

CLAY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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CLAY COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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Financial Section

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INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Clay County, Texas (the County) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Clay County, Texas, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Clay County Memorial Hospital, which represent 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to Clay County Memorial Hospital, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Clay County, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Clay County, Texas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Clay County, Texas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Clay County, Texas' ability to continue as a going concern for a reasonable period of time.

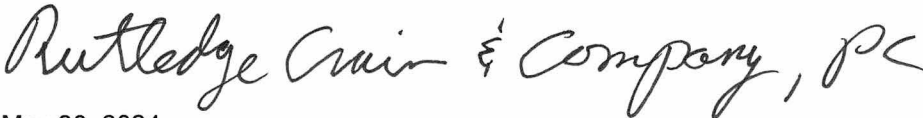
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

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


May 20, 2024

Management's Discussion and Analysis

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As management of Clay County, we offer readers of the County's financial statements this narrative overview and analysis of the County's financial activities for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information found in the footnotes of the financial statements.

Financial Highlights

The assets and deferred resources of the County exceeded its liabilities at the close of the fiscal year ended, September 30, 2023, by \$13,344,852 (net position). Of this amount, \$9,288,853 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The County's total net position increased by \$1,493,549.

The County's governmental funds reported combined ending fund balances of \$7,798,091 an increase of \$974,995 in comparison to the previous year.

The unassigned portion of the General Fund Balance at the end of the year was \$5,248,475 or 71.42% of total General Fund expenditures and transfers outs.

Clay County has no bonded indebtedness at the current time.

Overview of the Financial Statements

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

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of Clay County's finances. This statement is done in a manner like a private-sector business. Two statements, the Statement of Net Position, and the Statement of Activities, provide this financial overview.

The Statement of Net Position presents information on all the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the County's financial position is improving or deteriorating.

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

Fund Financial Statements

Like other state and local governments, the County utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts used to control resources that have been segregated for specific activities or objectives. The funds of the County can be categorized as governmental funds or fiduciary.

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

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

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

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

Notes to Financial Statements. The notes provide additional information essential to fully understand the data provided in the government-wide fund financial statements and fiduciary fund statements.

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

Government-wide Financial Analysis

At the end of the fiscal year 2023, the County's net position (assets and deferred resources outflows exceeding liabilities and deferred resource inflows) totaled \$13,344,852. This analysis focuses on the net position (Table 1) and changes in net position (Table 2).

Net Position. The largest portion of the County's net position, \$4,035,740 or 30.31%, reflects its investment in capital assets (land and improvements, building, infrastructure, machinery, and equipment), less depreciation and any related debt used to acquire those assets that are still outstanding. The County uses these assets to provide services to its citizens; consequently, they are not available for future spending. Although the County reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net position, \$9,309,112 or 69.75%, may be used to meet the government's ongoing obligations to citizens and creditors.

Table 1
Condensed Statement of Net Position

	Governmental Activities		Component Unit	
	9/30/2023	9/30/2022	9/30/2023	9/30/2022
ASSETS				
Current and other assets	\$ 10,309,407	\$ 11,652,009	\$ 12,149,140	\$ 12,618,556
Capital assets	6,091,942	6,380,309	3,585,248	3,641,709
Total assets	<u>16,401,349</u>	<u>18,032,318</u>	<u>15,734,388</u>	<u>16,260,265</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges	<u>2,797,129</u>	<u>1,110,315</u>	-	-
LIABILITIES				
Long-term liabilities	2,197,082	2,396,309	-	-
Other liabilities	419,721	356,486	1,059,788	1,529,888
Total liabilities	<u>2,616,803</u>	<u>2,752,795</u>	<u>1,059,788</u>	<u>1,529,888</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	<u>3,236,823</u>	<u>4,538,535</u>	-	-
NET POSITION				
Net Investment in capital assets	4,035,740	4,131,762	3,378,114	3,641,709
Unrestricted	9,309,112	7,719,541	11,296,486	11,088,668
	<u>\$ 13,344,852</u>	<u>\$ 11,851,303</u>	<u>\$ 14,674,600</u>	<u>\$ 14,730,377</u>

Changes in Net Position. The net position of the County increased by \$1,493,549 for the fiscal year ended September 30, 2023.

CLAY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2023

Table 2
Changes in Net Position

	Governmental Activities		Component Unit	
	9/30/2023	9/30/2022	9/30/2023	9/30/2022
Program Revenues:				
Charges for services	\$ 2,304,107	\$ 1,873,994	\$ 10,181,320	\$ 9,953,355
Operating grants and contributions	98,127	903,104	570,123	575,071
Capital grant and contributions	504,099	205,845	16,107	29,543
General Revenues				
Taxes	6,567,331	6,512,548	-	-
Miscellaneous	1,261,025	999,731	117,254	251,552
Unrestricted investment earnings	249,763	34,675	374,916	-
Gain (loss) on sale of capital assets	55,820	102,303	-	-
Special item	-	-	-	-
Total Revenues	<u>11,040,272</u>	<u>10,632,200</u>	<u>11,259,720</u>	<u>10,809,521</u>
Expenses:				
General Administration	786,115	769,894	-	-
Judicial	777,895	771,356	-	-
Legal	199,275	160,276	-	-
Financial Administration	320,278	434,801	-	-
Public Facilities	157,599	134,140	-	-
Public Safety	2,624,838	2,418,985	-	-
Public Transportation	2,677,213	2,554,121	-	-
Health and Welfare	227,032	259,856	-	-
Conservation	115,520	103,768	-	-
Nondepartmental	1,657,450	1,573,919	-	-
Interest and fiscal charges	3,508	19,104	-	-
Hospital operations	-	-	11,315,497	11,011,549
Total Expenses	<u>9,546,723</u>	<u>9,200,220</u>	<u>11,315,497</u>	<u>11,011,549</u>
Increase (Decrease) in net position	1,493,549	1,431,980	(55,777)	(202,028)
Net position-October 1	11,851,303	9,898,593	14,730,377	14,932,405
Prior period adjustment	-	520,730	-	-
Net position-September 30	<u>\$ 13,344,852</u>	<u>\$ 11,851,303</u>	<u>\$ 14,674,600</u>	<u>\$ 14,730,377</u>

Financial Analysis of the Government's Funds

Government funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. Unreserved fund balances may be useful for the government's net spending resources at the fiscal year's end.

As of the end of the current fiscal year, the County's governmental funds reported combined fund balances of \$7,448,091.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the General Fund unassigned fund balance was \$5,248,475. The fund balance increased \$1,035,048 during the current fiscal year.

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

CLAY COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2023

There was no significant change in the total appropriations for the final amended budget compared to the original budget. There were some changes in the estimated revenues for the final amended budget compared to the original budget. The additional revenue was from money received from unexpected grant proceeds, and more revenue was received from fines and fees from the previous year because more citations were issued, generating more income than expected from the previous year.

During the year, there was a \$1,567,374 positive budget variance in revenues over expenditures. The following are the main components of the increase:

\$287,923 Fines and Fees - The County had a positive variance because more citations were issued, generating more revenue than expected.

\$165,778 Interest – The County had a positive variance due to concentrating most of the funds in a Government Pool of Investments. The interest rate is significantly higher than that in a banking investment instrument.

\$96,281 General Government – General Government consists of the Offices of Commissioners, Tax Collector, County & District Clerk, and the Elections Administrator. The Elections Administrator had a variance of \$52,860 due to a decreased number of elections held during the year. The Tax Assessor had a positive variance of \$33,410 resulting from savings in personnel.

\$139,175 Judicial – The County had a positive variance in Judicial resulting from unused court costs.

\$152,973 Health and Welfare – Some items such as Indigent Health Care are budgeted for expenses that are unknown. The County very conservatively budgets for these expenses to be prepared for unexpected expenses.

\$506,253 Non-Departmental – some items budgeted are for long-term projects such as the Court House renovation and restoration. These projects are projected, but we have not incurred all the expenses for the budget year. What is not used is dedicated to the project at the end of the budget year to go toward the future cost of the repairs and renovation. The County also always budgets money in the Emergency Reserve for unforeseen circumstances and has only used a small portion. The budgeted grant money was not all used in the budget year and will be used as allocated and for the purpose it is allowed to be used for in the next budget year.

Capital Assets and Debt Administration

Capital Assets.

The County's investment in capital assets for its governmental activities as of September 30, 2023, amounts to \$6,059,344 (net of accumulated depreciation). Capital asset investments include land, buildings, machinery and equipment, infrastructure as well as leased vehicles & equipment.

CLAY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2023

Table 3
Capital Assets at Year End
Net of Accumulated Depreciation

	Governmental Activities		Component Unit	
	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2023</u>	<u>9/30/2022</u>
Land and land improvements	\$ 164,695	\$ 164,695	\$ 388,459	\$ 408,930
Construction in progress	-	-	-	46,980
Buildings and land improvements	2,214,006	2,288,236	702,625	779,342
Infrastructure	1,032,482	1,066,120	-	-
Machinery and equipment	743,909	612,912	2,287,030	2,406,457
Leased vehicles and equipment	1,904,252	2,248,346	-	-
	<u>\$ 6,059,344</u>	<u>\$ 6,380,309</u>	<u>\$ 3,378,114</u>	<u>\$ 3,641,709</u>

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

Debt Administration.

From time-to-time Clay County signs lease agreements to finance equipment purchases in the General Fund and Road and Bridge Funds. On September 30, 2023, the County had the following debt obligations.

