

STATE OF TEXAS
BAILEY COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012



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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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INTRODUCTORY SECTION

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STATE OF TEXAS
Bailey County
Table of Contents
September 30, 2012

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Table of Contents		5
Official Roster		7
FINANCIAL SECTION		
Independent Auditors' Report		10-11
Management's Discussion and Analysis		13-19
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements:		
Statement of Net Assets	A-1	22
Statement of Activities	A-2	23
Fund Financial Statements:		
Balance Sheet – Governmental Funds	B-1	24
Reconciliation of the Balance Sheet to the Statement of Net Assets		25
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-2	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		27
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
General Fund	C-1	28
EMS Special Revenue Fund	C-2	29
Statement of Fiduciary Assets and Liabilities – Agency Funds	D-1	31
 NOTES TO FINANCIAL STATEMENTS		 33-53
SUPPLEMENTARY INFORMATION		
	<u>Statement</u>	
COMBINING AND INDIVIDUAL FUND STATEMENTS:		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	56-63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	64-71
SUPPORTING SCHEDULES		
	<u>Schedule</u>	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Road & Bridge Precinct 1 Special Revenue Fund	I	74
Road & Bridge Precinct 2 Special Revenue Fund	II	75
Road & Bridge Precinct 3 Special Revenue Fund	III	76
Road & Bridge Precinct 4 Special Revenue Fund	IV	77
Debt Service Fund	V	79
Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds	VI	81-83

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STATE OF TEXAS
Bailey County
Official Roster
September 30, 2012

<u>Name</u>	<u>Elected Officials</u>	<u>Title</u>
Jackie R. Claborn II		County Attorney
Paula Benton		County Clerk
Sherri Harrison		County Judge
Shonda L. Black		County Treasurer
Kathryn Gurley		District Attorney
Elaine Parker		District Clerk
Gordon H. Green		District Judge
Debra Redwine		Justice of the Peace
Richard Wills		Sheriff
Floyd (Butch) Vandiver		Precinct 1- Commissioner
C.E. Grant		Precinct 2- Commissioner
Joey Kindle		Precinct 3- Commissioner
Juan Chavez		Precinct 4- Commissioner

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FINANCIAL SECTION



Pratas, Smith & Moore, LLC

A member of Accounting & Consulting Group, LLP

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and
Members of the Commissioners' Court of Bailey County
Bailey County
Muleshoe, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and the EMS Special Revenue Fund of Bailey County, Texas (the County), as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 19 and 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 in an appropriate operational, economic, or historical context. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements as a whole. The accompanying financial information listed as Supporting Schedules I through VI in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements, taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.



Pratas, Smith & Moore, LLC
A member of Accounting & Consulting Group, LLP
Lubbock, Texas
February 6, 2013

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STATE OF TEXAS
Bailey County
Management's Discussion and Analysis
September 30, 2012

As management of Bailey County (the County), we offer readers of Bailey County financial statements this narrative overview and analysis of the financial activities of Bailey County for the fiscal year ended September 30, 2012. We encourage readers to consider the information presented here in conjunction with the financial statements of Bailey County and additional information provided.

Financial Highlights

- The assets of Bailey County exceeded its liabilities at the close of the most recent fiscal year by \$1,488,553 (*net assets*). Of this amount, \$1,218,566 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors. This is an increase of net assets of \$194,911 from the prior year. \$861,453 of the County's equity is restricted for special revenue funds.
- Change in net assets for the year was an increase of \$194,911 from the prior year. The increase is primarily due to a increase in property taxes.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,014,059, or 38 percent of total general fund expenditures.

Overview of the Financial Statements

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

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

The *statement of net assets* presents information on all of Bailey 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 Bailey County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of Bailey County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs. The governmental activities of Bailey County include general government, judicial, legal, public facilities, public safety, health and welfare, and roads and bridges.

The government-wide financial statements can be found at Exhibits A-1 and A-2 of this report.

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

STATE OF TEXAS
Bailey County
Management's Discussion and Analysis
September 30, 2012

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

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

Bailey County has three governmental fund types which are the general fund, special revenue funds, and the debt service fund. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, which are considered to be major funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Bailey County adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the general fund and the EMS special revenue fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found at Exhibits B-1 and B-2 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Bailey County's own programs.

Bailey County fiduciary funds account for the collection of property taxes and special fees and their remittance to other governmental agencies.

The basic fiduciary fund financial statements can be found at Exhibit D-1 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-53 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 56-81 of this report.

STATE OF TEXAS
 Bailey County
 Management's Discussion and Analysis
 September 30, 2012

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Bailey County, assets exceeded liabilities by \$1,488,553 and \$1,293,642 at the close of the fiscal years ended September 30, 2012 and September 30, 2011, respectively. The County also had revenues that exceeded expenditures during the year in the amount of \$194,911 which decreased net assets in the current year.

Bailey County's net assets reflects its investment in capital assets (e.g., land, buildings, other improvements, infrastructure and furniture and equipment) less any related debt used to acquire those assets that is still outstanding. This net asset category of (\$956,916) reflects that Bailey County has more debt related to its capital assets than the net cost value of those capital assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Bailey County's Net Assets
September 30,

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 2,886,499	\$ 2,382,071
Capital assets	<u>2,602,065</u>	<u>2,865,848</u>
Total assets	<u>\$ 5,488,564</u>	<u>\$ 5,247,919</u>
Current liabilities	506,902	586,298
Non-current liabilities	<u>3,493,109</u>	<u>3,367,979</u>
Total liabilities	<u>\$ 4,000,011</u>	<u>\$ 3,954,277</u>
Net assets:		
Invested in capital assets, net of related debt	(956,916)	(808,749)
Restricted for:		
Debt service	-	329,499
Other purposes - special revenue	861,453	539,336
Jail Maintenance	365,450	-
Unrestricted	<u>1,218,566</u>	<u>1,233,556</u>
Total net assets	<u>\$ 1,488,553</u>	<u>\$ 1,293,642</u>

STATE OF TEXAS
 Bailey County
 Management's Discussion and Analysis
 September 30, 2012

Changes in Net Assets

The County's total revenues of \$4,872,608 and program expenses of \$4,677,697 resulted in a change in net assets of \$194,911. The County incurred an increase in capital outlay expenditures over the prior year. The County also maintained favorable budget to actual expenditure variances.

This section contains a condensed comparison of revenues and expenditures and explanations for significant differences. The table shows the summarized revenues and expenditures for the years ended September 30, 2012 and September 30, 2011.

Bailey County's Change in Net Assets
September 30,

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Program revenues:		
Charges for service	\$ 1,667,016	\$ 1,923,086
Operating grants and contributions	246,958	154,620
General revenues:		
Property taxes	2,716,043	2,418,163
Sales and other taxes	189,207	177,856
Interest income	39,482	14,656
Miscellaneous income	13,902	32,152
	<hr/>	<hr/>
Total Revenues	4,872,608	4,720,533
	<hr/>	<hr/>
Program expenses:		
General government	825,046	888,398
Judicial	274,334	338,601
Legal	255,429	225,539
Public facilities	100,006	91,417
Public safety	1,384,810	1,359,416
Health and welfare	449,681	425,908
Road and bridge	1,036,588	1,051,688
Interest on long-term debt	351,803	181,079
	<hr/>	<hr/>
Total Expenses	4,677,697	4,562,046
	<hr/>	<hr/>
Change in net assets	\$ 194,911	\$ 158,487
	<hr/> <hr/>	<hr/> <hr/>

STATE OF TEXAS
Bailey County
Management's Discussion and Analysis
September 30, 2012

Financial Analysis of the Government's Funds

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

The focus of Bailey County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Bailey County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Bailey County's governmental funds reported combined ending fund balances of \$2,402,177, an increase of \$330,149 in comparison with the prior year. Approximately 42 percent of this total amount, \$1,013,044, constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of Bailey County. At the end of the current fiscal year, *unassigned* fund balance of the general fund was \$1,014,059, while total fund balance was \$1,406,859. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 38 percent of total general fund expenditures, while total fund balance represents 53 percent of that same amount. Fund balance of Bailey County's general fund increased by \$386,802 during the current fiscal year. The increase is due to favorable budget variances in expenditures.

Budgetary Highlights

County budgets reflect the same pattern as seen in the revenue and expenditures of the County. To enhance the process of developing a budget at the county level, Bailey County utilizes goals and objectives defined by the Commissioners' Court, community input meetings, long term plans and input from various staff groups to develop the County budget. County priorities are well defined through this process.

GASB 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

The following table examines the summary budget performance of the major and aggregate non-major funds for the fiscal year ending September 30, 2012. Detail budget performance is reported in the budgetary comparison statements for each major fund and the statements of revenues and expenditures budget and actual for the non-major funds.

STATE OF TEXAS
Bailey County
Management's Discussion and Analysis
September 30, 2012

Fund Expenditure Budget Performance

	<u>Final Budget</u>	<u>Actual on Cash (Budgetary) Basis</u>	<u>Favorable (Unfavorable) Variance</u>
General Fund	\$ 3,223,850	\$ 2,694,676	\$ 529,174
EMS Special Revenue Fund	438,355	424,617	13,738
Road and Bridge 1 Special Revenue Fund	269,350	213,371	55,979
Road and Bridge 2 Special Revenue Fund	281,965	244,981	36,984
Road and Bridge 3 Special Revenue Fund	268,479	242,330	26,149
Road and Bridge 4 Special Revenue Fund	253,317	246,213	7,104
Road and Bridge 4 Special Revenue Fund	356,840	364,097	(7,257)
Total for Governmental Funds	<u>\$ 5,092,156</u>	<u>\$ 4,430,285</u>	<u>\$ 661,871</u>

The County amends its budget during the year in response to unexpected changes in its operating environment. The original and final budgets are reported and can be examined in the budgetary comparison statements for each major fund and the statements of revenues and expenditures budget and actual for some of the non-major funds. The County was very disciplined this year with regards to spending and this was the reason for the favorable variances.

Capital Asset and Debt Administration

Capital Assets

Bailey County's investment in capital assets for its governmental activities as of September 30, 2012, amounts to \$2,602,065 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and vehicles. The table below shows the summarized capital assets of Bailey County as of September 30, 2012 and September 30, 2011.

**Bailey County's Capital Assets, Net of Depreciation
September 30,**

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Property, plant and equipment		
Land	\$ 243,100	\$ 243,100
Buildings and improvements	4,002,714	4,002,714
Machinery and equipment	2,211,848	2,211,848
Vehicles	959,634	860,509
	<u>7,417,296</u>	<u>7,318,171</u>
Less: accumulated depreciation	<u>(4,815,231)</u>	<u>(4,452,323)</u>
Total property, plant and equipment, net of accumulated depreciation	<u>\$ 2,602,065</u>	<u>\$ 2,865,848</u>

The County recognized \$362,908 in depreciation expense during the year. Additional information on Bailey County's capital assets can be found in the notes to the financial statements.

