time Clay County signs lease agreements to finance equipment purchases in the General Fund and Road and Bridge Funds. At September 30, 2012 the County had capital lease obligations of \$410,205.

Table 4
 Outstanding Debt at Year End

	Governmental Activities		Component Unit	
	2012	2011	2012	2011
Notes payable	\$1,270,000	\$1,660,000	\$ --	\$ --
Capital lease obligations	410,205	437,445	425,465	56,381
Compensated absences	87,262	102,478	--	--
Total	\$1,767,467	\$2,199,923	\$425,465	\$56,381

Clay County does not have a current bond rating from either Standard & Poor Corporation or Moody's Investor Service.

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

CLAY COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2012

Economic Factors and Next Year's Budgets and Rates

The Clay County economy remains stable compared to the national economy. Clay County's unemployment rate is currently 6.1%, which is below the state and national average. Economic Development is in the process of determining the need for and feasibility of a complex for the elderly, and has purchased land for The Pecan Shed, (candy & gift shop) around the hotel on Hwy 287. The Silver Creek Bldg will soon be used for the building of small utility trailers. And a new RV Sales & Service business opened in Jolly, Texas.

The County maintained the ad valorem tax rate of \$.72818 in fiscal year 2012. The County had a 97.8% collection rate in 2012, which was a lower rate from the prior year. This maintains the ratio of delinquent taxes to the total tax levy of 3%.

Requests for Information

This financial report is designed to provide a general overview of Clay County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Treasurer's Office, 214 North Main, Henrietta Texas, 76365.

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Basic Financial Statements

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

	Primary Government Governmental Activities	Component Unit
ASSETS		
<i>Cash and cash equivalents</i>	\$ 5,821,306	2,769,160
Receivables (net of allowances for uncollectibles):		
<i>Taxes</i>	254,035	--
<i>Fines</i>	311,539	--
<i>Accounts</i>	--	759,413
<i>Other</i>	--	102,376
<i>Intergovernmental</i>	81,624	--
<i>Inventories</i>	--	114,164
<i>Prepaid items</i>	--	139,185
Restricted assets:		
<i>Cash and cash equivalents</i>	--	877,730
<i>Note receivable</i>	16,514	--
Capital assets (net of accumulated depreciation)		
<i>Land</i>	140,695	361,951
<i>Buildings</i>	2,784,500	1,099,446
<i>Infrastructure</i>	298,936	--
<i>Machinery and equipment</i>	1,063,614	1,618,068
Total Assets	<u>10,772,763</u>	<u>7,841,493</u>
LIABILITIES		
<i>Accounts payable</i>	35,933	343,458
<i>Accrued liabilities and other payables</i>	3,246	238,833
<i>Due to other governments</i>	109,993	--
<i>Due to others</i>	29,720	--
Noncurrent liabilities:		
<i>Due within one year</i>	580,825	100,016
<i>Due in more than one year</i>	1,186,642	325,449
Total Liabilities	<u>1,946,359</u>	<u>1,007,756</u>
NET ASSETS		
<i>Invested in Capital Assets, Net of Related Debt</i>	2,607,540	2,654,000
Restricted For:		
<i>Debt Service</i>	428,100	--
<i>Capital Projects</i>	662,837	--
Unrestricted	<u>5,127,927</u>	<u>4,179,737</u>
Total Net Assets	<u>\$ 8,826,404</u>	<u>6,833,737</u>

The accompanying notes are an integral part of this statement.

CLAY 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
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 623,224	\$ 187,640	\$ --	\$ --
Judicial	515,373	357,053	416	--
Legal	160,807	2,594	35,833	--
Financial administration	197,126	--	--	--
Public facilities	72,599	--	--	--
Public Safety	1,762,811	460,183	323,323	10,000
Public transportation	2,100,119	652,364	--	--
Health and welfare	374,372	--	--	253,800
Conservation	95,310	--	--	--
Nondepartmental	1,110,598	10,528	--	--
Interest and fiscal charges	51,021	--	--	--
Total Primary Government	<u>\$ 7,063,360</u>	<u>\$ 1,670,362</u>	<u>\$ 359,572</u>	<u>\$ 263,800</u>
COMPONENT UNIT:				
Clay County Memorial Hospital	<u>\$ 7,047,865</u>	<u>\$ 6,090,642</u>	<u>\$ 32,809</u>	<u>\$ 58,391</u>

General Revenues:
 Property Taxes
 Miscellaneous
 Unrestricted Investment Earnings
 Gain (Loss) on Sale of Capital Assets
 Total General Revenues and Transfers
 Change in Net Assets
 Net Assets - Beginning
 Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Component Unit
\$ (435,584)	
(157,904)	
(122,380)	
(197,126)	
(72,599)	
(969,305)	
(1,447,755)	
(120,572)	
(95,310)	
(1,100,070)	
(51,021)	
<u>(4,769,626)</u>	
	\$ <u>(866,023)</u>
4,888,370	--
24,558	542,411
136,101	161,648
101,319	--
<u>5,150,348</u>	<u>704,059</u>
380,722	(161,964)
8,445,682	6,995,701
<u>\$ 8,826,404</u>	<u>\$ 6,833,737</u>

CLAY COUNTY, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012

	<u>General Fund</u>	<u>Road & Bridge Number One</u>	<u>Road & Bridge Number Two</u>
ASSETS			
<i>Cash and cash equivalents</i>	\$ 2,879,544	\$ 418,141	\$ 264,113
Receivables (net of allowances for uncollectibles):			
<i>Taxes</i>	91,810	34,013	35,097
<i>Fines</i>	311,539	--	--
<i>Intergovernmental</i>	79,124	--	--
Restricted assets:			
<i>Note receivable</i>	16,514	--	--
Total Assets	<u>\$ 3,378,531</u>	<u>\$ 452,154</u>	<u>\$ 299,210</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
<i>Accounts payable</i>	\$ 29,534	\$ 1,398	\$ --
<i>Due to other governments</i>	109,993	--	--
<i>Due to others</i>	29,720	--	--
<i>Deferred revenue</i>	247,584	32,873	34,175
Total Liabilities	<u>416,831</u>	<u>34,271</u>	<u>34,175</u>
Fund balances:			
<i>Restricted</i>	--	--	--
<i>Committed</i>	--	417,883	265,035
<i>Unassigned</i>	2,961,700	--	--
Total fund balances	<u>2,961,700</u>	<u>417,883</u>	<u>265,035</u>
Total Liabilities and Fund Balances	<u>\$ 3,378,531</u>	<u>\$ 452,154</u>	<u>\$ 299,210</u>

The accompanying notes are an integral part of this statement.

