

ANNUAL FINANCIAL REPORT

of

CHAMBERS COUNTY, TEXAS

For the Year Ended
December 31, 2012

(This page intentionally left blank.)

CHAMBERS COUNTY, TEXAS

TABLE OF CONTENTS

December 31, 2012

<u>INTRODUCTORY SECTION</u>		<u>Page</u>
Letter of Transmittal		1
List of Elected and Appointed Officials		5
Organizational Chart		7
 <u>FINANCIAL SECTION</u>		
Independent Auditors' Report		11
Management's Discussion and Analysis (Required Supplementary Information)		17
 <u>BASIC FINANCIAL STATEMENTS</u>		
Government-Wide Financial Statements		
Statement of Net Position		29
Statement of Activities		30
 Governmental Funds Financial Statements		
Balance Sheet – Governmental Funds		32
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position		35
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds		36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities		39
 Proprietary Funds Financial Statements		
Statement of Net Position		41
Statement of Revenues, Expenses, and Changes in Fund Net Position		43
Statement of Cash Flows		44
 Fiduciary Funds Financial Statement		
Statement of Fiduciary Net Position – Agency Funds		47
Notes to Financial Statements		49
 <u>REQUIRED SUPPLEMENTARY INFORMATION</u>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund		75
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Road and Bridge Fund		79
Schedule of Funding Progress – Texas County and District Retirement System		80
Schedule of Funding Progress – Post Employment Healthcare Benefits		81
 <u>COMBINING STATEMENTS AND SCHEDULES</u>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund		85

CHAMBERS COUNTY, TEXAS

TABLE OF CONTENTS (Continued)

December 31, 2012

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Permanent School Fund	87
Combining Balance Sheet – Nonmajor Governmental Funds	88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	100
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Funds	111
Combining Statement of Net Position – Nonmajor Proprietary Funds	135
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Proprietary Funds	137
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	138
Combining Statement of Fiduciary Net Position – Agency Funds	140

INTRODUCTORY SECTION

(This page intentionally left blank.)



CHAMBERS COUNTY AUDITOR

Tony Sims P.O. Box 910 Anahuac, Texas 77514 (409) 267-2405

September 18, 2013

The Honorable County Judge,
Members of the Commissioners' Court, and
Citizens of Chambers County:

The County Auditor's office is pleased to submit the Annual Financial Report for Chambers County, Texas (the "County"), for the fiscal year ended December 31, 2012.

This report was prepared to provide the Commissioners' Court, County staff, our citizens, our bondholders, and other interested parties with detailed information concerning the financial condition and activities of the County government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including disclosures, rests with the County. We believe the data as presented is accurate in all material respects, and is presented in a manner designed to fairly present the financial position and results of County operations as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain a reasonable understanding of the County's financial affairs have been included.

The County financial statements have been audited by Belt Harris Pechacek, LLLP, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2012 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the financial statements for the year ended December 31, 2012, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the the County's financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair representation of the financial statements, but also on the County's internal controls and compliance with legal requirements, with special emphasis on internal controls and compliance with legal requirements involving the administration of federal awards.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A. The MD&A can be found in the Financial Section of the Annual Financial Report.

PROFILE OF THE COUNTY

The County was created in 1838 and is located in southeast Texas bordered by Harris, Jefferson, Galveston, and Liberty Counties. The County occupies an area of 613.5 square miles of land and 294.4 square miles of water and serves a population of approximately 35,600 in 2012.

The County operates as specified under the Constitution of the State of Texas, and in accordance with the provisions of the State Statutes of Texas, which provide for a Commissioners' Court consisting of the County Judge and four Commissioners, each of whom is elected from four geographical precincts. The County Judge is elected for a four-year term and the Commissioners for four-year staggered terms. The Commissioners' Court establishes policies for County operations, approves contracts for the County, adopts the County budget and sets the tax rate.

The County Auditor has responsibility for prescribing the systems and procedures for handling the finances of the County and examining, auditing, and approving all disbursements from County funds prior to submission to the Commissioners' Court for approval.

The financial reporting entity of the County includes all of the funds for the County. The County provides a full range of services including police protection, legal and judicial services, and construction and maintenance of roads and bridges. The transactions of all elected county, district, and precinct officers are also included. Although these officials are responsible solely to the electorate, the officials receive funding for the operation of their departments from the Commissioners' Court, which has discretion over those expenditures.

The annual budget serves as the foundation for the County's financial planning and control. All departments of the County are required to submit requests to the County Judge each year. Commissioners' Court is required to hold public hearings on a proposed budget. The County adopts a final budget prior to setting the ad valorem tax rate, normally finalized by September 30th of each year. The appropriated budget is prepared by fund, department, and category. All transfers of appropriations, either between departments or within an individual department's budget, require approval of Commissioners' Court. Budget-to-actual comparisons are provided in this report for the general, debt service, road and bridge funds, and other nonmajor special revenue funds.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy – The County is diverse in its economic makeup. Government is a significant job source for the area, while additional employment focuses on agribusiness, including ranching, rice and soybean farming, and also the commercial fishing industry. Throughout the County, there are numerous petrochemical plants, construction and service industries, and a growing number of retail and manufacturing businesses, which all play a part in the County's economy. Numerous expansion projects are under construction, and numerous others are anticipated over the next 5 years.

The year 2000 census for the County reported the population at 26,031. The year 2010 census reported a population of 35,096. That reflects an increase of over 9,000 or almost 35%. The 2012 fiscal year total certified property values for the County were set at \$ 5.89 billion; a 1.7 percent increase over the prior year. The 2013 fiscal year property values were certified at \$ 6.86 billion, a significant increase of 16.4 percent over fiscal year 2012.

Environmental - Environmentally, the County is in viable condition, having suffered relatively little natural degradation and alteration from outside development. The salt grass prairie marsh and the shoreline around Galveston and Trinity Bays host a rich wildlife community attracting hunters, bird watchers, and other outdoor enthusiasts. Anahuac National Wildlife Refuge and the Moody National Wildlife Refuge, combined with the State of Texas' Candy Abshier Wildlife Management Area, create an area of over 38,000 acres of sustained natural resources. The County Parks System includes over 260 acres of developed parks and recreational areas mainly being located along the County's 164 miles of navigable waterways. As a result of the existing environmental quality and the abundance of natural resources, the County remains positioned for continued growth and prosperity.

Long-Term Financial Planning – The County records reflect a modest debt level and a much improved reserve level that have resulted from conservative fiscal management practices. The County practices conservative budgeting and adopted a fund balance policy that requires the County to maintain an unassigned fund balance in the General Fund not less than 25% of annual expenditures. For fiscal year 2012 the County’s unassigned General Fund balance is sufficient to fund the annual appropriated expenditures.

The County recognizes several long-term needs that continuously need studying and funding by Commissioners’ Court. Road construction and other infrastructure projects will be necessary to facilitate growth in industry and population. Maintenance and improvement projects to County owned facilities were started in 2012 and continue into 2013 in order to increase courthouse security and to provide accommodations to citizens and visitors at the courthouse, courthouse annexes, and general use facilities. Two major road projects were initiated in 2012 and will continue construction through mid-2016.

Cash Management – The County annually adopts a formal investment policy that is consistent with the Public Funds Investment Act and Public Funds Collateral Act. The County follows the “prudent person rule” in investment decisions. The objectives of the County Investment Policy are to ensure the safety of the principal, to maintain adequate liquidity, and yield the highest possible return subject to the first two principals. Cash was invested according to policy guidelines in fiscal year 2012. The County depository contract is with Prosperity Bank, with local branches in Winnie, Texas and Mont Belvieu, Texas.

Risk Management – The County provides for property loss exposures through commercial insurance coverage, which includes: property damage on most facilities to include fire and extended coverage for windstorm, general liability, automobile liability, select equipment and automobile physical damage, aviation damage and liability, law enforcement liability, officials’ errors and omissions liability, and liability of certain construction projects as needed. Coverage provides officials and employees with the right to be reimbursed for damages, court costs, and costs of legal defense of suits in certain circumstances, when related to their official County duties.

The County purchases liability insurance and claims administration services for worker’s compensation from a third-party administrator. A safety committee meets periodically to address safety issues and provide recommendations for Commissioners’ Court consideration. The safety committee consists of at least one employee representative from each major County department. Additionally, in 2012 Commissioners’ Court designated a full time safety coordinator to supervise safety improvement initiatives.

Pension and Other Post-Employment Benefits – The County provides retirement, disability, and death benefits for all its employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). Specific plan provisions are adopted by the County within the options available in the State statutes governing the TCDRS. 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 monetary credits is adopted within the actuarial constraints imposed by the TCDRS Act, and with a focus on the funded ratio, so that the resulting benefits can be expected to be adequately funded. Detailed information on the retirement plan and other post-employment benefits can be found in the notes to the financial statements.

OTHER INFORMATION

Independent Audit – In compliance with Texas Local Government Code Section 115.045, the County’s financial records have been audited by independent certified public accountants, and their report has been included in this report.

Acknowledgments – We express our appreciation and thanks to the members of the County Commissioners’ Court and all County employees who have given their support in planning and conducting the financial operations of the County in a fiscally responsible manner. A special recognition should be given to the efficient and dedicated efforts of the County Auditor’s staff, without whom this preparation would not be possible. We also express our gratitude to the accounting firm of Belt Harris Pechacek, LLLP, Certified Public Accountants, for sharing their knowledge, and extending their cooperation and support to the County Auditor’s Office.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'T. Sims', written in a cursive style.

