

CLAY COUNTY, TEXAS

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED SEPTEMBER 30, 2016*

**CLAY COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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*Financial Section*

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INDEPENDENT AUDITORS' REPORT

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

**Report on the Financial Statements**

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, 2016, and the related notes to the financial statements, which collectively comprise Clay County, Texas' basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Clay County Memorial Hospital, which represent 100 percent of the assets, net position, 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 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 from material misstatement.

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

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

***Opinions***

In our opinion, based on our audit and the report of other auditors, 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, 2016, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules, on pages 5-11 and 44-50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

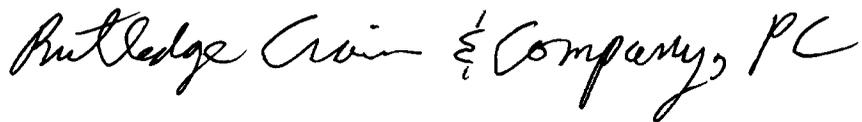
### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clay County, Texas' basic financial statements. 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 basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standard**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2017, on our consideration of Clay County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clay County, Texas' internal control over financial reporting and compliance.



June 23, 2017

*Management's Discussion and Analysis*

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**CLAY COUNTY, TEXAS**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS*  
*September 30, 2016*

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, 2016. 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 and deferred outflow of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended September 30, 2016, by \$ 9,197,898 (net position). Of this amount, \$4,057,841 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position decreased by \$670,267. The majority of this decrease is attributable to the increase in pension expense in the current year.
- The County's governmental funds reported combined ending fund balances of \$4,070,972 a decrease of \$256,345 in comparison to the previous year. The decrease was primarily the result of the increase in capital lease payments.
- The unreserved portion of the General Fund Balance at the end of the year was \$1,671,935 or 27.6 % of total General Fund expenditures and transfers out.
- Clay County has no bonded indebtedness at the current time.

**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 governments 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 thirteen 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 Sheriff's Forfeiture fund, all of which are considered to be major funds. Data from the other seven 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 2016, the County's net assets (assets exceeding liabilities) totaled \$9,197,898 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, 2016**

**Net Assets.** The largest portion of the County's net assets, \$ 5,140,057 or 56 %, 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.

The remaining balance of unrestricted net assets, \$4,057,841, or 44 %, may be used to meet the government's ongoing obligations to citizens and creditors.

Table 1  
 Condensed Statement of Net Position

	Governmental Activities		Component Unit	
	9/30/2016	9/30/2015	9/30/2016	9/30/2015
<b>ASSETS</b>				
Current and other assets	\$5,062,516	\$5,159,750	\$4,237,989	\$3,706,342
Capital assets, net of depreciation	7,272,700	7,282,342	3,049,913	3,083,390
<b>Total assets</b>	<u>12,335,216</u>	<u>12,442,092</u>	<u>7,287,902</u>	<u>6,789,732</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred pension expense	1,308,847	382,545	-	-
<b>LIABILITIES</b>				
Long-term liabilities	3,860,626	2,641,863	114,777	104,105
Other liabilities	339,309	286,275	291,130	455,409
<b>TOTAL LIABILITIES</b>	<u>4,199,935</u>	<u>2,928,138</u>	<u>405,907</u>	<u>559,514</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenues	246,230	28,334	-	-
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	5,140,057	5,330,278	2,935,136	2,979,285
Unrestricted	4,057,841	4,537,887	3,946,859	3,250,933
<b>Total</b>	<u>\$9,197,898</u>	<u>\$9,868,165</u>	<u>\$6,881,995</u>	<u>\$6,230,218</u>

CLAY COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2016

**Changes in Net Assets.** The net assets of the County decreased by \$670,267 for the fiscal year ended September 30, 2016.

Table 2  
Changes in Net Position

	Governmental Activities		Component Unit	
	9/30/2016	9/30/2015	9/30/2016	9/30/2015
<b>Program Revenues:</b>				
Charges for services	\$2,422,929	\$1,692,999	\$6,649,064	\$6,115,265
Operating grants and contributions	120,307	217,653	5,970	170,726
Capital grants and contributions	915,683	192,517	170,486	201,424
<b>General Revenues:</b>				
Taxes	4,892,870	4,868,067	-	-
Miscellaneous	10,981	112,778	2,320,421	1,594,749
Unrestricted investment earnings	837	846	76,063	(15,874)
Gain (loss) on disposal of capital assets	165,810	(443,544)	-	-
	<u>8,529,417</u>	<u>6,641,316</u>	<u>9,222,004</u>	<u>8,066,290</u>
<b>Expenses:</b>				
General government	706,156	668,475	-	-
Judicial	617,763	514,399	-	-
Legal	186,723	167,129	-	-
Financial administration	234,127	211,782	-	-
Public facilities	154,097	135,845	-	-
Public safety	2,185,082	1,888,746	-	-
Public transportation	2,807,221	1,829,078	-	-
Health and welfare	182,013	179,268	-	-
Conservation	106,782	95,021	-	-
Nondepartmental	2,019,457	1,051,736	-	-
Interest on long-term debt	263	(497)	-	-
Hospital operations	-	-	8,570,227	8,628,689
<b>Total Expenses</b>	<u>9,199,684</u>	<u>6,740,982</u>	<u>8,570,227</u>	<u>8,628,689</u>
<b>Increase (decrease) in net position</b>	<b>(670,267)</b>	<b>(99,666)</b>	<b>651,777</b>	<b>(562,399)</b>
<b>Net Position - October 1</b>	<u>9,868,165</u>	<u>9,967,831</u>	<u>6,230,218</u>	<u>6,792,617</u>
<b>Net Position - September 30</b>	<u><u>\$9,197,898</u></u>	<u><u>\$9,868,165</u></u>	<u><u>\$6,881,995</u></u>	<u><u>\$6,230,218</u></u>

**CLAY COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*September 30, 2016*

Clay County's net assets decreased by \$670,267. Key elements of this decrease are as follows:

- Operating grants and contributions down
- Charges for services and benefits has increased
- Miscellaneous revenues down from previous year
- Purchased new equipment with very little money invested showing a decrease in net assets

**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 \$4,070,972.

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 \$1,671,935. The fund balance decreased by \$691,518 during the current fiscal year. A key factor of the decrease were from operating grants being down and less fee income from tickets from the Justice of Peace office due to Highway Patrol officers being transferred to the border.

**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 \$1,370,134 positive variance in appropriations between the final amended budget and actual. Following are the main components of the increase:

- \$113,978 - General Government - scheduled computer hardware/software not purchased.
- \$138,889 - Judicial - District court jury preparation and District Court appointed attorneys, less court cost and cases scheduled than expected.
- \$168,844 - Public Safety-Sheriff Gas & Oil was down due to increased prices, less relief employees used.
- \$54,300 - Health and Welfare - Indigent health care cost down
- \$859,579 - Nondepartmental – maintenance, equipment purchased, utilities, emergency reserve, contingency, and grants paid out. We have had little to no equipment purchased for general use, and have had much less grants out than anticipated.

**CLAY COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2016**

**Capital Assets and Debt Administration**

*Capital Assets.* The County's investment in capital assets for its governmental activities as of September 30, 2016, amounts to \$7,272,700. (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	
	9/30/2016	9/30/2015	9/30/2016	9/30/2015
Land	\$140,695	\$140,695	\$361,951	\$361,951
Construction in progress	-	-	510,514	-
Buildings	2,512,293	2,580,075	884,006	962,840
Infrastructure	1,275,763	1,312,072	-	-
Machinery and equipment	3,343,919	3,249,500	1,293,442	1,758,599
<b>Total</b>	<b>\$7,272,670</b>	<b>\$7,282,342</b>	<b>\$3,049,913</b>	<b>\$3,083,390</b>

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

*Debt Administration.*

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, 2016 the County had capital lease obligations of \$2,132,643.