Table 4
Outstanding Debt at Year End

<u>Type of Debt</u>	Governmental Activities		Component Unit	
	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2023</u>	<u>9/30/2022</u>
Capital lease obligations	\$ 2,023,604	\$ 2,248,547	\$ -	\$ -
Notes payable	-	-	-	-
Subscription Assets	30,854	-	205,780	-
Net Pension Liability (Asset)	-	-	-	-
Compensated Absences	142,624	147,762	-	-
Total	<u>\$ 2,197,082</u>	<u>\$ 2,396,309</u>	<u>\$ 205,780</u>	<u>\$ -</u>

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

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

Economic Factors and Next Year's Budgets and Rates

The County provides a full range of services authorized by statute. Such services include general government functions such as recording and licensing, maintaining the County and District Court system, ensuring public safety, maintaining public health and welfare, and maintaining county roads and bridges. The cost associated with these services is in detail in the financial statement.

BUDGET

The annual budget is the foundation for Clay County's financial planning and control. These controls aim to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Commissioners' Court. General Fund and Special Revenue Fund activities are included in the annual appropriated budget. The level of expenditures cannot legally exceed the appropriated amount. This control is established at the department level within each fund. All transfers of appropriations, either between departments or within an individual department's budget, require the approval of the Commissioners' Court, except on the Sheriff's Department Forfeiture Account, the expenditures of the proceeds must be submitted to the Commissioner's Court and list and define the categories of expenditures, except the detail that would endanger the safety of the law enforcement. Commissioner's Court is not required to approve the budget submitted on the Forfeiture account except for salary, expense, or allowance increase. Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted.

LOCAL ECONOMY

The County's economy depends greatly on agribusiness, oil & gas, and local businesses, including Manufacturing, Service, Merchandising, Hybrid, Corporations, LLCs, Cooperatives, Sole Proprietorships, and Partnerships. The County has established businesses that employ people and provide services to help keep the economy improving. Clay County continues to support and encourage job creation and county valuation increases through tax abatements. In 2023, we received abatement applications for two solar and battery storage facilities. The combined total of these two installations will be over one billion dollars, double our taxable value. Triangle Brick Company has doubled its capacity and expects to begin production of its second plant this year. We also see increased oil exploration in the County's north end.

We see increased subdivision applications and Onsite Sewage Facilities (OSSF) permit requests. This increase would indicate increased population growth as more houses are built in Clay County.

The cattle business is enjoying record prices at the market while being blessed with good rains that will improve feed production for the County. While the cattle business is extremely cyclical, we are enjoying a profitable time currently.

LONG-TERM FINANCIAL PLANNING

County strategies and plans are integrated into all departmental budgets to ensure unified efforts within the County government to achieve the goals and objectives of the County. Texas county government operates under a balanced budget as required by law. This strategy does not mean that estimated revenues must always be exactly equal to expenditures. As a financial management practice, members of the Commissioners Court should consistently emphasize maintaining sufficient unassigned fund balance levels to meet first-quarter payroll and operating cost obligations, which assists in maintaining financial stability. When evaluating fund balance reserves, it is vital to maintain sufficient positive fund balance reserves to avoid borrowing to meet short-term operating needs.

Finally, due to the trend of shifting unfunded mandates by both federal and state levels to local government, it is anticipated that additional financial burden will continue to be experienced by the County and, ultimately, local taxpayers if other funding sources still need to be identified. The County will identify new or additional revenue to counter these expenditures. At its discretion, the Court will probably continue to utilize some amount of the fund balance to be at most what is needed for the fund balance reserve. The Court must remain cautious in planning for the future budget without continued cost containment initiatives or significant additional revenue enhancement efforts. It is imperative that the County government continually strive to maintain steady increases in revenue while costs continue to rise.

INITIATIVES

The County is dedicated to improving services and making necessary yearly enhancements to meet citizens' expectations. These services include but are not limited to contracting a grant writer to research and apply for grants that will preserve our fund balance and reduce the need for tax increases.

We are also working towards better internet access, recognizing the importance of information accessibility in today's digital age. Clay County also diligently preserves records each year, ensuring the availability of pertinent information. The safety and welfare of our citizens will always be a top priority for the County.

Requests for Information

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

Basic Financial Statements

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CLAY COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Primary Governmental Activities	Component Unit
ASSETS		
<i>Cash and cash equivalents</i>	\$ 8,631,080	7,335,497
Receivables (net of allowances for uncollectibles):		
<i>Taxes</i>	232,956	--
<i>Fines</i>	729,809	--
<i>Accounts</i>	1,460	1,628,609
<i>Other</i>	--	605,406
<i>Intergovernmental</i>	251,425	--
<i>Inventories</i>	--	335,800
<i>Prepaid items</i>	232,156	104,162
<i>Other assets</i>	--	33,632
Restricted assets:		
<i>Cash and cash equivalents</i>	--	2,106,034
Capital assets (net of accumulated depreciation)		
<i>Land</i>	164,695	361,951
<i>Land improvements</i>	--	26,508
<i>Buildings</i>	2,214,006	702,625
<i>Infrastructure</i>	1,032,482	--
<i>Machinery and equipment</i>	743,909	2,287,030
<i>Leased vehicles and equipment (intangible assets)</i>	1,904,252	--
<i>Subscription asset (net of amortization)</i>	32,598	207,134
<i>Net pension asset</i>	230,521	--
Total Assets	<u>16,401,349</u>	<u>15,734,388</u>
DEFERRED OUTFLOW OF RESOURCES		
<i>Deferred pension expense</i>	2,797,129	--
Total Deferred Outflow of Resources	<u>2,797,129</u>	<u>--</u>
LIABILITIES		
<i>Accounts payable</i>	52,612	490,804
<i>Accrued liabilities and other payables</i>	31,323	363,204
<i>Due to other governments</i>	216,344	--
<i>Due to others</i>	119,442	--
Noncurrent liabilities:		
<i>Due within one year</i>	778,935	97,172
<i>Due in more than one year</i>	1,418,147	108,608
Total Liabilities	<u>2,616,803</u>	<u>1,059,788</u>
DEFERRED INFLOWS OF RESOURCES		
<i>Unearned revenue</i>	1,117,573	--
<i>Deferred pension inflow</i>	2,119,250	--
Total Deferred Inflows of Resources	<u>3,236,823</u>	<u>--</u>
NET POSITION:		
<i>Net Investment in Capital Assets</i>	4,035,740	3,378,114
<i>Unrestricted</i>	9,309,112	11,296,486
Total Net Position	<u>\$ 13,344,852</u>	<u>14,674,600</u>

The accompanying notes are an integral part of this statement.

CLAY COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
<i>General government</i>	\$ 786,115	\$ 240,502	\$ --	\$ --
<i>Judicial</i>	777,895	372,390	25,200	--
<i>Legal</i>	199,275	11,421	28,000	--
<i>Financial administration</i>	320,278	--	--	204,271
<i>Public facilities</i>	157,599	--	--	--
<i>Public Safety</i>	2,624,838	1,031,221	5,594	--
<i>Public transportation</i>	2,677,213	630,587	39,333	--
<i>Health and welfare</i>	227,032	--	--	92,592
<i>Conservation</i>	115,520	--	--	--
<i>Nondepartmental</i>	1,657,450	17,986	--	207,236
<i>Interest and fiscal charges</i>	3,508	--	--	--
Total Primary Government	<u>\$ 9,546,723</u>	<u>\$ 2,304,107</u>	<u>\$ 98,127</u>	<u>\$ 504,099</u>
COMPONENT UNIT:				
Clay County Memorial Hospital	<u>\$ 11,315,497</u>	<u>\$ 10,181,320</u>	<u>\$ 570,123</u>	<u>\$ 16,107</u>

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

The accompanying notes are an integral part of this statement.

<u>Net (Expense) Revenue and</u> <u>Changes in Net Position</u>	
<u>Governmental</u> <u>Activities</u>	<u>Component</u> <u>Unit</u>
\$ (545,613)	
(380,305)	
(159,854)	
(116,007)	
(157,599)	
(1,588,023)	
(2,007,293)	
(134,440)	
(115,520)	
(1,432,228)	
<u>(3,508)</u>	
<u>(6,640,390)</u>	
	\$ <u>(547,947)</u>
6,567,331	--
1,261,025	117,254
249,763	374,916
55,820	--
<u>8,133,939</u>	<u>492,170</u>
1,493,549	(55,777)
<u>11,851,303</u>	<u>14,730,377</u>
<u>\$ 13,344,852</u>	<u>\$ 14,674,600</u>

CLAY COUNTY, TEXAS

*BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023*

	<u>General Fund</u>	<u>Road & Bridge Number One</u>	<u>Road & Bridge Number Two</u>
ASSETS			
<i>Cash and cash equivalents</i>	\$ 5,770,751	\$ 403,144	\$ 93,608
Receivables (net of allowances for uncollectibles):			
<i>Taxes</i>	98,125	31,756	32,807
<i>Fines</i>	729,809	--	--
<i>Accounts</i>	1,460	--	--
<i>Intergovernmental</i>	213,109	1,754	1,555
<i>Due from other funds</i>	2,797	45,928	37,156
Total Assets	<u>\$ 6,816,051</u>	<u>\$ 482,582</u>	<u>\$ 165,126</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
<i>Accounts payable</i>	\$ 24,721	\$ --	\$ --
<i>Due to other funds</i>	210,872	--	--
<i>Due to other governments</i>	216,344	--	--
<i>Due to others</i>	119,442	--	--
Total Liabilities	<u>571,379</u>	<u>--</u>	<u>--</u>
Deferred Inflows of Resources:			
Unavailable revenue-property taxes	74,174	30,145	31,504
Unavailable revenue-fines	394,023	--	--
Unavailable revenue-grants	--	--	--
Unavailable revenue-other	28,000	--	--
Total deferred inflows of resources	<u>496,197</u>	<u>30,145</u>	<u>31,504</u>
Fund balances:			
<i>Restricted</i>	--	--	--
<i>Committed</i>	500,000	452,437	133,622
<i>Unassigned</i>	5,248,475	--	--
Total fund balances	<u>5,748,475</u>	<u>452,437</u>	<u>133,622</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,816,051</u>	<u>\$ 482,582</u>	<u>\$ 165,126</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-3