Tony Sims
County Auditor

CHAMBERS COUNTY, TEXAS
LIST OF ELECTED AND APPOINTED OFFICIALS
December 31, 2012

COMMISSIONERS' COURT:

Jimmy Sylvia	County Judge
Mark Huddleston	Commissioner, Precinct #1
David "Bubba" Abernathy	Commissioner, Precinct #2
Gary R. Nelson	Commissioner, Precinct #3
A.R. Rusty Senac	Commissioner, Precinct #4

JUDICIAL:

Cheryl Lieck	District Attorney
Patti Henry	District Clerk

COUNTY COURT AT LAW:

Heather H. Hawthorne	County Clerk
----------------------	--------------

JUSTICE COURTS:

Yale Devillier	Justice of Peace, Precinct #1
Randy Van Deventer	Justice of Peace, Precinct #2
Tracy Woody	Justice of Peace, Precinct #3
Dennis McMurrey	Justice of Peace, Precinct #4
R.M. "Bob" Wallace, Sr.	Justice of Peace, Precinct #5
Larry Cryer	Justice of Peace, Precinct #6

LAW ENFORCEMENT:

Joe LaRive	County Sheriff
Dennis Dugat	Constable, Precinct #1
Don R. Langford	Constable, Precinct #2
Donnie Standley	Constable, Precinct #3
Ben L. "Butch" Bean	Constable, Precinct #4
Cecil R. "Popeye" Oldham	Constable, Precinct #5
Robert Barrow	Constable, Precinct #6

FINANCIAL ADMINISTRATION:

Denise Hutter	Tax Assessor/Collector
Tony Sims	County Treasurer
Jerry Sparks	County Auditor*

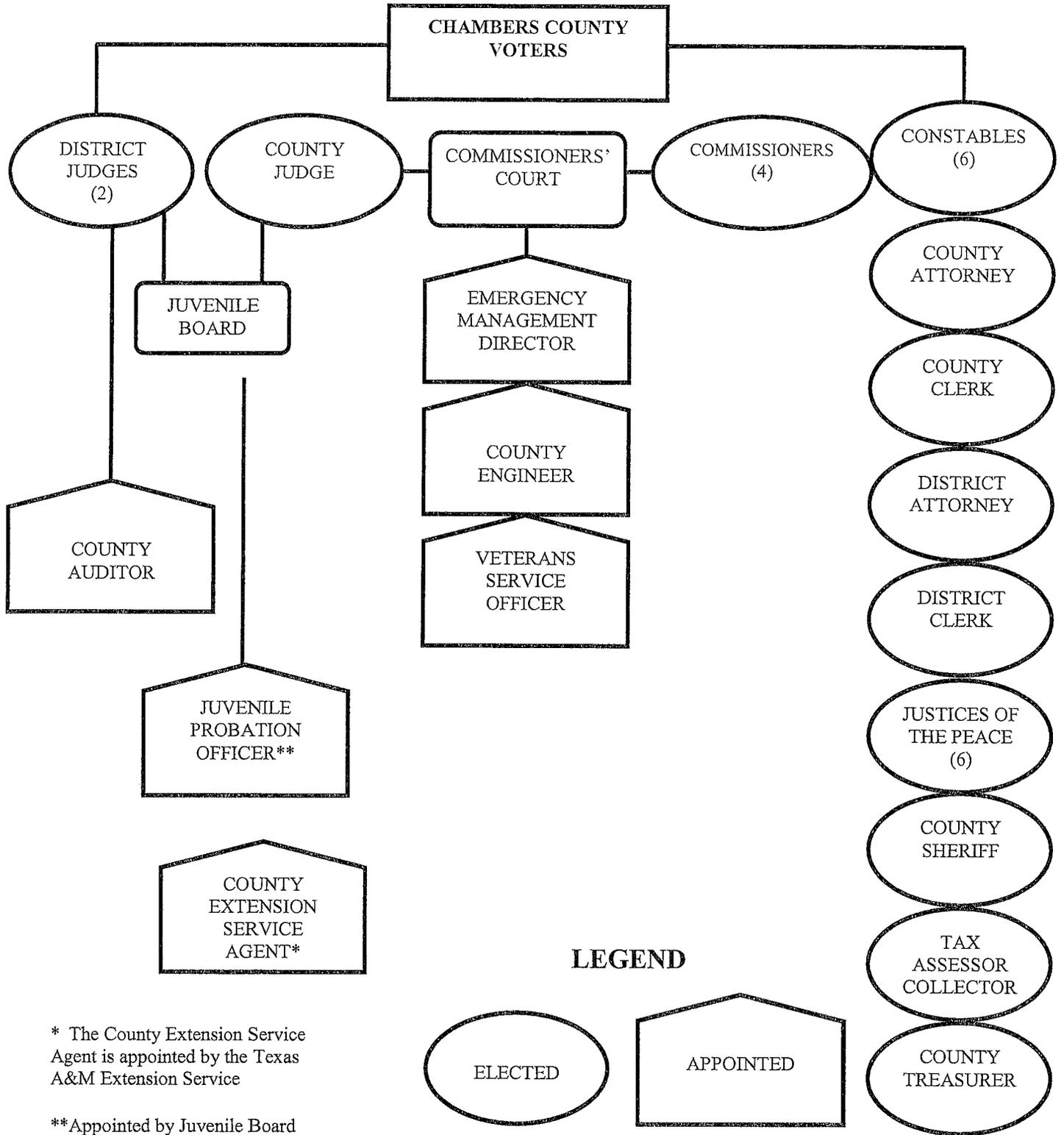
*Designated appointed official. All others are elected.

(This page intentionally left blank.)

CHAMBERS COUNTY, TEXAS

ORGANIZATIONAL CHART

December 31, 2012



* The County Extension Service Agent is appointed by the Texas A&M Extension Service

** Appointed by Juvenile Board

(This page intentionally left blank.)

FINANCIAL SECTION

(This page intentionally left blank.)



INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and
Members of the Commissioners' Court of
Chambers County, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Chambers, Texas (the "County"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

Partners

Robert Belt, CPA
Stephanie E. Harris, CPA
Nathan Krupke, CPA

Houston

3210 Bingle Rd., Ste. 300
Houston, TX 77055
713.263.1123

Bellville

1304 South Front St.
Bellville, TX 77418
979.865.3169

Austin

100 Congress Ave., Ste. 2000
Austin, TX 78701
512.381.0222

All Offices

www.texasauditors.com
info@txauditors.com
713.263.1550 fax



accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2012, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section and combining statements and schedules are presented for purposes of additional analysis and are not required parts of the financial statements.

The combining statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated, September 18, 2013 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
September 18, 2013

(This page intentionally left blank.)

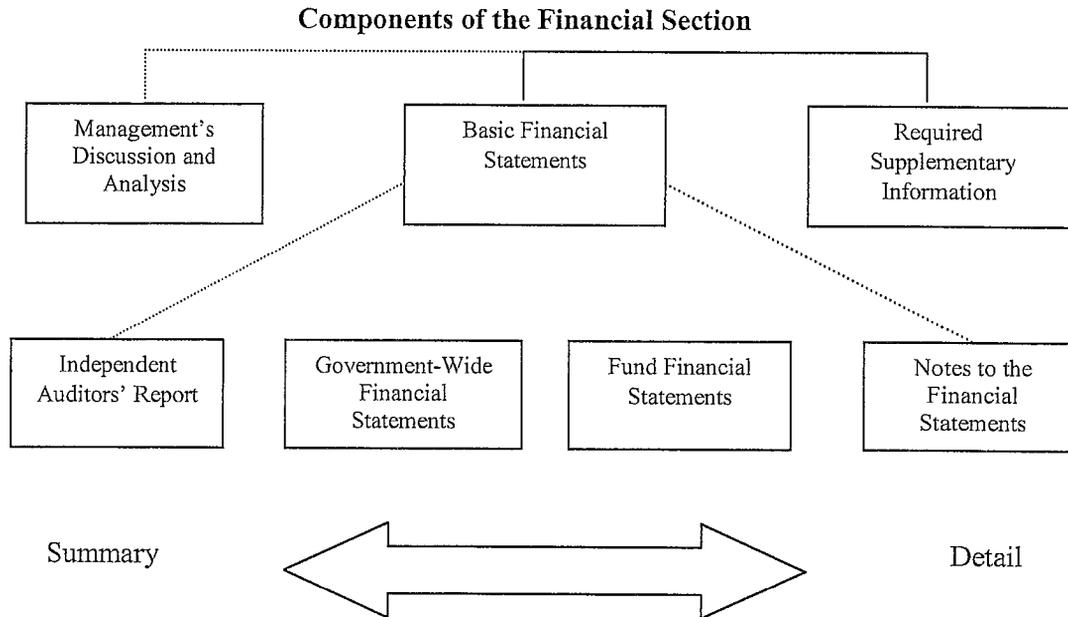
MANAGEMENT'S DISCUSSION AND ANALYSIS

(This page intentionally left blank.)

CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2012

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of Chambers County, Texas (the "County") for the year ending December 31, 2012. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the County's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter and the County's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



The County's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information for the County as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the County as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the County's financial statements, report information on the County's activities that enable the reader to understand the financial condition of the County. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other non-financial factors, such as the County's property tax base and the condition of the County's infrastructure, need to be considered in order to assess the overall health of the County.

CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended December 31, 2012

The Statement of Activities presents information showing how the County's net position changed during the most recent year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities are reported as two classes of activity:

1. *Governmental Activities* – Most of the County's basic services are reported here including general government, public safety, administration of justice, road and bridges, community enrichment, health and human services and tax administration. Interest payments on the County's debt are also reported here. Sales tax, property tax, franchise taxes, municipal court fines and permit fees finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported within this class. These services include the County's solid waste collection, airport, and golf course.

The government-wide financial statements include not only the County itself (known as the primary government), but also business type activities for which the County is financially accountable.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the County. They are usually segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The three categories of County funds are governmental, proprietary, and fiduciary.

Governmental Funds

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

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

The County adopts an annual appropriated budget for its general, road and bridge and debt service funds. A budgetary comparison schedule has been provided for the general, road and bridge, and debt service funds to demonstrate compliance with these budgets.

CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended December 31, 2012

Proprietary Funds

The County maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its solid waste collection, airport, and golf course. The proprietary fund financial statements provide separate information for the solid waste collection, airport, and golf course. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

The County also uses an internal service fund to account for its medical benefits. This internal service fund has been included within governmental activities in the government-wide financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County maintains fourteen fiduciary funds. The County's fiduciary activities are reported separately in a statement of fiduciary net position.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to basic financial statements, this MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general and road and bridge funds and schedules of funding progress for the Texas County and District Retirement System and other post employment benefits for healthcare. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of the County's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$46,029,728 as of December 31, 2012. This compares with \$47,390,835 from the prior fiscal year. A portion of the County's net position, 66.5% reflects its investments in capital assets (e.g., construction in progress, building, equipment, and infrastructure) less any debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended December 31, 2012

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2012			2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 71,596,296	\$ 2,941,509	\$ 74,537,805	\$ 63,254,510	\$ 134,747	\$ 63,389,257
Capital assets, net	24,646,247	5,128,405	29,774,652	24,152,499	5,592,325	29,744,824
Total Assets	96,242,543	8,069,914	104,312,457	87,407,009	5,727,072	93,134,081
Deferred outflows of resources	212,289	-	212,289	-	-	-
Total Deferred Outflows of Resources	212,289	-	212,289	-	-	-
Other liabilities	9,677,456	151,512	9,828,968	3,481,039	178,325	3,659,364
Long-term liabilities	10,817,956	6,254,653	17,072,609	10,666,883	5,294,349	15,961,232
Total Liabilities	20,495,412	6,406,165	26,901,577	14,147,922	5,472,674	19,620,596
Deferred inflows of resources	31,593,441	-	31,593,441	26,122,650	-	26,122,650
Total Deferred Inflows of Resources	31,593,441	-	31,593,441	26,122,650	-	26,122,650
Net position:						
Net investment in capital assets	25,501,180	5,128,405	30,629,585	15,878,972	5,592,325	21,471,297
Restricted	12,362,622	-	12,362,622	10,741,387	-	10,741,387
Unrestricted	6,502,177	(3,464,656)	3,037,521	20,516,078	(5,337,927)	15,178,151
Total Net Position	\$ 44,365,979	\$ 1,663,749	\$ 46,029,728	\$ 47,136,437	\$ 254,398	\$ 47,390,835

A portion of the County's net position, \$12,362,622 or 27 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$3,037,521 or 7 percent may be used to meet the County's ongoing obligation to citizens and creditors.

The County's total net position decreased by \$1,361,107 during the current fiscal year. This was primarily a result of an increase in expenses in health and welfare, financial administration, culture and recreation, and the justice departments during the year. There was also an increase in transfers from general governmental activities to business-type activities of \$2,049,570 from the prior year. This increase is reflected in the ending net position of business-type activities of \$1,663,749 which is an increase of \$1,409,351 over the prior year.

CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended December 31, 2012

Statement of Activities

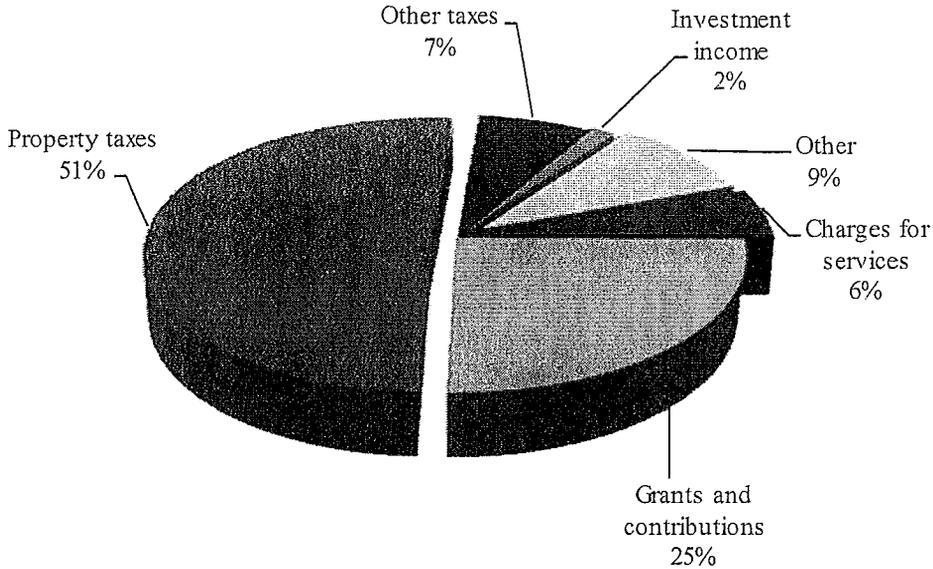
The following table provides a summary of the County's changes in net position:

	For the Year Ended December 31, 2012			For the Year Ended December 31, 2011		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 3,103,654	\$ 973,663	\$ 4,077,317	\$ 3,308,823	\$ 893,677	\$ 4,202,500
Grants and contributions	14,045,706	-	14,045,706	5,790,836	-	5,790,836
General revenues:						
Property taxes	28,139,419	-	28,139,419	25,584,582	-	25,584,582
Other taxes	3,883,005	-	3,883,005	3,023,597	-	3,023,597
Investment income	879,903	-	879,903	759,574	-	759,574
Other	5,279,970	-	5,279,970	1,223,836	-	1,223,836
Total Revenues	55,331,657	973,663	56,305,320	39,691,248	893,677	40,584,925
Expenses						
General government	12,685,354	-	12,685,354	13,754,580	-	13,754,580
Financial administration	1,811,306	-	1,811,306	1,739,692	-	1,739,692
Justice system	4,684,814	-	4,684,814	4,216,681	-	4,216,681
Health and welfare	16,544,385	-	16,544,385	9,596,597	-	9,596,597
Culture and recreational	2,722,581	-	2,722,581	2,349,623	-	2,349,623
Law enforcement and public safety	6,878,454	-	6,878,454	7,143,761	-	7,143,761
Transportation	7,275,869	-	7,275,869	8,280,498	-	8,280,498
Interest and other	252,296	-	252,296	216,371	-	216,371
Solid waste	-	3,786,197	3,786,197	-	2,485,020	2,485,020
Airport	-	462,586	462,586	-	402,626	402,626
Golf course	-	562,585	562,585	-	547,417	547,417
Total Expenses	52,855,059	4,811,368	57,666,427	47,297,803	3,435,063	50,732,866
Change in Net Position Before Transfers	2,476,598	(3,837,705)	(1,361,107)	(7,606,555)	(2,541,386)	(10,147,941)
Transfers in (out)	(5,247,056)	5,247,056	-	(3,197,486)	3,197,486	-
Change in Net Position	(2,770,458)	1,409,351	(1,361,107)	(10,804,041)	656,100	(10,147,941)
Beginning net position	47,136,437	254,398	47,390,835	57,940,478	(401,702)	57,538,776
Ending Net Position	\$ 44,365,979	\$ 1,663,749	\$ 46,029,728	\$ 47,136,437	\$ 254,398	\$ 47,390,835

CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
 For the Year Ended December 31, 2012

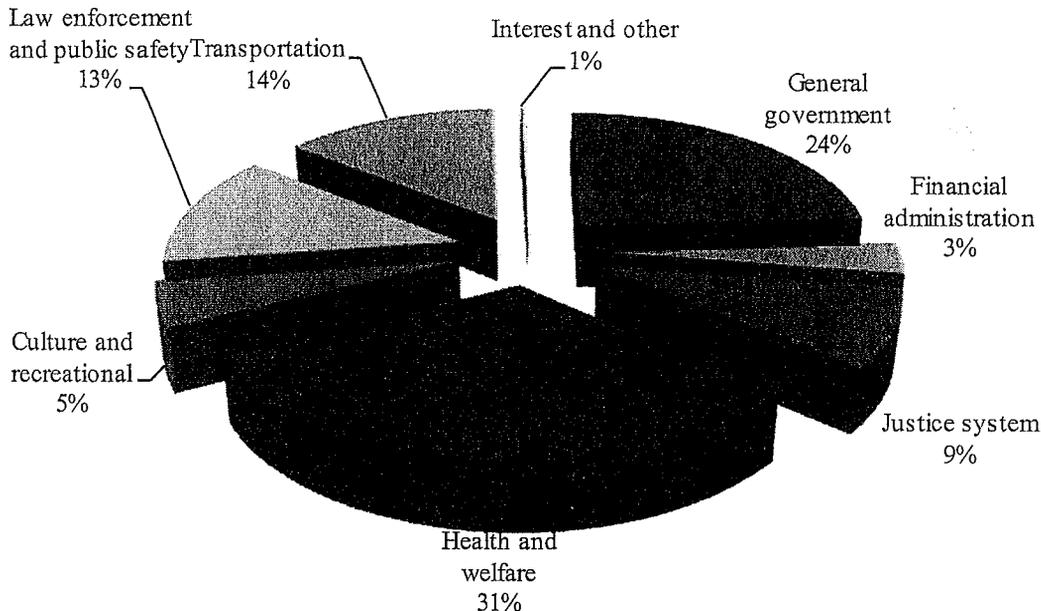
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the County's activities.

Governmental Activities - Revenues



Total governmental activity revenues increased \$15,640,409 from the prior year. This increase is primarily due to an increase in grant revenue, property taxes and royalties.

Governmental Activities - Expenses

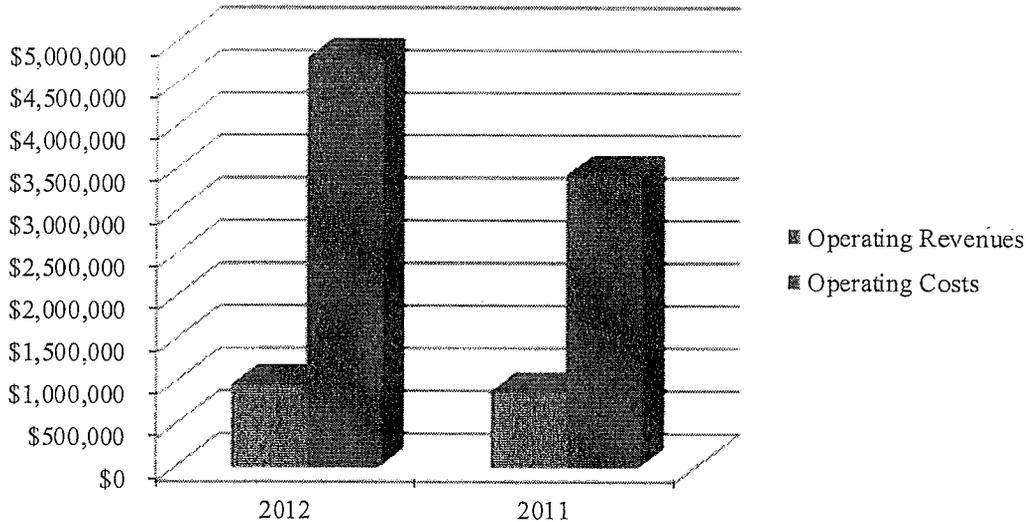


Governmental expenses have increased by \$5,557,256 from the prior year primarily due to expenses for various CDBG grant projects, as well as the construction of the new dispatch center for the sheriff's office.

CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended December 31, 2012

Business-type activities are shown comparing operating costs to revenues generated by related services.

**Business-Type Activities
Revenues vs. Costs**



For the year ended December 31, 2012, revenues from governmental activities totaled \$41,285,951, excluding \$14,045,706 in operating grants and contributions, compared with \$33,900,412 in the prior year, excluding \$5,790,836 in operating grants and contributions. This \$7,385,539 increase occurred as the result of \$2,554,837 in additional property tax revenue and \$4,056,134 in additional royalty revenue, offset by slight increases/decreases in other revenues.

The increase in operating grant revenue is primarily due to a CDBG grant received in fiscal year 2012. Property tax revenue increased as a result of an increase in property values. Additional royalty revenues were received as well.

Investment earnings increased in the current year due to the increase in cash and investment in certificates of deposit. Investment earnings increased by \$120,329 which is an increase of 16%.

Governmental expenses increased by \$5,557,256. This increase is primarily due to increases in expenses related to financial administration, justice system, health and welfare, and culture and recreational offset by decreases in general government, public safety, and transportation. The large increase in health and welfare is related to the CDBG grant expenses.

Overall, total business-type revenues increased by \$79,986 from the prior year. This is due to the increase of revenue at the landfill as a result of increased user charges. Expenses increased by \$1,376,305 over the prior year, primarily due to the increase in depreciation expense and increased fuel prices.

CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended December 31, 2012

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

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

The County's governmental funds reflect a combined fund balance of \$26,990,044. Of this, \$14,276,001 is unassigned and available for day-to-day operations of the County, \$3,444,184 is restricted for trusts and endowments, \$303,478 is restricted for debt service, \$1,625,188 is restricted for grants, \$6,117,652 is restricted for special projects and \$850,878 is restricted for capital projects. The County also has \$131,083 and \$241,580 classified for inventories and prepaids, respectively as non-spendable.

There was a decrease in the combined fund balance of \$3,537,654 from the prior year. The general fund and road and bridge fund experienced a decrease of \$5,156,173 and \$226,720, respectively. The decreases are due primarily to transfers from the general fund to the enterprise funds and increases in material and fuel costs in the road and bridge fund. The debt service and permanent school funds experienced increases in fund balance of \$303,478 and \$463,065, respectively. These increases are due to increased property tax revenue in the debt service fund and increased royalty revenue in the permanent school fund.

The CDBG grants for housing and non housing received \$5,285,862 and \$5,946,466, respectively, in operating grants during the fiscal year. The grant revenue was offset by the expenses related to these grants, leaving no net change to fund balance in both CDBG funds. The capital project 99 construction fund total revenue, including transfers in, were offset by total expenditures leaving no change to fund balance as well.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$14,276,001, and total fund balance was \$14,630,138. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 62.3% of total general fund expenditures, while total fund balance represents 63.8% of total fund expenditures.

Proprietary Funds – The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual general fund revenues were more than final budgeted revenues by \$1,032,154 during the year. This increase is primarily attributable to more taxes and fees received than the anticipated amount in the final budget. Actual expenditures were \$598,854 less than budgeted. Overall, the general fund had a total positive budget variance of \$1,631,008 before operating transfers.

CAPITAL ASSETS

At the end of the year, the County's governmental activities funds had invested \$24,646,247 in a variety of capital assets and infrastructure, net of depreciation.

CHAMBERS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended December 31, 2012

Major capital asset events during the current year include the following:

- New equipment for road and bridge in the amount of \$333,782;
- New equipment and improvements for law enforcement \$492,227;
- New annex building for general government for \$379,194.

More detailed information about the County's capital assets is presented in note III. C to the financial statements.

LONG-TERM DEBT

At the end of the year, the County reported total certificates of obligation, notes, and capital leases outstanding of \$7,380,208.

All of the County's bond issues have been successful in qualifying for bond insurance resulting in ratings of "A1" and "AAA" by Moody's and Standard & Poor's, respectively.

More detailed information about the County's long-term liabilities is presented in the note III. D to the financial statements.

ECONOMIC FACTORS

The County continues to grow as seen in the increase in population over prior years.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the County's finances. Questions concerning this report or requests for additional financial information should be directed to Tony Sims, County Auditor, Chambers County, 404 Washington Ave., Anahuac, Texas 77514.

(This page intentionally left blank.)

BASIC FINANCIAL STATEMENTS

(This page intentionally left blank.)

CHAMBERS COUNTY, TEXAS

STATEMENT OF NET POSITION

December 31, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 25,911,405	\$ 2,827,184	\$ 28,738,589
Investments	10,056,136	-	10,056,136
Receivables, net	30,266,100	58,712	30,324,812
Due from other governments	655,211	-	655,211
Inventory	131,083	54,433	185,516
Prepays	241,580	1,180	242,760
Restricted cash and cash equivalents	3,326,765	-	3,326,765
Restricted investments	1,008,016	-	1,008,016
Total Current Assets	71,596,296	2,941,509	74,537,805
Capital assets:			
Non-depreciable	4,231,978	2,208,819	6,440,797
Net depreciable capital assets	20,414,269	2,919,586	23,333,855
	24,646,247	5,128,405	29,774,652
Total Assets	96,242,543	8,069,914	104,312,457
Deferred Outflows of Resources			
Deferred charge on refunding	212,289	-	212,289
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	2,619,414	151,512	2,770,926
Accrued interest payable	58,042	-	58,042
Tax anticipation notes payable	7,000,000	-	7,000,000
Total Current Liabilities	9,677,456	151,512	9,828,968
Noncurrent liabilities:			
Due within one year	1,798,588	-	1,798,588
Due in more than one year	9,019,368	6,254,653	15,274,021
Total Noncurrent Liabilities	10,817,956	6,254,653	17,072,609
Total Liabilities	20,495,412	6,406,165	26,901,577
Deferred Inflows of Resources			
Deferred property tax revenue	31,593,441	-	31,593,441
Net Position			
Net investment in capital assets	25,501,180	5,128,405	30,629,585
Restricted for:			
Endowments/trusts	3,444,184	-	3,444,184
Road and bridge	21,242	-	21,242
Debt Service	303,478	-	303,478
Grants	1,625,188	-	1,625,188
Special projects	6,117,652	-	6,117,652
Capital projects	850,878	-	850,878
Unrestricted	6,502,177	(3,464,656)	3,037,521
Total Net Position	\$ 44,365,979	\$ 1,663,749	\$ 46,029,728

See Notes to Financial Statements.

CHAMBERS COUNTY, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
General government	\$ 12,685,354	\$ 1,668,043	\$ 2,390,440
Financial administration	1,811,306	-	-
Justice system	4,684,814	264,223	240,978
Health and welfare	16,544,385	1,230	11,396,426
Culture and recreational	2,722,581	-	6,752
Law enforcement and public safety	6,878,454	24,211	-
Transportation	7,275,869	1,145,947	11,110
Interest and other	252,296	-	-
Total Governmental Activities	52,855,059	3,103,654	14,045,706
Business-Type Activities			
Solid waste	3,786,197	270,020	-
Airport	462,586	284,641	-
Golf course	562,585	419,002	-
Total Business-Type Activities	4,811,368	973,663	-
Total Primary Government	\$ 57,666,427	\$ 4,077,317	\$ 14,045,706

General Revenues:

- Property taxes
- Other taxes
- Investment income
- Other
- Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Position

Primary Government

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (8,626,871)	\$ -	\$ (8,626,871)
(1,811,306)	-	(1,811,306)
(4,179,613)	-	(4,179,613)
(5,146,729)	-	(5,146,729)
(2,715,829)	-	(2,715,829)
(6,854,243)	-	(6,854,243)
(6,118,812)	-	(6,118,812)
(252,296)	-	(252,296)
<u>(35,705,699)</u>	<u>-</u>	<u>(35,705,699)</u>
-	(3,516,177)	(3,516,177)
-	(177,945)	(177,945)
-	(143,583)	(143,583)
<u>-</u>	<u>(3,837,705)</u>	<u>(3,837,705)</u>
<u>(35,705,699)</u>	<u>(3,837,705)</u>	<u>(39,543,404)</u>
28,139,419	-	28,139,419
3,883,005	-	3,883,005
879,903	-	879,903
5,279,970	-	5,279,970
(5,247,056)	5,247,056	-
<u>32,935,241</u>	<u>5,247,056</u>	<u>38,182,297</u>
(2,770,458)	1,409,351	(1,361,107)
<u>47,136,437</u>	<u>254,398</u>	<u>47,390,835</u>
<u>\$ 44,365,979</u>	<u>\$ 1,663,749</u>	<u>\$ 46,029,728</u>

CHAMBERS COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2012

	General	Road and Bridge	Debt Service	Permanent
Assets				
Cash and cash equivalents	\$ 8,330,122	\$ 1,033,026	\$ -	\$ -
Investments	10,056,136	-	-	-
Receivables, net	19,190,018	4,951,920	3,323,326	854
Due from other funds	122,036	-	-	-
Due from other governments	468,021	111,567	73,148	-
Prepays	241,580	-	-	-
Inventory	112,557	18,526	-	-
Restricted cash and cash equivalents	-	-	891,451	2,435,314
Restricted investments	-	-	-	1,008,016
Total Assets	\$ 38,520,470	\$ 6,115,039	\$ 4,287,925	\$ 3,444,184
Liabilities				
Accounts payable and accrued liabilities	\$ 949,880	\$ 172,546	\$ -	\$ -
Due to other funds	-	-	-	-
Tax anticipation notes payable	-	-	-	-
Total Liabilities	949,880	172,546	-	-
Deferred Inflows of Resources				
Unavailable revenue - property taxes	22,940,452	5,921,251	3,984,447	-
Fund Balances				
Nonspendable:				
Inventories	112,557	18,526	-	-
Prepays	241,580	-	-	-
Restricted:				
Endowments/trusts	-	-	-	3,444,184
Debt Service	-	-	303,478	-
Grants	-	-	-	-
Special projects	-	-	-	-
Capital projects	-	2,716	-	-
Unassigned	14,276,001	-	-	-
Total Fund Balances	14,630,138	21,242	303,478	3,444,184
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 38,520,470	\$ 6,115,039	\$ 4,287,925	\$ 3,444,184

See Notes to Financial Statements.