Road & Bridge Number Three	Road & Bridge Number Four	Courthouse Annex	Other Governmental Funds	Total Governmental Funds
\$ 414,193	\$ 446,501	\$ 662,837	\$ 735,978	\$ 5,821,307
38,004	37,363	--	17,748	254,035
--	--	--	--	311,539
--	--	--	2,500	81,624
--	--	--	--	16,514
<u>\$ 452,197</u>	<u>\$ 483,864</u>	<u>\$ 662,837</u>	<u>\$ 756,226</u>	<u>\$ 6,485,019</u>
\$ 1,875	\$ --	\$ --	\$ 3,125	\$ 35,932
--	--	--	--	109,993
--	--	--	--	29,720
36,460	35,737	--	15,790	402,619
<u>38,335</u>	<u>35,737</u>	<u>--</u>	<u>18,915</u>	<u>578,264</u>
--	--	662,837	737,311	1,400,148
413,862	448,127	--	--	1,544,907
--	--	--	--	2,961,700
<u>413,862</u>	<u>448,127</u>	<u>662,837</u>	<u>737,311</u>	<u>5,906,755</u>
<u>\$ 452,197</u>	<u>\$ 483,864</u>	<u>\$ 662,837</u>	<u>\$ 756,226</u>	<u>\$ 6,485,019</u>

CLAY COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	General Fund	Road & Bridge Number One	Road & Bridge Number Two
Revenues:			
<i>Taxes</i>	\$ 3,324,437	\$ 236,141	\$ 191,038
<i>Licenses and permits</i>	106,757	130,738	130,738
<i>Intergovernmental</i>	323,323	--	--
<i>Fines and fees</i>	468,265	23,044	21,017
<i>Interest</i>	84,476	11,416	6,825
<i>Miscellaneous</i>	429,596	5,823	4,711
Total revenues	<u>4,736,854</u>	<u>407,162</u>	<u>354,329</u>
Expenditures:			
Current:			
<i>General government</i>	562,200	--	--
<i>Judicial</i>	516,122	--	--
<i>Legal</i>	139,076	--	--
<i>Financial administration</i>	196,863	--	--
<i>Public facilities</i>	72,140	--	--
<i>Public Safety</i>	1,737,953	--	--
<i>Public transportation</i>	--	511,142	419,161
<i>Health and welfare</i>	120,299	--	--
<i>Conservation</i>	95,501	--	--
<i>Nondepartmental</i>	1,038,894	--	--
Debt service:			
<i>Principal</i>	--	--	--
<i>Interest and fiscal charges</i>	--	--	--
Total expenditures	<u>4,479,048</u>	<u>511,142</u>	<u>419,161</u>
Excess (deficiency) of revenues over (under) expenditures	257,806	(103,980)	(64,832)
Other financing sources (uses):			
<i>Transfers in</i>	--	60,000	60,000
<i>Transfers out</i>	(240,226)	--	--
<i>Sale of capital assets</i>	11,100	35,184	17,960
<i>Capital leases</i>	--	--	--
Total other financing sources (uses)	<u>(229,126)</u>	<u>95,184</u>	<u>77,960</u>
Net change in fund balances	28,680	(8,796)	13,128
Fund balances, October 1	2,933,020	426,679	251,907
Fund balances, September 30	<u>\$ 2,961,700</u>	<u>\$ 417,883</u>	<u>\$ 265,035</u>

The accompanying notes are an integral part of this statement.

Road & Bridge Number Three	Road & Bridge Number Four	Courthouse Annex	Other Governmental Funds	Total Governmental Funds
\$ 320,058	\$ 336,972	\$ --	\$ 487,511	\$ 4,896,157
130,738	130,738	--	--	629,709
--	--	--	253,800	577,123
26,817	27,577	--	77,117	643,837
8,418	9,679	13,917	1,371	136,102
7,976	12,531	--	--	460,637
<u>494,007</u>	<u>517,497</u>	<u>13,917</u>	<u>819,799</u>	<u>7,343,565</u>
--	--	--	58,902	621,102
--	--	--	--	516,122
--	--	--	21,479	160,555
--	--	--	--	196,863
--	--	--	--	72,140
--	--	--	--	1,737,953
598,380	528,548	--	--	2,057,231
--	--	--	253,800	374,099
--	--	--	--	95,501
--	--	3,428	31,723	1,074,045
--	--	--	390,000	390,000
--	--	--	58,600	58,600
<u>598,380</u>	<u>528,548</u>	<u>3,428</u>	<u>814,504</u>	<u>7,354,211</u>
(104,373)	(11,051)	10,489	5,295	(10,646)
60,000	60,000	--	226	240,226
--	--	--	--	(240,226)
30,224	14,274	--	--	108,742
29,612	--	--	--	29,612
<u>119,836</u>	<u>74,274</u>	<u>--</u>	<u>226</u>	<u>138,354</u>
15,463	63,223	10,489	5,521	127,708
398,399	384,904	652,348	731,790	5,779,047
<u>\$ 413,862</u>	<u>\$ 448,127</u>	<u>\$ 662,837</u>	<u>\$ 737,311</u>	<u>\$ 5,906,755</u>