**Table 4**  
**Outstanding Debt at Year End**

	Governmental Activities		Component Unit	
	9/30/2016	9/30/2015	9/30/2016	9/30/2015
Capital lease obligations	\$2,132,643	\$1,952,064	\$114,777	\$104,105
Net pension liability	1,624,232	597,907	-	-
Compensated absences	103,751	91,892	-	-
<b>Total</b>	<b>\$3,860,626</b>	<b>\$2,641,863</b>	<b>\$114,777</b>	<b>\$104,105</b>

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, 2016*

**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 4.1 %, which is below the state and national average. The Economic Development of Clay County remains stable, Triangle Brick Plant is operating and has over 1 million dollars of inventory on the ground. The 48 unit apartment complex has almost completed construction and will soon be fully operational. The Travel Center has started construction and should complete construction in the next 6 to 8 months.

The County maintained the ad valorem tax rate of \$.65518. In fiscal year 2016. The County had a 99% collection rate in 2016, which was greater than the rate of previous year. This maintains the ratio of delinquent taxes to the total tax levy of less than 1%.

**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 Auditor'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 POSITION**  
**SEPTEMBER 30, 2016**

	Primary Governmental Activities	Component Unit
<b>ASSETS</b>		
<i>Cash and cash equivalents</i>	\$ 4,055,926	858,517
Receivables (net of allowances for uncollectibles):		
<i>Taxes</i>	273,883	--
<i>Fines</i>	607,967	--
<i>Accounts</i>	--	1,811,886
<i>Other</i>	--	50,559
<i>Intergovernmental</i>	54,776	--
<i>Inventories</i>	--	154,103
<i>Prepaid items</i>	69,964	150,000
Restricted assets:		
<i>Cash and cash equivalents</i>	--	1,212,924
Capital assets (net of accumulated depreciation)		
<i>Land</i>	140,695	361,951
<i>Construction in progress</i>	--	510,514
<i>Buildings</i>	2,512,293	884,006
<i>Infrastructure</i>	1,275,763	--
<i>Machinery and equipment</i>	3,343,949	1,293,442
<b>Total Assets</b>	<u>12,335,216</u>	<u>7,287,902</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred pension expense	1,308,847	--
<b>Total Deferred Outflow of Resources</b>	<u>1,308,847</u>	<u>--</u>
<b>LIABILITIES</b>		
<i>Accounts payable</i>	33,264	71,665
<i>Accrued liabilities and other payables</i>	27,550	219,465
<i>Due to other governments</i>	177,618	--
<i>Due to others</i>	100,877	--
Noncurrent liabilities:		
<i>Due within one year</i>	635,799	24,182
<i>Due in more than one year</i>	3,224,827	90,595
<b>Total Liabilities</b>	<u>4,199,935</u>	<u>405,907</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
<i>Unearned revenue</i>	246,230	--
<b>Total Deferred Inflows of Resources</b>	<u>246,230</u>	<u>--</u>
<b>NET POSITION:</b>		
<i>Net Investment in Capital Assets</i>	5,140,057	2,935,136
<i>Unrestricted</i>	4,057,841	3,946,859
<b>Total Net Position</b>	<u>\$ 9,197,898</u>	<u>6,881,995</u>

The accompanying notes are an integral part of this statement.

**CLAY COUNTY, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental activities:				
<i>General government</i>	\$ 706,156	\$ 243,818	\$ 365	\$ --
<i>Judicial</i>	617,763	306,037	25,200	--
<i>Legal</i>	186,723	620	23,333	--
<i>Financial administration</i>	234,127	--	--	--
<i>Public facilities</i>	154,097	--	--	--
<i>Public Safety</i>	2,185,082	1,150,834	8,038	--
<i>Public transportation</i>	2,807,221	708,482	63,371	--
<i>Health and welfare</i>	182,013	--	--	--
<i>Conservation</i>	106,782	--	--	--
<i>Nondepartmental</i>	2,019,457	13,138	--	915,683
<i>Interest and fiscal charges</i>	263	--	--	--
Total Primary Government	<u>\$ 9,199,684</u>	<u>\$ 2,422,929</u>	<u>\$ 120,307</u>	<u>\$ 915,683</u>
<b>COMPONENT UNIT:</b>				
Clay County Memorial Hospital	<u>\$ 8,570,227</u>	<u>\$ 6,649,064</u>	<u>\$ 5,970</u>	<u>\$ 170,486</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 Position - Beginning  
Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position	
Governmental Activities	Component Unit
\$ (461,973)	
(286,526)	
(162,770)	
(234,127)	
(154,097)	
(1,026,210)	
(2,035,368)	
(182,013)	
(106,782)	
(1,090,636)	
(263)	
<u>(5,740,765)</u>	
	\$ (1,744,707)
4,892,870	--
10,981	2,320,421
837	76,063
165,810	--
<u>5,070,498</u>	<u>2,396,484</u>
(670,267)	651,777
9,868,165	6,230,218
<u>\$ 9,197,898</u>	<u>\$ 6,881,995</u>

**CLAY COUNTY, TEXAS****BALANCE SHEET - GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2016

	General Fund	Road & Bridge Number One	Road & Bridge Number Two
<b>ASSETS</b>			
<i>Cash and cash equivalents</i>	\$ 1,684,804	\$ 447,502	\$ 288,346
Receivables (net of allowances for uncollectibles):			
<i>Taxes</i>	129,374	33,869	34,534
<i>Fines</i>	607,967	--	--
<i>Intergovernmental</i>	23,998	929	751
<b>Total Assets</b>	<b>\$ 2,446,143</b>	<b>\$ 482,300</b>	<b>\$ 323,631</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
<i>Accounts payable</i>	\$ 23,264	\$ --	\$ --
<i>Due to other governments</i>	177,618	--	--
<i>Due to others</i>	100,877	--	--
<b>Total Liabilities</b>	<b>301,759</b>	<b>--</b>	<b>--</b>
<b>Deferred Inflows of Resources:</b>			
<i>Unavailable revenue-property taxes</i>	106,894	32,315	33,276
<i>Unavailable revenue-fines</i>	329,472	--	--
<i>Unavailable revenue-other</i>	36,083	--	--
<b>Total deferred inflows of resources</b>	<b>472,449</b>	<b>32,315</b>	<b>33,276</b>
<b>Fund balances:</b>			
<i>Restricted</i>	--	--	--
<i>Committed</i>	--	449,985	290,355
<i>Unassigned</i>	1,671,935	--	--
<b>Total fund balances</b>	<b>1,671,935</b>	<b>449,985</b>	<b>290,355</b>
<b>Total Liabilities, Deferred Inflows of     Resources, and Fund Balances</b>	<b>\$ 2,446,143</b>	<b>\$ 482,300</b>	<b>\$ 323,631</b>

The accompanying notes are an integral part of this statement.

Road & Bridge Number Three	Road & Bridge Number Four	Sheriff's Forfeiture	Other Governmental Funds	Total Governmental Funds
\$ 263,279	\$ 467,291	\$ 551,958	\$ 352,746	\$ 4,055,926
38,288	37,818	--	--	273,883
--	--	--	--	607,967
1,259	27,839	--	--	54,776
<u>\$ 302,826</u>	<u>\$ 532,948</u>	<u>\$ 551,958</u>	<u>\$ 352,746</u>	<u>\$ 4,992,552</u>
\$ --	\$ --	\$ --	\$ 10,000	\$ 33,264
--	--	--	--	177,618
--	--	--	--	100,877
--	--	--	10,000	311,759
36,181	35,600	--	--	244,266
--	--	--	--	329,472
--	--	--	--	36,083
<u>36,181</u>	<u>35,600</u>	<u>--</u>	<u>--</u>	<u>609,821</u>
--	--	551,958	342,746	894,704
266,645	497,348	--	--	1,504,333
--	--	--	--	1,671,935
<u>266,645</u>	<u>497,348</u>	<u>551,958</u>	<u>342,746</u>	<u>4,070,972</u>
<u>\$ 302,826</u>	<u>\$ 532,948</u>	<u>\$ 551,958</u>	<u>\$ 352,746</u>	<u>\$ 4,992,552</u>

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**CLAY COUNTY, TEXAS**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016

Total fund balances - governmental funds balance sheet	\$ 4,070,972
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	7,272,700
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	244,266
Payables for capital leases which are not due in the current period are not reported in the funds.	(2,132,643)
Payables for bond interest which are not due in the current period are not reported in the funds.	(27,550)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(103,751)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	69,964
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	329,472
Recognition of the County's net pension liability is not reported in the funds.	(1,624,232)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(210,147)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	<u>1,308,847</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 9,197,898</u>

The accompanying notes are an integral part of this statement.