<u>CDBG Disaster Rec-Housing</u>	<u>CDBG Dis. Rec. Non-Housing</u>	<u>Capital Project 99 Construction</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 111,764	\$ 7,075,195	\$ 8,747,524	\$ 25,297,631
-	-	-	-	10,056,136
180,807	-	-	598,815	28,245,740
-	-	-	-	122,036
-	-	-	2,475	655,211
-	-	-	-	241,580
-	-	-	-	131,083
-	-	-	-	3,326,765
-	-	-	-	1,008,016
<u>\$ 180,807</u>	<u>\$ 111,764</u>	<u>\$ 7,075,195</u>	<u>\$ 9,348,814</u>	<u>\$ 69,084,198</u>

\$ 115,864	\$ 111,764	\$ 36,000	\$ 755,312	\$ 2,141,366
64,943	-	39,195	2,500	106,638
-	-	7,000,000	-	7,000,000
<u>180,807</u>	<u>111,764</u>	<u>7,075,195</u>	<u>757,812</u>	<u>9,248,004</u>

-	-	-	-	32,846,150
-	-	-	-	131,083
-	-	-	-	241,580
-	-	-	-	3,444,184
-	-	-	-	303,478
-	-	-	1,625,188	1,625,188
-	-	-	6,117,652	6,117,652
-	-	-	848,162	850,878
-	-	-	-	14,276,001
-	-	-	8,591,002	26,990,044
<u>\$ 180,807</u>	<u>\$ 111,764</u>	<u>\$ 7,075,195</u>	<u>\$ 9,348,814</u>	<u>\$ 69,084,198</u>

(This page intentionally left blank.)

CHAMBERS COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION
December 31, 2012

Fund balances - total governmental funds		\$ 26,990,044
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Certain accounts receivable, net of related allowance, are not current financial resources and, therefore, are not reported in the governmental funds.		2,020,360
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Nondepreciable capital assets		4,231,978
Depreciable capital assets		48,252,813
Accumulated depreciation		(27,838,544)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
Deferred revenue - delinquent property taxes		1,252,709
Internal service funds are used by management to charge the costs of certain activities such as self-insurance. Therefore, the assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		120,328
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued interest payable		(58,042)
Net OPEB obligation		(3,004,692)
Deferred charge on refunding		212,289
Long-term liabilities due within one year		(1,408,838)
Long-term liabilities due in more than one year		(5,971,370)
Compensated absences		(433,056)
Net Position of Governmental Activities		<u><u>\$ 44,365,979</u></u>

See Notes to Financial Statements.

CHAMBERS COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2012

	General	Road and Bridge	Debt Service	Permanent
Revenues				
Taxes	\$ 20,586,249	\$ 5,234,014	\$ 1,304,386	\$ -
Intergovernmental	83,895	11,110	-	-
Fees	1,011,039	676,594	-	-
Fines and forfeitures	507,874	469,353	-	-
Investment income	482,764	32,819	9,429	55,862
Other	707,004	218,857	-	4,327,384
Total Revenues	23,378,825	6,642,747	1,313,815	4,383,246
Expenditures				
Current:				
General government	3,991,816	-	-	3,861,799
Financial administration	1,810,232	-	-	-
Justice system	4,013,422	-	-	-
Health and welfare	1,929,244	-	-	-
Culture and recreational	1,752,459	-	-	-
Law enforcement and public safety	7,014,207	-	-	-
Transportation	-	6,273,924	-	-
Capital:				
Capital outlay	1,912,679	587,289	-	-
Debt Service:				
Principal	389,819	9,278	790,000	-
Interest and fiscal charges	101,986	392	145,337	-
Debt issuance costs	-	-	193,433	-
Advance refunding escrow	-	-	75,000	-
Payment to refunded bond escrow agent	-	-	1,439,417	-
Total Expenditures	22,915,864	6,870,883	2,643,187	3,861,799
Excess (Deficiency) of Revenues Over (Under) Expenditures	462,961	(228,136)	(1,329,372)	521,447
Other Financing Sources (Uses)				
Capital leases	172,457	-	-	-
Debt issued	-	-	5,270,000	-
Premium on bonds issued	-	-	101,895	-
Payment to refunded bond escrow agent	-	-	(3,739,045)	-
Transfers in	-	1,416	-	-
Transfers (out)	(5,791,591)	-	-	(58,382)
Total Other Financing Sources (Uses)	(5,619,134)	1,416	1,632,850	(58,382)
Net Change in Fund Balances	(5,156,173)	(226,720)	303,478	463,065
Beginning fund balances	19,786,311	247,962	-	2,981,119
Ending Fund Balances	\$ 14,630,138	\$ 21,242	\$ 303,478	\$ 3,444,184

See Notes to Financial Statements.

<u>CDBG Disaster Rec-Housing</u>	<u>CDBG Dis. Rec. Non-Housing</u>	<u>Capital Project 99 Construction</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 3,883,005	\$ 31,007,654
5,285,862	5,946,466	-	2,718,373	14,045,706
-	-	-	210,344	1,897,977
-	-	-	79,320	1,056,547
-	-	23,025	261,058	864,957
-	-	-	26,725	5,279,970
<u>5,285,862</u>	<u>5,946,466</u>	<u>23,025</u>	<u>7,178,825</u>	<u>54,152,811</u>
-	-	-	1,464,158	9,317,773
-	-	-	-	1,810,232
-	-	-	650,298	4,663,720
5,303,217	6,128,049	-	2,994,170	16,354,680
-	-	300,868	508,845	2,562,172
-	-	-	31,258	7,045,465
-	-	-	-	6,273,924
-	-	-	460,992	2,960,960
-	-	-	115,128	1,304,225
-	-	-	-	247,715
-	-	-	-	193,433
-	-	-	-	75,000
-	-	-	-	1,439,417
<u>5,303,217</u>	<u>6,128,049</u>	<u>300,868</u>	<u>6,224,849</u>	<u>54,248,716</u>
(17,355)	(181,583)	(277,843)	953,976	(95,905)
-	-	-	-	172,457
-	-	-	-	5,270,000
-	-	-	-	101,895
-	-	-	-	(3,739,045)
17,355	181,583	277,843	126,136	604,333
-	-	-	(1,416)	(5,851,389)
<u>17,355</u>	<u>181,583</u>	<u>277,843</u>	<u>124,720</u>	<u>(3,441,749)</u>
-	-	-	1,078,696	(3,537,654)
-	-	-	7,512,306	30,527,698
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,591,002</u>	<u>\$ 26,990,044</u>

(This page intentionally left blank.)

CHAMBERS 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 December 31, 2012

Net changes in fund balances - total governmental funds \$ (3,537,654)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	2,999,343
Depreciation expense	(2,284,192)
Net effect of capital disposals	(221,403)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred revenue	1,014,770
Fines and fees receivable	149,130

Bonds and capital leases provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.

Capital leases	(172,457)
Bonds issued	(5,270,000)
Premium on bonds issued	(101,895)
Payment to refunded bond escrow agent	5,253,462
Principal payment	1,303,364
Amortization of deferred charges	(6,078)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This adjustment reflects the net change in interest payable on the accrual basis of accounting and the net change in compensated absences.

Accrued interest payable	(9,676)
Net OPEB obligation	(921,799)
Compensated absences	(23,381)

Internal service funds are used by management to charge the costs of self-insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

(941,992)

Change in Net Position of Governmental Activities \$ (2,770,458)

See Notes to Financial Statements.

(This page intentionally left blank.)

CHAMBERS COUNTY, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2012

	Business-Type Activities			Governmental Activities
	Solid Waste	Nonmajor Funds	Total Funds	Internal Service
Assets				
Current Assets:				
Cash and cash equivalents	\$ 2,827,184	\$ -	\$ 2,827,184	\$ 613,774
Receivables, net	58,712	-	58,712	-
Inventory	17,506	36,927	54,433	-
Prepaid items	1,007	173	1,180	-
Total Current Assets	2,904,409	37,100	2,941,509	613,774
Noncurrent Assets:				
Capital assets:				
Non-depreciable	598,250	1,610,569	2,208,819	-
Net depreciable	2,283,498	636,088	2,919,586	-
Total Noncurrent Assets	2,881,748	2,246,657	5,128,405	-
Total Assets	5,786,157	2,283,757	8,069,914	613,774
Liabilities				
Current Liabilities:				
Accounts payable and accrued liabilities	130,354	21,158	151,512	-
Medical claims liability	-	-	-	478,048
Due to other funds	-	-	-	15,398
Total Current Liabilities	130,354	21,158	151,512	493,446
Noncurrent Liabilities:				
Landfill closure and postclosure care	6,254,653	-	6,254,653	-
Total Noncurrent Liabilities	6,254,653	-	6,254,653	-
Total Liabilities	6,385,007	21,158	6,406,165	493,446
Net Position				
Net investment in capital assets	2,881,748	2,246,657	5,128,405	-
Unrestricted (deficit)	(3,480,598)	15,942	(3,464,656)	120,328
Total Net Position	\$ (598,850)	\$ 2,262,599	\$ 1,663,749	\$ 120,328

See Notes to Financial Statements.