CLAY COUNTY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Net change in fund balances - total governmental funds	\$ 127,708
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	175,932
The depreciation of capital assets used in governmental activities is not reported in the funds.	(354,729)
Trade-in or disposal of capital assets decrease net assets in the SOA but not in the funds.	(7,422)
Donations of capital assets increase net assets in the SOA but not in the funds.	10,000
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(7,787)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	390,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	56,852
(Increase) decrease in accrued interest from beginning of period to end of period.	7,579
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	15,217
Fine revenues are deferred in the funds. This is the change in these amounts this year.	(3,016)
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	<u>(29,612)</u>
Change in net assets of governmental activities - Statement of Activities	<u>\$ 380,722</u>

The accompanying notes are an integral part of this statement.

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

	<u>Agency Funds</u>
ASSETS	
<i>Cash and cash equivalents</i>	\$ 335,601
Receivables (net of allowances for uncollectibles):	
Total Assets	<u>\$ 335,601</u>
LIABILITIES	
<i>Due to other governments</i>	\$ 203,475
<i>Due to others</i>	132,126
Total Liabilities	<u>335,601</u>
Net Assets:	
Total Net Assets	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The County, a political subdivision of the State of Texas is governed by an elected judge and four county commissioners which comprise the commissioner's court. The county's operational activities include general administrative services, judicial, public safety, the construction and maintenance of roads, health and welfare assistance, permanent records preservation, and conservation.

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

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

Clay County Memorial Hospital

Clay County Memorial Hospital (Hospital) is a not-for-profit, acute care, County owned hospital. The Hospital is supported, in part, by County subsidies. The Hospital is responsible for the indigent health care of the County. The Hospital has been included in the County's financial statements as an enterprise fund; its separate financial statements are available from Hospital management.

B. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2012

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

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

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Road and Bridge Number One Special Revenue Fund* accounts for certain revenues and expenditures related to the construction and maintenance of roads and bridges within precinct one.

The *Road and Bridge Number Two Special Revenue Fund* accounts for certain revenues and expenditures related to the construction and maintenance of roads and bridges within precinct two.

The *Road and Bridge Number Three Special Revenue Fund* accounts for certain revenues and expenditures related to the construction and maintenance of roads and bridges within precinct three.

The *Road and Bridge Number Four Special Revenue Fund* accounts for certain revenues and expenditures related to the construction and maintenance of roads and bridges within precinct four.

The *County Courthouse Annex Capital Projects Fund* accounts for revenues and expenditures for the acquisition or construction of capital assets used in the operation of governmental funds.

Additionally, the County reports the following fund types:

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

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

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

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes, miscellaneous revenue, and interest income.

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2012

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

State statutes authorize the County to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (B) secured by obligations that are described by (1) - (4); or, (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with third party selected or approved by the County, and placed through a primary government securities dealer.

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

2. Receivables and payables

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

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

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

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

3. Inventories and prepaid items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2012

4. Capital assets

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

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

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

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

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

5. Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method which approximate the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. 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 debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Fund equity

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

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

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

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

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2012

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

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Fines receivable unavailable to pay for current period expenditures are deferred in the funds." The details of this difference are as follows:

County clerk fines	\$69,435
District clerk fines	61,198
Justice of the peace fines	41,194
Total	<u>\$171,827</u>

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year end, the carrying amount of the County's cash and cash equivalents, including \$1,615,544 of investments, was \$9,803,797, and the bank balance was \$9,225,218. At year end, the County's depository had pledged securities, with a face value of \$17,920,000 and fair value of \$11,991,595.

Reconciliation of Carrying Amount to Balance Sheets:

	Primary <u>Government</u>	Component <u>Unit</u>	Reporting <u>Entity</u>
Cash and cash equivalents	\$5,821,306	\$2,769,160	\$8,590,466
Restricted cash and cash equivalents	--	877,730	877,730
Total government wide	5,821,306	3,646,890	9,468,196
Agency funds	335,601	--	335,601
	<u>\$6,156,907</u>	<u>\$3,646,890</u>	<u>\$9,803,797</u>

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2012

B. Receivables

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

	General	Road and Bridge #1	Road and Bridge #2	Road and Bridge #3	Road and Bridge #4	NonMajor and Other	Total
Taxes receivable	\$91,810	\$34,013	\$35,097	\$38,004	\$37,363	\$17,748	\$254,035
Fines receivable	\$500,233	\$ --	\$ --	\$ --	\$ --	\$ --	\$500,233
Allowance	(188,694)	--	--	--	--	--	(188,694)
	\$311,539	\$ --	\$ --	\$ --	\$ --	\$ --	\$311,539
Intergovernmental	\$79,124	\$ --	\$ --	\$ --	\$ --	\$2,500	\$81,624

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

	Unavailable	Unearned	Total
Major Funds:			
Deferred tax revenue (General Fund)	\$75,758	\$ --	\$75,758
Deferred fines revenue (General Fund)	171,826	--	171,826
Deferred tax revenue (Road & Bridge Fund #1)	32,873	--	32,873
Deferred tax revenue (Road & Bridge Fund #2)	34,175	--	34,175
Deferred tax revenue (Road & Bridge Fund #3)	36,460	--	36,460
Deferred tax revenue (Road & Bridge Fund #4)	35,737	--	35,737
Nonmajor Funds:			
Deferred tax revenue (Debt Service Fund)	15,790	--	15,790
Total deferred/unearned revenue for governmental funds	\$402,619	\$ --	\$402,619