STATE OF TEXAS
 Bailey County
 Management's Discussion and Analysis
 September 30, 2012

Long-term debt

At September 30, 2012, Bailey County had total bonds outstanding of \$3,475,000 and capital leases and notes payable outstanding of \$83,981, all of which are secured by pledged gross receipts tax revenues.

Bailey County's Outstanding Debt
September 30,

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Bonds	\$ 3,475,000	\$ 3,540,000
Capital Leases	71,002	118,373
Note Payable	12,979	16,224
Compensated Absences	<u>56,653</u>	<u>46,483</u>
Total outstanding debt	<u>\$ 3,615,634</u>	<u>\$ 3,721,080</u>

The County reduced bonds payable by their principal payment of \$235,000. The County also made a payment of \$3,160,000 to the principle balance of bonds by issuing a limited tax refunding bond during the year. The County made principal payments towards capital leases and notes payable in the amount of \$55,619. Additional information on Bailey County's long-term debt can be found in the notes to the financial statements.

Economic Factor and Next Year's Budgets and Rates

- Inflationary trends in the region compare favorably to national indices.
- The property tax rate was set at .8263 for maintenance and operations and for debt service.

This factor was considered in preparing Bailey County's budget for the 2012 fiscal year.

Request for Information

This financial report is designed to provide a general overview of Bailey 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 Office of the County Treasurer, Bailey County, 300 S. 1st, Muleshoe, Texas 79347.

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**BASIC
FINANCIAL STATEMENTS**

STATE OF TEXAS
Bailey County
Statement of Net Assets
September 30, 2012

Exhibit A-1

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 1,076,904
Investments	37,134
Receivables:	
Property taxes	200,673
Other receivables, net	1,014,014
Inventory	33,719
Prepaid expenses	34,256
Total current assets	2,396,700
Noncurrent assets	
Restricted cash and cash equivalents	365,450
Bond issuance costs, net of accumulated amortization of \$3,454	124,349
Capital assets	7,417,296
Less: accumulated depreciation	(4,815,231)
Total noncurrent assets	3,091,864
Total assets	\$ 5,488,564
Liabilities	
Current liabilities	
Accounts payable	\$ 132,571
Accrued payroll	43,290
Accrued interest	24,222
Current portion of accrued compensated absences	56,653
Current portion of notes and capital leases payable	20,166
Current portion of bonds payable	230,000
Total current liabilities	506,902
Noncurrent liabilities	
Notes and capital leases	63,815
Bonds payable	3,245,000
Bond premium, net of accumulated amortization of \$235	184,294
Total noncurrent liabilities	3,493,109
Total liabilities	4,000,011
Net assets	
Invested in capital assets, net of related debt	(956,916)
Restricted for:	
Other purposes - special revenue	861,453
Jail maintenance	365,450
Unrestricted	1,218,566
Total net assets	1,488,553
Total liabilities and net assets	\$ 5,488,564

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS
Bailey County
Statement of Activities
For the Year Ended September 30, 2012

Exhibit A-2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary government				
General government	\$ 825,046	\$ 394,001	\$ 59,074	\$ (371,971)
Judicial	274,334	6,628	15,000	(252,706)
Legal	255,429	11,148	145,589	(98,692)
Public facilities	100,006	17,064	-	(82,942)
Public safety	1,384,810	322,358	-	(1,062,452)
Health and welfare	449,681	344,114	27,295	(78,272)
Road and bridge	1,036,588	571,703	-	(464,885)
Interest on long-term debt	351,803	-	-	(351,803)
<i>Total governmental activities</i>	<u>\$ 4,677,697</u>	<u>\$ 1,667,016</u>	<u>\$ 246,958</u>	(2,763,723)
 General revenues:				
Taxes:				
Property				2,716,043
Sales and other				189,207
Interest income				39,482
Miscellaneous income				<u>13,902</u>
Total general revenues				<u>2,958,634</u>
Change in net assets				194,911
Net assets - beginning				<u>1,293,642</u>
Net assets - ending				<u>\$ 1,488,553</u>

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS
Bailey County
Balance Sheet
Governmental Funds
September 30, 2012

Exhibit B-1
Page 1 of 2

	General Fund	EMS Special Revenue Fund	Debt Service Fund	Other Governmental Funds	Total
<i>Assets</i>					
Cash and cash equivalents	\$ 787,381	\$ -	\$ 5,464	\$ 649,509	\$ 1,442,354
Investments	26,131	-	4,884	6,119	37,134
Receivables:					
Property taxes, net	148,925	-	24,244	27,504	200,673
Other receivables, net	678,483	276,048	-	59,483	1,014,014
Inventory	-	7,057	-	26,662	33,719
Prepaid expenses	27,350	1,312	-	5,594	34,256
Due from other funds	1,091	-	-	-	1,091
<i>Total assets</i>	<u>\$ 1,669,361</u>	<u>\$ 284,417</u>	<u>\$ 34,592</u>	<u>\$ 774,871</u>	<u>\$ 2,763,241</u>
<i>Liabilities and fund balances</i>					
<i>Liabilities</i>					
Accounts payable	\$ 95,582	\$ 10,528	\$ -	\$ 26,461	\$ 132,571
Accrued payroll	30,178	5,195	-	7,917	43,290
Due to other funds	-	1,091	-	-	1,091
Deferred revenue	136,742	-	22,074	25,296	184,112
<i>Total liabilities</i>	<u>262,502</u>	<u>16,814</u>	<u>22,074</u>	<u>59,674</u>	<u>361,064</u>
<i>Fund balances</i>					
<i>Nonspendable</i>					
Inventory	-	7,057	-	26,662	33,719
Prepaid expenses	27,350	1,312	-	5,594	34,256
<i>Spendable</i>					
<i>Restricted for:</i>					
General county operations	-	-	-	81,980	81,980
Maintenance of roads	-	-	-	559,558	559,558
Court	-	-	-	12,387	12,387
Public safety	-	-	-	14,130	14,130
Healthcare	-	259,234	-	15,901	275,135
Debt service expenditures	-	-	12,518	-	12,518
<i>Committed to:</i>					
Jail maintenance	365,450	-	-	-	365,450
Unassigned	1,014,059	-	-	(1,015)	1,013,044
<i>Total fund balances</i>	<u>1,406,859</u>	<u>267,603</u>	<u>12,518</u>	<u>715,197</u>	<u>2,402,177</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,669,361</u>	<u>\$ 284,417</u>	<u>\$ 34,592</u>	<u>\$ 774,871</u>	<u>\$ 2,763,241</u>

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS

Bailey County

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets
September 30, 2012

Exhibit B-1

Page 2 of 2

Amounts reported for governmental activities in the Statement of
Net Assets are different because:

Fund balances - total governmental funds	\$ 2,402,177
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	2,602,065
Other noncurrent assets are not available to pay for current period expenditures and therefore, are deferred in the funds:	
Bond issuance costs, net	124,349
Property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities	184,112
Other liabilities are not due and payable in the current period and therefore, not reported in the funds:	
Bond premium, net	(184,294)
Liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued interest payable	(24,222)
Accrued compensated absences not due and payable	(56,653)
Bonds, note, and capital leases payable	<u>(3,558,981)</u>
Net assets - governmental activities	<u><u>\$ 1,488,553</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS
 Bailey County
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended September 30, 2012

Exhibit B-2
 Page 1 of 1

	General Fund	EMS Special Revenue Fund	Debt Service Fund	Other Governmental Funds	Total
<i>Revenues:</i>					
Taxes:					
Property	\$ 1,768,162	\$ -	\$ 328,135	\$ 558,653	\$ 2,654,950
Sales and other	189,207	-	-	-	189,207
Intergovernmental:					
State operating grants	228,158	-	-	18,800	246,958
Fines, forfeitures and settlements	282,935	-	-	-	282,935
Licenses and permits	-	-	-	382,761	382,761
Charges for services	429,359	343,619	-	228,342	1,001,320
Investment income	11,602	-	21,263	6,617	39,482
Miscellaneous	5,837	272	7,293	500	13,902
<i>Total revenue</i>	<u>2,915,260</u>	<u>343,891</u>	<u>356,691</u>	<u>1,195,673</u>	<u>4,811,515</u>
<i>Expenditures:</i>					
Current:					
General government	782,035	-	-	23,846	805,881
Judicial	267,643	-	-	6,338	273,981
Legal	237,008	-	-	18,421	255,429
Public facilities	100,568	-	-	-	100,568
Public safety	1,209,964	-	-	6,607	1,216,571
Health and welfare	76,982	357,097	-	2,529	436,608
Road and bridge	-	-	-	870,580	870,580
Capital outlay	-	70,000	-	29,125	99,125
Debt service:					
Principal	-	-	235,000	55,619	290,619
Interest	-	-	129,097	7,910	137,007
Bond issuance cost	-	-	127,803	-	127,803
<i>Total expenditures</i>	<u>2,674,200</u>	<u>427,097</u>	<u>491,900</u>	<u>1,020,975</u>	<u>4,614,172</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>241,060</u>	<u>(83,206)</u>	<u>(135,209)</u>	<u>174,698</u>	<u>197,343</u>
<i>Other financing sources (uses)</i>					
Proceeds from long term debt	-	-	3,330,000	5,003	3,335,003
Bond premium	-	-	184,529	-	184,529
Payment to refunded bond escrow agent	-	-	(3,386,726)	-	(3,386,726)
Transfers in	363,547	209,349	-	8,456	581,352
Transfers (out)	(217,805)	-	(363,547)	-	(581,352)
<i>Total other financing sources (uses)</i>	<u>145,742</u>	<u>209,349</u>	<u>(235,744)</u>	<u>13,459</u>	<u>132,806</u>
<i>Net change in fund balances</i>	386,802	126,143	(370,953)	188,157	330,149
<i>Fund balances - beginning of year</i>	<u>1,020,057</u>	<u>141,460</u>	<u>383,471</u>	<u>527,040</u>	<u>2,072,028</u>
<i>Fund balances - end of year</i>	<u>\$ 1,406,859</u>	<u>\$ 267,603</u>	<u>\$ 12,518</u>	<u>\$ 715,197</u>	<u>\$ 2,402,177</u>

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS

Bailey County

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2012

Exhibit B-2

Page 2 of 2

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$	330,149
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital expenditures		99,125
Depreciation expense		(362,908)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:</p>		
Change in deferred revenue related to property taxes		61,093
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets</p>		
Refunding Bonds Payable		(3,330,000)
<p>Refunded Bonds Payable are reported as other financing uses in governmental funds, but as decreases to long-term liabilities in the Statement of Net Assets</p>		
		3,160,000
<p>The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:</p>		
Original bond premium capitalized		(184,529)
Current year amortization of bond premium		235
Original bond issuance cost capitalized		127,803
Current year amortization of bond issuance cost		(3,454)
Proceeds from refinance of capital lease		(5,003)
Increase in accrued compensated absences		(10,170)
Decrease in accrued interest payable		21,951
Principal payments on bonds		235,000
Principal payments on notes and leases payable		55,619
		55,619
Change in net assets of governmental activities	\$	194,911