# CLAY COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	General Fund	Road & Bridge Number One	Road & Bridge Number Two
<b>Revenues:</b>			
<i>Taxes</i>	\$ 3,681,988	\$ 261,059	\$ 211,197
<i>Licenses and permits</i>	155,016	119,883	119,883
<i>Intergovernmental</i>	923,721	27,081	11,305
<i>Fines and fees</i>	344,175	24,621	21,359
<i>Interest</i>	569	71	50
<i>Miscellaneous</i>	472,431	5,733	4,872
<b>Total revenues</b>	<u>5,577,900</u>	<u>438,448</u>	<u>368,666</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<i>General government</i>	630,162	--	--
<i>Judicial</i>	582,886	--	--
<i>Legal</i>	162,448	--	--
<i>Financial administration</i>	220,174	--	--
<i>Public facilities</i>	142,822	--	--
<i>Public Safety</i>	2,140,668	--	--
<i>Public transportation</i>	--	460,523	516,247
<i>Health and welfare</i>	174,786	--	--
<i>Conservation</i>	102,997	--	--
<i>Nondepartmental</i>	1,895,764	--	--
<b>Total expenditures</b>	<u>6,052,707</u>	<u>460,523</u>	<u>516,247</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(474,807)</b>	<b>(22,075)</b>	<b>(147,581)</b>
<b>Other financing sources (uses):</b>			
<i>Transfers in</i>	--	60,000	60,000
<i>Transfers out</i>	(240,058)	--	--
<i>Sale of capital assets</i>	23,347	--	11,593
<i>Capital leases</i>	--	--	53,781
<b>Total other financing sources (uses)</b>	<u>(216,711)</u>	<u>60,000</u>	<u>125,374</u>
<b>Net change in fund balances</b>	<b>(691,518)</b>	<b>37,925</b>	<b>(22,207)</b>
<b>Fund balances, October 1</b>	<b>2,363,453</b>	<b>412,060</b>	<b>312,562</b>
<b>Fund balances, September 30</b>	<b>\$ <u>1,671,935</u></b>	<b>\$ <u>449,985</u></b>	<b>\$ <u>290,355</u></b>

The accompanying notes are an integral part of this statement.

Road & Bridge Number Three	Road & Bridge Number Four	Sheriff's Forfeiture	Other Governmental Funds	Total Governmental Funds
\$ 353,833	\$ 372,533	\$ --	\$ --	\$ 4,880,610
119,883	119,883	--	--	634,548
52,066	62,694	--	--	1,076,867
30,690	31,913	--	83,970	536,728
66	81	--	--	837
8,918	12,451	637,251	--	1,141,656
<u>565,456</u>	<u>599,555</u>	<u>637,251</u>	<u>83,970</u>	<u>8,271,246</u>
--	--	--	38,518	668,680
--	--	--	--	582,886
--	--	--	12,818	175,266
--	--	--	--	220,174
--	--	--	--	142,822
--	--	89,115	--	2,229,783
835,091	1,419,362	--	--	3,231,223
--	--	--	--	174,786
--	--	--	--	102,997
--	--	--	24,336	1,920,100
<u>835,091</u>	<u>1,419,362</u>	<u>89,115</u>	<u>75,672</u>	<u>9,448,717</u>
(269,635)	(819,807)	548,136	8,298	(1,177,471)
60,000	60,000	--	58	240,058
--	--	--	--	(240,058)
--	338,662	--	--	373,602
122,389	371,354	--	--	547,524
<u>182,389</u>	<u>770,016</u>	<u>--</u>	<u>58</u>	<u>921,126</u>
(87,246)	(49,791)	548,136	8,356	(256,345)
353,891	547,139	3,822	334,390	4,327,317
<u>\$ 266,645</u>	<u>\$ 497,348</u>	<u>\$ 551,958</u>	<u>\$ 342,746</u>	<u>\$ 4,070,972</u>

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**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, 2016*

Net change in fund balances - total governmental funds	\$ (256,345)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	894,879
The depreciation of capital assets used in governmental activities is not reported in the funds.	(696,859)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(207,791)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	12,262
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	6,357
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	366,946
(Increase) decrease in accrued interest from beginning of period to end of period.	(263)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(11,858)
Certain fine revenues are deferred in the funds. This is the change in these amounts this year.	80,101
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(547,525)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(310,171)
Change in net position of governmental activities - Statement of Activities	\$ <u>(670,267)</u>

The accompanying notes are an integral part of this statement.

**CLAY COUNTY, TEXAS**

## STATEMENT OF FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

SEPTEMBER 30, 2016

	Agency Funds
<b>ASSETS</b>	
<i>Cash and cash equivalents</i>	\$ 337,656
<b>Total Assets</b>	<b>\$ 337,656</b>
<b>LIABILITIES</b>	
<i>Due to other governments</i>	\$ 201,130
<i>Due to others</i>	136,526
<b>Total Liabilities</b>	<b>\$ 337,656</b>

The accompanying notes are an integral part of this statement.

**CLAY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended September 30, 2016

**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.

**Discretely Presented Component Unit**

For financial statement 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. The criteria used are as follows:

**Financial Accountability** - The primary government is deemed to be a financially accountable if it appoints a voting majority of the organization's governing body and, (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board.

Clay County Memorial Hospital (CCMH) operates a primary critical care hospital. The County Commissioners' Court appoints CCMH's board, approves its annual budget, regularly scheduled payment of bills, and major capital additions. CCMH is reported as a discretely presented component unit because its services are provided entirely to the public. Separate financial statements are available from hospital management at CCMH, 310 W. South Street, Henrietta, Texas, 76365.

**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.

**CLAY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended September 30, 2016**

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.

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.

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, 2016**

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.

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.

**CLAY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended September 30, 2016**

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.

**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.

**CLAY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended September 30, 2016

**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	\$103,817
District clerk fines	160,724
Justice of the peace fines	<u>64,931</u>
Total	<u>\$329,472</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 was \$6,465,023, and the bank balance was \$6,361,101. All of the bank balance of \$6,361,101, was covered by federal deposit insurance and collateralized by the pledging financial institution with marketable securities held by an agent in the County's name.