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2012

C. Capital assets

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

	Balance 9/30/11	Additions	Retirements	Completed Construction	Balance 9/30/12
GOVERNMENTAL ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$140,695	\$ --	\$ --	\$ --	\$140,695
Construction in progress--	--	--	--	--	--
Total capital assets not being depreciated	140,695	--	--	--	140,695
Capital assets, being depreciated:					
Buildings	3,646,901	--	--	--	3,646,901
Infrastructure	45,236,895	--	--	--	45,236,895
Machinery and equipment	2,993,970	185,932	(139,177)	--	3,040,725
Total capital assets being depreciated	51,877,766	185,932	(139,177)	--	51,924,521
Less accumulated depreciation for:					
Buildings	(793,540)	(68,861)	--	--	(862,401)
Infrastructure	(44,927,239)	(10,720)	--	--	(44,937,959)
Machinery and equipment	(1,833,718)	(275,148)	131,755	--	(1,977,111)
Total accumulated depreciation	(47,554,497)	(354,729)	131,755	--	(47,777,471)
Total capital assets being depreciated, net	4,323,269	(168,797)	(7,422)	--	4,147,050
Governmental activities capital assets, net	\$4,463,964	(\$168,797)	(\$7,422)	\$ --	\$4,287,745

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

Governmental activities:	
General government	\$666
Public safety	37,892
Public transportation	224,420
Nondepartmental	91,751
Total depreciation expense - governmental activities	<u>\$354,729</u>

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2012

	Balance 9/30/11	Additions	Retirements	Completed Construction	Balance 9/30/12
DISCRETE COMPONENT UNIT:					
Capital assets, not being depreciated:					
Land	\$361,951	\$ --	\$ --	\$ --	\$361,951
Construction in progress	463,180	--	--	(463,180)	--
Total capital assets not being depreciated	825,131	--	--	(463,180)	361,951
Capital assets, being depreciated:					
Buildings	2,569,320	--	--	--	2,569,320
Land improvements	16,779	--	--	--	16,779
Equipment	4,286,306	292,756	--	463,180	5,042,242
Leased assets	544,130	508,379	(528,500)	--	524,009
Total capital assets being depreciated	7,416,535	801,135	(528,500)	463,180	8,152,350
Less accumulated depreciation for:					
Buildings	(1,410,441)	(73,788)	--	--	(1,484,229)
Land improvements	(1,305)	(1,119)	--	--	(2,424)
Equipment	(3,593,006)	(266,155)	--	--	(3,859,161)
Leased assets	(494,097)	(97,000)	502,075	--	(89,022)
Total accumulated depreciation	(5,498,849)	(438,062)	502,075	--	(5,434,836)
Total capital assets being depreciated, net	1,917,686	363,073	(26,425)	--	2,717,514
Governmental activities capital assets, net	\$2,742,817	\$363,073	(\$26,425)	\$ --	\$3,079,465

D. Interfund receivables, payables, and transfers

There were no interfund receivable balances as of September 30, 2012.

Interfund transfers:

Fund	Transfer In	Transfer Out
Major Governmental Funds		
General Fund	\$ --	\$240,226
Road and Bridge Number One	60,000	--
Road and Bridge Number Two	60,000	--
Road and Bridge Number Three	60,000	--
Road and Bridge Number Four	60,000	--
NonMajor Governmental Funds		
County Attorney	226	--
Total	\$240,226	\$240,226

Transfers were made to subsidize the Road and Bridge Funds, and the County Attorney Fund.

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2012

E. Long-term debt

From time to time, the County issues general obligation bonds, certificates of obligation bonds, notes payable and capital lease obligations to provide funds for the acquisition and construction of equipment and major capital facilities. These issues are direct obligations and pledge the full faith and credit of the County. At September 30, 2012, the County had the following bonds payable:

General Debt Currently Outstanding:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/12
General Long-Term Debt Issues					
Tax Notes Payable 2008	\$2,400,000	10/07/08	02/15/15	4% - 4%	<u>\$1,270,000</u>

Annual debt service requirements to maturity for general debt:

Year	Tax Notes Payable		
	Principal	Interest	Total
2013	\$405,000	\$42,700	\$447,700
2014	420,000	26,200	446,200
2015	445,000	8,900	453,900
Total	<u>\$1,270,000</u>	<u>\$77,800</u>	<u>\$1,347,800</u>

The County leases equipment with a historical cost and accumulated amortization of \$936,352 and \$389,832, respectively, under capital lease arrangements.

Capital Lease Obligations Currently Outstanding:

Purpose	Original Amount	Date of Lease	Final Maturity	Interest Rate	Balance 09/30/12
Backhoe with trailer	\$48,838	8/24/09	08/24/14	5.14%	\$20,973
Western Star truck	80,467	11/23/09	2/15/13	4.23%	20,593
Motor grader	149,500	5/01/10	5/01/15	3.62%	134,148
Motor grader	177,065	3/15/11	3/15/16	3.50%	162,988
Motor grader	80,701	5/15/11	5/15/14	3.50%	41,891
Dump truck	39,612	9/12/12	9/12/13	3.30%	29,612
Total Leases Payable					<u>\$410,205</u>

CLAY COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended September 30, 2012

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

Year	Total
2013	\$103,817
2014	53,922
2015	175,350
2016	<u>125,000</u>
Total payments	458,089
Less imputed interest	<u>(47,884)</u>
Total Capital Lease Obligations	<u><u>\$410,205</u></u>

CHANGES IN LONG-TERM LIABILITIES

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

	Balance 09/30/11	Additions	Retirements	Balance 09/30/12	Due Within One Year
Governmental activities:					
Tax Notes Payable	\$1,660,000	\$ --	(\$390,000)	\$1,270,000	\$405,000
Capital leases	437,445	29,612	(56,852)	410,205	88,563
Compensated absences	102,479	87,262	(102,479)	87,262	87,262
Governmental activity long-term liabilities	<u>\$2,199,924</u>	<u>\$116,874</u>	<u>(\$549,331)</u>	<u>\$1,767,467</u>	<u>\$580,825</u>

For the governmental activities, claims and judgements are generally liquidated by the general fund.