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS

Exhibit C-1

Bailey County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended September 30, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ 1,801,613	\$ 1,801,613	\$ 1,756,104	\$ (45,509)
Sales and other	150,000	150,000	184,703	34,703
Intergovernmental income:				
State operating grants	178,720	178,720	220,298	41,578
Fines, forfeitures and settlements	127,500	127,500	114,938	(12,562)
Charges for services	628,350	628,350	441,363	(186,987)
Investment income	2,900	2,900	11,602	8,702
Miscellaneous	30,100	30,100	(465)	(30,565)
<i>Total revenues</i>	<u>2,919,183</u>	<u>2,919,183</u>	<u>2,728,543</u>	<u>(190,640)</u>
<i>Expenditures:</i>				
Current:				
General government	889,536	889,537	777,567	111,970
Judicial	352,632	352,632	286,258	66,374
Legal	261,640	261,640	234,964	26,676
Public facilities	102,665	102,665	110,571	(7,906)
Public safety	1,404,120	1,404,120	1,209,156	194,964
Health and welfare	121,256	121,256	76,160	45,096
Capital outlay	92,000	92,000	-	92,000
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,223,849</u>	<u>3,223,850</u>	<u>2,694,676</u>	<u>529,174</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(304,666)</u>	<u>(304,667)</u>	<u>33,867</u>	<u>338,534</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	595,020	595,021	-	(595,021)
Transfers in	-	-	363,547	363,547
Transfers (out)	(290,354)	(290,354)	(217,805)	72,549
<i>Total other financing sources (uses)</i>	<u>304,666</u>	<u>304,667</u>	<u>145,742</u>	<u>(158,925)</u>
<i>Net change in fund balance</i>	-	-	179,609	179,609
<i>Fund balance - beginning of year</i>	-	-	634,994	634,994
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 814,603</u>	<u>\$ 814,603</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 179,609
Adjustments to revenues for property tax and state grants				186,717
Adjustments to expenditures for insurance, materials, other charges, and payroll expenditures				20,476
Net change in fund balance (GAAP)				<u>\$ 386,802</u>

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS

Exhibit C-2

Bailey County

EMS Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended September 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Sales and other	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
Fines, forfeitures and settlements	-	-	-	-
Charges for services	155,000	155,000	213,905	58,905
Investment income	-	-	-	-
Miscellaneous	-	-	272	272
<i>Total revenues</i>	<u>155,000</u>	<u>155,000</u>	<u>214,177</u>	<u>59,177</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Health and welfare	368,355	368,355	354,617	13,738
Capital outlay	70,000	70,000	70,000	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>438,355</u>	<u>438,355</u>	<u>424,617</u>	<u>13,738</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(283,355)</u>	<u>(283,355)</u>	<u>(210,440)</u>	<u>72,915</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	283,355	283,355	209,349	(74,006)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>283,355</u>	<u>283,355</u>	<u>209,349</u>	<u>(74,006)</u>
<i>Net change in fund balance</i>	-	-	(1,091)	(1,091)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,091)</u>	<u>\$ (1,091)</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (1,091)
Adjustments to revenues for accounts receivable related to charges for services				129,714
Adjustments to expenditures for insurance, materials, other charges, and payroll expenditures				(2,480)
Net change in fund balance (GAAP)				<u>\$ 126,143</u>

The accompanying notes are an integral part of these financial statements

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STATE OF TEXAS
Bailey County
Statement of Fiduciary Assets and Liabilities
Agency Funds
September 30, 2012

Exhibit D-1

<i>Assets</i>	
Cash	<u>\$ 288,192</u>
<i>Total assets</i>	<u><u>\$ 288,192</u></u>
<i>Liabilities</i>	
Deposits held in trust	<u>\$ 288,192</u>
<i>Total liabilities</i>	<u><u>\$ 288,192</u></u>

The accompanying notes are an integral part of these financial statements

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STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2012

NOTE 1. Summary of Significant Accounting Policies

The authority of county governments and their specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution and Vernon's Annotated Civil Statutes. Bailey County, Texas (County) was established in January of 1918 and operates under a county judge/commissioners' court type government as provided by state statute. The Commissioners' Court has governance responsibilities over all activities related to the County. The County is not included in any other governmental "reporting entity" as defined by Governmental Accounting Standards Board ("GASB"), Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

The County provides the following services to its citizens: public safety, public transportation (roads and bridges), health and welfare, recreation facilities, judicial and legal, and general administrative services.

This summary of significant accounting policies of the County is presented to assist in the understanding of the County's financial statements. The financial statements and notes are the representation of the County's management who is responsible for their integrity and objectivity. The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their government-wide financial statements, subject to the same limitation. The County has elected not to follow subsequent private-sector guidance. The more significant of the County's accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14 and No. 39. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the County does not have any component units required to be reported under GASB Statements No. 14 and No. 39.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary 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 County does not have any *business-type activities*.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

In the government-wide Statement of Net Assets, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The County's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the 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 of time, reimbursement and contingencies imposed by the provider are met.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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 government 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, franchise taxes, licenses 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. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the County's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the County's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of County facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The County reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The County does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Under the requirements of GASB Statement No. 34, the County is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following:

The *General Fund* is the government'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 *EMS Special Revenue Fund* is a special revenue fund of the County. It is used to account for the operation of the County's EMS.

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Additionally, the government reports the following agency fund:

Fiduciary funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The County's fiduciary funds are used to account for the collection and payment of property taxes and special fees to other governmental agencies. The agency fund is used to account for collection and disbursement of inmate funds for the Bailey County Detention Center.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 obligations of the U.S. Treasury or the State of Texas, Certificates of Deposit, certain Municipal Securities, Money Market Savings Accounts, repurchase agreements, bankers acceptances, mutual funds, investment pools, guaranteed investment contracts, and common trust funds.

The County is required by Governmental Code Chapter 2256, Public Funds Investment Act (PFIA), to adopt, implement, and publicize an investment policy. That policy must address safety of principal and liquidity, portfolio diversification, allowable investments, acceptable risk levels, expected rates of return, maximum allowable stated maturity of portfolio investments, maximum average dollar weighted maturity allowed based on the stated maturity date for the portfolio, investment staff quality and capabilities, and bid solicitation preferences for Certificate of Deposit.

TexPool investment policies limit the weighted average maturity to ninety (90) days. The maximum maturity on the United States obligation, agency, or instrumentality is limited to twenty-four (24) months. The pool does not invest in derivatives. In order to maintain a stable \$1 price of the funds, the pool will sell portfolio holdings if the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005. The \$1 price is not guaranteed or insured by the State of Texas, the Comptroller of Public Accounts, the pools or their administrators.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Receivables and Payables: Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting funds and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

D. Assets, Liabilities and Net Assets or Equity

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 receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded as revenue when levied net of estimated refunds and uncollectable amounts.

Property taxes are levied on October 1st in conformity with Subtitle E, Texas Property Code. Property taxes uncollected after February 1st are considered delinquent. The taxes attach as an enforceable lien on property as of January 1st to secure the payment of all taxes, penalties, and interest ultimately imposed. The Bailey County Appraisal District assesses and collects property taxes for the County. The County is permitted by the Municipal Finance Law of the State to levy taxes up to \$1.20 per \$100 of appraised valuation for general services, permanent improvements, lateral road, and jury fund purposes other than the payment of principal established by the Attorney General of the State of Texas. The tax rate for the year ended September 30, 2012 was .8102 per \$100 valuation.

Restricted Assets: Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended.

STATE OF TEXAS
 Bailey County
 Notes to the Financial Statements
 September 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Equity

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-22
Machinery and equipment	5-12
Vehicles	3-7

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through September 30, 2012, along with applicable Texas County and District Retirement System (TCDRS), FICA, and Medicare payable.

Deferred Revenues: There are two types of deferred revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue (commonly referred to as unearned revenue). The other type of deferred revenue is “unavailable revenue.” Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred revenue.

Compensated Absences: Qualified employees are entitled to accumulate annual leave of ten working days per year. No more than fifteen (15) working days, or one hundred twenty (120) hours of annual leave, may be carried forward at any one time during the year. All excess annual leave shall be forfeited, if not used, unless extenuating circumstances warrant approval of an extension by the Commissioners’ Court of Bailey County.

Qualified employees are entitled to accumulate official holidays if the employees working shifts require them to work on an official holiday. Depending on employee’s department no more than thirty (30) hours to one hundred (100) hours of holiday hours, may be carried forward at any one time during the year.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Equity

Qualified employees are entitled to accumulate sick leave at a rate of twelve days per year. Sick leave can be carried over from year to year up to 240 hours (30 days). Upon termination employees receive no pay for sick time.

Vested or accumulated vacation leave and holiday that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net assets.

Long-term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. For bonds issued after GASB 34 was implemented, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. For fund financial reporting, bond premiums, discounts as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as an other financing source, net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Fund Balance Classification Policies and Procedures: For committed fund balance, the County's highest level of decision-making authority is the County Commission. The formal action that is required to be taken to establish a fund balance commitment is the County Commission.

For assigned fund balance, the County Commission or an official or body to which the County Commission delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the County considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the County considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund Balance: At September 30, 2012, the nonspendable fund balance in the funds is made up of inventory and prepaid expenses in the amount of \$33,719 and \$34,256, respectively, which are not in spendable form.

Restricted and Committed Fund Balance: At September 30, 2012, the County has presented restricted fund balance on the governmental funds balance sheet in the amount of \$955,708 for various County operations as restricted by enabling legislation. The County also committed fund balance on the governmental funds balance sheet in the amount of \$365,450 for jail maintenance. The details of these fund balance items are located on the governmental funds balance sheet on page 24.

Minimum Fund Balance Policy: The County does not have a policy for maintaining a minimum amount of fund balance for operation.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Equity

Net Assets: Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt: Net assets invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets: Consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets: All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets of the County are prepared prior to October 1 and must be approved by resolution of the County Commissioners. Once the budget has been formally approved, any amendments must also be approved by the County Commissioners. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total at the fund level.

These budgets are prepared on the Non-GAAP cash budgetary basis. Budgetary basis expenditures exclude encumbrances. The budget secures appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been properly amended by County Commissioners in accordance with the above procedures.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended September 30, 2012 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2012

NOTE 3. Deposits and Investments

Statutes authorize the County to invest in 1) obligations of the U.S. Treasury or the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) money market savings accounts, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) common trust funds. The County is required by Governmental Code Chapter 2256, Public Funds Investment Act (PFIA), to adopt, implement, and publicize an investment policy. That policy must address the following areas: 1) safety or principal and liquidity, 2) portfolio diversification, 3) allowable investments, 4) acceptable risk levels, 5) expected rates of return, 6) maximum allowable stated maturity of portfolio investments, 7) maximum average dollar weighted maturity allowed based on the stated maturity date for the portfolio, 8) investment staff quality and capabilities, and 9) bid solicitation preferences for certificates of deposit. All invested funds of the County properly followed State investment requirements as of September 30, 2012.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the County. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 100% of the deposit amount in excess of the deposit insurance.