(This page intentionally left blank.)

CHAMBERS COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For the Year Ended December 31, 2012

	Business-Type Activities			Governmental
	Solid Waste	Nonmajor Funds	Total Funds	Activities Internal Service
<u>Operating Revenues</u>				
Charges for services	\$ 245,125	\$ 703,163	\$ 948,288	\$ 4,285,415
Other services	24,895	480	25,375	-
Total Operating Revenues	270,020	703,643	973,663	4,285,415
<u>Operating Expenses</u>				
Personnel	1,286,329	487,036	1,773,365	-
Supplies	246,864	353,225	600,089	-
Contractual services	407,204	68,467	475,671	-
Other	1,139,108	-	1,139,108	-
Depreciation	706,692	116,443	823,135	-
Administration	-	-	-	828,159
Claims	-	-	-	3,893,054
HAS accounts	-	-	-	399,684
Premiums	-	-	-	121,456
Total Operating Expenses	3,786,197	1,025,171	4,811,368	5,242,353
Operating (Loss)	(3,516,177)	(321,528)	(3,837,705)	(956,938)
<u>Nonoperating Revenues</u>				
Investment income	-	-	-	14,946
Total Nonoperating Revenues	-	-	-	14,946
(Loss) Before Transfers	(3,516,177)	(321,528)	(3,837,705)	(941,992)
Transfers in	4,822,366	424,690	5,247,056	-
Change in Net Position	1,306,189	103,162	1,409,351	(941,992)
Beginning net position	(1,905,039)	2,159,437	254,398	1,062,320
Ending Net Position	\$ (598,850)	\$ 2,262,599	\$ 1,663,749	\$ 120,328

See Notes to Financial Statements.

CHAMBERS COUNTY, TEXAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 1 of 2) For the Year Ended December 31, 2012

	Business-Type Activities			Governmental
	Solid Waste	Nonmajor Funds	Total Funds	Internal Service
<u>Cash Flows from Operating Activities</u>				
Receipts from customers	\$ 277,210	\$ 703,678	\$ 980,888	\$ -
Receipts from premium revenues	-	-	-	4,285,415
Payments to suppliers	(1,822,463)	(406,097)	(2,228,560)	-
Payments to employees	(326,025)	(487,036)	(813,061)	-
Payments for other expenses	-	-	-	(521,140)
Payments for claims	-	-	-	(4,164,242)
Payments for administration fees	-	-	-	(828,159)
Net Cash (Used) by Operating Activities	(1,871,278)	(189,455)	(2,060,733)	(1,228,126)
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers from other funds	4,822,366	424,690	5,247,056	-
Net Cash Provided by Noncapital Financing Activities	4,822,366	424,690	5,247,056	-
<u>Cash Flows from Capital and Related Financing Activities</u>				
Capital purchases	(123,979)	(235,235)	(359,214)	-
Net Cash (Used) by Capital and Related Financing Activities	(123,979)	(235,235)	(359,214)	-
<u>Cash Flows from Investing Activities</u>				
Interest on investments	-	-	-	14,946
Net Cash Provided by Investing Activities	-	-	-	14,946
Net Increase (Decrease) in Cash and Cash Equivalents	2,827,109	-	2,827,109	(1,213,180)
Beginning cash and cash equivalents	75	-	75	1,826,954
Ending Cash and Cash Equivalents	\$ 2,827,184	\$ -	\$ 2,827,184	\$ 613,774

CHAMBERS COUNTY, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended December 31, 2012

	Business-Type Activities			Governmental Activities
	Solid Waste	Nonmajor Funds	Total Funds	Internal Service
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating (loss)	\$ (3,516,177)	\$ (321,528)	\$ (3,837,705)	\$ (956,938)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:				
Depreciation	706,692	116,443	823,135	-
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in:				
Receivables, net	7,190	-	7,190	-
Inventory	(1,560)	14,407	12,847	-
Prepaid items	389	13	402	-
Increase (Decrease) in:				
Accounts payable and accrued liabilities	(28,116)	1,210	(26,906)	-
Landfill closure and postclosure care	960,304	-	960,304	-
Medical claims liability	-	-	-	(286,586)
Due to other funds	-	-	-	15,398
Net Cash (Used) by Operating Activities	\$ (1,871,278)	\$ (189,455)	\$ (2,060,733)	\$ (1,228,126)

See Notes to Financial Statements.

(This page intentionally left blank.)

CHAMBERS COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

AGENCY FUNDS

December 31, 2012

	<u>Total Agency Funds</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 4,940,162
Due from other units	<u>2,514,954</u>
Total Assets	<u><u>\$ 7,455,116</u></u>
<u>Liabilities</u>	
Due to other units	<u>\$ 7,455,116</u>
Total Liabilities	<u><u>\$ 7,455,116</u></u>

See Notes to Financial Statements.

(This page intentionally left blank.)

CHAMBERS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Chambers County, Texas (the "County") is an independent government entity created by an act of the Texas Legislature. The County is governed by Commissioners' Court, composed of four County Commissioners and the County Judge, all of whom are elected officials.

The County provides a vast array of services including general government, financial administration, justice system, health and welfare, culture and recreational, law enforcement and public safety, and transportation.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the County's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the County is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the County's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Depending on the significance of the County's financial and operational relationships with various separate entities, the organizations are classified as blended or discrete component units, related organizations, joint ventures, or jointly governed organizations, and the financial disclosure is treated accordingly.

Related Organizations

Where the Commissioners' Court is responsible for appointing a majority of the members of a board of another organization, but the County's accountability does not extend beyond making such appointments, disclosure is made in the form of the relation between the County and such organization.

Based upon the foregoing criteria, the following entities are not included in the accompanying financial statements for 2012: the Chambers County Economic Industrial Development Corporation and the Chambers County Cedar Bayou Navigation District.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2012

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the County's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary funds, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following governmental funds:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of receipts include local property taxes, licenses and permits, fines and forfeitures, and charges for services. Disbursements include general government, financial administration, justice system, health and human welfare, culture and recreational, law enforcement and public safety, and transportation. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the County. The primary source of revenue for debt service is local property taxes. This fund is not technically a major fund but, due to its significance, management has chosen to present as a major fund for reporting purposes.

The *permanent fund* is a governmental fund that is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. The County has the following permanent fund which is not technically a major fund but, due to its significance, management has chosen to present as a major fund for reporting purposes:

Permanent School Fund – The permanent school fund is used to account for investments held for the benefit of the various school districts in the County. The principal of this fund is held intact with all interest earned distributed to the respective school districts.

The *special revenue funds* are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2012

The following *special revenue funds* are considered major funds for reporting purposes:

Road and Bridge Fund – This fund is used to account for receipts of property taxes levied and vehicle registration fees. Uses of funds are restricted for the maintenance of roads, bridges, and the operations of related facilities. All precinct operations, as well as permanent road monies, are accounted for in this fund.

CDBG Disaster Recovery - Housing – This fund is used to account for receipts of grant funds. Uses of funds are restricted for the grant expenditures associated with this grant project.

CDBG Disaster Recovery – Non-Housing – This fund is used to account for receipts of grant funds. Uses of funds are restricted for the grant expenditures associated with this grant project.

The *capital projects fund* accounts for the acquisition and construction of the County's major capital facilities, other than those financed by proprietary funds:

Capital Project 99 – This fund is used to account for the 2012 tax note proceeds. Uses of funds are restricted for the purpose of providing funds for construction and improvement of County roads and bridges, road and bridge equipment, County park improvements, construction and improvement of County buildings, acquisition of vehicles and paying costs of issuance.

The County reports the following enterprise funds:

Enterprise funds are used to account for the operation of the County's solid waste collection facilities, airport, and golf course, including administration, operation, and maintenance. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The solid waste fund is considered to be a major fund for reporting purposes.

Additionally, the County reports the following fund types:

Internal service funds account for revenues and expenses related to the County's medical and dental self-insurance program in accordance with Chapter 172 of the Texas Government Code. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations. Revenues are derived from County contributions, employee and retiree/COBRA premiums and investment of idle funds. Expenses are for claims, premiums, and administrative costs. The general fund is contingently liable for liabilities of the internal service fund. Sub-fund accounting is employed to maintain the integrity of the self-insurance activities of the County.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. The County maintains one type of fiduciary fund, agency funds. The agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the County holds for others in an agency capacity.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2012

During the course of operations, the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

The 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the County.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2012

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

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.

2. Investments

The Public Funds Investment Act, Chapter 2256, Texas Government Code authorizes the County to invest in:

- a) obligations of the United States or its agencies and instrumentalities;
- b) direct obligations of the State of Texas or its agencies and instrumentalities;
- c) collateral mortgage obligations, although significantly limited;
- d) other obligations, the principal and interest on which are unconditionally guaranteed or insured or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities;
- e) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm of not less than A or its equivalent;
- f) certificates of deposit issued by state and national banks or savings and loans domiciled in Texas in accordance with specific criteria.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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

All trade receivables are shown net of an allowance for uncollectible amounts.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2012

5. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements. Restricted assets of the permanent fund are restricted for specific purposes.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental type 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 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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.

Property, plant, and equipment of the County are depreciated using the straight-line method over the following estimated useful years.

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Infrastructure	15 to 35 years
Buildings and improvements	5 to 50 years
Machinery and equipment	3 to 30 years

The costs of a significant portion of capital assets have been estimated based on management's estimated historical cost.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2012

available. At the government – wide level, the County reports a deferred inflow of resources for that portion of property taxes that was collected for use in the subsequent period.