	Balance 09/30/11	Additions	Retirements	Balance 09/30/12	Due Within One Year
Discrete Component Unit:					
Capital leases	\$56,381	\$508,379	(\$139,295)	\$425,465	\$100,016
Governmental activity long-term liabilities	<u>\$56,381</u>	<u>\$508,379</u>	<u>(\$139,295)</u>	<u>\$425,465</u>	<u>\$100,016</u>

V. OTHER INFORMATION

A. Risk management

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

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2012

B. Contingent Liabilities and Commitments

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

The County periodically is defendant in various lawsuits. As of September 30, 2012, after consultation with the County's attorney, the County is not aware of any pending or threatened litigation which would have a material effect on the financial statements.

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

C. Employee Retirement Systems and Pension Plans

1. Plan Description

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

The plan provisions are adopted by the County commissioners court, within the options available in the state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service or with 30 years regardless of age or when the sum of their age and years of service equals 80 or more. Members are vested after 10 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump-sum are not entitled to any amounts contributed by their employer.

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

2. Funding Policy

The County has elected the annually determined contribution rate (Variable Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 11.00% for the months of the accounting year in 2011 and 11.00% for the months of the accounting year in 2012.

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

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2012

3. Annual Pension Cost

For the County's accounting year ended September 30, 2012, the annual pension cost for the TCDRS plan for its employees was \$276,405 and the actual contributions were \$276,405.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2010, the basis for determining the contribution rates for fiscal year 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	14.2	15.8	15.3
Actuarial valuation method	SAF: 10-yr smoothed value. ESF: Fund value.	SAF: 10-yr smoothed value. ESF: Fund value.	SAF: 10-yr smoothed value. ESF: Fund value.
Actuarial assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.40%	5.40%	5.40%
Inflation	3.50%	3.50%	3.50%
Cost-of-living adjustments	0.00%	0.00%	0.00%

Trend Information

Accounting year ended	9/30/10	9/30/11	9/30/12
Annual Pension Cost (APC)	\$247,993	\$272,846	\$276,405
Percentage of APC Contributed	100.00%	100.00%	100.00%
Net Pension Obligation	\$ --	\$ --	\$ --

D. Concentrations of Credit Risk

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

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Required Supplementary Information

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

CLAY COUNTY, TEXAS
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Taxes</i>	\$ 3,172,078	\$ 3,172,078	\$ 3,324,437	\$ 152,359
<i>Licenses and permits</i>	35,000	35,000	106,757	71,757
<i>Intergovernmental</i>	157,500	157,500	323,323	165,823
<i>Fines and fees</i>	281,050	281,050	468,265	187,215
<i>Interest</i>	40,000	40,000	84,476	44,476
<i>Miscellaneous</i>	318,042	318,042	429,596	111,554
Total revenues	<u>4,003,670</u>	<u>4,003,670</u>	<u>4,736,854</u>	<u>733,184</u>
Expenditures:				
Current:				
<i>General government</i>	656,036	660,536	562,200	98,336
<i>Judicial</i>	579,322	579,322	516,122	63,200
<i>Legal</i>	136,898	164,628	139,076	25,552
<i>Financial administration</i>	206,494	206,494	196,863	9,631
<i>Public facilities</i>	80,238	80,238	72,140	8,098
<i>Public Safety</i>	1,907,281	1,907,281	1,737,953	169,328
<i>Health and welfare</i>	251,452	251,452	120,299	131,153
<i>Conservation</i>	97,441	97,441	95,501	1,940
<i>Nondepartmental</i>	1,646,376	1,614,146	1,038,894	575,252
Total expenditures	<u>5,561,538</u>	<u>5,561,538</u>	<u>4,479,048</u>	<u>1,082,490</u>
Excess (deficiency) of revenues over (under) expenditures	(1,557,868)	(1,557,868)	257,806	1,815,674
Other financing sources (uses):				
<i>Transfers out</i>	(240,504)	(240,504)	(240,226)	278
<i>Sale of capital assets</i>	--	--	11,100	11,100
Total other financing sources (uses)	<u>(240,504)</u>	<u>(240,504)</u>	<u>(229,126)</u>	<u>11,378</u>
Net change in fund balances	(1,798,372)	(1,798,372)	28,680	1,827,052
Fund balances, October 1	2,933,020	2,933,020	2,933,020	--
Fund balances, September 30	<u>\$ 1,134,648</u>	<u>\$ 1,134,648</u>	<u>\$ 2,961,700</u>	<u>\$ 1,827,052</u>

CLAY COUNTY, TEXAS
ROAD & BRIDGE NUMBER ONE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Taxes</i>	\$ 226,603	\$ 226,603	\$ 236,141	\$ 9,538
<i>Licenses and permits</i>	110,000	110,000	130,738	20,738
<i>Fines and fees</i>	5,500	5,500	23,044	17,544
<i>Interest</i>	2,500	2,500	11,416	8,916
<i>Miscellaneous</i>	--	--	5,823	5,823
Total revenues	<u>344,603</u>	<u>344,603</u>	<u>407,162</u>	<u>62,559</u>
Expenditures:				
Current:				
<i>Public transportation</i>	604,235	604,235	511,142	93,093
Total expenditures	<u>604,235</u>	<u>604,235</u>	<u>511,142</u>	<u>93,093</u>
Excess (deficiency) of revenues over (under) expenditures	(259,632)	(259,632)	(103,980)	155,652
Other financing sources (uses):				
<i>Transfers in</i>	60,000	60,000	60,000	--
<i>Sale of capital assets</i>	10,000	10,000	35,184	25,184
Total other financing sources (uses)	<u>70,000</u>	<u>70,000</u>	<u>95,184</u>	<u>25,184</u>
Net change in fund balances	(189,632)	(189,632)	(8,796)	180,836
Fund balances, October 1	426,679	426,679	426,679	--
Fund balances, September 30	<u>\$ 237,047</u>	<u>\$ 237,047</u>	<u>\$ 417,883</u>	<u>\$ 180,836</u>