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Under the Transaction Account Guarantee Program (TAGP) in effect from July 1, 2010 to December 31, 2010, time deposits, savings deposits and interest bearing negotiable order of withdrawal (NOW) accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. The TAGP program expired on December 31, 2010. On November 9, 2010, the FDIC Board of Directors issued a final rule to implement the section of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides temporary unlimited coverage for noninterest-bearing transaction accounts in all FDIC-insured depository institutions. The separate coverage on noninterest-bearing transaction accounts became effective on December 31, 2010 and will terminate on December 31, 2012. From December 31, 2010 to December 31, 2012 accounts held by an official custodian for a government unit are insured as follows:

- Up to \$250,000 for the combined total of all time and savings deposits (including NOW accounts), and
- Unlimited coverage for noninterest-bearing transaction (demand deposit) accounts

Through December 31, 2012, there is no difference in deposit insurance coverage when an official custodian deposits money in-state or out-of-state.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2012

NOTE 3. Deposits and Investments (continued)

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. At September 30, 2012, \$1,644,656 of the County's bank balance of \$1,945,079 was exposed to custodial credit risk. Although the \$1,644,656 was uninsured, it was collateralized by collateral held by the pledging bank's trust department, not in the County's name. None of the County's deposits were uninsured and uncollateralized at September 30, 2012.

	Muleshoe State Bank
Amount of deposits	\$ 1,945,079
FDIC coverage	(300,423)
Total uninsured public funds	1,644,656
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	
	1,644,656
Uninsured and uncollateralized	\$ -
Collateral requirement (100%)	
	\$ 1,644,656
Pledged securities	3,315,750
Over (under) collateralized	\$ 1,671,094

The types of collateral are limited to direct obligations of the United States Government and all bonds issued by any agency, district, or political subdivision of the State of Texas.

Investments

Interest rate risk – For short term liquidity investment requirements, the County utilizes a local government investment pool. TexPool is managed by Federated Investors for the State of Texas Comptroller of Public Accounts. TexPool was created to invest funds on behalf of Texas political subdivisions. The pool operates on a \$1 net asset value basis and allows same day or next day redemptions and deposits.

TexPool investment policies limit the weighted average maturity to ninety (90) days. The maximum maturity on a United States obligation, agency, or instrumentality is limited to twenty-four (24) months. The pool does not invest in derivatives. In order to maintain a stable \$1 price of the funds, the pool will sell portfolio holdings if the ratio of the market value of the portfolio divided by the book value of the portfolio is less than .995 or greater than 1.005. The \$1 price is not guaranteed or insured by the State of Texas, the Comptroller of Public Accounts, the pools or their administrators.

STATE OF TEXAS
 Bailey County
 Notes to the Financial Statements
 September 30, 2012

NOTE 3. Deposits and Investments (continued)

Credit Risk – State law and County policy limits investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2012, the County’s investments in TexPool were rated AAAM by Standard and Poor’s.

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

	Cost Basis	Fair Value
TexPool	\$ 37,134	\$ 37,134

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the County. The investments in the TexPool are 100% of the investment portfolio. Since the Pool only purchases investments with the highest credit rating, the concentration is not viewed to be an additional risk by the County.

The County utilizes pooled accounts for some of their funds. The General, Special Revenue, and Agency Funds are all in multiple accounts. Separate accounts also exist for Sheriff’s Office confiscation related funds.

Reconciliation of Cash and Cash Equivalents

Primary Government

Reconciliation to the Statement of Net Assets

Cash and cash equivalents per Exhibit A-1	\$1,076,904
Restricted cash and cash equivalents per Exhibit A-1	365,450
Cash and cash equivalents per Exhibit D-1	288,192
Total cash and cash equivalents, and investments	1,730,546
Add: outstanding checks	220,718
Less: deposits in transit and other items	(5,135)
Less: petty cash	(1,050)
Bank balance of deposits	\$1,945,079

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2012

NOTE 4. Receivables

Receivables as of September 30, 2012, are as follows:

	General Fund	EMS Special Revenue Fund	Debt Service Fund	Other Governmental Funds	Total
Property taxes	\$ 148,925	\$ -	\$ 24,244	\$ 27,504	\$ 200,673
Other receivables:					
Gross receipts taxes	34,342	-	-	-	34,342
Other taxes	-	-	-	41,796	41,796
Miscellaneous receivables	8,701	-	-	13,623	22,324
Charges for services	1,244,570	547,280	-	4,064	1,795,914
Less: allowance for doubtful accounts (charges for services)	<u>(609,130)</u>	<u>(271,232)</u>	-	-	<u>(880,362)</u>
Total other receivables	678,483	276,048		59,483	1,014,014
Total net receivables	<u>\$ 827,408</u>	<u>\$ 276,048</u>	<u>\$ 24,244</u>	<u>\$ 86,987</u>	<u>\$ 1,214,687</u>

The County maintains an allowance for uncollectable accounts in the general fund and the EMS special revenue fund for charges for services in the amount of \$609,130 and \$271,232, respectively. In accordance with GASB No. 33, property tax revenues in the amount of \$184,112 that were not collected within the period of availability have been reclassified as deferred revenue in the governmental fund financial statements.

NOTE 5. Interfund Receivables, Payables, and Transfers

The County records temporary interfund receivables and payables to enable the funds to operate until monies from charges of services are received. At September 30, 2012, the EMS Special Revenue Fund owes the General Fund \$1,019 as a result of a negative cash balance in the EMS Special Revenue Fund.

Net operating transfers, made to close out funds and to supplement other funding sources in the normal course of operations, were as follows:

Transfers In	Transfers Out	Amount
General Fund	Debt Service Fund	363,547
EMS Fund	General Fund	209,349
Law Library Fund	General Fund	8,456
		<u>\$ 581,352</u>

The County transferred money from the Debt Service Fund to the General Fund to move money held as restricted for the Series 2003 Bond repayment to an account held as restricted for the Maintenance of the Jail. The County paid off the Series 2003 Bond with an advanced refunding bond in the current year.

The County transferred money from the General Fund to the EMS fund and Law Library Fund to pay for shortfalls in the money collected by each fund compared to the expenditures each fund had during the year.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2012

NOTE 6. Capital Assets

The following is a summary of capital assets and changes occurring during the year ended September 30, 2012. Land is not subject to depreciation.

Governmental activities:

	Balance September 30, 2011	Additions	Deletions	Balance September 30, 2012
Capital assets not being depreciated:				
Land	\$ 243,100	\$ -	\$ -	\$ 243,100
Total capital assets not being depreciated	<u>243,100</u>	<u>-</u>	<u>-</u>	<u>243,100</u>
Capital assets being depreciated:				
Buildings and improvements	4,002,714	-	-	4,002,714
Machinery and Equipment.	2,211,848	-	-	2,211,848
Vehicles	860,509	99,125	-	959,634
Total capital assets being depreciated	<u>7,075,071</u>	<u>99,125</u>	<u>-</u>	<u>7,174,196</u>
Less accumulated depreciation:				
Buildings and improvements	1,847,533	147,232	-	1,994,765
Machinery and Equipment.	1,829,889	165,347	-	1,995,236
Vehicles	774,901	50,329	-	825,230
Total accumulated depreciation	<u>4,452,323</u>	<u>362,908</u>	<u>-</u>	<u>4,815,231</u>
Total capital assets, net of depreciation	<u>\$ 2,865,848</u>	<u>\$ (263,783)</u>	<u>\$ -</u>	<u>\$ 2,602,065</u>

Depreciation expense for the year ended September 30, 2012 was charged to the functions of the governmental activities as follows:

General government	\$ 20,676
Health and welfare	13,308
Public safety	168,288
Road and bridge	160,636
	<u>\$ 362,908</u>

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2012

NOTE 7. Long-term Debt

During the year ended September 30, 2012, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance September 30, 2011	Additions	Retirements	Balance September 30, 2012	Due Within One Year
Tax and Revenue Bonds	\$ 3,540,000	\$ 3,330,000	\$ 3,395,000	\$ 3,475,000	\$ 230,000
Capital Leases	118,373	5,003	52,374	71,002	16,921
Note Payable	16,224	-	3,245	12,979	3,245
Compensated Absences	46,483	72,806	62,636	56,653	56,653
Total long-term debt	<u>\$ 3,721,080</u>	<u>\$ 3,407,809</u>	<u>\$ 3,513,255</u>	<u>\$ 3,615,634</u>	<u>\$ 306,819</u>

Bonds

Bonds outstanding at September 30, 2012 consisted of the following:

On March 2012, the County entered into a limited tax refunding bond series 2012 in the amount of \$3,330,000 due in annual installments of July 1st, with interest rates 2.0% to 3.0% paid semiannually through July 2024. The balance at September 30, 2012 is \$3,475,000.

The County issued the limited tax refunding bond to advance refund \$3,160,000 of the outstanding tax and revenue bond series 2003 with a 4.2% to 5.2% interest rate. The County used the net proceeds to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2003 series bonds. As a result, that portion of the 2003 series bonds is considered defeased, and the County has removed the liability from its accounts (except the \$195,000 portion due by the County in 2013). The outstanding principal of the defeased bonds is \$3,160,000 at September 30, 2012.

The advance refunding reduced total debt service payments over the next 12 years by \$452,879. This results in an economic gain of \$422,888.

The annual requirements to amortize the Bonds Payable as of September 30, 2012, including interest payments are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total Debt Service
2013	\$ 230,000	\$ 91,585	\$ 321,585
2014	235,000	82,500	317,500
2015	240,000	77,800	317,800
2016	245,000	73,000	318,000
2017	250,000	68,100	318,100
2018-2022	1,330,000	255,500	1,585,500
2023-2027	945,000	48,000	993,000
	<u>\$ 3,475,000</u>	<u>\$ 696,485</u>	<u>\$ 4,171,485</u>

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2012

NOTE 7. Long-term Debt (continued)

Note Payable

On August 1997, the Comptroller of the Public Accounts presented a claim for overpayments of sales tax paid to the County in the amount of \$64,897. \$270 is withheld monthly from sales tax payment through October 2016. The balance at September 30, 2012 is \$12,979.