Reconciliation of Carrying Amount to Balance Sheets:

	Primary <u>Government</u>	Component <u>Unit</u>	Reporting <u>Entity</u>
Cash and cash equivalents	\$4,055,926	\$858,517	\$4,914,443
Restricted cash and cash equivalents	--	1,212,924	1,212,924
Total government wide	4,055,926	2,071,441	6,127,367
Agency funds	337,656	--	337,656
	<u>\$4,393,582</u>	<u>\$2,071,441</u>	<u>\$6,465,023</u>

**CLAY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended September 30, 2016

**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	\$129,374	\$33,869	\$34,534	\$38,288	\$37,818	\$ --	\$273,883
Fines receivable	\$996,155	\$ --	\$ --	\$ --	\$ --	\$ --	\$996,155
Allowance	(388,188)	--	--	--	--	--	(388,188)
	\$607,967	\$ --	\$ --	\$ --	\$ --	\$ --	\$607,967

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)	\$106,893	\$ --	\$106,893
Deferred fines revenue (General Fund)	329,472	--	329,472
Deferred tax revenue (Road & Bridge Fund #1)	32,315	--	32,315
Deferred tax revenue (Road & Bridge Fund #2)	33,276	--	33,276
Deferred tax revenue (Road & Bridge Fund #3)	36,181	--	36,181
Deferred tax revenue (Road & Bridge Fund #4)	35,600	--	35,600
Deferred revenue - other	--	36,084	36,084
Total deferred/unearned revenue for governmental funds	\$573,737	\$36,084	\$609,821

**CLAY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended September 30, 2016

C. Capital assets

Capital asset activity for the year ended September 30, 2016:

	Balance 9/30/15	Additions	Retirements	Completed Construction	Balance 9/30/16
<b>GOVERNMENTAL ACTIVITIES:</b>					
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	46,336,989	--	--	--	46,335,989
Machinery and equipment	5,534,323	894,979	(438,984)	--	5,990,318
Total capital assets being depreciated	55,517,213	894,979	(438,984)	--	55,973,208
Less accumulated depreciation for:					
Buildings	(1,066,826)	(67,782)	--	--	(1,134,608)
Infrastructure	(45,023,917)	(36,309)	--	--	(45,060,226)
Machinery and equipment	(2,284,823)	(592,768)	231,222	--	(2,646,369)
Total accumulated depreciation	(48,375,566)	(696,859)	231,222	--	(48,841,203)
Total capital assets being depreciated, net	7,141,647	198,120	(207,762)	--	7,132,005
Governmental activities capital assets, net	\$7,282,342	\$198,120	(\$207,762)	\$ --	\$7,272,700

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

Governmental activities:

General government	\$1,500
Public safety	30,540
Public transportation	565,462
Nondepartmental	99,357
Total depreciation expense - governmental activities	<u>\$696,859</u>

**CLAY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended September 30, 2016**

	Balance 9/30/15	Additions	Retirements	Reclassify	Balance 9/30/16
<b>DISCRETE COMPONENT UNIT:</b>					
Capital assets, not being depreciated:					
Land	\$361,951	\$ --	\$ --	\$ --	\$361,951
Construction in progress	--	510,514	--	--	510,514
<b>Total capital assets not being depreciated</b>	<b>361,951</b>	<b>510,514</b>	<b>--</b>	<b>--</b>	<b>872,465</b>
Capital assets, being depreciated:					
Buildings	2,666,903	--	--	--	2,666,903
Land improvements	16,779	--	--	--	16,779
Equipment	6,533,441	6,159	--	--	6,539,600
Leased assets	524,009	127,039	--	--	651,048
<b>Total capital assets being depreciated</b>	<b>9,741,132</b>	<b>133,198</b>	<b>--</b>	<b>--</b>	<b>9,874,330</b>
Less accumulated depreciation for:					
Buildings	(1,715,061)	(77,715)	--	--	(1,792,776)
Land improvements	(5,781)	(1,119)	--	--	(6,900)
Equipment	(4,901,936)	(480,043)	--	--	(5,381,979)
Leased assets	(396,915)	(118,312)	--	--	(515,227)
<b>Total accumulated depreciation</b>	<b>(7,019,693)</b>	<b>(677,189)</b>	<b>--</b>	<b>--</b>	<b>(7,696,882)</b>
<b>Total capital assets being depreciated, net</b>	<b>2,721,439</b>	<b>(543,991)</b>	<b>--</b>	<b>--</b>	<b>2,177,448</b>
<b>Governmental activities capital assets, net</b>	<b>\$3,083,390</b>	<b>(\$33,477)</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$3,049,913</b>

**D. Interfund receivables, payables, and transfers**

There were no interfund receivable balances as of September 30, 2016.

**Interfund transfers:**

Fund	Transfer In	Transfer Out
<b>Major Governmental Funds</b>		
General Fund	\$ --	\$240,058
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	--
<b>NonMajor Governmental Funds</b>		
County Attorney	58	--
<b>Total</b>	<b>\$240,058</b>	<b>\$240,058</b>

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, 2016

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. During the year ended the County called the outstanding bonds and paid them off.

The County leases equipment with a historical cost and accumulated amortization of \$3,417,472 and \$2,549,472, respectively, under capital lease arrangements.

Capital Lease Obligations Currently Outstanding:

Purpose	Original Amount	Date of Lease	Final Maturity	Interest Rate	Balance 09/30/16
2015 John Deere 672G Motor Gr.	\$211,261	12/01/14	2/15/17	2.25%	\$192,192
2015 John Deere 672G Motor Gr.	209,758	12/01/14	2/15/17	2.25%	192,696
2014 12M3 CAT Motor Grader	184,151	2/03/15	1/30/18	2.25%	182,765
2015 4700 SF Western Star	104,750	3/11/15	3/24/18	2.25%	26,851
2015 420F Cat Backhoe	51,260	8/06/15	8/05/18	2.25%	46,354
2015 Mack Haul Truck	103,250	9/28/15	9/28/18	2.25%	94,141
2015 Magnum Tractor w/mower	106,653	2/24/15	2/24/20	2.55%	86,383
2015 CAT 924 Wheel Loader	130,314	7/24/15	2/30/20	2.25%	120,348
2016 JD Tractor	53,781	8/16/16	8/16/21	2.55%	53,781
2016 CAT Motor Grader	193,961	11/23/15	11/23/18	2.20%	193,961
2016 420 F2 Backhoe	72,422	1/13/14	1/13/18	2.50%	72,422
2017 Mack Truck #5509 CAT	104,971	3/14/14	3/15/19	2.50%	104,971
2016 JD Tractor	165,399	9/30/16	2/15/17	2.50%	122,389
2013 JD 310K Backhoe Loader	60,688	2/15/14	2/15/18	2.25%	33,047
2014 CAT 140M2 Motor Grader	125,437	3/14/14	3/15/19	2.25%	120,759
2014 CAT 140 M2 Motor Grader	122,637	3/14/14	3/15/18	2.25%	98,238
2014 CAT 140 M2 Motor Grader	151,794	3/14/14	3/15/18	2.25%	136,446
2014 CAT 140 M2 Motor Grader	122,531	3/14/14	3/15/18	2.25%	98,126
2014 CAT 140 M2 Motor Grader	120,426	3/14/14	3/15/18	2.25%	95,849
2014 CAT 914G Wheel Loader	87,430	3/14/14	3/15/19	2.25%	60,924
<b>Total Leases Payable</b>					<b><u><u>\$2,132,643</u></u></b>

**CLAY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended September 30, 2016

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

Year	Total
2017	\$578,322
2018	427,750
2019	863,013
2020	186,174
2021	172,901
2022	27,620
Total payments	2,255,780
Less imputed interest	(123,137)
Total Capital Lease Obligations	<u>\$2,132,643</u>

**CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended September 30, 2016, was as follows:

	Balance 09/30/15	Additions	Retirements	Balance 09/30/16	Due Within One Year
<b>Governmental activities:</b>					
Capital leases	\$1,952,064	\$547,525	(\$366,946)	\$2,132,643	\$532,048
Net pension liability	597,907	1,026,325	--	1,624,232	--
Compensated absences	91,892	103,751	(91,892)	103,751	103,751
Governmental activity long-term liabilities	<u>\$2,641,863</u>	<u>\$1,677,601</u>	<u>(\$458,838)</u>	<u>\$3,860,626</u>	<u>\$635,799</u>

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

	Balance 09/30/15	Additions	Retirements	Balance 09/30/16	Due Within One Year
<b>Discrete Component Unit:</b>					
Capital leases	\$104,105	\$127,039	(\$116,367)	\$114,777	\$24,182
Governmental activity long-term liabilities	<u>\$104,105</u>	<u>\$127,039</u>	<u>(\$116,367)</u>	<u>\$114,777</u>	<u>\$24,182</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, 2016

**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, 2016, 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. Retirement Commitments**

**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 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, 78768-20343.