Road & Bridge Number Three	Road & Bridge Number Four	ARP Grant	Other Governmental Funds	Total Governmental Funds
\$ 120,187	\$ 467,249	\$ 1,067,590	\$ 708,551	\$ 8,631,080
35,441	34,827	--	--	232,956
--	--	--	--	729,809
--	--	--	--	1,460
24,763	7,447	--	2,797	251,425
62,249	65,539	--	--	213,669
<u>\$ 242,640</u>	<u>\$ 575,062</u>	<u>\$ 1,067,590</u>	<u>\$ 711,348</u>	<u>\$ 10,060,399</u>
\$ --	\$ --	\$ 27,891	\$ --	\$ 52,612
--	--	--	2,797	213,669
--	--	--	--	216,344
--	--	--	--	119,442
<u>--</u>	<u>--</u>	<u>27,891</u>	<u>2,797</u>	<u>602,067</u>
33,259	32,529	--	--	201,611
--	--	--	--	394,023
--	--	1,086,607	--	1,086,607
--	--	--	--	28,000
<u>33,259</u>	<u>32,529</u>	<u>1,086,607</u>	<u>--</u>	<u>1,710,241</u>
--	--	--	708,551	708,551
209,381	542,533	--	--	1,837,973
--	--	(46,908)	--	5,201,567
<u>209,381</u>	<u>542,533</u>	<u>(46,908)</u>	<u>708,551</u>	<u>7,748,091</u>
<u>\$ 242,640</u>	<u>\$ 575,062</u>	<u>\$ 1,067,590</u>	<u>\$ 711,348</u>	<u>\$ 10,060,399</u>

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CLAY COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2023

Total fund balances - governmental funds balance sheet	\$ 7,748,091
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	4,155,092
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	201,611
Payables for right-to-use leases which are not due in the current period are not reported in the funds.	(2,023,604)
Payables for debt interest which are not due in the current period are not reported in the funds.	(31,323)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(142,623)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	232,156
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	391,057
Recognition of the County's net pension liability is not reported in the funds.	230,521
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(2,119,250)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	2,797,129
Right-to-use lease assets used in governmental activities are not reported in the funds.	1,904,252
Subscription assets used in governmental activities are not reported in the funds.	32,598
Payables for subscriptions which are not due in the current period are not reported in the funds.	<u>(30,855)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 13,344,852</u>

The accompanying notes are an integral part of this statement.

CLAY COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Road & Bridge Number One	Road & Bridge Number Two
Revenues:			
<i>Taxes</i>	\$ 4,897,003	\$ 365,047	\$ 295,324
<i>Licenses and permits</i>	447,923	123,938	123,938
<i>Intergovernmental</i>	299,828	--	--
<i>Fines and fees</i>	520,172	24,987	22,270
<i>Interest</i>	180,778	11,989	3,560
<i>Miscellaneous</i>	1,790,202	5,789	4,591
Total revenues	<u>8,135,906</u>	<u>531,750</u>	<u>449,683</u>
Expenditures:			
Current:			
<i>General government</i>	807,466	--	--
<i>Judicial</i>	854,611	--	--
<i>Legal</i>	199,038	--	--
<i>Financial administration</i>	232,084	--	--
<i>Public facilities</i>	165,288	--	--
<i>Public Safety</i>	2,925,479	--	--
<i>Public transportation</i>	--	500,470	530,640
<i>Health and welfare</i>	235,171	--	--
<i>Conservation</i>	120,511	--	--
<i>Nondepartmental</i>	1,568,909	--	--
Total expenditures	<u>7,108,557</u>	<u>500,470</u>	<u>530,640</u>
Excess (deficiency) of revenues over (under) expenditures	1,027,349	31,280	(80,957)
Other financing sources (uses):			
<i>Transfers in</i>	126,000	60,000	60,000
<i>Transfers out</i>	(240,000)	--	--
<i>Sale of capital assets</i>	--	--	9,425
<i>Capital leases</i>	121,699	--	--
Total other financing sources (uses)	<u>7,699</u>	<u>60,000</u>	<u>69,425</u>
Net change in fund balances	1,035,048	91,280	(11,532)
Fund balances, October 1	4,713,427	361,157	145,154
Fund balances, September 30	<u>\$ 5,748,475</u>	<u>\$ 452,437</u>	<u>\$ 133,622</u>

The accompanying notes are an integral part of this statement.

Road & Bridge Number Three	Road & Bridge Number Four	ARP Grant	Other Governmental Funds	Total Governmental Funds
\$ 494,777	\$ 520,924	\$ --	\$ --	\$ 6,573,075
123,938	123,938	--	--	943,675
32,595	6,738	204,271	5,594	549,026
30,040	31,059	--	104,672	733,200
6,385	15,807	31,244	--	249,763
99,485	8,397	--	22,618	1,931,082
<u>787,220</u>	<u>706,863</u>	<u>235,515</u>	<u>132,884</u>	<u>10,979,821</u>
--	--	--	29,703	837,169
--	--	--	12,022	866,633
--	--	--	14,253	213,291
--	--	104,271	--	336,355
--	--	--	--	165,288
--	--	--	37,057	2,962,536
920,421	712,857	--	--	2,664,388
--	--	--	2,359	237,530
--	--	--	--	120,511
--	--	--	5,465	1,574,374
<u>920,421</u>	<u>712,857</u>	<u>104,271</u>	<u>100,859</u>	<u>9,978,075</u>
(133,201)	(5,994)	131,244	32,025	1,001,746
60,000	60,000	--	--	366,000
--	--	(100,000)	(26,000)	(366,000)
46,395	--	--	--	55,820
--	--	--	--	121,699
<u>106,395</u>	<u>60,000</u>	<u>(100,000)</u>	<u>(26,000)</u>	<u>177,519</u>
(26,806)	54,006	31,244	6,025	1,179,265
236,187	488,527	(78,152)	702,526	6,568,826
<u>\$ 209,381</u>	<u>\$ 542,533</u>	<u>\$ (46,908)</u>	<u>\$ 708,551</u>	<u>\$ 7,748,091</u>

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CLAY COUNTY, TEXAS

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023*

Net change in fund balances - total governmental funds	\$ 1,179,265
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	496,749
The depreciation of capital assets used in governmental activities is not reported in the funds.	(817,719)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(5,740)
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	25,027
Repayment of right-to-use lease principal is an expenditure in the funds but is not an expense in the SOA.	346,642
(Increase) decrease in accrued interest from beginning of period to end of period.	(3,508)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	5,139
Certain fine revenues are deferred in the funds. This is the change in these amounts this year.	10,374
Proceeds of right-to-use leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(121,699)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	377,274
Repayment of subscription principal is an expenditure in the funds, but is not an expense in the SOA.	34,712
The amortization of subscription assets used in governmental activities is not reported in the funds.	<u>(32,968)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 1,493,549</u>

The accompanying notes are an integral part of this statement.

CLAY COUNTY, TEXAS
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2023

	<u>Custodial Funds</u>
ASSETS	
<i>Cash and cash equivalents</i>	\$ 898,990
Total Assets	<u>898,990</u>
LIABILITIES	
<i>Due to other governments</i>	152,213
<i>Due to others</i>	<u>42,820</u>
Total Liabilities	<u>195,033</u>
Net Position	<u>703,957</u>
Total Net Position	<u>\$ 703,957</u>

The accompanying notes are an integral part of this statement.

CLAY COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Custodial Funds
ADDITIONS:	
<i>Fees of office</i>	\$ 5,466,006
<i>Receipts from fiduciaries</i>	327,390
<i>Miscellaneous</i>	50,829
Total Additions	<u>5,844,225</u>
DEDUCTIONS:	
<i>Payments to county</i>	1,500,397
<i>Payments to other governments</i>	3,911,616
<i>Other</i>	305,192
<i>Administrative Expenses</i>	61,234
Total Deductions	<u>5,778,439</u>
Change in Fiduciary Net Position	65,786
Net Position-Beginning of the Year	638,171
Net Position-End of the Year	<u>\$ 703,957</u>

The accompanying notes are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

Discretely Presented Component Unit

For financial statement reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The criteria used are as follows:

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

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

B. Government-wide and Fund Financial Statements

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

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

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

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

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

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

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

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

The County reports the following major governmental funds:

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

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

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

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

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

The *ARP Grant Special Revenue Fund* accounts for certain revenues and expenditures related to the American Recovery Program grant.

Additionally, the County reports the following fund types:

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

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

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

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

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

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

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

2. Receivables and payables

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

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

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

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

3. Inventories and prepaid items

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

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

4. Capital assets

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

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

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

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

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

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

5. Long-term obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Fund equity

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

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

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

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

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

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

County clerk fines	\$117,965
District clerk fines	190,303
Justice of the peace fines	<u>391,057</u>
Total	<u>\$380,683</u>

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year end, the carrying amount of the County's cash \$1,907,656, (including fiduciary funds of \$898,990), and the bank balance was \$2,421,004 which was covered by federal deposit insurance and collateralized by the pledging financial institution with marketable securities held by an agent in the County's name.

As of September 30, 2023, the County had the following investments:

Investment type	Credit Rating	Fair Value	Days to Maturity
Government sponsored investment pool (TexPool)	AAAm	\$ 7,625,215	<25

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

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

Concentration of Credit Risk

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

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County requires all deposits to be covered by Federal Depository Insurance Corporation (FDIC) insurance and/or collateralized by qualified securities pledged by the County's depository in the County's name and held by the depository's agent.

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

TexPool is an external investment pool and is not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Funds Investment Act provide for creation of public funds investments pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The fair value of investments in the pool is independently reviewed monthly. At September 30, 2023 the fair value of the position in TexPool approximates the fair value of the shares.

The Component Unit's deposit policy for custodial credit risk requires compliance with the provisions of state law. State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; bonds of any city, county, school district or special road district of the State of Texas; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits. The Component Unit's cash balance was \$7,335,497 at year end and was fully collateralized.