The annual requirements to amortize the Note Payable as of September 30, 2012, including interest payments are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total Debt Service
2013	\$ 3,245	\$ -	\$ 3,245
2014	3,245	-	3,245
2015	3,245	-	3,245
2016	3,244	-	3,244
	<u>\$ 12,979</u>	<u>\$ -</u>	<u>\$ 12,979</u>

Capital Leases

During 2012, the County refinanced the balloon payment due on the February 2007, Road and Bridge Precinct #2 140H motor grader. The original financed amount was \$178,880 with annual installments of \$24,492 due each February 26 through 2012, interest rate at 5.55%. The refinanced capital lease is for \$90,195 with annual installments of \$19,193 due each February 17 through 2016, interest rate at 3.20%. The balance at September 30, 2012 is \$71,002.

In February 2007, Road and Bridge Precinct #4 purchased a 140H motor grader, financing \$63,848 with annual installments of \$14,952 due each February 19 through 2012, interest rate at 5.50%. This lease was paid in full as of September 30, 2012.

In February 2008, Road and Bridge Precinct #4 purchased a 140H motor grader, financing \$82,821 with annual installments of \$14,952 due each October 31 through 2012, interest rate at 5.00%. This lease was paid in full as of September 30, 2012.

The annual requirements to amortize the Capital Leases Payable as of September 30, 2012, including interest payments are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total Debt Service
2013	\$ 16,921	\$ 2,272	\$ 19,193
2014	17,462	1,731	19,193
2015	18,021	1,172	19,193
2016	18,598	595	19,193
	<u>\$ 71,002</u>	<u>\$ 5,770</u>	<u>\$ 76,772</u>

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2012

NOTE 7. Long-term Debt (continued)

Compensated Absences – Employees of the County are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year September 30, 2012, compensated absences increased \$10,170 over the prior year accrual. In prior years, the general fund was typically used to liquidate such long-term liabilities.

NOTE 8. Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters.

During the fiscal year September 31, 2012, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage.

NOTE 9. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

Deficit fund balance of individual funds. The following funds reflected a deficit fund balance as of September 30, 2012:

7th Court of Appeals Special Revenue Fund	\$ 20
Law Library Special Revenue Fund	995
Total	<u>\$ 1,015</u>

The County incurred more expenditures than revenue received in these funds in the current year. The County anticipates these fund balances will not be in a deficit state in subsequent years.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2012

NOTE 10. TCDRS Retirement Plan

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

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

Funding Policy - The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of the employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 6.11% for the months of the accounting year in 2012, and 5.76% for the months in the accounting year in 2011. The contribution rate payable by the employee members for calendar years 2012 and 2011 was the rate of 7.0% as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost – The required contribution was determined as part of the December 31, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2011 included (a) 8.0 % investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period.

Funded Status and Funding Progress- As of December 31, 2011, the most recent actuarial valuation date, the plan was 86.57% funded. The actuarial accrued liability for benefits was \$4,033,568, and the actuarial value of assets was \$3,492,011 resulting in an unfunded actuarial accrued liability (UAAL) of \$541,557. The covered payroll (annual payroll of active employees covered by the plan) was \$1,980,681 and the ratio of the UAAL to the covered payroll was 27.34%.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2012

NOTE 10. TCDRS Retirement Plan (continued)

<u>GASB 27 Calculation Information</u>	<u>2011*</u>	<u>2012*</u>	
GASB 27 compliant contribution rate	5.76%	6.11%	
Assumed return on employer funds***	9.00%	9.00%	
Actuarial amortization factor	12.4298	12.4298	
Contribution rate	5.76%	6.11%	
<u>Actuarial Information</u>			
Actuarial valuation date	12/31/2009	12/31/2010	12/31/2011
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	20.0	20.0	20.0
Asset valuation method			
Subdivision Accumulation Fund	10-yr smoothed value	10-yr smoothed value	10-yr smoothed value
Employees Saving Fund	Fund value	Fund value	Fund value
Assumptions:			
Investment return**	8.0%	8.0%	8.0%
Projected salary increases**	5.4%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%
** includes inflation at the stated rate			
<u>Schedule of Funding Information</u>			
Actuarial valuation date	12/31/2009	12/31/2010	12/31/2011
Actuarial value of assets	2,900,292	3,240,868	3,492,011
Actuarial accrued liability (AAL)	3,372,889	3,754,781	4,033,568
Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)]	472,597	513,913	541,557
Funded ratio	85.99%	86.31%	86.57%
Annual covered payroll (actuarial)	1,839,178	1,866,950	1,980,681
UAAL or (OAAL) as percentage of covered payro	25.70%	27.53%	27.34%
<u>Note Disclosure Variables</u>			
Plan Description	<u>2011*</u>	<u>2012*</u>	
Number of participating employers	618	624	
Years required for vesting and retirement at ag	8	8	
Rule of ___ for retirement eligibility	80	80	
Service years for retirement at any age	30	30	
Partial lump-sum payment option	No	No	
Funding Policy			
Contribution rate for employer	5.76%	6.11%	
Deposit rate for employees	7.00%	7.00%	
Other			
Elected rate in effect	No	No	

* Relates to the calendar year

***TCDRS return assumption is 8%

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2012

NOTE 11. Joint Powers Agreements

Housing of Prisoners Bailey County and Hockley County

Participants	Bailey County Hockley County
Responsible party	Bailey County Hockley County
Description	The Bailey County Detention Center will house prisoners from Hockley County at its facility in Muleshoe, Texas on a space available basis.
Term of agreement	November 1, 2010 through November 1, 2012
Amount of project	Hockley County will pay \$38 per day
County contributions	Unknown
Audit responsibility	Bailey County

Housing of Prisoners Bailey County and Curry County

Participants	Bailey County Curry County
Responsible party	Bailey County Curry County
Description	The Bailey County Detention Center will house prisoners from Curry County at its facility in Muleshoe, Texas on a space available basis.
Term of agreement	January 1, 2011 through January 1, 2013
Amount of project	Curry County will pay \$35 per day
County contributions	Unknown
Audit responsibility	Bailey County

Housing of Prisoners Bailey County and Lubbock County

Participants	Bailey County Lubbock County
Responsible party	Bailey County Lubbock County
Description	The Lubbock County Detention Center will house prisoners from Bailey County at its facility in Lubbock, Texas on a space available basis.
Term of agreement	July 7, 2012 through July 7, 2013
Amount of project	Bailey County will pay \$50 per day
County contributions	Unknown
Audit responsibility	Lubbock County

NOTE 12. Contingent Liabilities

The County is party to various claims and lawsuits arising in the normal course of business. The County is insured through the Texas Association of Counties Risk Management Pool. In the opinion of management, the outcome of these matters will not have a material effect on the financial position of the County.

NOTE 13. Commitments

The County does not have any significant construction or other significant commitments as of September 30, 2012.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2012

NOTE 14. Restricted Net Assets

The government-wide statement of net assets reports \$861,453 of restricted assets, all of which is restricted by enabling legislation.

NOTE 15. Subsequent Events

The date to which events occurring after September 30, 2012, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is February 6, 2013, which is the date on which the financial statements were issued.

NOTE 16. Concentrations

The County depends on financial resources flowing from, or associated with, both the constituents of the County and the State of Texas. Because of this dependency, the County is subject to changes in the specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

NOTE 17. Subsequent Pronouncements

In November 2010, GASB Statement No. 60 *Accounting and Financial Reporting for Service Concession Arrangements*, Effective Date: For financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The County is still evaluating the possible effects of this standard.

In November 2010, GASB Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged. The standard is expected to have no effect on the County in upcoming years.

In December 2010, GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, Effective Date: The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The County will implement this standard during fiscal year September 30, 2013.

In June 2011, GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* Effective Date: The provisions of Statement 63 are effective for financial statements for periods beginning after December 15, 2011, with earlier application encouraged. The standard is expected to have no effect on the County in upcoming years.

In June 2011, GASB Statement No. 64 *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53* Effective Date: The provisions of Statement 64 are effective for financial statements for periods beginning after June 15, 2011, with earlier application encouraged. The standard is expected to have no effect on the County in upcoming years.

In March 2012, Statement No. 65 *Items Previously Reported as Assets and Liabilities*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The standard will be implemented for year ending September 30, 2014.

In March 2012, Statement No. 66 *Technical Corrections-2012—an amendment of GASB Statements No. 10 and No.62*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The standard is expected to have no effect on the County in upcoming years.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2012

NOTE 17. Subsequent Pronouncements (continued)

In June 2012, Statement No. 67 *Financial Reporting for Pension Plans—an amendment of GASB Statements No. 25*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The standard is expected to have no effect on the County in upcoming years.

In June 2012, Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statements No. 27*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The standard is expected to have no effect on the County in upcoming years.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

STATE OF TEXAS
Bailey County
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2012

Special Revenue

	County Clerk Records Archive	District Court Records Archive	7th Court of Appeals	Road & Bridge Precinct 1
<i>Assets</i>				
Cash and cash equivalents	\$ 23,207	\$ 1,098	\$ 565	\$ 101,445
Investments	-	-	-	68
Receivables:				
Property taxes, net	-	-	-	6,876
Other receivables, net	-	-	-	11,571
Inventory	-	-	-	5,323
Prepaid expenses	-	-	-	1,362
<i>Total assets</i>	<u>\$ 23,207</u>	<u>\$ 1,098</u>	<u>\$ 565</u>	<u>\$ 126,645</u>
<i>Liabilities</i>				
Accounts payable	\$ 1,657	\$ -	\$ 585	\$ 4,826
Accrued payroll	-	-	-	1,941
Deferred revenue	-	-	-	6,324
<i>Total liabilities</i>	<u>1,657</u>	<u>-</u>	<u>585</u>	<u>13,091</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	5,323
Prepaid expenses	-	-	-	1,362
Spendable				
Restricted for:				
General county operations	21,550	-	-	-
Maintenance of roads	-	-	-	106,869
Court	-	1,098	-	-
Public safety	-	-	-	-
Healthcare	-	-	-	-
Debt service expenditures	-	-	-	-
Unassigned	-	-	(20)	-
<i>Total fund balances</i>	<u>21,550</u>	<u>1,098</u>	<u>(20)</u>	<u>113,554</u>
<i>Total liabilities and fund balances</i>	<u>\$ 23,207</u>	<u>\$ 1,098</u>	<u>\$ 565</u>	<u>\$ 126,645</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Road & Bridge Precinct 2	Road & Bridge Precinct 3	Road & Bridge Precinct 4	Attorney Check Fee	Juvenile Probation Fee
\$ 173,670	\$ 149,219	\$ 111,217	\$ 1,299	\$ 167
2,659	1,804	1,588	-	-
6,876	6,876	6,876	-	-
11,437	11,511	11,414	15	-
4,511	8,995	7,833	-	-
2,026	1,159	1,047	-	-
<u>\$ 201,179</u>	<u>\$ 179,564</u>	<u>\$ 139,975</u>	<u>\$ 1,314</u>	<u>\$ 167</u>
\$ 3,833	\$ 4,944	\$ 8,760	\$ 137	\$ -
1,949	2,051	1,949	27	-
6,324	6,324	6,324	-	-
12,106	13,319	17,033	164	-
4,511	8,995	7,833	-	-
2,026	1,159	1,047	-	-
-	-	-	-	-
182,536	156,091	114,062	-	-
-	-	-	1,150	-
-	-	-	-	167
-	-	-	-	-
-	-	-	-	-
189,073	166,245	122,942	1,150	167
<u>\$ 201,179</u>	<u>\$ 179,564</u>	<u>\$ 139,975</u>	<u>\$ 1,314</u>	<u>\$ 167</u>