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

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

**2. Benefits**

TCDRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the County, within the options available in the state statutes governing TCDRS.

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees (or their beneficiaries) currently receiving benefits	60
Inactive employees entitled to but not yet receiving benefits	27
Active employees	73
	<u>160</u>

**CLAY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended September 30, 2016**

3. Contributions

The contribution rates for employees in TCDRS is 7% of employee gross earnings, and the County percentages is 11.0%, both as adopted by the governing body of the County. Under the state law governing TCDRS, the contribution rate for each County is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The County's contributions to TCDRS for the year ended September 30, 2016, were \$344,789 and were equal to the required contributions.

4. Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

***Actuarial assumptions:***

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. These assumptions were first used in the December 31, 2014 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation.

**CLAY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended September 30, 2016

The long-term expected rate of return on pension plan investments is 8.10%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	14.50%	5.45%
Private Equity	14.00%	8.45%
Global Equities	1.50%	5.75%
International Equities - Developed	10.00%	5.45%
International Equities - Emerging	8.00%	6.45%
Investment - Grade Bonds	3.00%	1.00%
High-Yield Bonds	3.00%	5.10%
Opportunistic Credit	2.00%	5.09%
Direct Lending	5.00%	6.40%
Distressed Debt	3.00%	8.10%
REIT Equities	3.00%	4.00%
Master Limited Partnerships (MLPs)	3.00%	6.80%
Private Real Estate Partnerships	5.00%	6.90%
Hedge Funds	25.00%	5.25%
	100.00%	

*Discount Rate*

The discount rate used to measure the Total Pension Liability (Asset) was 8.1%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability (Asset).

**CLAY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended September 30, 2016

*Changes in the net pension liability*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability(Asset)
	[a]	[b]	[a] - (b)
Balance at 12/31/14	\$14,041,042	\$13,443,134	\$597,908
Changes for the year:			
Service cost	354,961	--	354,961
Interest on total pension liability	1,134,318	--	1,134,318
Change of benefit terms	121,229	--	121,229
Difference between expected and actual experience	(280,196)	--	(280,196)
Change of assumptions	166,941	--	166,941
Contributions - employer	--	333,546	(333,546)
Contributions employee	--	211,416	(211,416)
Net investment income	--	56,359	(56,359)
Benefit payments, including refunds of employee contributions	(718,825)	(718,825)	--
Amortization or prior year assets	--	--	--
Administrative expense	--	(9,575)	9,575
Other changes	--	(120,817)	120,817
Net changes	778,428	(247,896)	1,026,324
Balance at 12/31/15	\$14,819,470	\$13,195,238	\$1,624,232

*Sensitivity of the net pension liability to changes in the discount rate*

The following presents the net pension liability of the County, calculated using the discount rate of 8.1%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.1%) or 1 percentage point higher (9.1%) than the current rate:

	1% Decrease 7.1%	Current Discount Rate 8.1%	1% Increase 9.1%
Total pension liability	\$16,445,289	\$14,819,470	\$13,445,908
Fiduciary net position	13,195,238	13,195,238	13,195,238
Net Pension Liability (Asset)	\$3,250,051	\$1,624,232	\$250,670

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained on the Internet at [www.tcdrs.org](http://www.tcdrs.org).

**CLAY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended September 30, 2016

*Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions*

For the year ended September 30, 2016, the County recognized pension expense of \$656,280. At September 30, 2016, the County reported deferred outflows and inflows of resources related to pensions from the following sources:

	Original Amount	Date Established	Original Recognitio Period	Amount Recognized in 12/31/15 Expense	Balance of Deferred Inflows 12/31/15	Balance of Deferred Outflows 12/31/2015
Investment (gains) or losses	\$1,030,026	12/31/2015	5.0	\$206,006	--	\$824,022
	165,140	12/31/2014	5.0	33,028	--	99,084
Economic/demographic (gains) or losses	(280,196)	12/31/2015	4.0	(70,049)	210,147	--
	9,847	12/31/2014	4.0	2,462	--	4,923
Assumption changes or inputs	166,941	12/31/2015	4.0	41,735	--	125,206
	--	12/31/2014	4.0	--	--	-
Employer contributions made subsequent to measurement date		12/31/2015	1.0	--	--	255,612
				<u>213,182</u>	<u>210,147</u>	<u>\$1,308,847</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Inflows/outflows to Be Recognized in Future Years

Year ended December 31,	
2016	\$213,181
2017	213,181
2018	210,720
2019	206,006
2020	--
	<u>\$843,088</u>

F. 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. Fines receivable are due from citizens primarily within the County's boundaries. Risk of loss is reduced by an allowance for uncollectibles and collection policies.

**CLAY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended September 30, 2016

G. Restatement of Prior Year Balances

During the current year the County was subject to the effects of the Single Audit. In preparing for the audit it was determined that certain reimbursable grant work, primarily from FEMA grants, had been performed in the prior year, but the grant receivable had not been accrued. The total effect of the reimbursement was to increase Intergovernmental receivables, grant revenue, and governmental fund balance by \$197,517 at September 30, 2015 as follows:

	<u>As Reported</u>	<u>Restatement</u>	<u>As Restated</u>
<b>General Fund</b>			
Intergovernmental	\$14,916	\$5,000	\$19,916
Fund balance	2,358,453	5,000	2,363,453
<b>Road and Bridge Number Two</b>			
Intergovernmental	462	46,243	46,705
Fund balance	266,318	46,243	312,561
<b>Road and Bridge Number Three</b>			
Intergovernmental	774	32,970	33,744
Fund balance	320,921	32,970	353,891
<b>Road and Bridge Number Four</b>			
Intergovernmental	814	113,304	114,118
Fund balance	433,835	113,304	547,139
<b>Total Governmental Fund balance</b>	<b>4,129,798</b>	<b>197,517</b>	<b>4,327,315</b>
Miscellaneous	112,778	(30)	112,748
<b>Net position - accrual basis</b>	<b>\$9,670,678</b>	<b>\$197,487</b>	<b>\$9,868,165</b>

### *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, 2016**

**EXHIBIT B-1**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<i>Taxes</i>	\$ 3,632,483	\$ 3,632,483	\$ 3,681,988	\$ 49,505
<i>Licenses and permits</i>	140,000	140,000	155,016	15,016
<i>Intergovernmental</i>	1,510,000	1,510,000	923,721	(586,279)
<i>Fines and fees</i>	348,200	348,200	344,175	(4,025)
<i>Interest</i>	--	--	569	569
<i>Miscellaneous</i>	397,541	409,392	472,431	63,039
<b>Total revenues</b>	<u>6,028,224</u>	<u>6,040,075</u>	<u>5,577,900</u>	<u>(462,175)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<i>General government</i>	744,140	744,140	630,162	113,978
<i>Judicial</i>	721,775	721,775	582,886	138,889
<i>Legal</i>	173,891	173,891	162,448	11,443
<i>Financial administration</i>	230,401	230,401	220,174	10,227
<i>Public facilities</i>	147,051	147,051	142,822	4,229
<i>Public Safety</i>	2,274,906	2,309,512	2,140,668	168,844
<i>Health and welfare</i>	229,086	229,086	174,786	54,300
<i>Conservation</i>	111,642	111,642	102,997	8,645
<i>Nondepartmental</i>	2,755,551	2,755,343	1,895,764	859,579
<b>Total expenditures</b>	<u>7,388,443</u>	<u>7,422,841</u>	<u>6,052,707</u>	<u>1,370,134</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,360,219)</u>	<u>(1,382,766)</u>	<u>(474,807)</u>	<u>907,959</u>
<b>Other financing sources (uses):</b>				
<i>Transfers out</i>	(390,078)	(390,078)	(240,058)	150,020
<i>Sale of capital assets</i>	20,000	42,547	23,347	(19,200)
<b>Total other financing sources (uses)</b>	<u>(370,078)</u>	<u>(347,531)</u>	<u>(216,711)</u>	<u>(130,820)</u>
<b>Net change in fund balances</b>	<u>(1,730,297)</u>	<u>(1,730,297)</u>	<u>(691,518)</u>	<u>1,038,779</u>
<b>Fund balances, October 1</b>	<u>2,363,453</u>	<u>2,363,453</u>	<u>2,363,453</u>	<u>--</u>
<b>Fund balances, September 30</b>	<u>\$ 633,156</u>	<u>\$ 633,156</u>	<u>\$ 1,671,935</u>	<u>\$ 1,038,779</u>