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

The Component Unit's investments, totaling \$2,106,034 are reported at fair value, and are included with restricted cash and cash equivalents. These investments consist primarily of mutual funds.

Reconciliation of Carrying Amount to Balance Sheets:

	Primary Government	Component Unit	Reporting Entity
Cash and cash equivalents	\$ 8,631,080	\$ 7,335,497	\$ 15,966,577
Restricted cash and cash equivalents	--	2,106,034	2,106,034
Total government wide	8,631,080	9,441,531	18,072,611
Custodial funds	898,990	--	898,990
	<u>\$9,530,070</u>	<u>\$ 9,441,531</u>	<u>\$ 18,971,601</u>

B. Receivables

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

	General	Road and Bridge #1	Road and Bridge #2	Road and Bridge #3	Road and Bridge #4	NonMajor and Other	Total
Taxes receivable	\$ 98,125	\$ 31,756	\$ 32,807	\$ 35,441	\$ 34,827	\$ --	\$ 232,956
Fines receivable	\$1,193,473	\$ --	\$ --	\$ --	\$ --	\$ --	\$1,193,473
Allowance	(463,664)	--	--	--	--	--	(463,664)
	<u>\$ 729,809</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 729,809</u>

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

	Unavailable	Unearned	Total
Major Funds:			
Deferred tax revenue (General Fund)	\$ 74,174	\$ --	\$ 74,174
Deferred fines revenue (General Fund)	394,023	--	394,023
Deferred tax revenue (Road & Bridge/ Fund #1)	30,145	--	30,145
Deferred tax revenue (Road & Bridge Fund #2)	31,504	--	31,504
Deferred tax revenue (Road & Bridge Fund #3)	33,259	--	33,259
Deferred tax revenue (Road & Bridge Fund #4)	32,529	--	32,529
Deferred grant revenue (ARP Grant)		1,086,607	1,086,607
Deferred revenue - other (General Fund)	--	28,000	28,000
Total deferred/unearned revenue for governmental funds	<u>\$ 595,634</u>	<u>\$ 1,114,607</u>	<u>\$ 1,710,241</u>

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

C. Capital assets

Capital asset activity for the year ended September 30, 2023:

	Balance 9/30/22	Additions	Retirements	Completed Construction	Balance 9/30/23
GOVERNMENTAL ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$ 164,695	\$ --	\$ --	\$ --	\$ 164,695
Construction in progress	--	--	--	--	--
Total capital assets not being depreciated	<u>164,695</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>164,695</u>
Capital assets, being depreciated:					
Buildings and land improvements	3,845,099	--	--	--	3,845,099
Machinery and equipment	3,477,190	320,125	(277,099)	--	3,520,216
Leased equipment	3,741,161	176,624	--	--	3,917,785
Infrastructure	46,336,189	--	--	--	46,336,189
Total capital assets being depreciated	<u>57,399,639</u>	<u>496,749</u>	<u>(277,099)</u>	<u>--</u>	<u>57,619,289</u>
Less accumulated depreciation for:					
Buildings	(1,556,864)	(74,229)	--	--	(1,631,093)
Machinery and equipment	(2,864,278)	(189,128)	277,099	--	(2,776,307)
Leased equipment	(1,492,815)	(520,718)	--	--	(2,013,533)
Infrastructure	(45,270,069)	(33,638)	--	--	(45,303,707)
Total accumulated depreciation	<u>(51,184,026)</u>	<u>(817,713)</u>	<u>277,099</u>	<u>--</u>	<u>(51,724,640)</u>
Total capital assets being depreciated, net	<u>6,215,613</u>	<u>(320,964)</u>	<u>--</u>	<u>--</u>	<u>5,894,649</u>
Governmental activities capital assets, net	<u>\$ 6,380,308</u>	<u>\$ (320,964)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 6,059,344</u>

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

Governmental activities:

General government	\$ 6,157
Public safety	118,760
Public transportation	592,539
Nondepartmental	<u>100,257</u>
Total depreciation expense - governmental activities	<u>\$ 817,713</u>

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

	Balance 9/30/22	Additions	Retirements	Completed Construction	Balance 9/30/23
DISCRETE COMPONENT UNIT:					
Capital assets, not being depreciated:					
Land	\$ 361,951	\$ --	\$ --	\$ --	\$ 361,951
Construction in progress	46,980	--	(3,580)	(43,400)	--
Total capital assets not being depreciated	408,931	--	(3,580)	(43,400)	361,951
Capital assets, being depreciated:					
Buildings	3,177,417	--	--	--	3,177,417
Land improvements	46,979	--	--	--	46,979
Equipment	9,635,614	305,296	--	43,400	9,984,310
Total capital assets being depreciated	12,860,010	305,296	--	43,400	13,208,706
Less accumulated depreciation for:					
Buildings	(2,379,617)	(95,175)	--	--	(2,474,792)
Land improvements	(18,458)	(2,013)	--	--	(20,471)
Equipment	(7,229,157)	(468,123)	--	--	(7,697,280)
Total accumulated depreciation	(9,627,232)	(565,311)	--	--	(10,192,543)
Total capital assets being depreciated, net	3,232,778	(260,015)	--	43,400	3,016,163
Governmental activities capital assets, net	<u>\$ 3,641,709</u>	<u>\$ (260,015)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,378,114</u>

D. Interfund receivables, payables, and transfers

Interfund receivables:

Fund	Due From	Due To
Major Governmental Funds		
General Fund	\$ 2,797	\$ 210,872
Road and Bridge Number One	45,928	--
Road and Bridge Number Two	37,156	--
Road and Bridge Number Three	62,249	--
Road and Bridge Number Four	65,539	--
Savns Grant	--	2,797
Total	<u>\$ 213,669</u>	<u>\$ 213,669</u>

The interfund receivables and payables arise from a misallocation of tax revenue and an advance from the General Fund to the Savns Grant Fund pending receipt of a grant reimbursement.

Interfund transfers:

Fund	Transfer In	Transfer Out
Major Governmental Funds		
General Fund	\$ 126,000	\$ 240,000
Road and Bridge Number One	60,000	--
Road and Bridge Number Two	60,000	--
Road and Bridge Number Three	60,000	--
Road and Bridge Number Four	60,000	--
ARP Grant	--	100,000
NonMajor Governmental Funds		
Records Management	--	20,000
Court Technology	--	6,000
Total	<u>\$ 366,000</u>	<u>\$ 366,000</u>

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

Transfers were made to subsidize the Road and Bridge Funds, and the County Attorney Fund. The ARP Fund transferred funds to subsidize the General Fund.

E. Long-term debt

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

The County leases equipment with a historical cost and accumulated amortization of \$3,741,190 and \$1,492,643 respectively, under capital lease arrangements.

Capital Lease Obligations Currently Outstanding:

Purpose	Original Amount	Date of Lease	Final Maturity	Interest Rate	Balance 9/30/23
2020 Cat Motor Grader #67796	\$ 258,043	7/17/20	7/17/25	2.50%	\$ 198,624
2020 Cat Motor Grader #67797	270,081	7/17/20	7/17/25	2.50%	203,567
2019 Mack Truck	88,317	7/30/21	2/15/26	2.50%	53,694
2021 Dodge Pickup	29,336	9/15/21	1/15/25	2.43%	14,783
2022 Komatsu GD655-6 Mtr Grdr	294,828	3/1/22	2/15/27	2.50%	266,916
2014 12M3 Cat Motor Grader	141,100	8/14/20	3/1/25	2.50%	97,978
2015 Cat Wheel Loader #476	80,100	6/29/20	6/29/25	2.50%	33,231
Backhoe Loader 420F2 #158	31,238	7/13/20	7/13/25	2.58%	18,329
2017 Mack Truck #5509	76,109	7/13/20	7/13/25	2.58%	49,306
Refi 2016 JD61210E tractor	49,261	11/22/21	2/15/24	1.44%	16,655
2017 JD 672G Mtr Grdr	163,959	3/1/22	2/15/27	2.50%	132,746
2021 Cat Motor Grader #348	125,424	6/28/21	6/28/26	2.50%	91,274
2021 Cat Motor Grader #395	122,790	6/28/21	6/28/23	2.50%	88,505
2021 Cat Motor Grader #394	125,298	6/28/21	6/28/26	2.50%	91,141
2019 JD Motor Grader #716	209,069	7/14/20	7/23/24	2.50%	146,119
2019 JD 770GP Motor Graded #0713	206,610	7/14/20	7/23/24	2.50%	143,497
2017 Bomag new lease	59,117	7/14/20	6/26/24	2.50%	15,191
2022 Case TV450B Skid Steer	136,539	11/19/21	1/15/26	2.50%	99,999
2023 Mack AN64T Haul Truck	142,516	7/20/22	4/15/25	3.50%	124,630
2022 Dodge Ram 1500 crew cab	34,162	8/24/22	2/15/26	4.00%	19,301
14 ea DSR 2X Radar	45,269	6/15/23	6/15/26	3.50%	41,687
2022 Ford Explorer 4 Door AWD	38,215	10/11/22	10/11/26	4.16%	38,215
2022 Ford Police Interceptor	38,215	10/11/22	10/11/26	4.47%	38,215
					\$2,023,604

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

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

Year	Total
2024	\$ 675,842
2025	862,763
2026	362,536
2027	<u>240,755</u>
Total payments	2,141,896
Less imputed interest	<u>(118,292)</u>
Total Capital Lease Obligations	<u><u>\$ 2,023,604</u></u>

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2023, was as follows:

	Balance 09/30/22	Additions	Retirements	Balance 09/30/23	Due Within One Year
Governmental activities:					
Capital leases	\$ 2,248,547	\$ 121,699	\$ (346,642)	\$ 2,023,604	\$ 619,610
Subscription assets	65,566	--	(34,712)	30,854	16,702
Compensated absences	147,762	142,623	(147,761)	142,624	142,623
Governmental activity long-term liabilities	<u>\$ 2,461,875</u>	<u>\$ 264,322</u>	<u>\$ (529,115)</u>	<u>\$ 2,197,082</u>	<u>\$ 778,935</u>

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

The Component Unit had no long-term liabilities at September 30, 2023.