STATE OF TEXAS
Bailey County
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2012

Special Revenue

	Court Reporter	DWI Video	Justice Court Security	Justice Court Technology
<i>Assets</i>				
Cash and cash equivalents	\$ 8,154	\$ 449	\$ 7,206	\$ 2,118
Investments	-	-	-	-
Receivables:				
Property taxes, net	-	-	-	-
Other receivables, net	-	-	-	-
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
<i>Total assets</i>	<u>\$ 8,154</u>	<u>\$ 449</u>	<u>\$ 7,206</u>	<u>\$ 2,118</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Deferred revenue	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Spendable				
Restricted for:				
General county operations	8,154	-	-	-
Maintenance of roads	-	-	-	-
Court	-	-	7,206	2,118
Public safety	-	449	-	-
Healthcare	-	-	-	-
Debt service expenditures	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>8,154</u>	<u>449</u>	<u>7,206</u>	<u>2,118</u>
<i>Total liabilities and fund balances</i>	<u>\$ 8,154</u>	<u>\$ 449</u>	<u>\$ 7,206</u>	<u>\$ 2,118</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Judiciary Support	Law Library	Tobacco Settlement	Child Welfare	District Clerk Records Management
\$ 3	\$ -	\$ 15,151	\$ 146	\$ 2,572
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 15,151</u>	<u>\$ 146</u>	<u>\$ 2,572</u>
\$ -	\$ 995	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	995	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	15,151	-	2,572
-	-	-	-	-
3	-	-	-	-
-	-	-	-	-
-	-	-	146	-
-	-	-	-	-
-	(995)	-	-	-
<u>3</u>	<u>(995)</u>	<u>15,151</u>	<u>146</u>	<u>2,572</u>
<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 15,151</u>	<u>\$ 146</u>	<u>\$ 2,572</u>

STATE OF TEXAS
Bailey County
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2012

Special Revenue

	Drug Seizure	Probate Judicial Education	Records Management	Courthouse Security
<i>Assets</i>				
Cash and cash equivalents	\$ 1,048	\$ 812	\$ 12,606	\$ 9,932
Investments	-	-	-	-
Receivables:				
Property taxes, net	-	-	-	-
Other receivables, net	-	-	-	-
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
<i>Total assets</i>	<u>\$ 1,048</u>	<u>\$ 812</u>	<u>\$ 12,606</u>	<u>\$ 9,932</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Deferred revenue	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Spendable				
Restricted for:				
General county operations	-	-	12,606	9,932
Maintenance of roads	-	-	-	-
Court	-	812	-	-
Public safety	1,048	-	-	-
Healthcare	-	-	-	-
Debt service expenditures	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>1,048</u>	<u>812</u>	<u>12,606</u>	<u>9,932</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,048</u>	<u>\$ 812</u>	<u>\$ 12,606</u>	<u>\$ 9,932</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

County Clerk Records Management	Administration of Justice	LEOSE Sheriff	LEOSE Constable	Economic Development
\$ 1,956	\$ -	\$ 3,540	\$ 9,650	\$ 10,059
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 1,956</u>	<u>\$ -</u>	<u>\$ 3,540</u>	<u>\$ 9,650</u>	<u>\$ 10,059</u>
\$ -	\$ -	\$ 724	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	724	-	-
-	-	-	-	-
-	-	-	-	-
1,956	-	-	-	10,059
-	-	-	-	-
-	-	-	-	-
-	-	2,816	9,650	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,956</u>	<u>-</u>	<u>2,816</u>	<u>9,650</u>	<u>10,059</u>
<u>\$ 1,956</u>	<u>\$ -</u>	<u>\$ 3,540</u>	<u>\$ 9,650</u>	<u>\$ 10,059</u>

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STATE OF TEXAS
 Bailey County
 Nonmajor Governmental Funds
 Combining Balance Sheet
 September 30, 2012

	Special Revenue		
	Family Protection	Indigent Defense	Total Nonmajor Governmental Funds
<i>Assets</i>			
Cash and cash equivalents	\$ -	\$ 2,220	\$ 649,509
Investments	-	-	6,119
Receivables:			
Property taxes, net	-	-	27,504
Other receivables, net	-	13,535	59,483
Inventory	-	-	26,662
Prepaid expenses	-	-	5,594
	-	-	5,594
<i>Total assets</i>	\$ -	\$ 15,755	\$ 774,871
<i>Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ 26,461
Accrued payroll	-	-	7,917
Deferred revenue	-	-	25,296
	-	-	25,296
<i>Total liabilities</i>	-	-	59,674
<i>Fund balances</i>			
Nonspendable			
Inventory	-	-	26,662
Prepaid expenses	-	-	5,594
Spendable			
Restricted for:			
General county operations	-	-	81,980
Maintenance of roads	-	-	559,558
Court	-	-	12,387
Public safety	-	-	14,130
Healthcare	-	15,755	15,901
Debt service expenditures	-	-	-
Unassigned	-	-	(1,015)
	-	-	(1,015)
<i>Total fund balances</i>	-	15,755	715,197
<i>Total liabilities and fund balances</i>	\$ -	\$ 15,755	\$ 774,871

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS
Bailey County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2012

Special Revenue

	County Clerk Records Archive	District Court Records Archive	7th Court of Appeals	Road & Bridge Precinct 1
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ 139,645
Intergovernmental:				
State operating grants	-	-	-	-
Licenses and permits	-	-	-	102,135
Charges for services	5,280	401	490	21,419
Investment income	228	10	-	1,436
Miscellaneous	-	-	-	10
<i>Total revenues</i>	<u>5,508</u>	<u>411</u>	<u>490</u>	<u>264,645</u>
<i>Expenditures:</i>				
Current:				
General government	1,657	-	-	-
Judicial	-	-	585	-
Legal	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Road and bridge	-	-	-	214,980
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>1,657</u>	<u>-</u>	<u>585</u>	<u>214,980</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>3,851</u>	<u>411</u>	<u>(95)</u>	<u>49,665</u>
<i>Other financing sources (uses)</i>				
Proceeds from long term debt	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	3,851	411	(95)	49,665
<i>Fund balances - beginning of year</i>	<u>17,699</u>	<u>687</u>	<u>75</u>	<u>63,889</u>
<i>Fund balances - end of year</i>	<u>\$ 21,550</u>	<u>\$ 1,098</u>	<u>\$ (20)</u>	<u>\$ 113,554</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Road & Bridge Precinct 2	Road & Bridge Precinct 3	Road & Bridge Precinct 4	Attorney Check Fee	Juvenile Probation Fee
\$ 139,645	\$ 139,645	\$ 139,718	\$ -	\$ -
-	-	-	-	-
93,983	98,484	88,159	-	-
110,428	28,665	28,430	7,709	1,365
1,144	1,775	1,620	203	7
-	104	240	-	-
<u>345,200</u>	<u>268,673</u>	<u>258,167</u>	<u>7,912</u>	<u>1,372</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	6,479	-
-	-	-	-	1,761
-	-	-	-	-
209,584	234,022	211,994	-	-
-	-	-	-	-
22,438	-	33,181	-	-
6,147	-	1,763	-	-
-	-	-	-	-
<u>238,169</u>	<u>234,022</u>	<u>246,938</u>	<u>6,479</u>	<u>1,761</u>
<u>107,031</u>	<u>34,651</u>	<u>11,229</u>	<u>1,433</u>	<u>(389)</u>
5,003	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>5,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
112,034	34,651	11,229	1,433	(389)
<u>77,039</u>	<u>131,594</u>	<u>111,713</u>	<u>(283)</u>	<u>556</u>
<u>\$ 189,073</u>	<u>\$ 166,245</u>	<u>\$ 122,942</u>	<u>\$ 1,150</u>	<u>\$ 167</u>

STATE OF TEXAS
Bailey County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2012

Special Revenue

	<u>Court Reporter</u>	<u>DWI Video</u>	<u>Justice Court Security</u>	<u>Justice Court Technology</u>
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
State operating grants	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	1,200	89	888	3,975
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,200</u>	<u>89</u>	<u>888</u>	<u>3,975</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Judicial	-	-	-	4,614
Legal	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,614</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,200</u>	<u>89</u>	<u>888</u>	<u>(639)</u>
<i>Other financing sources (uses)</i>				
Proceeds from long term debt	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	1,200	89	888	(639)
<i>Fund balances - beginning of year</i>	<u>6,954</u>	<u>360</u>	<u>6,318</u>	<u>2,757</u>
<i>Fund balances - end of year</i>	<u>\$ 8,154</u>	<u>\$ 449</u>	<u>\$ 7,206</u>	<u>\$ 2,118</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Judiciary Support	Law Library	Tobacco Settlement	Child Welfare	District Clerk Records Management
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	5,265	-	-
-	-	-	-	-
789	3,439	-	-	621
-	-	-	-	25
-	-	-	146	-
<u>789</u>	<u>3,439</u>	<u>5,265</u>	<u>146</u>	<u>646</u>
-	-	-	-	-
1,139	-	-	-	-
-	11,942	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	29,125	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,139</u>	<u>11,942</u>	<u>29,125</u>	<u>-</u>	<u>-</u>
<u>(350)</u>	<u>(8,503)</u>	<u>(23,860)</u>	<u>146</u>	<u>646</u>
-	-	-	-	-
-	-	-	-	-
-	8,456	-	-	-
-	-	-	-	-
<u>-</u>	<u>8,456</u>	<u>-</u>	<u>-</u>	<u>-</u>
(350)	(47)	(23,860)	146	646
<u>353</u>	<u>(948)</u>	<u>39,011</u>	<u>-</u>	<u>1,926</u>
<u>\$ 3</u>	<u>\$ (995)</u>	<u>\$ 15,151</u>	<u>\$ 146</u>	<u>\$ 2,572</u>

STATE OF TEXAS
 Bailey County
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Year Ended September 30, 2012

	Special Revenue			
	Drug Seizure	Probate Judicial Education	Records Management	Courthouse Security
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
State operating grants	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	85	2,428	4,517
Investment income	11	9	126	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	11	94	2,554	4,517
<i>Expenditures:</i>				
Current:				
General government	-	-	-	15,836
Judicial	-	-	-	-
Legal	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	-	-	-	15,836
<i>Excess (deficiency) of revenues over expenditures</i>	11	94	2,554	(11,319)
<i>Other financing sources (uses)</i>				
Proceeds from long term debt	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	11	94	2,554	(11,319)
<i>Fund balances - beginning of year</i>	1,037	718	10,052	21,251
<i>Fund balances - end of year</i>	\$ 1,048	\$ 812	\$ 12,606	\$ 9,932