CLAY COUNTY, TEXAS
ROAD & BRIDGE NUMBER TWO
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT B-3

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Taxes</i>	\$ 183,352	\$ 183,352	\$ 191,038	\$ 7,686
<i>Licenses and permits</i>	110,000	110,000	130,738	20,738
<i>Fines and fees</i>	5,500	5,500	21,017	15,517
<i>Interest</i>	2,500	2,500	6,825	4,325
<i>Miscellaneous</i>	--	--	4,711	4,711
Total revenues	<u>301,352</u>	<u>301,352</u>	<u>354,329</u>	<u>52,977</u>
Expenditures:				
Current:				
<i>Public transportation</i>	495,930	495,930	419,161	76,769
Total expenditures	<u>495,930</u>	<u>495,930</u>	<u>419,161</u>	<u>76,769</u>
Excess (deficiency) of revenues over (under) expenditures	(194,578)	(194,578)	(64,832)	129,746
Other financing sources (uses):				
<i>Transfers in</i>	60,000	60,000	60,000	--
<i>Sale of capital assets</i>	--	--	17,960	17,960
Total other financing sources (uses)	<u>60,000</u>	<u>60,000</u>	<u>77,960</u>	<u>17,960</u>
Net change in fund balances	(134,578)	(134,578)	13,128	147,706
Fund balances, October 1	251,907	251,907	251,907	--
Fund balances, September 30	<u>\$ 117,329</u>	<u>\$ 117,329</u>	<u>\$ 265,035</u>	<u>\$ 147,706</u>

CLAY COUNTY, TEXAS
ROAD & BRIDGE NUMBER THREE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT B-4

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Taxes</i>	\$ 307,059	\$ 307,059	\$ 320,058	\$ 12,999
<i>Licenses and permits</i>	110,000	110,000	130,738	20,738
<i>Fines and fees</i>	5,500	5,500	26,817	21,317
<i>Interest</i>	2,500	2,500	8,418	5,918
<i>Miscellaneous</i>	--	--	7,976	7,976
Total revenues	<u>425,059</u>	<u>425,059</u>	<u>494,007</u>	<u>68,948</u>
Expenditures:				
Current:				
<i>Public transportation</i>	637,925	637,925	598,380	39,545
Total expenditures	<u>637,925</u>	<u>637,925</u>	<u>598,380</u>	<u>39,545</u>
Excess (deficiency) of revenues over (under) expenditures	(212,866)	(212,866)	(104,373)	108,493
Other financing sources (uses):				
<i>Transfers in</i>	60,000	60,000	60,000	--
<i>Sale of capital assets</i>	--	--	30,224	30,224
<i>Capital leases</i>	--	--	29,612	29,612
Total other financing sources (uses)	<u>60,000</u>	<u>60,000</u>	<u>119,836</u>	<u>59,836</u>
Net change in fund balances	(152,866)	(152,866)	15,463	168,329
Fund balances, October 1	398,399	398,399	398,399	--
Fund balances, September 30	<u>\$ 245,533</u>	<u>\$ 245,533</u>	<u>\$ 413,862</u>	<u>\$ 168,329</u>

CLAY COUNTY, TEXAS
ROAD & BRIDGE NUMBER FOUR
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT B-5

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Taxes</i>	\$ 323,453	\$ 323,453	\$ 336,972	\$ 13,519
<i>Licenses and permits</i>	110,000	110,000	130,738	20,738
<i>Fines and fees</i>	5,500	5,500	27,577	22,077
<i>Interest</i>	2,500	2,500	9,679	7,179
<i>Miscellaneous</i>	--	--	12,531	12,531
Total revenues	<u>441,453</u>	<u>441,453</u>	<u>517,497</u>	<u>76,044</u>
Expenditures:				
Current:				
<i>Public transportation</i>	677,875	677,875	528,548	149,327
Total expenditures	<u>677,875</u>	<u>677,875</u>	<u>528,548</u>	<u>149,327</u>
Excess (deficiency) of revenues over (under) expenditures	(236,422)	(236,422)	(11,051)	225,371
Other financing sources (uses):				
<i>Transfers in</i>	60,000	60,000	60,000	--
<i>Sale of capital assets</i>	--	--	14,274	14,274
Total other financing sources (uses)	<u>60,000</u>	<u>60,000</u>	<u>74,274</u>	<u>14,274</u>
Net change in fund balances	(176,422)	(176,422)	63,223	239,645
Fund balances, October 1	384,904	384,904	384,904	--
Fund balances, September 30	<u>\$ 208,482</u>	<u>\$ 208,482</u>	<u>\$ 448,127</u>	<u>\$ 239,645</u>

CLAY COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended September 30, 2012

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on the GAAP basis of accounting for the general fund and all special revenue funds. All annual appropriations lapse at fiscal year end.

The County Judge is, by statute, the Budget Officer of the County and has the responsibility of preparing the County's budget. Under the County's budgeting procedures, each department submits a budget request to the County Judge. The County Judge reviews budget requests and holds informal hearings when needed. Before October 1, a proposed budget is presented to the Commissioners' Court. A public hearing is then held and the Commissioners' Court takes action on the proposed budget. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the estimate of revenues and available fund balance.

Once the budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping members of the Commissioners' Court advised of the conditions of the various funds and accounts.

The appropriated budget is prepared by fund. Any transfers of appropriations are first approved by the Commissioners' Court. Thus, the legal level of budgetary control is at the fund level. No significant supplemental appropriations were required during the year.