IV. OTHER INFORMATION

A. Risk management

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

B. Contingent Liabilities and Commitments

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

The County periodically is defendant in various lawsuits. As of September 30, 2023, after consultation with the County's attorney, the County is not aware of any pending or threatened litigation which would have a material effect on the financial statements.

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

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

C. Retirement Commitments

1. Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas, 78768-20343.

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

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

2. Benefits

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

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees (or their beneficiaries) currently receiving benefits	77
Inactive employees entitled to but not yet receiving benefits	57
Active employees	78
	<u>212</u>

3. Contributions

The contribution rates for employees in TCDRS was 7% of employee gross earnings, and the County percentages was 11.00% for October 1, 2022 through December 31, 2022, and 11.00% for January 1, 2023 through September 30, 2023, both as adopted by the governing body of the County. Under the state law governing TCDRS, the contribution rate for each County is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The County's contributions to TCDRS for the year ended September 30, 2023, were \$3,640,159 and were equal to the required contributions.

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

4. Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability (Asset) in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.70% per year for a career employee.

The long-term expected rate of return on pension plan investments is 7.5%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

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

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	11.50%	4.95%
Global Equities	2.50%	4.95%
International Equities - Developed	5.00%	4.95%
International Equities - Emerging	6.00%	4.95%
Investment - Grade Bonds	3.00%	2.40%
Strategic Credit	9.00%	3.39%
Direct Lending	16.00%	6.95%
Distressed Debt	4.00%	7.60%
REIT Equities	2.00%	4.15%
Master Limited Partnerships (MLPs)	2.00%	5.30%
Private Real Estate Partnerships	6.00%	5.70%
Private Equity	25.00%	7.95%
Hedge Funds	6.00%	2.90%
Cash Equivalents	2.00%	0.20%
	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability (Asset) was 7.6%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability (Asset).

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

Changes in the net pension liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability(Asset)
	[a]	[b]	[a] - (b)
Balance at 12/31/21	\$18,847,347	\$ 21,515,819	\$ (2,668,472)
Changes for the year:			
Service cost	426,122	--	426,122
Interest on total pension liability	1,416,863	--	1,416,863
Change of benefit terms	--	--	--
Difference between expected and actual experience	(31,351)	--	(31,351)
Change of assumptions	--	--	--
Contributions - employer	--	405,161	(405,161)
Contributions employee	--	257,830	(257,830)
Net investment income (loss)	--	(1,208,281)	1,208,281
Benefit payments, including refunds of employee contributions	(1,231,423)	(1,231,423)	--
Refund of contributions	(53,164)	(53,164)	--
Administrative expense	--	(11,489)	11,489
Other changes	--	(69,535)	69,535
Net changes	527,047	(1,910,901)	2,437,948
Balance at 12/31/22	\$19,374,394	\$ 19,604,918	\$ (230,524)

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

The following presents the net pension liability of the County, calculated using the discount rate of 7.6%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.1%) or 1 percentage point higher (9.1%) than the current rate:

	1% Decrease 6.6%	Current Discount Rate 7.6%	1% Increase 8.6%
Total pension liability	\$ 21,479,444	\$ 19,374,394	\$ 17,588,429
Fiduciary net position	19,604,917	19,604,917	19,604,917
Net Pension Liability (Asset)	\$ 1,874,527	\$ (230,523)	\$ (2,016,488)

Pension Plan Fiduciary Net Position

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

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

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

For the year ended September 30, 2023, the County recognized pension expense of \$400,919. At September 30, 2023, the County reported deferred outflows and inflows of resources related to pensions from the following sources:

	Original Amount	Date Established	Original Recognition Period	Amount Recognized in 12/31/22 Expense	Balance of Deferred Inflows 12/31/22	Balance of Deferred Outflows 12/31/2022
Investment (gains) or losses	(\$2,817,243)	12/31/2022	5.0	\$ 563,455	\$ --	\$ 2,253,818
	(2,569,265)	12/31/2021	5.0	(513,853)	1,541,559	--
	(394,850)	12/31/2020	5.0	(78,970)	157,940	--
	(1,271,367)	12/31/2019	5.0	(254,273)	254,275	--
	1,559,566	12/31/2018	5.0	311,914	--	--
Economic/demographic (gains) or losses	(31,351)	12/31/2022	4.0	(7,838)	23,513	--
	(90,759)	12/31/2021	4.0	(22,690)	45,379	--
	101,399	12/31/2020	4.0	25,350	--	25,349
	(935,372)	12/31/2019	4.0	(233,843)	--	--
Assumption changes or inputs	--	12/31/2022	4.0	--	--	--
	(193,168)	12/31/2021	4.0	(48,292)	96,584	--
	885,941	12/31/2020	4.0	221,485	--	221,486
	--	12/31/2019	4.0	--	--	--
	--	12/31/2018	4.0	--	--	--
Employer contributions made subsequent to measurement				--	--	296,476
				<u>\$ (37,555)</u>	<u>\$2,119,250</u>	<u>\$ 2,797,129</u>

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

Deferred Inflows/outflows to Be Recognized in Future Years	
Year ended December 31,	
2023	\$ (115,628)
2024	(108,187)
2025	41,765
2026	563,453
2027	--
	<u>\$ 381,403</u>

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

F. Concentrations of Credit Risk

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

G. Tax Abatements

The County negotiates property tax abatement agreements on an individual basis. The County has tax abatement agreements with a manufacturing facility and a wind farm under the authority of the Texas Property Redevelopment Act. The County has established an abatement policy for the value of eligible improvements, and a requirement for creating or preventing the loss of jobs. The tax abatement amount is determined by the Clay County Appraisal District (CCAD) under the terms of the abatement agreement. An abatement factor (given by CCAD's Tax Abatement Registry) is used to determine the portion of assessed taxable value excluded to determine the taxable value subject to the County's tax rate. If a default of the abatement agreement occurs during the agreement period, the County may apply established procedures to recapture abated taxes. Generally, abatement recipients agree to make eligible improvements and meet proposed employment targets.

Certain property improvements made during the improvement period are exempt from property taxes according to a multi year abatement schedule with decreasing amounts abated over a 7-10 year period. Property taxes assessed October 1, 2022 for fiscal year 2023 amounted to an abatement of approximately \$100,806 for the manufacturing facility, and \$711,401 for the wind farms. Additionally, the wind farms make a 45rdcment in lieu of taxes to the County. This payment amounted to \$1,111,000 for the year ended September 30, 2023.

H. Implementation of GASB 96

The County implemented GASB 96 for the year ended September 30, 2023. GASB 96 requires recognition of and reporting of subscription assets and the related liabilities for contractual rights acquired subject to long term contracts.

Subscription assets activity for the year ended September 30, 2023:

	Beginning Balance	Additions	Disposals	Ending Balance
Subscription assets	\$ --	\$ 65,566	\$ --	\$ 65,566
Accumulated amortization	--	\$(32,968)	--	\$(32,968)
	<u>\$ --</u>	<u>\$ 32,598</u>	<u>\$ --</u>	<u>\$ 32,598</u>

The following is a summary of subscription liability transactions for the County for the year ended September 30, 2023:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Subscription obligations	\$ --	\$ 65,566	\$ (34,712)	\$ 30,854	\$ 16,702
	<u>\$ --</u>	<u>\$ 65,566</u>	<u>\$ (34,712)</u>	<u>\$ 30,854</u>	<u>\$ 16,702</u>

CLAY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

The County has several subscription contracts, which are measured at the present value of subscription payments expected to be made during the subscription term. The following is a schedule of annual payments under these contracts as of September 30, 2023:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 16,702	\$ 801	\$ 17,503
2025	14,152	363	14,515
	<u>\$ 30,854</u>	<u>\$ 1,164</u>	<u>\$ 32,018</u>

Required Supplementary Information

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

CLAY COUNTY, TEXAS

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Taxes</i>	\$ 4,880,612	\$ 4,880,612	\$ 4,897,003	\$ 16,391
<i>Licenses and permits</i>	160,000	160,000	447,923	287,923
<i>Intergovernmental</i>	195,000	269,000	299,828	30,828
<i>Fines and fees</i>	516,200	516,200	520,172	3,972
<i>Interest</i>	15,000	15,000	180,778	165,778
<i>Miscellaneous</i>	1,738,498	1,738,698	1,790,202	51,504
Total revenues	<u>7,505,310</u>	<u>7,579,510</u>	<u>8,135,906</u>	<u>556,396</u>
Expenditures:				
Current:				
<i>General government</i>	902,247	903,747	807,466	96,281
<i>Judicial</i>	993,786	993,786	854,611	139,175
<i>Legal</i>	207,289	207,289	199,038	8,251
<i>Financial administration</i>	273,707	273,707	232,084	41,623
<i>Public facilities</i>	164,450	170,950	165,288	5,662
<i>Public Safety</i>	2,942,541	2,985,359	2,925,479	59,880
<i>Health and welfare</i>	385,219	388,144	235,171	152,973
<i>Conservation</i>	121,391	121,391	120,511	880
<i>Nondepartmental</i>	2,054,705	2,075,162	1,568,909	506,253
Total expenditures	<u>8,045,335</u>	<u>8,119,535</u>	<u>7,108,557</u>	<u>1,010,978</u>
Excess (deficiency) of revenues over (under) expenditures	(540,025)	(540,025)	1,027,349	1,567,374
Other financing sources (uses):				
<i>Transfers in</i>	126,000	126,000	126,000	--
<i>Transfers out</i>	(240,078)	(240,078)	(240,000)	78
<i>Capital leases</i>	--	--	121,699	121,699
Total other financing sources (uses)	<u>(114,078)</u>	<u>(114,078)</u>	<u>7,699</u>	<u>121,777</u>
Net change in fund balances	(654,103)	(654,103)	1,035,048	1,689,151
Fund balances, October 1	<u>4,713,427</u>	<u>4,713,427</u>	<u>4,713,427</u>	<u>--</u>
Fund balances, September 30	<u>\$ 4,059,324</u>	<u>\$ 4,059,324</u>	<u>\$ 5,748,475</u>	<u>\$ 1,689,151</u>