**CLAY COUNTY, TEXAS**  
ROAD & BRIDGE NUMBER ONE  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<i>Taxes</i>	\$ 257,901	\$ 257,901	\$ 261,059	\$ 3,158
<i>Licenses and permits</i>	120,000	120,000	119,883	(117)
<i>Intergovernmental</i>	50,000	50,000	27,081	(22,919)
<i>Fines and fees</i>	8,000	8,000	24,621	16,621
<i>Interest</i>	200	200	71	(129)
<i>Miscellaneous</i>	--	--	5,733	5,733
<b>Total revenues</b>	<u>436,101</u>	<u>436,101</u>	<u>438,448</u>	<u>2,347</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<i>Public transportation</i>	646,622	646,622	460,523	186,099
<b>Total expenditures</b>	<u>646,622</u>	<u>646,622</u>	<u>460,523</u>	<u>186,099</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(210,521)	(210,521)	(22,075)	188,446
<b>Other financing sources (uses):</b>				
<i>Transfers in</i>	60,000	60,000	60,000	--
<b>Total other financing sources (uses)</b>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>--</u>
<b>Net change in fund balances</b>	(150,521)	(150,521)	37,925	188,446
<b>Fund balances, October 1</b>	412,060	412,060	412,060	--
<b>Fund balances, September 30</b>	<u>\$ 261,539</u>	<u>\$ 261,539</u>	<u>\$ 449,985</u>	<u>\$ 188,446</u>

**CLAY COUNTY, TEXAS**  
**ROAD & BRIDGE NUMBER TWO**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT B-3**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<i>Taxes</i>	\$ 208,672	\$ 208,672	\$ 211,197	\$ 2,525
<i>Licenses and permits</i>	120,000	120,000	119,883	(117)
<i>Intergovernmental</i>	23,574	23,574	11,305	(12,269)
<i>Fines and fees</i>	8,000	8,000	21,359	13,359
<i>Interest</i>	50	50	50	--
<i>Miscellaneous</i>	--	--	4,872	4,872
<b>Total revenues</b>	<u>360,296</u>	<u>360,296</u>	<u>368,666</u>	<u>8,370</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<i>Public transportation</i>	589,474	589,474	516,247	73,227
<b>Total expenditures</b>	<u>589,474</u>	<u>589,474</u>	<u>516,247</u>	<u>73,227</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(229,178)	(229,178)	(147,581)	81,597
<b>Other financing sources (uses):</b>				
<i>Transfers in</i>	60,000	60,000	60,000	--
<i>Sale of capital assets</i>	--	--	11,593	11,593
<i>Capital leases</i>	--	--	53,781	53,781
<b>Total other financing sources (uses)</b>	<u>60,000</u>	<u>60,000</u>	<u>125,374</u>	<u>65,374</u>
<b>Net change in fund balances</b>	(169,178)	(169,178)	(22,207)	146,971
<b>Fund balances, October 1</b>	312,562	312,562	312,562	--
<b>Fund balances, September 30</b>	<u>\$ 143,384</u>	<u>\$ 143,384</u>	<u>\$ 290,355</u>	<u>\$ 146,971</u>

**CLAY COUNTY, TEXAS**  
ROAD & BRIDGE NUMBER THREE  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

**EXHIBIT B-4**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<i>Taxes</i>	\$ 349,480	\$ 349,480	\$ 353,833	\$ 4,353
<i>Licenses and permits</i>	120,000	120,000	119,883	(117)
<i>Intergovernmental</i>	98,000	98,000	52,066	(45,934)
<i>Fines and fees</i>	8,000	8,000	30,690	22,690
<i>Interest</i>	50	50	66	16
<i>Miscellaneous</i>	--	--	8,918	8,918
<b>Total revenues</b>	<u>575,530</u>	<u>575,530</u>	<u>565,456</u>	<u>(10,074)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<i>Public transportation</i>	811,995	811,995	835,091	(23,096)
<b>Total expenditures</b>	<u>811,995</u>	<u>811,995</u>	<u>835,091</u>	<u>(23,096)</u>
<b>Excess (deficiency) of revenues over     (under) expenditures</b>	<u>(236,465)</u>	<u>(236,465)</u>	<u>(269,635)</u>	<u>(33,170)</u>
<b>Other financing sources (uses):</b>				
<i>Transfers in</i>	60,000	60,000	60,000	--
<i>Capital leases</i>	--	--	122,389	122,389
<b>Total other financing sources (uses)</b>	<u>60,000</u>	<u>60,000</u>	<u>182,389</u>	<u>122,389</u>
<b>Net change in fund balances</b>	<u>(176,465)</u>	<u>(176,465)</u>	<u>(87,246)</u>	<u>89,219</u>
<b>Fund balances, October 1</b>	<u>353,891</u>	<u>353,891</u>	<u>353,891</u>	<u>--</u>
<b>Fund balances, September 30</b>	<u>\$ 177,426</u>	<u>\$ 177,426</u>	<u>\$ 266,645</u>	<u>\$ 89,219</u>

**CLAY COUNTY, TEXAS**  
ROAD & BRIDGE NUMBER FOUR  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT B-5

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<i>Taxes</i>	\$ 368,116	\$ 368,116	\$ 372,533	\$ 4,417
<i>Licenses and permits</i>	120,000	120,000	119,883	(117)
<i>Intergovernmental</i>	98,000	98,000	62,694	(35,306)
<i>Fines and fees</i>	8,000	8,000	31,913	23,913
<i>Interest</i>	50	50	81	31
<i>Miscellaneous</i>	--	--	12,451	12,451
<b>Total revenues</b>	<u>594,166</u>	<u>594,166</u>	<u>599,555</u>	<u>5,389</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<i>Public transportation</i>	918,355	918,355	1,419,362	(501,007)
<b>Total expenditures</b>	<u>918,355</u>	<u>918,355</u>	<u>1,419,362</u>	<u>(501,007)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(324,189)</b>	<b>(324,189)</b>	<b>(819,807)</b>	<b>(495,618)</b>
<b>Other financing sources (uses):</b>				
<i>Transfers in</i>	60,000	60,000	60,000	--
<i>Sale of capital assets</i>	--	--	338,662	338,662
<i>Capital leases</i>	--	--	371,354	371,354
<b>Total other financing sources (uses)</b>	<u>60,000</u>	<u>60,000</u>	<u>770,016</u>	<u>710,016</u>
<b>Net change in fund balances</b>	<b>(264,189)</b>	<b>(264,189)</b>	<b>(49,791)</b>	<b>214,398</b>
<b>Fund balances, October 1</b>	<b>547,139</b>	<b>547,139</b>	<b>547,139</b>	<b>--</b>
<b>Fund balances, September 30</b>	<b>\$ 282,950</b>	<b>\$ 282,950</b>	<b>\$ 497,348</b>	<b>\$ 214,398</b>