The accompanying notes are an integral part of these financial statements

Special Revenue

County Clerk Records Management	Administration of Justice	LEOSE Sheriff	LEOSE Constable	Economic Development
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
5,629	-	-	-	-
23	-	-	-	-
-	-	-	-	-
<u>5,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6,353	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	2,276	2,570	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>6,353</u>	<u>2,276</u>	<u>2,570</u>	<u>-</u>	<u>-</u>
<u>(701)</u>	<u>(2,276)</u>	<u>(2,570)</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(701)</u>	<u>(2,276)</u>	<u>(2,570)</u>	<u>-</u>	<u>-</u>
<u>2,657</u>	<u>2,276</u>	<u>5,386</u>	<u>9,650</u>	<u>10,059</u>
<u>\$ 1,956</u>	<u>\$ -</u>	<u>\$ 2,816</u>	<u>\$ 9,650</u>	<u>\$ 10,059</u>

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STATE OF TEXAS

Bailey County

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended September 30, 2012

Statement A-2

Page 4 of 4

	<u>Special Revenue</u>		Total Nonmajor Governmental Funds
	<u>Family Protection</u>	<u>Indigent Defense</u>	
<i>Revenues:</i>			
Taxes:			
Property	\$ -	\$ -	\$ 558,653
Intergovernmental:			
State operating grants	-	13,535	18,800
Licenses and permits	-	-	382,761
Charges for services	495	-	228,342
Investment income	-	-	6,617
Miscellaneous	-	-	500
<i>Total revenues</i>	<u>495</u>	<u>13,535</u>	<u>1,195,673</u>
<i>Expenditures:</i>			
Current:			
General government	-	-	23,846
Judicial	-	-	6,338
Legal	-	-	18,421
Public safety	-	-	6,607
Health and welfare	2,529	-	2,529
Road and bridge	-	-	870,580
Capital outlay	-	-	29,125
Debt service:			
Principal	-	-	55,619
Interest	-	-	7,910
Bond issuance costs	-	-	0
<i>Total expenditures</i>	<u>2,529</u>	<u>-</u>	<u>1,020,975</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,034)</u>	<u>13,535</u>	<u>174,698</u>
<i>Other financing sources (uses)</i>			
Proceeds from long term debt	-	-	5,003
Bond premium	-	-	-
Payment to refunded bond escrow agent	-	-	-
Transfers in	-	-	8,456
Transfers (out)	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>13,459</u>
<i>Net change in fund balances</i>	(2,034)	13,535	188,157
<i>Fund balances - beginning of year</i>	<u>2,034</u>	<u>2,220</u>	<u>527,040</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 15,755</u>	<u>\$ 715,197</u>

The accompanying notes are an integral part of these financial statements

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SUPPORTING SCHEDULES

STATE OF TEXAS

Schedule I

Bailey County

Road & Bridge Precinct 1 Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended September 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 123,602	\$ 123,602	\$ 139,412	\$ 15,810
Sales and other	-	-	-	-
Licenses and permits	90,000	90,000	101,013	11,013
Charges for services	10,700	10,700	13,818	3,118
Investment income	100	100	1,436	1,336
Miscellaneous	-	-	10	10
<i>Total revenues</i>	<u>224,402</u>	<u>224,402</u>	<u>255,689</u>	<u>31,287</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Road and bridge	244,350	244,350	213,371	30,979
Capital outlay	25,000	25,000	-	25,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>269,350</u>	<u>269,350</u>	<u>213,371</u>	<u>55,979</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(44,948)</u>	<u>(44,948)</u>	<u>42,318</u>	<u>87,266</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	44,948	44,948	-	(44,948)
Proceeds from long term debt	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>44,948</u>	<u>44,948</u>	<u>-</u>	<u>(44,948)</u>
<i>Net change in fund balance</i>	-	-	42,318	42,318
<i>Fund balance - beginning of year</i>	-	-	59,195	59,195
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,513</u>	<u>\$ 101,513</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 42,318
Adjustments to revenues for property taxes and licenses and fees revenue accruals				8,956
Adjustments to expenditures for road and bridge costs				<u>(1,609)</u>
Net change in fund balance (GAAP)				<u>\$ 49,665</u>

See independent auditors' report

STATE OF TEXAS

Schedule II

Bailey County

Road & Bridge Precinct 2 Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 123,602	\$ 123,602	\$ 139,412	\$ 15,810
Sales and other	-	-	-	-
Licenses and permits	83,000	83,000	92,995	9,995
Charges for services	10,500	10,500	102,827	92,327
Investment income	150	150	1,144	994
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>217,252</u>	<u>217,252</u>	<u>336,378</u>	<u>119,126</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Road and bridge	241,965	241,965	221,399	20,566
Capital outlay	15,000	15,000	-	15,000
Debt service:				
Principal	25,000	25,000	22,438	2,562
Interest	-	-	1,144	(1,144)
<i>Total expenditures</i>	<u>281,965</u>	<u>281,965</u>	<u>244,981</u>	<u>36,984</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(64,713)</u>	<u>(64,713)</u>	<u>91,397</u>	<u>156,110</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	64,713	64,713	-	(64,713)
Proceeds from long term debt	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>64,713</u>	<u>64,713</u>	<u>-</u>	<u>(64,713)</u>
<i>Net change in fund balance</i>	-	-	91,397	91,397
<i>Fund balance - beginning of year</i>	-	-	84,932	84,932
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,329</u>	<u>\$ 176,329</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 91,397
Adjustments to revenues for property taxes, licenses, fees, and refinancing proceeds revenue accruals				13,825
Adjustments to expenditures for road and bridge costs				6,812
Net change in fund balance (GAAP)				<u>\$ 112,034</u>

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STATE OF TEXAS

Schedule III

Bailey County

Road & Bridge Precinct 3 Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended September 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 123,602	\$ 123,602	\$ 139,412	\$ 15,810
Sales and other	-	-	-	-
Licenses and permits	82,000	82,000	97,422	15,422
Charges for services	11,250	11,250	21,065	9,815
Investment income	100	100	1,775	1,675
Miscellaneous	-	-	104	104
<i>Total revenues</i>	<u>216,952</u>	<u>216,952</u>	<u>259,778</u>	<u>42,826</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Road and bridge	258,479	258,479	242,330	16,149
Capital outlay	10,000	10,000	-	10,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>268,479</u>	<u>268,479</u>	<u>242,330</u>	<u>26,149</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(51,527)</u>	<u>(51,527)</u>	<u>17,448</u>	<u>68,975</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	51,527	51,527	-	(51,527)
Proceeds from long term debt	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>51,527</u>	<u>51,527</u>	<u>-</u>	<u>(51,527)</u>
<i>Net change in fund balance</i>	-	-	17,448	17,448
<i>Fund balance - beginning of year</i>	-	-	133,575	133,575
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,023</u>	<u>\$ 151,023</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 17,448
Adjustments to revenues for property taxes and licenses and fees revenue accruals				8,895
Adjustments to expenditures for road and bridge costs				8,308
Net change in fund balance (GAAP)				<u>\$ 34,651</u>

See independent auditors' report

STATE OF TEXAS

Schedule IV

Bailey County

Road & Bridge Precinct 4 Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended September 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 123,602	\$ 123,602	\$ 139,412	\$ 15,810
Sales and other	-	-	-	-
Licenses and permits	77,000	77,000	87,267	10,267
Charges for services	12,000	12,000	20,829	8,829
Investment income	100	100	1,620	1,520
Miscellaneous	-	-	240	240
<i>Total revenues</i>	<u>212,702</u>	<u>212,702</u>	<u>249,368</u>	<u>36,666</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Road and bridge	218,317	218,317	211,269	7,048
Capital outlay	-	-	-	-
Debt service:				
Principal	35,000	35,000	33,181	1,819
Interest	-	-	1,763	(1,763)
<i>Total expenditures</i>	<u>253,317</u>	<u>253,317</u>	<u>246,213</u>	<u>7,104</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(40,615)</u>	<u>(40,615)</u>	<u>3,155</u>	<u>43,770</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	40,615	40,615	-	(40,615)
Proceeds from long term debt	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>40,615</u>	<u>40,615</u>	<u>-</u>	<u>(40,615)</u>
<i>Net change in fund balance</i>	-	-	3,155	3,155
<i>Fund balance - beginning of year</i>	-	-	109,650	109,650
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,805</u>	<u>\$ 112,805</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 3,155
Adjustments to revenues for property taxes and licenses and fees revenue accruals				8,799
Adjustments to expenditures for road and bridge costs				(725)
Net change in fund balance (GAAP)				<u>\$ 11,229</u>

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STATE OF TEXAS

Schedule V

Bailey County

Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended September 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 322,497	\$ 322,497	\$ 325,965	\$ 3,468
Sales and other	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Investment income	13,600	13,600	21,263	7,663
Miscellaneous	-	-	7,293	7,293
<i>Total revenues</i>	<u>336,097</u>	<u>336,097</u>	<u>354,521</u>	<u>18,424</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	356,840	356,840	235,000	121,840
Interest	-	-	129,097	(129,097)
Bond issuance cost	-	-	127,803	(127,803)
<i>Total expenditures</i>	<u>356,840</u>	<u>356,840</u>	<u>491,900</u>	<u>(135,060)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(20,743)</u>	<u>(20,743)</u>	<u>(137,379)</u>	<u>(116,636)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	20,743	20,743	-	(20,743)
Proceeds from long term debt	-	-	3,330,000	3,330,000
Bond premium	-	-	184,529	184,529
Payment to refunded bond escrow agent	-	-	(3,386,726)	(3,386,726)
Transfers in	-	-	-	-
Transfers (out)	-	-	(363,547)	(363,547)
<i>Total other financing sources (uses)</i>	<u>20,743</u>	<u>20,743</u>	<u>(235,744)</u>	<u>(256,487)</u>
<i>Net change in fund balance</i>	-	-	(373,123)	(373,123)
<i>Fund balance - beginning of year</i>	-	-	383,471	383,471
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,348</u>	<u>\$ 10,348</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (373,123)
Adjustments to revenues for property tax revenue accruals				2,170
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP)				<u>\$ (370,953)</u>