CLAY COUNTY, TEXAS
 ROAD & BRIDGE NUMBER ONE
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Taxes</i>	\$ 364,336	\$ 364,336	\$ 365,047	\$ 711
<i>Licenses and permits</i>	120,000	120,000	123,938	3,938
<i>Fines and fees</i>	24,000	24,000	24,987	987
<i>Interest</i>	750	750	11,989	11,239
<i>Miscellaneous</i>	5,000	5,000	5,789	789
Total revenues	<u>514,086</u>	<u>514,086</u>	<u>531,750</u>	<u>17,664</u>
Expenditures:				
Current:				
<i>Public transportation</i>	<u>684,776</u>	<u>684,776</u>	<u>500,470</u>	<u>184,306</u>
Total expenditures	<u>684,776</u>	<u>684,776</u>	<u>500,470</u>	<u>184,306</u>
Excess (deficiency) of revenues over (under) expenditures	(170,690)	(170,690)	31,280	201,970
Other financing sources (uses):				
<i>Transfers in</i>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>--</u>
Total other financing sources (uses)	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>--</u>
Net change in fund balances	(110,690)	(110,690)	91,280	201,970
Fund balances, October 1	<u>361,157</u>	<u>361,157</u>	<u>361,157</u>	<u>--</u>
Fund balances, September 30	<u>\$ 250,467</u>	<u>\$ 250,467</u>	<u>\$ 452,437</u>	<u>\$ 201,970</u>

CLAY COUNTY, TEXAS
ROAD & BRIDGE NUMBER TWO
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-3

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Taxes</i>	\$ 294,512	\$ 294,512	\$ 295,324	\$ 812
<i>Licenses and permits</i>	120,000	120,000	123,938	3,938
<i>Fines and fees</i>	24,000	24,000	22,270	(1,730)
<i>Interest</i>	250	250	3,560	3,310
<i>Miscellaneous</i>	4,000	8,700	4,591	(4,109)
Total revenues	<u>442,762</u>	<u>447,462</u>	<u>449,683</u>	<u>2,221</u>
Expenditures:				
Current:				
<i>Public transportation</i>	<u>583,867</u>	<u>588,567</u>	<u>530,640</u>	<u>57,927</u>
Total expenditures	<u>583,867</u>	<u>588,567</u>	<u>530,640</u>	<u>57,927</u>
Excess (deficiency) of revenues over (under) expenditures	(141,105)	(141,105)	(80,957)	60,148
Other financing sources (uses):				
<i>Transfers in</i>	60,000	60,000	60,000	--
<i>Sale of capital assets</i>	--	--	9,425	9,425
Total other financing sources (uses)	<u>60,000</u>	<u>60,000</u>	<u>69,425</u>	<u>9,425</u>
Net change in fund balances	(81,105)	(81,105)	(11,532)	69,573
Fund balances, October 1	<u>145,154</u>	<u>145,154</u>	<u>145,154</u>	--
Fund balances, September 30	<u>\$ 64,049</u>	<u>\$ 64,049</u>	<u>\$ 133,622</u>	<u>\$ 69,573</u>

CLAY COUNTY, TEXAS

ROAD & BRIDGE NUMBER THREE
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-4

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
<i>Taxes</i>	\$ 493,389	\$ 493,389	\$ 494,777	\$ 1,388
<i>Licenses and permits</i>	120,000	120,000	123,938	3,938
<i>Intergovernmental</i>	60,200	60,200	32,595	(27,605)
<i>Fines and fees</i>	34,000	34,000	30,040	(3,960)
<i>Interest</i>	250	250	6,385	6,135
<i>Miscellaneous</i>	6,000	97,600	99,485	1,885
Total revenues	<u>713,839</u>	<u>805,439</u>	<u>787,220</u>	<u>(18,219)</u>
Expenditures:				
Current:				
<i>Public transportation</i>	<u>877,441</u>	<u>984,041</u>	<u>920,421</u>	<u>63,620</u>
Total expenditures	<u>877,441</u>	<u>984,041</u>	<u>920,421</u>	<u>63,620</u>
Excess (deficiency) of revenues over (under) expenditures	(163,602)	(178,602)	(133,201)	45,401
Other financing sources (uses):				
<i>Transfers in</i>	60,000	60,000	60,000	--
<i>Sale of capital assets</i>	--	15,000	46,395	31,395
Total other financing sources (uses)	<u>60,000</u>	<u>75,000</u>	<u>106,395</u>	<u>31,395</u>
Net change in fund balances	(103,602)	(103,602)	(26,806)	76,796
Fund balances, October 1	<u>236,187</u>	<u>236,187</u>	<u>236,187</u>	--
Fund balances, September 30	<u>\$ 132,585</u>	<u>\$ 132,585</u>	<u>\$ 209,381</u>	<u>\$ 76,796</u>

CLAY COUNTY, TEXAS
ROAD & BRIDGE NUMBER FOUR
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-5

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Taxes</i>	\$ 519,199	\$ 519,199	\$ 520,924	\$ 1,725
<i>Licenses and permits</i>	120,000	120,000	123,938	3,938
<i>Intergovernmental</i>	--	5,800	6,738	938
<i>Fines and fees</i>	34,000	34,000	31,059	(2,941)
<i>Interest</i>	1,000	1,000	15,807	14,807
<i>Miscellaneous</i>	7,000	7,000	8,397	1,397
Total revenues	<u>681,199</u>	<u>686,999</u>	<u>706,863</u>	<u>19,864</u>
Expenditures:				
Current:				
<i>Public transportation</i>	<u>1,012,111</u>	<u>1,017,911</u>	<u>712,857</u>	<u>305,054</u>
Total expenditures	<u>1,012,111</u>	<u>1,017,911</u>	<u>712,857</u>	<u>305,054</u>
Excess (deficiency) of revenues over (under) expenditures	(330,912)	(330,912)	(5,994)	324,918
Other financing sources (uses):				
<i>Transfers in</i>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>--</u>
Total other financing sources (uses)	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>--</u>
Net change in fund balances	(270,912)	(270,912)	54,006	324,918
Fund balances, October 1	<u>488,527</u>	<u>488,527</u>	<u>488,527</u>	<u>--</u>
Fund balances, September 30	<u>\$ 217,615</u>	<u>\$ 217,615</u>	<u>\$ 542,533</u>	<u>\$ 324,918</u>

CLAY COUNTY, TEXAS

ARP GRANT

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Intergovernmental</i>	\$ --	\$ --	\$ 176,380	\$ 176,380
<i>Interest</i>	1,000	1,000	31,244	30,244
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>207,624</u>	<u>206,624</u>
Expenditures:				
Current:				
<i>Financial administration</i>	1,112,071	1,112,071	104,271	1,007,800
Total expenditures	<u>1,112,071</u>	<u>1,112,071</u>	<u>104,271</u>	<u>1,007,800</u>
Excess (deficiency) of revenues over (under) expenditures	(1,111,071)	(1,111,071)	103,353	1,214,424
Other financing sources (uses):				
<i>Transfers out</i>	(100,000)	(100,000)	(100,000)	--
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>--</u>
Net change in fund balances	(1,211,071)	(1,211,071)	3,353	1,214,424
Fund balances, October 1	(78,152)	(78,152)	(78,152)	--
Fund balances, September 30	<u>\$ (1,289,223)</u>	<u>\$ (1,289,223)</u>	<u>\$ (74,799)</u>	<u>\$ 1,214,424</u>