**CLAY COUNTY, TEXAS**

*SCHEDULE OF CHANGES IN THE COUNTY'S  
NET PENSION LIABILITY AND RELATED RATIOS  
CLAY COUNTY, TEXAS PENSION PLAN  
LAST TEN PLAN YEARS \**

	Plan Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Total pension liability:</b>										
Service cost	\$ 354,961	\$ 339,370	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Interest	1,134,318	1,065,724	--	--	--	--	--	--	--	--
Changes of benefit terms	121,229	--	--	--	--	--	--	--	--	--
Differences between expected and actual experience	(280,196)	9,847	--	--	--	--	--	--	--	--
Changes of assumptions	166,941	--	--	--	--	--	--	--	--	--
Benefit payments, including refunds of employee contributions	(718,825)	(715,284)	--	--	--	--	--	--	--	--
Net change in total pension liability	778,428	699,657	--	--	--	--	--	--	--	--
Total pension liability - beginning	14,041,041	13,341,384	--	--	--	--	--	--	--	--
Total pension liability - ending (a)	\$ 14,819,469	\$ 14,041,041	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<b>Plan fiduciary net position:</b>										
Contributions - employer	\$ 333,546	\$ 317,514	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions - employee	211,416	202,054	--	--	--	--	--	--	--	--
Net investment income	56,359	870,107	--	--	--	--	--	--	--	--
Benefit payments, including refunds of employee contributions	(718,825)	(715,284)	--	--	--	--	--	--	--	--
Administrative expense	(9,575)	(10,079)	--	--	--	--	--	--	--	--
Other	(120,817)	42,252	--	--	--	--	--	--	--	--
Net change in plan fiduciary net position	(247,896)	706,564	--	--	--	--	--	--	--	--
Plan fiduciary net position - beginning	13,443,134	12,736,570	--	--	--	--	--	--	--	--
Plan fiduciary net position - ending (b)	\$ 13,195,238	\$ 13,443,134	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<b>County's net pension liability - ending (a) - (b)</b>	\$ 1,624,231	\$ 597,907	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Plan fiduciary net position as a percentage of the total pension liability	89.04%	95.74%	--	--	--	--	--	--	--	--
Covered-employee payroll	\$ 3,134,440	\$ 2,886,490	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
County's net pension liability as a percentage of covered-employee payroll	51.82%	20.71%	--	--	--	--	--	--	--	--

**Notes to Schedule:**

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**CLAY COUNTY, TEXAS**  
*SCHEDULE OF COUNTY CONTRIBUTIONS*  
 CLAY COUNTY, TEXAS PENSION PLAN  
 LAST TEN PLAN YEARS \*

	September 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 344,789	\$ 326,200	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions in relation to the actuarially determined contribution	(344,789)	(326,200)	--	--	--	--	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Covered-employee payroll	\$ 3,134,440	\$ 2,886,490	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	11.00%	11.30%	--	--	--	--	--	--	--	--

**Valuation date:** December 31, 2015

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	19 years
Asset valuation method	5-year non-asymptotic
Inflation	3.0%
Salary increases	3.5%, average, including inflation
Investment rate of return	8.10%, net of pension plan investment expense, including inflation
Retirement age	Experience-based table of rates that are specific to the County's plan of benefits.
Mortality	Based upon the results of an actuarial experience for the period January 1, 2009 - December 31, 2012, except where required to be different by GASB-68. In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP-2000 Healthy Annuitant Mortality Table.

**Notes to Schedule:**

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

**CLAY COUNTY, TEXAS**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
Year Ended September 30, 2016

**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.

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*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, 2016

	Special Revenue Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS</b>		
<i>Cash and cash equivalents</i>	\$ 352,746	\$ 352,746
<b>Total Assets</b>	<u>\$ 352,746</u>	<u>\$ 352,746</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities</b>		
<i>Accounts payable</i>	\$ 10,000	\$ 10,000
<b>Total Liabilities</b>	<u>10,000</u>	<u>10,000</u>
 <b>Fund balances:</b>		
<i>Restricted</i>	342,746	342,746
<b>Total fund balances</b>	<u>342,746</u>	<u>342,746</u>
 <b>Total Liabilities and Fund Balances</b>	 <u>\$ 352,746</u>	 <u>\$ 352,746</u>

**CLAY COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:		
<i>Fines and fees</i>	\$ 83,970	\$ 83,970
Total revenues	<u>83,970</u>	<u>83,970</u>
Expenditures:		
Current:		
<i>General government</i>	38,518	38,518
<i>Legal</i>	12,818	12,818
<i>Nondepartmental</i>	24,336	24,336
Total expenditures	<u>75,672</u>	<u>75,672</u>
Excess (deficiency) of revenues over (under) expenditures	8,298	8,298
Other financing sources (uses):		
<i>Transfers in</i>	58	58
Total other financing sources (uses)	<u>58</u>	<u>58</u>
Net change in fund balances	8,356	8,356
Fund balances, October 1	334,390	334,390
Fund balances, September 30	<u>\$ 342,746</u>	<u>\$ 342,746</u>

**CLAY COUNTY, TEXAS**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 SEPTEMBER 30, 2016

	Records Management Fee	Court Reporter Service	Records Preservation
<b>ASSETS</b>			
<i>Cash and cash equivalents</i>	\$ 174,739	\$ 25,080	\$ 20,461
<b>Total Assets</b>	<u>\$ 174,739</u>	<u>\$ 25,080</u>	<u>\$ 20,461</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
<i>Accounts payable</i>	\$ 10,000	\$ --	\$ --
<b>Total Liabilities</b>	<u>10,000</u>	<u>--</u>	<u>--</u>
<b>Fund balances:</b>			
<i>Restricted</i>	164,739	25,080	20,461
<b>Total fund balances</b>	<u>164,739</u>	<u>25,080</u>	<u>20,461</u>
<b>Total Liabilities AND fUND bALANCES</b>	<u>\$ 174,739</u>	<u>\$ 25,080</u>	<u>\$ 20,461</u>

Courthouse Security	County Attorney	Juvenile Case Manager	Court Technology	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 91,813	\$ 2	\$ 4,099	\$ 36,552	\$ 352,746
<u>\$ 91,813</u>	<u>\$ 2</u>	<u>\$ 4,099</u>	<u>\$ 36,552</u>	<u>\$ 352,746</u>
\$ --	\$ --	\$ --	\$ --	\$ 10,000
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>10,000</u>
91,813	2	4,099	36,552	342,746
<u>91,813</u>	<u>2</u>	<u>4,099</u>	<u>36,552</u>	<u>342,746</u>
\$ 91,813	\$ 2	\$ 4,099	\$ 36,552	\$ 352,746
<u>\$ 91,813</u>	<u>\$ 2</u>	<u>\$ 4,099</u>	<u>\$ 36,552</u>	<u>\$ 352,746</u>

**CLAY COUNTY, TEXAS**

*COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016*

	Records Management Fee	Court Reporter Service	Records Preservation
<b>Revenues:</b>			
<i>Fines and fees</i>	\$ 48,628	\$ 1,333	\$ 2,681
<b>Total revenues</b>	<u>48,628</u>	<u>1,333</u>	<u>2,681</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<i>General government</i>	37,568	950	--
<i>Legal</i>	--	--	--
<i>Nondepartmental</i>	--	--	--
<b>Total expenditures</b>	<u>37,568</u>	<u>950</u>	<u>--</u>
<b>Excess (deficiency) of revenues over     (under) expenditures</b>	<b>11,060</b>	<b>383</b>	<b>2,681</b>
<b>Other financing sources (uses):</b>			
<i>Transfers in</i>	--	--	--
<b>Total other financing sources (uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Net change in fund balances</b>	<b>11,060</b>	<b>383</b>	<b>2,681</b>
<b>Fund balances, October 1</b>	<b>153,679</b>	<b>24,697</b>	<b>17,780</b>
<b>Fund balances, September 30</b>	<u><b>\$ 164,739</b></u>	<u><b>\$ 25,080</b></u>	<u><b>\$ 20,461</b></u>