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

CLAY COUNTY, TEXAS
SCHEDULE OF FUNDING PROGRESS
 September 30, 2012
 (Unaudited)

EXHIBIT B-6

Actuarial valuation date	Actuarial Valuation Information		
	12/31/09	12/31/10	12/31/11
Actuarial value of assets	\$6,910,010	\$7,155,702	\$7,116,002
Actuarial Accrued Liability (AAL)	\$8,291,103	\$8,630,093	\$8,672,485
Unfunded AAL (UAAL)	\$1,381,093	\$1,474,391	\$1,556,483
Funded Ratio	83.34%	82.92%	82.05%
Annual Covered Payroll (actuarial)	\$2,227,937	\$2,273,023	\$2,501,176
UAAL as a Percentage of Covered	61.99%	64.86%	62.23%

*Combining Statements and Budget Comparisons
as Supplementary Information*

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

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

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS			
<i>Cash and cash equivalents</i>	\$ 325,626	\$ 410,352	\$ 735,978
Receivables (net of allowances for uncollectibles):			
<i>Taxes</i>	--	17,748	17,748
<i>Intergovernmental</i>	2,500	--	2,500
Total Assets	<u>\$ 328,126</u>	<u>\$ 428,100</u>	<u>\$ 756,226</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
<i>Accounts payable</i>	\$ 3,125	\$ --	\$ 3,125
<i>Deferred revenue</i>	--	15,790	15,790
Total Liabilities	<u>3,125</u>	<u>15,790</u>	<u>18,915</u>
Fund balances:			
<i>Restricted</i>	325,001	412,310	737,311
Total fund balances	<u>325,001</u>	<u>412,310</u>	<u>737,311</u>
Total Liabilities and Fund Balances	<u>\$ 328,126</u>	<u>\$ 428,100</u>	<u>\$ 756,226</u>

CLAY COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:			
<i>Taxes</i>	\$ --	\$ 487,511	\$ 487,511
<i>Intergovernmental</i>	253,800	--	253,800
<i>Fines and fees</i>	77,117	--	77,117
<i>Interest</i>	544	827	1,371
Total revenues	<u>331,461</u>	<u>488,338</u>	<u>819,799</u>
Expenditures:			
Current:			
<i>General government</i>	58,902	--	58,902
<i>Legal</i>	3,181	--	3,181
<i>Health and welfare</i>	253,800	--	253,800
<i>Nondepartmental</i>	31,723	--	31,723
<i>Capital outlay</i>	18,298	--	18,298
Debt service:			
<i>Principal</i>	--	390,000	390,000
<i>Interest and fiscal charges</i>	--	58,600	58,600
Total expenditures	<u>365,904</u>	<u>448,600</u>	<u>814,504</u>
Excess (deficiency) of revenues over (under) expenditures	(34,443)	39,738	5,295
Other financing sources (uses):			
<i>Transfers in</i>	226	--	226
Total other financing sources (uses)	<u>226</u>	<u>--</u>	<u>226</u>
Net change in fund balances	(34,217)	39,738	5,521
Fund balances, October 1	359,218	372,572	731,790
Fund balances, September 30	<u>\$ 325,001</u>	<u>\$ 412,310</u>	<u>\$ 737,311</u>

CLAY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2012

	<u>Grant Fund</u>	<u>Records Management Fee</u>	<u>Court Reporter Service</u>	<u>Records Preservation</u>
ASSETS				
<i>Cash and cash equivalents</i>	\$ --	\$ 124,784	\$ 23,125	\$ 23,289
Receivables (net of allowances for uncollectibles):				
<i>Intergovernmental</i>	2,500	--	--	--
Total Assets	<u>\$ 2,500</u>	<u>\$ 124,784</u>	<u>\$ 23,125</u>	<u>\$ 23,289</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
<i>Accounts payable</i>	\$ 2,500	\$ 625	\$ --	\$ --
Total Liabilities	<u>2,500</u>	<u>625</u>	<u>--</u>	<u>--</u>
Fund balances:				
<i>Restricted</i>	--	124,159	23,125	23,289
Total fund balances	<u>--</u>	<u>124,159</u>	<u>23,125</u>	<u>23,289</u>
Total Liabilities and Fund Balances	<u>\$ 2,500</u>	<u>\$ 124,784</u>	<u>\$ 23,125</u>	<u>\$ 23,289</u>

Courthouse Security	County Attorney	Juvenile Case Manager	Court Technology	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 86,596	\$ 122	\$ 22,904	\$ 44,806	\$ 325,626
--	--	--	--	2,500
<u>\$ 86,596</u>	<u>\$ 122</u>	<u>\$ 22,904</u>	<u>\$ 44,806</u>	<u>\$ 328,126</u>
\$ --	\$ --	\$ --	\$ --	\$ 3,125
--	--	--	--	3,125
86,596	122	22,904	44,806	325,001
<u>86,596</u>	<u>122</u>	<u>22,904</u>	<u>44,806</u>	<u>325,001</u>
<u>\$ 86,596</u>	<u>\$ 122</u>	<u>\$ 22,904</u>	<u>\$ 44,806</u>	<u>\$ 328,126</u>

CLAY COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Grant Fund	Records Management Fee	Court Reporter Service	Records Preservation
Revenues:				
<i>Intergovernmental</i>	\$ 253,800	\$ --	\$ --	\$ --
<i>Fines and fees</i>	--	28,837	1,860	4,097
<i>Interest</i>	--	243	24	25
Total revenues	<u>253,800</u>	<u>29,080</u>	<u>1,884</u>	<u>4,122</u>
Expenditures:				
Current:				
<i>General government</i>	--	52,757	630	5,515
<i>Legal</i>	--	--	--	--
<i>Health and welfare</i>	253,800	--	--	--
<i>Nondepartmental</i>	--	--	--	--
Total expenditures	<u>253,800</u>	<u>52,757</u>	<u>630</u>	<u>5,515</u>
Excess (deficiency) of revenues over (under) expenditures	--	(23,677)	1,254	(1,393)
Other financing sources (uses):				
<i>Transfers in</i>	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	--	(23,677)	1,254	(1,393)
Fund balances, October 1	--	147,836	21,871	24,682
Fund balances, September 30	<u>\$ --</u>	<u>\$ 124,159</u>	<u>\$ 23,125</u>	<u>\$ 23,289</u>