CLAY COUNTY, TEXAS

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

	Measurement Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability:										
Service cost	\$ 426,122	\$ 418,213	\$ 368,908	\$ 348,206	\$ 374,296	\$ 386,080	\$ 398,393	\$ 354,961	\$ 339,370	\$ --
Interest	1,416,863	1,394,688	1,355,401	1,378,708	1,338,896	1,269,025	1,187,398	1,134,318	1,065,724	--
Changes of benefit terms	--	--	--	--	(28,047)	121,588	--	121,229	--	--
Differences between expected and actual experience	(31,351)	(193,168)	885,941	(935,372)	--	(41,246)	24,216	(280,196)	9,847	--
Changes of assumptions	--	(90,759)	101,399	--	(69,556)	107,574	--	166,941	--	--
Benefit payments, including refunds of employee contributions	(1,284,587)	(1,207,040)	(1,080,318)	(1,118,889)	(1,077,897)	(863,543)	(725,217)	(718,825)	(715,284)	--
Net change in total pension liability	527,047	321,934	1,631,331	(327,347)	537,692	979,478	884,790	778,428	699,657	--
Total pension liability - beginning	18,847,347	18,525,413	16,894,082	17,221,429	16,683,737	15,704,259	14,819,469	14,041,041	13,341,384	--
Total pension liability - ending (a)	\$ 19,374,394	\$ 18,847,347	\$ 18,525,413	\$ 16,894,082	\$ 17,221,429	\$ 16,683,737	\$ 15,704,259	\$ 14,819,469	\$ 14,041,041	\$ --
Plan fiduciary net position:										
Contributions - employer	\$ 405,161	\$ 378,848	\$ 403,954	\$ 361,622	\$ 386,404	\$ 352,239	\$ 345,127	\$ 333,546	\$ 317,514	\$ --
Contributions - employee	257,830	241,085	240,245	230,124	223,621	224,152	219,626	211,416	202,054	--
Net investment income (loss)	(1,208,281)	3,929,448	1,746,492	2,464,749	(299,528)	2,046,546	975,865	56,359	870,107	--
Benefit payments, including refunds of employee contributions	(1,284,587)	(1,207,040)	(1,080,318)	(1,118,891)	(1,077,897)	(863,543)	(725,217)	(718,825)	(715,284)	--
Administrative expense	(11,489)	(1,640)	(13,315)	(12,890)	(12,053)	(10,506)	(10,601)	(9,575)	(10,079)	--
Other	(69,535)	(11,622)	(14,911)	(15,692)	(12,352)	(3,948)	52,395	(120,817)	42,252	--
Net change in plan fiduciary net position	(1,910,901)	3,329,079	1,282,147	1,909,022	(791,805)	1,744,940	857,195	(247,896)	706,564	--
Plan fiduciary net position - beginning	21,515,819	18,196,737	16,914,590	15,005,568	15,797,373	14,052,433	13,195,238	13,443,134	12,736,570	--
Plan fiduciary net position - ending (b)	\$ 19,604,918	\$ 21,525,816	\$ 18,196,737	\$ 16,914,590	\$ 15,005,568	\$ 15,797,373	\$ 14,052,433	\$ 13,195,238	\$ 13,443,134	\$ --
County's net pension liability - ending (a) - (b)	\$ (230,524)	\$ (2,678,469)	\$ 328,676	\$ (20,508)	\$ 2,215,861	\$ 886,364	\$ 1,651,826	\$ 1,624,231	\$ 597,907	\$ --
Plan fiduciary net position as a percentage of the total pension liability	101.19%	114.21%	98.23%	100.12%	87.13%	94.69%	89.48%	89.04%	95.74%	--
Covered-employee payroll	\$ 3,683,283	\$ 3,444,078	\$ 3,432,077	\$ 3,287,490	\$ 3,194,584	\$ 3,202,168	\$ 3,137,511	\$ 3,134,440	\$ 2,886,490	\$ --
County's net pension liability as a percentage of covered-employee payroll	-6.26%	-77.77%	9.58%	-0.62%	69.36%	27.68%	52.65%	51.82%	20.71%	--

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

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 400,919	\$ 400,670	\$ 391,092	\$ 385,915	\$ 359,729	\$ 349,824	\$ 351,996	\$ 344,789	\$ 343,484	\$ 311,741
Contributions in relation to the actuarially determined contribution	(400,919)	(400,670)	(391,092)	(385,915)	(359,729)	(349,824)	(351,996)	(344,789)	(343,484)	(311,741)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Covered-employee payroll	\$ 3,644,720	\$ 3,642,451	\$ 3,489,211	\$ 3,508,318	\$ 3,270,273	\$ 3,180,215	\$ 3,199,959 **	\$ 3,131,440	\$ 2,965,459	\$ 2,886,490
Contributions as a percentage of covered-employee payroll	11.00%	11.00%	11.21%	11.00%	11.00%	11.00%	11.00%	11.01%	11.58%	10.80%

Notes to Schedule

Valuation date: December 31, 2022

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age (level percentage of pay)
Amortization method	Level percentage of payroll, closed.
Remaining amortization period	3.0 years (based on contribution rate calculated in 12/31/17 valuation.
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.7% average over career including inflation.
Investment rate of return	7.50%, net of administrative and investment expense, including inflation.
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefits based on age. The average age at service retirement for recent retirement is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: Employer contributions reflect that the current service rate was increased to 155%. 2019: New inflation, mortality and other assumptions were reflected. 2019: Employer contributions reflect that the current service rate was decreased to 150%. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule.

CLAY COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended September 30, 2022

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

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

*Combining Statements and Budget Comparisons
as Supplementary Information*

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

CLAY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2023

	<u>Records Management Fee</u>	<u>Court Reporter Service</u>	<u>Records Preservation</u>
ASSETS			
<i>Cash and cash equivalents</i>	\$ 293,942	\$ 32,846	\$ 47,989
Receivables (net of allowances for uncollectibles):			
<i>Intergovernmental</i>	--	--	--
Total Assets	<u>\$ 293,942</u>	<u>\$ 32,846</u>	<u>\$ 47,989</u>
LIABILITIES, AND FUND BALANCES			
Liabilities:			
<i>Due to other funds</i>	\$ --	\$ --	\$ --
Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCES			
Fund balances:			
<i>Restricted</i>	<u>293,942</u>	<u>32,846</u>	<u>47,989</u>
Total fund balances	<u>293,942</u>	<u>32,846</u>	<u>47,989</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 293,942</u>	<u>\$ 32,846</u>	<u>\$ 47,989</u>

<u>Courthouse Security</u>	<u>County Attorney</u>	<u>Sheriff's Forfeiture</u>	<u>SAVNS Grant</u>	<u>Opiod Settlement</u>
\$ 128,424	\$ 2	\$ 138,612	\$ --	\$ 20,259
--	--	--	2,797	--
<u>\$ 128,424</u>	<u>\$ 2</u>	<u>\$ 138,612</u>	<u>\$ 2,797</u>	<u>\$ 20,259</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,797</u>	<u>\$ --</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>2,797</u>	<u>--</u>
128,424	2	138,612	--	20,259
<u>128,424</u>	<u>2</u>	<u>138,612</u>	<u>--</u>	<u>20,259</u>
<u>\$ 128,424</u>	<u>\$ 2</u>	<u>\$ 138,612</u>	<u>\$ 2,797</u>	<u>\$ 20,259</u>

CLAY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2023

	<u>Juvenile Case Manager</u>	<u>Court Technology</u>	<u>Total Nonmajor Special Revenue Funds (See Exhibit A-3)</u>
ASSETS			
<i>Cash and cash equivalents</i>	\$ 21,595	\$ 24,882	\$ 708,551
Receivables (net of allowances for uncollectibles):			
<i>Intergovernmental</i>	--	--	2,797
Total Assets	<u>\$ 21,595</u>	<u>\$ 24,882</u>	<u>\$ 711,348</u>
LIABILITIES, AND FUND BALANCES			
Liabilities:			
<i>Due to other funds</i>	\$ --	\$ --	\$ 2,797
Total Liabilities	<u>--</u>	<u>--</u>	<u>2,797</u>
FUND BALANCES			
Fund balances:			
<i>Restricted</i>	<u>21,595</u>	<u>24,882</u>	<u>708,551</u>
Total fund balances	<u>21,595</u>	<u>24,882</u>	<u>708,551</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 21,595</u>	<u>\$ 24,882</u>	<u>\$ 711,348</u>

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CLAY COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Records Management Fee	Court Reporter Service	Records Preservation
Revenues:			
<i>Intergovernmental</i>	\$ --	\$ --	\$ --
<i>Fines and fees</i>	51,051	5,498	5,659
<i>Miscellaneous</i>	--	--	--
Total revenues	<u>51,051</u>	<u>5,498</u>	<u>5,659</u>
Expenditures:			
Current:			
<i>General government</i>	19,720	9,983	--
<i>Judicial</i>	--	--	--
<i>Legal</i>	--	--	--
<i>Public Safety</i>	--	--	--
<i>Health and welfare</i>	--	--	--
<i>Nondepartmental</i>	--	--	--
Total expenditures	<u>19,720</u>	<u>9,983</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	31,331	(4,485)	5,659
Other financing sources (uses):			
<i>Transfers out</i>	<u>(20,000)</u>	<u>--</u>	<u>--</u>
Total other financing sources (uses)	<u>(20,000)</u>	<u>--</u>	<u>--</u>
Net change in fund balances	11,331	(4,485)	5,659
Fund balances, October 1	282,611	37,331	42,330
Fund balances, September 30	<u>\$ 293,942</u>	<u>\$ 32,846</u>	<u>\$ 47,989</u>

Courthouse Security	County Attorney	Sheriff's Forfeiture	SAVNS Grant	Opiod Settlement
\$ --	\$ --	\$ --	\$ 5,594	\$ --
18,688	15	2,876	--	--
--	--	--	--	22,618
<u>18,688</u>	<u>15</u>	<u>2,876</u>	<u>5,594</u>	<u>22,618</u>
--	--	--	--	--
--	--	--	--	--
--	15	--	--	--
--	--	31,463	5,594	--
--	--	--	--	2,359
5,465	--	--	--	--
<u>5,465</u>	<u>15</u>	<u>31,463</u>	<u>5,594</u>	<u>2,359</u>
13,223	--	(28,587)	--	20,259
--	--	--	--	--
--	--	--	--	--
13,223	--	(28,587)	--	20,259
115,201	2	167,199	--	--
<u>\$ 128,424</u>	<u>\$ 2</u>	<u>\$ 138,612</u>	<u>\$ --</u>	<u>\$ 20,259</u>

CLAY COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Juvenile Case Manager	Court Technology	Total Nonmajor Special Revenue Funds (See Exhibit A-5)
Revenues:			
<i>Intergovernmental</i>	\$ --	\$ --	\$ 5,594
<i>Fines and fees</i>	11,406	9,479	104,672
<i>Miscellaneous</i>	--	--	22,618
Total revenues	<u>11,406</u>	<u>9,479</u>	<u>132,884</u>
Expenditures:			
Current:			
<i>General government</i>	--	--	29,703
<i>Judicial</i>	--	12,022	12,022
<i>Legal</i>	14,238	--	14,253
<i>Public Safety</i>	--	--	37,057
<i>Health and welfare</i>	--	--	2,359
<i>Nondepartmental</i>	--	--	5,465
Total expenditures	<u>14,238</u>	<u>12,022</u>	<u>100,859</u>
Excess (deficiency) of revenues over (under) expenditures	(2,832)	(2,543)	32,025
Other financing sources (uses):			
<i>Transfers out</i>	--	(6,000)	(26,000)
Total other financing sources (uses)	<u>--</u>	<u>(6,000)</u>	<u>(26,000)</u>
Net change in fund balances	(2,832)	(8,543)	6,025
Fund balances, October 1	24,427	33,425	702,526
Fund balances, September 30	<u>\$ 21,595</u>	<u>\$ 24,882</u>	<u>\$ 708,551</u>