Courthouse Security	County Attorney	Juvenile Case Manager	Court Technology	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ 9,474	\$ 620	\$ 13,785	\$ 7,449	\$ 83,970
9,474	620	13,785	7,449	83,970
--	--	--	--	38,518
--	818	12,000	--	12,818
8,453	--	--	15,883	24,336
8,453	818	12,000	15,883	75,672
1,021	(198)	1,785	(8,434)	8,298
--	58	--	--	58
--	58	--	--	58
1,021	(140)	1,785	(8,434)	8,356
90,792	142	2,314	44,986	334,390
\$ 91,813	\$ 2	\$ 4,099	\$ 36,552	\$ 342,746

**CLAY COUNTY, TEXAS**  
 RECORDS MANAGEMENT FEE  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT C-5

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines and fees</i>	\$ 38,050	\$ 48,628	\$ 10,578
Total revenues	<u>38,050</u>	<u>48,628</u>	<u>10,578</u>
Expenditures:			
Current:			
<i>General government</i>	90,000	37,568	52,432
Total expenditures	<u>90,000</u>	<u>37,568</u>	<u>52,432</u>
Excess (deficiency) of revenues over (under) expenditures	(51,950)	11,060	63,010
Net change in fund balances	(51,950)	11,060	63,010
Fund balances, October 1	153,679	153,679	--
Fund balances, September 30	<u>\$ 101,729</u>	<u>\$ 164,739</u>	<u>\$ 63,010</u>

**CLAY COUNTY, TEXAS**  
 COURT REPORTER SERVICE  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT C-6

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines and fees</i>	\$ 1,200	\$ 1,333	\$ 133
Total revenues	<u>1,200</u>	<u>1,333</u>	<u>133</u>
Expenditures:			
Current:			
<i>General government</i>	10,000	950	9,050
Total expenditures	<u>10,000</u>	<u>950</u>	<u>9,050</u>
Excess (deficiency) of revenues over (under) expenditures	(8,800)	383	9,183
Net change in fund balances	(8,800)	383	9,183
Fund balances, October 1	24,697	24,697	--
Fund balances, September 30	<u>\$ 15,897</u>	<u>\$ 25,080</u>	<u>\$ 9,183</u>

**CLAY COUNTY, TEXAS**  
 RECORDS PRESERVATION  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT C-7

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines and fees</i>	\$ 2,500	\$ 2,681	\$ 181
Total revenues	<u>2,500</u>	<u>2,681</u>	<u>181</u>
Expenditures:			
Current:			
<i>General government</i>	15,000	--	15,000
Total expenditures	<u>15,000</u>	<u>--</u>	<u>15,000</u>
Excess (deficiency) of revenues over (under) expenditures	(12,500)	2,681	15,181
Net change in fund balances	(12,500)	2,681	15,181
Fund balances, October 1	17,780	17,780	--
Fund balances, September 30	<u>\$ 5,280</u>	<u>\$ 20,461</u>	<u>\$ 15,181</u>

**CLAY COUNTY, TEXAS**

COURTHOUSE SECURITY

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT C-8

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
<i>Fines and fees</i>	\$ 10,650	\$ 9,474	\$ (1,176)
<b>Total revenues</b>	<u>10,650</u>	<u>9,474</u>	<u>(1,176)</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<i>Nondepartmental</i>	74,365	8,453	65,912
<b>Total expenditures</b>	<u>74,365</u>	<u>8,453</u>	<u>65,912</u>
<b>Excess (deficiency) of revenues over             (under) expenditures</b>	(63,715)	1,021	64,736
<b>Net change in fund balances</b>	(63,715)	1,021	64,736
<b>Fund balances, October 1</b>	90,792	90,792	--
<b>Fund balances, September 30</b>	<u>\$ 27,077</u>	<u>\$ 91,813</u>	<u>\$ 64,736</u>

**CLAY COUNTY, TEXAS**  
 COUNTY ATTORNEY  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT C-9

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines and fees</i>	\$ 1,000	\$ 620	\$ (380)
Total revenues	<u>1,000</u>	<u>620</u>	<u>(380)</u>
Expenditures:			
Current:			
<i>Legal</i>	1,078	818	260
Total expenditures	<u>1,078</u>	<u>818</u>	<u>260</u>
Excess (deficiency) of revenues over (under) expenditures	(78)	(198)	(120)
Other financing sources (uses):			
<i>Transfers in</i>	78	58	(20)
Total other financing sources (uses)	<u>78</u>	<u>58</u>	<u>(20)</u>
Net change in fund balances	--	(140)	(140)
Fund balances, October 1	142	142	--
Fund balances, September 30	<u>\$ 142</u>	<u>\$ 2</u>	<u>\$ (140)</u>

**CLAY COUNTY, TEXAS**

JUVENILE CASE MANAGER

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT C-10

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines and fees</i>	\$ 10,000	\$ 13,785	\$ 3,785
Total revenues	<u>10,000</u>	<u>13,785</u>	<u>3,785</u>
Expenditures:			
Current:			
<i>Legal</i>	12,000	12,000	--
Total expenditures	<u>12,000</u>	<u>12,000</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	(2,000)	1,785	3,785
Net change in fund balances	(2,000)	1,785	3,785
Fund balances, October 1	2,314	2,314	--
Fund balances, September 30	<u>\$ 314</u>	<u>\$ 4,099</u>	<u>\$ 3,785</u>

**CLAY COUNTY, TEXAS**

COURT TECHNOLOGY

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT C-11

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines and fees</i>	\$ (9,150)	\$ 7,449	\$ 16,599
Total revenues	<u>(9,150)</u>	<u>7,449</u>	<u>16,599</u>
Expenditures:			
Current:			
<i>Nondepartmental</i>	34,300	15,883	18,417
Total expenditures	<u>34,300</u>	<u>15,883</u>	<u>18,417</u>
Excess (deficiency) of revenues over (under) expenditures	(43,450)	(8,434)	35,016
Net change in fund balances	(43,450)	(8,434)	35,016
Fund balances, October 1	44,986	44,986	--
Fund balances, September 30	<u>\$ 1,536</u>	<u>\$ 36,552</u>	<u>\$ 35,016</u>

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**CLAY COUNTY, TEXAS**

## COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

## AGENCY FUNDS

SEPTEMBER 30, 2016

	District Clerk	County Clerk	Sheriff Agency
<b>ASSETS</b>			
<i>Cash and cash equivalents</i>	\$ 41,852	\$ 2,574	\$ 68,716
<b>Total Assets</b>	<u>\$ 41,852</u>	<u>\$ 2,574</u>	<u>\$ 68,716</u>
<b>LIABILITIES</b>			
<i>Due to other governments</i>	\$ --	\$ --	\$ --
<i>Due to others</i>	41,852	2,574	68,716
<b>Total Liabilities</b>	<u>\$ 41,852</u>	<u>\$ 2,574</u>	<u>\$ 68,716</u>

Tax Assessor Collector	County Attorney Agency	County Treasurer	Officer's Fee	Total Agency Funds (See Exhibit A-7)
\$ 161,327	\$ 353	\$ 16,941	\$ 45,893	\$ 337,656
<u>\$ 161,327</u>	<u>\$ 353</u>	<u>\$ 16,941</u>	<u>\$ 45,893</u>	<u>\$ 337,656</u>
\$ 160,952	\$ --	\$ --	\$ 40,178	\$ 201,130
375	353	16,941	5,715	136,526
<u>\$ 161,327</u>	<u>\$ 353</u>	<u>\$ 16,941</u>	<u>\$ 45,893</u>	<u>\$ 337,656</u>

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