See independent auditors' report

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STATE OF TEXAS

Bailey County

Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended September 30, 2012

Schedule VI

Page 1 of 3

	Balance September 30, 2011	Additions	Deductions	Balance September 30, 2012
JUSTICE OF THE PEACE				
<i>Assets</i>				
Cash and cash investments	\$ 497	\$ 205,663	\$ 161,661	\$ 44,499
<i>Total assets</i>	<u>\$ 497</u>	<u>\$ 205,663</u>	<u>\$ 161,661</u>	<u>\$ 44,499</u>
<i>Liabilities</i>				
Due to others	\$ 497	\$ 205,663	\$ 161,661	\$ 44,499
<i>Total liabilities</i>	<u>\$ 497</u>	<u>\$ 205,663</u>	<u>\$ 161,661</u>	<u>\$ 44,499</u>
DISTRICT CLERK				
<i>Assets</i>				
Cash and cash investments	\$ 41,088	\$ 129,432	\$ 124,979	\$ 45,541
<i>Total assets</i>	<u>\$ 41,088</u>	<u>\$ 129,432</u>	<u>\$ 124,979</u>	<u>\$ 45,541</u>
<i>Liabilities</i>				
Due to others	\$ 41,088	\$ 129,432	\$ 124,979	\$ 45,541
<i>Total liabilities</i>	<u>\$ 41,088</u>	<u>\$ 129,432</u>	<u>\$ 124,979</u>	<u>\$ 45,541</u>
DISTRICT CLERK TRUST				
<i>Assets</i>				
Cash and cash investments	\$ 49,621	\$ 5,266	\$ 4,276	\$ 50,611
<i>Total assets</i>	<u>\$ 49,621</u>	<u>\$ 5,266</u>	<u>\$ 4,276</u>	<u>\$ 50,611</u>
<i>Liabilities</i>				
Due to others	\$ 49,621	\$ 5,266	\$ 4,276	\$ 50,611
<i>Total liabilities</i>	<u>\$ 49,621</u>	<u>\$ 5,266</u>	<u>\$ 4,276</u>	<u>\$ 50,611</u>
COUNTY CLERK				
<i>Assets</i>				
Cash and cash investments	\$ 34,424	\$ 138,647	\$ 141,029	\$ 32,042
<i>Total assets</i>	<u>\$ 34,424</u>	<u>\$ 138,647</u>	<u>\$ 141,029</u>	<u>\$ 32,042</u>
<i>Liabilities</i>				
Due to others	\$ 34,424	\$ 138,647	\$ 141,029	\$ 32,042
<i>Total liabilities</i>	<u>\$ 34,424</u>	<u>\$ 138,647</u>	<u>\$ 141,029</u>	<u>\$ 32,042</u>
TAX ASSESSOR/COLLECTOR				
<i>Assets</i>				
Cash and cash investments	\$ 10,415	\$ 890,173	\$ 843,417	\$ 57,171
<i>Total assets</i>	<u>\$ 10,415</u>	<u>\$ 890,173</u>	<u>\$ 843,417</u>	<u>\$ 57,171</u>
<i>Liabilities</i>				
Due to others	\$ 10,415	\$ 890,173	\$ 843,417	\$ 57,171
<i>Total liabilities</i>	<u>\$ 10,415</u>	<u>\$ 890,173</u>	<u>\$ 843,417</u>	<u>\$ 57,171</u>
COUNTY ATTORNEY TRUST				
<i>Assets</i>				
Cash and cash investments	\$ 16,621	\$ 5,943	\$ 2,693	\$ 19,871
<i>Total assets</i>	<u>\$ 16,621</u>	<u>\$ 5,943</u>	<u>\$ 2,693</u>	<u>\$ 19,871</u>
<i>Liabilities</i>				
Due to others	\$ 16,621	\$ 5,943	\$ 2,693	\$ 19,871
<i>Total liabilities</i>	<u>\$ 16,621</u>	<u>\$ 5,943</u>	<u>\$ 2,693</u>	<u>\$ 19,871</u>

See independent auditors' report

STATE OF TEXAS

Bailey County

Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended September 30, 2012

Schedule VI

Page 2 of 3

	Balance September 30, 2011	Additions	Deductions	Balance September 30, 2012
SHERIFF'S BENEFIT				
<i>Assets</i>				
Cash and cash investments	\$ 949	192	\$ 342	\$ 799
<i>Total assets</i>	<u>\$ 949</u>	<u>192</u>	<u>\$ 342</u>	<u>\$ 799</u>
<i>Liabilities</i>				
Due to others	\$ 949	\$ 192	\$ 342	\$ 799
<i>Total liabilities</i>	<u>\$ 949</u>	<u>\$ 192</u>	<u>\$ 342</u>	<u>\$ 799</u>
JUVENILE PROBATION				
<i>Assets</i>				
Cash and cash investments	\$ -	\$ 786	\$ 786	\$ -
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 786</u>	<u>\$ 786</u>	<u>\$ -</u>
<i>Liabilities</i>				
Due to others	\$ -	\$ 786	\$ 786	\$ -
<i>Total liabilities</i>	<u>\$ -</u>	<u>\$ 786</u>	<u>\$ 786</u>	<u>\$ -</u>
SHERIFF'S INMATE TRUST				
<i>Assets</i>				
Cash and cash investments	\$ 5,792	\$ 55,815	\$ 53,763	\$ 7,844
<i>Total assets</i>	<u>\$ 5,792</u>	<u>\$ 55,815</u>	<u>\$ 53,763</u>	<u>\$ 7,844</u>
<i>Liabilities</i>				
Due to others	\$ 5,792	\$ 55,815	\$ 53,763	\$ 7,844
<i>Total liabilities</i>	<u>\$ 5,792</u>	<u>\$ 55,815</u>	<u>\$ 53,763</u>	<u>\$ 7,844</u>
UNCLAIMED PROPERTY				
<i>Assets</i>				
Cash and cash investments	\$ 260	\$ 11,019	\$ -	\$ 11,279
<i>Total assets</i>	<u>\$ 260</u>	<u>\$ 11,019</u>	<u>\$ -</u>	<u>\$ 11,279</u>
<i>Liabilities</i>				
Due to others	\$ 260	\$ 11,019	\$ -	\$ 11,279
<i>Total liabilities</i>	<u>\$ 260</u>	<u>\$ 11,019</u>	<u>\$ -</u>	<u>\$ 11,279</u>
COMMISSARY				
<i>Assets</i>				
Cash and cash investments	\$ 22,076	\$ 22,540	\$ 34,488	\$ 10,128
<i>Total assets</i>	<u>\$ 22,076</u>	<u>\$ 22,540</u>	<u>\$ 34,488</u>	<u>\$ 10,128</u>
<i>Liabilities</i>				
Due to others	\$ 22,076	\$ 22,540	\$ 34,488	\$ 10,128
<i>Total liabilities</i>	<u>\$ 22,076</u>	<u>\$ 22,540</u>	<u>\$ 34,488</u>	<u>\$ 10,128</u>
COLISEUM DEPOSIT				
<i>Assets</i>				
Cash and cash investments	\$ 300	\$ 1,600	\$ 1,000	\$ 900
<i>Total assets</i>	<u>\$ 300</u>	<u>\$ 1,600</u>	<u>\$ 1,000</u>	<u>\$ 900</u>
<i>Liabilities</i>				
Due to others	\$ 300	\$ 1,600	\$ 1,000	\$ 900
<i>Total liabilities</i>	<u>\$ 300</u>	<u>\$ 1,600</u>	<u>\$ 1,000</u>	<u>\$ 900</u>

See independent auditors' report

STATE OF TEXAS

Bailey County

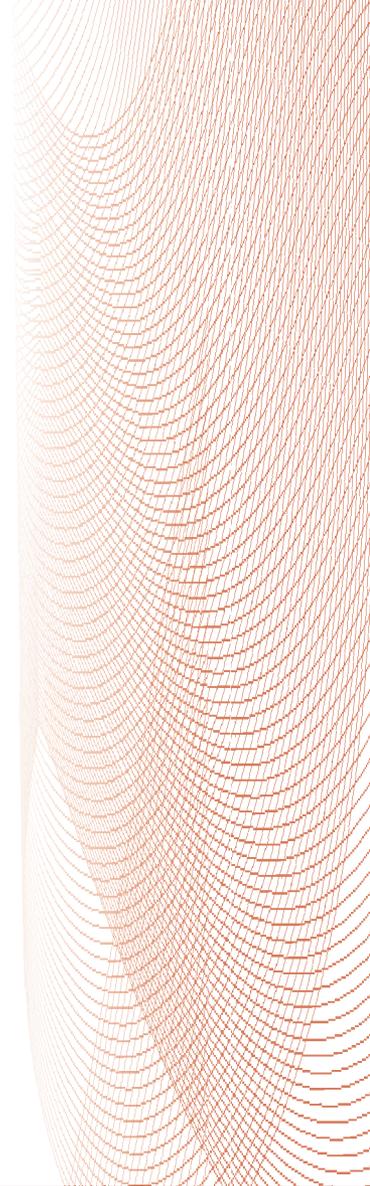
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended September 30, 2012

Schedule VI

Page 3 of 3

	Balance September 30, 2011	Additions	Deductions	Balance September 30, 2012
STATE TRUST				
<i>Assets</i>				
Cash and cash investments	\$ 158	\$ -	\$ -	\$ 158
<i>Total assets</i>	<u>\$ 158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158</u>
<i>Liabilities</i>				
Due to others	\$ 158	\$ -	\$ -	\$ 158
<i>Total liabilities</i>	<u>\$ 158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158</u>
MEALS ON WHEELS				
<i>Assets</i>				
Cash and cash investments	\$ -	\$ 7,042	\$ 4,814	\$ 2,228
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 7,042</u>	<u>\$ 4,814</u>	<u>\$ 2,228</u>
<i>Liabilities</i>				
Due to others	\$ -	\$ 7,042	\$ 4,814	\$ 2,228
<i>Total liabilities</i>	<u>\$ -</u>	<u>\$ 7,042</u>	<u>\$ 4,814</u>	<u>\$ 2,228</u>
CAPITAL PROJECT - MAPLE WATER GRANT PROJECT				
<i>Assets</i>				
Cash and cash investments	\$ -	\$ 15,368	\$ 10,247	\$ 5,121
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 15,368</u>	<u>\$ 10,247</u>	<u>\$ 5,121</u>
<i>Liabilities</i>				
Due to others	\$ -	\$ 15,368	\$ 10,247	\$ 5,121
<i>Total liabilities</i>	<u>\$ -</u>	<u>\$ 15,368</u>	<u>\$ 10,247</u>	<u>\$ 5,121</u>
TOTAL ALL AGENCY FUNDS				
<i>Assets</i>				
Cash and cash investments	\$ 182,201	\$ 1,489,486	\$ 1,383,495	\$ 288,192
<i>Total assets</i>	<u>\$ 182,201</u>	<u>\$ 1,489,486</u>	<u>\$ 1,383,495</u>	<u>\$ 288,192</u>
<i>Liabilities</i>				
Due to others	\$ 182,201	\$ 1,489,486	\$ 1,383,495	\$ 288,192
<i>Total liabilities</i>	<u>\$ 182,201</u>	<u>\$ 1,489,486</u>	<u>\$ 1,383,495</u>	<u>\$ 288,192</u>

See independent auditors' report



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