8. Compensated Employee Absences

The County maintains a record of accumulated sick pay. Any additional accruals for unused sick pay are no longer paid upon retirement or death of an employee. However, the employee will be paid upon retirement or death for any unused sick pay up to certain maximums accrued prior to April 1, 1994. The accumulated sick pay obligation is computed at specified rates for all employees. It is the County's policy to permit employees to accumulate earned but unused vacation benefits. When an employee leaves the service of the County, he or she will be paid for his or her accrued but unused vacation leave balance up to a maximum of 160 hours. Vacation and sick time that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave and compensatory time that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, , business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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.

The property tax rate is allocated each year between the general, road and bridge, school equalization and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

Assets acquired under the terms of a capital lease are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the applicable fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2012

10. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

11. Fund Balance Flow Assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

12. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision-making authority. The Commissioners' Court is the highest level of decision-making authority for the County that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The Commissioners' Court may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

13. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2012

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

General property taxes are recorded as receipts when levied for the current year and due, payable, and collected in the current year.

The property tax calendar dates are:

- Levy date and due date – October 1
- Collection dates – October 1 through June 30
- Lien date – July 1

The County bills and collects its own taxes and those for certain government entities within the County. Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the tax assessor's agency fund. Tax collections deposited for the County are distributed on a periodic basis to the general, road and bridge, and debt service fund of the County. This distribution is based upon the tax rate established for each fund by order of the Commissioners' Court for the tax year for which the collections are made.

The appraisal of property within the County is the responsibility of the County-wide appraisal district, which is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment ratios. The appraisal district must review the value of the property within the County every three years unless the County, at its own discretion, requires more frequent reviews. The County may challenge the appraised values through various appeals and, if necessary, legal action. Under this legislation, the County sets tax rates on County property.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and internal service fund are charges to customers for sales and services. Operating expenses for the enterprise fund and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2012

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted account principals (GAAP) except the capital projects funds, which adopt a project length budget. The original budget is adopted by the Commissioners' Court prior to the beginning of the year. The legal level of control is the department level for all funds. Management may not amend the budget without the approval of Commissioners' Court.

Budgets are adopted on a GAAP basis for all budgeted funds. Several supplemental budget appropriations were made for the year ended December 31, 2012.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of December 31, 2012, the County had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Certificates of deposit	\$ 11,064,152	.54
Portfolio weighted average maturity		.54

Interest rate risk. In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less.

Credit risk. State law and the County's investment policy limits investments to obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent. Further, commercial paper must be rated not less than "A-1" or "P-1" or an equivalent rating by at least two nationally recognized credit rating agencies.

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's investment policy requires funds on deposit at the depository bank to be collateralized by securities and FDIC insurance. As of December 31, 2012, market values of pledged securities and FDIC insurance exceeded bank balances.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2012

B. Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectible) line for certain funds and aggregated columns.

The following comprise receivable balances at year end:

	General	Road and Bridge	Debt Service	Permanent	CDBG			Total
					Disaster Rec- Housing	Nonmajor Governmental	Solid Waste	
Property taxes	\$ 19,221,290	\$ 4,964,095	\$ 3,327,786	\$ -	\$ -	\$ -	\$ -	\$ 27,513,171
Other taxes	-	-	-	-	-	598,815	-	598,815
Accounts	12,668	-	-	854	180,807	-	58,712	253,041
(Allowance)	(43,940)	(12,175)	(4,460)	-	-	-	-	(60,575)
Total	\$ 19,190,018	\$ 4,951,920	\$ 3,323,326	\$ 854	\$ 180,807	\$ 598,815	\$ 58,712	\$ 28,304,452

C. Capital Assets

A summary of changes in capital assets for the year ended December 31, 2012 follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 2,172,138	\$ -	\$ (3,858)	\$ 2,168,280
* Construction in progress	843,371	1,220,327	-	2,063,698
Total capital assets not being depreciated	3,015,509	1,220,327	(3,858)	4,231,978
Other capital assets:				
* Buildings and improvements	19,382,975	774,139	(74,050)	20,083,064
Machinery and equipment	17,071,071	1,258,349	(455,226)	17,874,194
Infrastructure	10,295,555	-	-	10,295,555
Total other capital assets	46,749,601	2,032,488	(529,276)	48,252,813
Less accumulated depreciation for:				
Buildings and improvements	(11,279,647)	(604,710)	74,050	(11,810,307)
Machinery and equipment	(9,971,452)	(1,332,319)	233,823	(11,069,948)
Infrastructure	(4,611,126)	(347,163)	-	(4,958,289)
Total accumulated depreciation	(25,862,225)	(2,284,192)	307,873	(27,838,544)
Other capital assets, net	20,887,376	(251,704)	(221,403)	20,414,269
Governmental Activities Capital Assets, Net	\$ 23,902,885	\$ 968,623	\$ (225,261)	24,646,247
			Less associated debt	(7,380,208)
			Plus unspent bond proceeds	8,022,852
			Plus deferred charge on refunding	212,289
			Net investment in capital assets	\$ 25,501,180

* Beginning balances were restated from prior year report.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2012

Depreciation was charged to governmental functions as follows:

General government	\$	354,790
Financial administration		1,074
Justice system		21,094
Health and welfare		236,403
Culture and recreational		231,291
Law enforcement/public safety		325,216
Transportation		<u>1,114,324</u>
Total Governmental Activities Depreciation Expense	\$	<u>2,284,192</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 1,782,943	\$ -	\$ -	\$ 1,782,943
Construction in progress	1,891,621	-	(1,465,745)	425,876
Total capital assets not being depreciated	<u>3,674,564</u>	<u>-</u>	<u>(1,465,745)</u>	<u>2,208,819</u>
Other capital assets:				
Buildings and improvements	2,739,889	1,465,746	-	4,205,635
Machinery and equipment	3,219,562	615,673	(618,416)	3,216,819
Total other capital assets	<u>5,959,451</u>	<u>2,081,419</u>	<u>(618,416)</u>	<u>7,422,454</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,352,920)	(534,060)	-	(2,886,980)
Machinery and equipment	(1,688,770)	(289,075)	361,957	(1,615,888)
Total accumulated depreciation	<u>(4,041,690)</u>	<u>(823,135)</u>	<u>361,957</u>	<u>(4,502,868)</u>
Other capital assets, net	<u>1,917,761</u>	<u>1,258,284</u>	<u>(256,459)</u>	<u>2,919,586</u>
Business-Type Activities Capital Assets, Net	<u>\$ 5,592,325</u>	<u>\$ 1,258,284</u>	<u>\$ (1,722,204)</u>	<u>\$ 5,128,405</u>

Depreciation was charged to business-type functions as follows:

Solid waste	\$	706,692
Airport		47,197
Golf course		<u>69,246</u>
Total Business-Type Activities Depreciation Expense	\$	<u>823,135</u>

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2012

D. Long-Term Debt

The following is a summary of changes in the County's total long-term liabilities for the year ended December 31, 2012. In general, the County uses the general and debt service funds to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds, notes payable, and capital leases:					
General obligation bonds	\$ 1,300,000	\$ 5,455,000	\$ (1,300,000)	\$ 5,455,000	\$ 965,000
Obligations under capital leases	2,169,315	172,457	(513,364)	1,828,408	443,838
Less deferred amounts:					
Premium	-	101,895	(5,095)	96,800	-
	<u>3,469,315</u>	<u>5,729,352</u>	<u>(1,818,459)</u>	<u>7,380,208</u>	<u>* 1,408,838</u>
Other:					
Net OPEB Obligation	2,082,893	1,076,502	(154,703)	3,004,692	-
Compensated absences	409,675	389,089	(365,708)	433,056	389,750
Total Governmental Activities	<u>\$ 5,961,883</u>	<u>\$ 7,194,943</u>	<u>\$ (2,338,870)</u>	<u>\$ 10,817,956</u>	<u>\$ 1,798,588</u>
				<u>Long-term liabilities due in more than one year</u>	<u>\$ 9,019,368</u>
				<u>*Debt associated with capital assets</u>	<u>\$ 7,380,208</u>
Business-Type Activities:					
Landfill closure and post closure care costs	\$ 5,294,349	\$ 960,304	\$ -	\$ 6,254,653	\$ -
Total Business-Type Activities	<u>\$ 5,294,349</u>	<u>\$ 960,304</u>	<u>\$ -</u>	<u>\$ 6,254,653</u>	<u>\$ -</u>

See footnote IV. C for additional information regarding landfill closure and post closure care costs. The County is not obligated in any manner for special assessment debt.

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

General Obligation Refunding

On June 1, 2012, the County issued \$5,270,000 of general obligation refunding bonds, Series 2012. The refunding was undertaken to provide a present value savings in debt service payable by the County. The refunding reacquisition price exceeded the net carrying amount of the old debt by \$223,462. This amount is being netted against the new debt and amortized over the new debt's life, which is the same as the refunded debt. This debt refunding resulted in an economic gain of \$258,369 and a reduction of \$320,142 in future debt service payments. The bonds issued serve as an advanced and current debt refunding.

Advance Refunding

A portion of the series 2012 general obligation refunding bonds were placed in an irrevocable trust to provide for future debt service payments to defease \$2,370,000 of pass-through toll revenue and limited tax bonds, Series 2011 and \$1,210,000 of certificates of obligation, Series 2002. Accordingly, the trust

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2012

account assets and the liability for the defeased bonds are not included on the County's financial statements.

Current Refundings

The remainder of the \$5,270,000 general obligation refunding bonds were issued for a current refunding of \$550,000 of tax notes, Series 2007, and \$900,000 of tax notes, Series 2008.