CLAY COUNTY, TEXAS
 RECORDS MANAGEMENT FEE
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT C-3

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
<i>Fines and fees</i>	\$ 50,100	\$ 51,051	\$ 951
Total revenues	<u>50,100</u>	<u>51,051</u>	<u>951</u>
Expenditures:			
Current:			
<i>General government</i>	<u>227,958</u>	<u>19,720</u>	<u>208,238</u>
Total expenditures	<u>227,958</u>	<u>19,720</u>	<u>208,238</u>
Excess (deficiency) of revenues over (under) expenditures	(177,858)	31,331	209,189
Other financing sources (uses):			
<i>Transfers out</i>	<u>(20,000)</u>	<u>(20,000)</u>	<u>--</u>
Total other financing sources (uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>--</u>
Net change in fund balances	(197,858)	11,331	209,189
Fund balances, October 1	<u>282,611</u>	<u>282,611</u>	<u>--</u>
Fund balances, September 30	<u>\$ 84,753</u>	<u>\$ 293,942</u>	<u>\$ 209,189</u>

CLAY COUNTY, TEXAS
 COURT REPORTER SERVICE
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT C-4

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
<i>Fines and fees</i>	\$ 1,500	\$ 5,498	\$ 3,998
Total revenues	<u>1,500</u>	<u>5,498</u>	<u>3,998</u>
Expenditures:			
Current:			
<i>General government</i>	10,000	9,983	17
Total expenditures	<u>10,000</u>	<u>9,983</u>	<u>17</u>
Net change in fund balances	(8,500)	(4,485)	4,015
Fund balances, October 1	37,331	37,331	--
Fund balances, September 30	<u>\$ 28,831</u>	<u>\$ 32,846</u>	<u>\$ 4,015</u>

CLAY COUNTY, TEXAS
RECORDS PRESERVATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT C-5

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
<i>Fines and fees</i>	\$ 3,500	\$ 5,659	\$ 2,159
Total revenues	<u>3,500</u>	<u>5,659</u>	<u>2,159</u>
Expenditures:			
Current:			
<i>General government</i>	<u>36,151</u>	<u>--</u>	<u>36,151</u>
Total expenditures	<u>36,151</u>	<u>--</u>	<u>36,151</u>
Net change in fund balances	(32,651)	5,659	38,310
Fund balances, October 1	<u>42,330</u>	<u>42,330</u>	<u>--</u>
Fund balances, September 30	<u>\$ 9,679</u>	<u>\$ 47,989</u>	<u>\$ 38,310</u>

CLAY COUNTY, TEXAS
 COURTHOUSE SECURITY
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT C-6

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
<i>Fines and fees</i>	\$ 11,650	\$ 18,688	\$ 7,038
Total revenues	<u>11,650</u>	<u>18,688</u>	<u>7,038</u>
Expenditures:			
Current:			
<i>Nondepartmental</i>	63,321	5,465	57,856
Total expenditures	<u>63,321</u>	<u>5,465</u>	<u>57,856</u>
Net change in fund balances	(51,671)	13,223	64,894
Fund balances, October 1	115,201	115,201	--
Fund balances, September 30	<u>\$ 63,530</u>	<u>\$ 128,424</u>	<u>\$ 64,894</u>

CLAY COUNTY, TEXAS
 COUNTY ATTORNEY
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT C-7

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
<i>Fines and fees</i>	\$ 1,000	\$ 15	\$ (985)
Total revenues	<u>1,000</u>	<u>15</u>	<u>(985)</u>
Expenditures:			
Current:			
<i>Legal</i>	1,078	15	1,063
Total expenditures	<u>1,078</u>	<u>15</u>	<u>1,063</u>
Excess (deficiency) of revenues over (under) expenditures	(78)	--	78
Other financing sources (uses):			
<i>Transfers in</i>	78	--	(78)
Total other financing sources (uses)	<u>78</u>	<u>--</u>	<u>(78)</u>
Net change in fund balances	--	--	--
Fund balances, October 1	<u>2</u>	<u>2</u>	<u>--</u>
Fund balances, September 30	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ --</u>

CLAY COUNTY, TEXAS
OPIOD SETTLEMENT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT C-8

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
<i>Miscellaneous</i>	\$ --	\$ 22,618	\$ 22,618
Total revenues	<u>--</u>	<u>22,618</u>	<u>22,618</u>
Expenditures:			
Current:			
<i>Health and welfare</i>	22,617	2,359	20,258
Total expenditures	<u>22,617</u>	<u>2,359</u>	<u>20,258</u>
Net change in fund balances	(22,617)	20,259	42,876
Fund balances, October 1	--	--	--
Fund balances, September 30	<u>\$ (22,617)</u>	<u>\$ 20,259</u>	<u>\$ 42,876</u>

CLAY COUNTY, TEXAS
JUVENILE CASE MANAGER
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT C-9

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
<i>Fines and fees</i>	\$ 8,000	\$ 11,406	\$ 3,406
Total revenues	<u>8,000</u>	<u>11,406</u>	<u>3,406</u>
Expenditures:			
Current:			
<i>Legal</i>	14,250	14,238	12
Total expenditures	<u>14,250</u>	<u>14,238</u>	<u>12</u>
Net change in fund balances	(6,250)	(2,832)	3,418
Fund balances, October 1	24,427	24,427	--
Fund balances, September 30	<u>\$ 18,177</u>	<u>\$ 21,595</u>	<u>\$ 3,418</u>

CLAY COUNTY, TEXAS

COURT TECHNOLOGY

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT C-10

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
<i>Fines and fees</i>	\$ 10,150	\$ 9,479	\$ (671)
Total revenues	<u>10,150</u>	<u>9,479</u>	<u>(671)</u>
Expenditures:			
Current:			
<i>Judicial</i>	<u>13,550</u>	<u>12,022</u>	<u>1,528</u>
Total expenditures	<u>13,550</u>	<u>12,022</u>	<u>1,528</u>
Excess (deficiency) of revenues over (under) expenditures	(3,400)	(2,543)	857
Other financing sources (uses):			
<i>Transfers out</i>	<u>(6,000)</u>	<u>(6,000)</u>	<u>--</u>
Total other financing sources (uses)	<u>(6,000)</u>	<u>(6,000)</u>	<u>--</u>
Net change in fund balances	(9,400)	(8,543)	857
Fund balances, October 1	<u>33,425</u>	<u>33,425</u>	<u>--</u>
Fund balances, September 30	<u>\$ 24,025</u>	<u>\$ 24,882</u>	<u>\$ 857</u>

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CLAY COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2023

	<u>District Clerk</u>	<u>County Clerk</u>	<u>Sheriff Agency</u>
ASSETS			
<i>Cash and cash equivalents</i>	\$ 452,227	\$ 101,733	\$ 149,997
Total Assets	<u>452,227</u>	<u>101,733</u>	<u>149,997</u>
LIABILITIES			
<i>Due to other governments</i>	--	--	--
<i>Due to others</i>	--	--	--
Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>
Net Position	452,227	101,733	149,997
Total Net Position	<u>\$ 452,227</u>	<u>\$ 101,733</u>	<u>\$ 149,997</u>

EXHIBIT C-11

Tax Assessor Collector	County Attorney Agency	County Treasurer	Officer's Fee	Total Private-Purpose Trust Funds (See Exhibit A-7)
\$ 122,690	\$ 364	\$ 7,361	\$ 64,618	\$ 898,990
<u>122,690</u>	<u>364</u>	<u>7,361</u>	<u>64,618</u>	<u>898,990</u>
94,472	--	--	57,741	152,213
28,218	364	7,361	6,877	42,820
<u>122,690</u>	<u>364</u>	<u>7,361</u>	<u>64,618</u>	<u>195,033</u>
--	--	--	--	703,957
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 898,990</u>

CLAY COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
ALL CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	District Clerk	County Clerk	Sheriff Agency	Tax Assessor Collector
Additions:				
<i>Fees of office</i>	\$ --	\$ --	\$ --	\$ 4,508,990
<i>Receipts from fiduciaries</i>	196,107	866	130,296	--
<i>Miscellaneous</i>	--	--	584	47,564
Total Additions	<u>196,107</u>	<u>866</u>	<u>130,880</u>	<u>4,556,554</u>
Deductions:				
<i>Payments to county</i>	1,626	--	4,185	805,740
<i>Payments to other governments</i>	3,709	--	6,620	3,676,370
<i>Payments to beneficiaries</i>	155,115	--	90,812	13,714
<i>Other</i>	--	--	--	60,730
Total Deductions	<u>160,450</u>	<u>--</u>	<u>101,617</u>	<u>4,556,554</u>
Change in Net Position	35,657	866	29,263	--
Net Position-Beginning of the Year	416,570	100,867	120,734	--
Net Position-End of the Year	<u>\$ 452,227</u>	<u>\$ 101,733</u>	<u>\$ 149,997</u>	<u>\$ --</u>

EXHIBIT C-12

County Attorney Agency	County Treasurer	Officer's Fee	Total Private-Purpose Trust Funds (See Exhibit A-8)
\$ --	\$ --	\$ 957,016	\$ 5,466,006
121	--	--	327,390
--	2,681	--	50,829
<u>121</u>	<u>2,681</u>	<u>957,016</u>	<u>5,844,225</u>
15	--	688,831	1,500,397
--	--	224,917	3,911,616
106	2,177	43,268	305,192
--	504	--	61,234
<u>121</u>	<u>2,681</u>	<u>957,016</u>	<u>5,778,439</u>
--	--	--	65,786
--	--	--	638,171
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 703,957</u>

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