Courthouse Security	County Attorney	Juvenile Case Manager	Court Technology	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ --	\$ --	\$ --	\$ --	\$ 253,800
14,730	2,594	12,110	12,889	77,117
146	--	29	77	544
<u>14,876</u>	<u>2,594</u>	<u>12,139</u>	<u>12,966</u>	<u>331,461</u>
--	--	--	--	58,902
--	3,181	18,298	--	21,479
--	--	--	--	253,800
8,555	--	--	23,168	31,723
<u>8,555</u>	<u>3,181</u>	<u>18,298</u>	<u>23,168</u>	<u>365,904</u>
6,321	(587)	(6,159)	(10,202)	(34,443)
--	226	--	--	226
--	<u>226</u>	--	--	<u>226</u>
6,321	(361)	(6,159)	(10,202)	(34,217)
80,275	483	29,063	55,008	359,218
<u>\$ 86,596</u>	<u>\$ 122</u>	<u>\$ 22,904</u>	<u>\$ 44,806</u>	<u>\$ 325,001</u>

CLAY COUNTY, TEXAS
RECORDS MANAGEMENT FEE
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT C-5

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines and fees</i>	\$ 20,100	\$ 28,837	\$ 8,737
<i>Interest</i>	400	243	(157)
Total revenues	<u>20,500</u>	<u>29,080</u>	<u>8,580</u>
Expenditures:			
Current:			
<i>General government</i>	90,000	52,757	37,243
Total expenditures	<u>90,000</u>	<u>52,757</u>	<u>37,243</u>
Net change in fund balances	(69,500)	(23,677)	45,823
Fund balances, October 1	147,836	147,836	--
Fund balances, September 30	<u>\$ 78,336</u>	<u>\$ 124,159</u>	<u>\$ 45,823</u>

CLAY COUNTY, TEXAS
 COURT REPORTER SERVICE
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT C-6

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines and fees</i>	\$ 1,800	\$ 1,860	\$ 60
<i>Interest</i>	50	24	(26)
Total revenues	<u>1,850</u>	<u>1,884</u>	<u>34</u>
Expenditures:			
Current:			
<i>General government</i>	10,000	630	9,370
Total expenditures	<u>10,000</u>	<u>630</u>	<u>9,370</u>
Net change in fund balances	(8,150)	1,254	9,404
Fund balances, October 1	21,871	21,871	--
Fund balances, September 30	<u>\$ 13,721</u>	<u>\$ 23,125</u>	<u>\$ 9,404</u>

CLAY COUNTY, TEXAS
 COURT TECHNOLOGY
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT C-11

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines and fees</i>	\$ 11,000	\$ 12,889	\$ 1,889
<i>Interest</i>	100	77	(23)
Total revenues	<u>11,100</u>	<u>12,966</u>	<u>1,866</u>
Expenditures:			
Current:			
<i>Nondepartmental</i>	34,300	23,168	11,132
Total expenditures	<u>34,300</u>	<u>23,168</u>	<u>11,132</u>
Net change in fund balances	(23,200)	(10,202)	12,998
Fund balances, October 1	55,008	55,008	--
Fund balances, September 30	<u>\$ 31,808</u>	<u>\$ 44,806</u>	<u>\$ 12,998</u>

CLAY COUNTY, TEXAS

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT C-12

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Taxes</i>	\$ 469,325	\$ 487,511	\$ 18,186
<i>Interest</i>	1,000	827	(173)
Total revenues	<u>470,325</u>	<u>488,338</u>	<u>18,013</u>
Expenditures:			
Debt service:			
<i>Principal</i>	390,000	390,000	--
<i>Interest and fiscal charges</i>	59,100	58,600	500
Total expenditures	<u>449,100</u>	<u>448,600</u>	<u>500</u>
Net change in fund balances	21,225	39,738	18,513
Fund balances, October 1	372,572	372,572	--
Fund balances, September 30	<u>\$ 393,797</u>	<u>\$ 412,310</u>	<u>\$ 18,513</u>

CLAY COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

SEPTEMBER 30, 2012

	<u>District Clerk</u>	<u>County Clerk</u>	<u>Sheriff Agency</u>
ASSETS			
<i>Cash and cash equivalents</i>	\$ 36,898	\$ 15,451	\$ 60,475
Total Assets	<u>\$ 36,898</u>	<u>\$ 15,451</u>	<u>\$ 60,475</u>
LIABILITIES			
<i>Due to other governments</i>	\$ --	\$ --	\$ --
<i>Due to others</i>	36,898	15,451	60,475
Total Liabilities	<u>\$ 36,898</u>	<u>\$ 15,451</u>	<u>\$ 60,475</u>

Tax Assessor Collector	County Attorney Agency	County Treasurer	Officer's Fee	Total Agency Funds (See Exhibit A-7)
\$ 157,415 <u>\$ 157,415</u>	\$ 921 <u>\$ 921</u>	\$ 12,847 <u>\$ 12,847</u>	\$ 51,594 <u>\$ 51,594</u>	\$ 335,601 <u>\$ 335,601</u>
\$ 157,165 250 <u>\$ 157,415</u>	\$ -- 921 <u>\$ 921</u>	\$ -- 12,847 <u>\$ 12,847</u>	\$ 46,310 5,284 <u>\$ 51,594</u>	\$ 203,475 132,126 <u>\$ 335,601</u>

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