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the County could result. Although the County does not anticipate that it will have any arbitrage liability, it periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

A summary of the County's debt service requirements, including interest, are as follows:

	<u>Percentage Interest Rate</u>	<u>Original Amount</u>	<u>Balance</u>
General Obligation Bonds			
2012 Refunding	2-3.00%	\$ 5,270,000	\$ 5,270,000
Series 2011 Revenue and Limited Tax Bonds	4.00%	\$ 185,000	185,000
			<u>5,455,000</u>
Capital Leases	Various	\$ 2,975,422	1,828,408
		Total	<u>\$ 7,283,408</u>

Annual debt service requirements to maturity for governmental activities of the County as of December 31, 2012 are as follows:

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 965,000	\$ 113,350	\$ 1,078,350
2014	980,000	92,050	1,072,050
2015	245,000	78,850	323,850
2016	250,000	73,900	323,900
2017	255,000	68,850	323,850
2018-2022	1,370,000	264,200	1,634,200
2023-2027	730,000	151,525	881,525
2028-2031	660,000	40,500	700,500
Total	<u>\$ 5,455,000</u>	<u>\$ 883,225</u>	<u>\$ 6,338,225</u>

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2012

Future minimum payments to retire capital lease obligations are as follows:

Fiscal Year	Capital Leases		
	Principal	Interest	Total
2013	\$ 443,838	\$ 83,344	\$ 527,182
2014	376,461	60,979	437,440
2015	331,069	42,461	373,530
2016	336,695	28,155	364,850
2017	340,345	14,209	354,554
Total	\$ 1,828,408	\$ 229,148	\$ 2,057,556

Machinery and equipment acquired under current capital lease obligations totaled \$2,657,827 and accumulated depreciation totaled \$1,290,536.

E. Short-term debt

The schedule below details the changes in short-term capital borrowings for governmental funds during the year ended December 31, 2012:

	Beginning Balance	Additions	(Reductions)	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Notes payable:					
Tax anticipation notes	\$ 4,705,000	\$ 7,000,000	\$ (4,705,000)	\$ 7,000,000	\$ 2,300,000
	<u>\$ 4,705,000</u>	<u>\$ 7,000,000</u>	<u>\$ (4,705,000)</u>	<u>\$ 7,000,000</u>	<u>\$ 2,300,000</u>

Tax Notes

On October 11, 2012, the County issued \$7,000,000 Series 2012 tax notes for the purpose of providing funds for construction and improvement of County roads and bridges, road and bridge equipment, County park improvements, construction and improvement of County buildings, acquisition of vehicles and paying costs of issuance. The tax note, which is recorded as a payable in the Capital Project 99 Construction fund, was issued in anticipation of the receipt of certain revenues. The note matures on March 1, 2019.

A summary of the County's debt service requirements on short term debt, including interest, are as follows:

	Percentage Interest Rate	Original Amount	Balance
Tax Notes			
Series 2012 Tax Notes	1.23%	\$ 7,000,000	\$ 7,000,000
			<u>\$ 7,000,000</u>

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2012

Annual debt service requirements to maturity for governmental activities on short-term debt of the County as of December 31, 2012 are as follows:

Fiscal Year	Tax Notes		
	Principal	Interest	Total
2013	\$ 2,300,000	\$ 62,388	\$ 2,362,388
2014	1,600,000	47,970	1,647,970
2015	750,000	33,518	783,518
2016	565,000	25,430	590,430
2017	580,000	18,389	598,389
2018-2019	1,205,000	14,913	1,219,913
Total	\$ 7,000,000	\$ 202,608	\$ 7,202,608

F. Interfund Transfers and Receivables and Payables

Operating transfers between funds during the 2012 year were as follows:

	Transfers in	Transfers out
Governmental funds:		
Individual major governmental funds:		
General	\$ -	\$ 5,791,591
Permanent	-	58,382
CDBG disaster rec - housing	17,355	
CDBG disaster rec - non housing	181,583	
Capital project 99 construction	277,843	
Other non-major governmental funds	126,136	1,416
Total Governmental Funds	604,333	5,851,389
Enterprise funds:		
Individual major enterprise funds:		
Solid waste	4,822,366	-
Other non major enterprise funds	424,690	-
Total Enterprise Funds	5,247,056	-
Total Transfers	\$ 5,851,389	\$ 5,851,389

Transfers are used to move unrestricted general fund revenues to finance various programs that the County must account for in the other governmental and business-type funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2012

The composition of interfund balances as of December 31, 2012, is as follows:

	Due from	Due to
Governmental funds:		
General:		
CDBG disaster rec - non housing	64,943	-
Capital project 99 construction	39,195	-
Internal service fund	15,398	-
Nonmajor governmental	2,500	-
CDBG disaster rec - non housing:		
General	-	64,943
Capital project 99 construction:		
General	-	39,195
Internal service fund:		
General	-	15,398
Nonmajor governmental:		
General	-	2,500
	\$ 122,036	\$ 122,036

Amounts recorded as due to/from are considered temporary loans and will be repaid during the following year.

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; errors and omissions; and natural disasters for which the County carries commercial insurance. In addition, the County participates along with 279 other entities in the Texas Association of Counties Workers' Compensation Self-Insurance Fund. This pool was created by the Texas Association of Counties in 1974 to insure the County for workers' compensation related claims. This pool purchases commercial insurance at group rates for participants in the pool. The County has no additional risk or responsibility to either of the pools in which it participates, outside of payment of insurance premiums. The County has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three fiscal years.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, 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 is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the County.

The County reports liabilities when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2012

reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency, and amount of payout and other economic and social factors. The liability for claims and judgments is reported in the government-wide financial statements because it is not expected to be liquidated with expendable, available financial resources. However, none are reported at December 31, 2012.

C. Landfill Closure and Post Closure Care Cost

Current state regulations and the U.S. Environmental Protection Agency (EPA) require the County to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County is required to recognize a portion of the landfill closure and post closure care liability each year. Recognition of the liability is based on the landfill capacity used to date. The operations of the landfill are recorded in the solid waste fund, one of the enterprise funds used by the County.

The County's estimate of the total cost of closure and post closure care for 30 years, under permits and regulations currently in effect, is \$6,653,886. The \$6,254,653 reported as landfill closure and post closure care liability at December 31, 2012 is based on the use of 94 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post closure care of \$399,233 as the remaining estimated capacity is filled.

Based on the current usage during 2012, it is estimated that the remaining capacity will be filled in 3.1 years. The County anticipates additional future cell construction to increase overall capacity.

The estimated total current cost of the landfill closure and post closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2012. However, the actual cost of closure and post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

D. Other Post Employment Benefits

Plan Description

In order to recognize and reward long-term employees, as well as to provide an incentive for remaining in the County's employment, the County administers a single-employer defined benefit other post employment benefits (OPEB) plan, known as the Chambers County Post Retirement Health Plan (the "Plan"). The Plan offers coverage for the continuation of medical, dental, vision, and life insurance coverage of certain retirees, as noted below.

In order to be eligible for this benefit, the retiree must be, or have been, a full-time employee of the County for eight consecutive years immediately prior to retirement; and satisfy the applicable plan requirements for the extension of retiree coverage under the medical, dental, vision, and life insurance benefit plan offered by the County at the time of retirement.

Beginning with retirement, and ending once Medicare eligibility is reached, the County shall offer the retiree medical coverage in accordance with the following: 100 percent of the premium costs for retirees retiring after age 59, but before age 65, and having at least eight years of full-time service with the County for a maximum of five years or until Medicare eligibility is reached and; 100 percent of the premium costs for retirees retiring before age 60 and having at least 30 years of full-time service with the County, for a maximum of five years or until Medicare eligibility is reached and; will offer coverage, at the same cost as active employees, to retirees who retire with at least eight years of full-time service until

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2012

age 60 and provide 100 percent of the premium costs after age 60 until Medicare eligibility is reached. Beginning with retirement, the County shall offer the retiree dental, vision, and life coverage at the same cost as active employees until the retiree chooses to end coverage. To provide medical, dental, vision, and life coverage to their spouses and dependents, eligible retirees must pay 100 percent of the cost.

Funding Policy

The County has elected to finance the OPEB plan on a pay-as-you-go basis.

Annual OPEB Cost

The County's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan, and the County's net OPEB obligation:

Annual Required Contribution (ARC)	\$	1,083,445
Interest on OPEB Obligation		62,487
Adjustment to ARC		(69,430)
End of Year Annual OPEB Cost (Expense)		1,076,502
Net Estimated Employer Contributions		(154,703)
Increase in Net OPEB Obligation		921,799
Net OPEB Obligation-beginning of year		2,082,893
Net OPEB Obligation-end of year	\$	3,004,692

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2012 and the two preceding years are as follows:

Fiscal Year	Annual OPEB	Percentage of AOC	Net OPEB Obligation	
	Cost (AOC)		Contributed	Beginning
2010	\$ 980,549	27.52%	\$ 719,070	\$ 1,429,739
2011	\$ 952,549	14.22%	\$ 1,429,739	\$ 2,082,893
2012	\$ 1,076,502	12.58%	\$ 2,082,893	\$ 3,004,692

A separate audited GAAP basis post employment benefit plan report is not available.

Actuarial Information

The contribution requirement has been actuarially determined. The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress immediately following the notes presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point, and the projections of benefits for financial reporting purposes

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2012

do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective and, consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Funded Status and Funding Progress

As of the actuarial valuation date of January 1, 2012, the actuarial value of plan assets is zero dollars, the actuarial accrued liability is \$6,069,240, the total unfunded actuarial liability is \$6,069,240, and the actuarial value of assets as a percentage of the actuarial accrued liability is zero percent. The annual covered payroll as of the most recent valuation was \$13,626,001 and the UAAL as a percentage of the annual covered payroll was 44.5 percent.

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Remaining Amortization Period	30 Years - Open period
Asset Valuation Method	N/A
Investment Rate of Return	3.0%
Projected Salary Increases	N/A
Healthcare Cost Trend Rate (Initial/Ulimate)	12%/5%

E. Deferred Compensation Plans

The County offers its employees deferred compensation plans created in accordance with Internal Revenue Service Code, Section 457. The plans permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination, death, or unforeseeable emergencies.

Federal law requires all assets and income of Section 457 plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries. The County's deferred compensation plans are administered by private corporations under contract with the County. Total participant contributions were approximately \$60,691 for the year ended December 31, 2012. The County does not contribute to the plans.

F. Pension Plans

Plan Description

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

The plan provisions are adopted by the Commissioners' Court within the options available in Texas state statutes governing TCERS (TCERS Act). Members can retire at ages 60 and above with eight or more

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2012

years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

Funding Policy

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 13.16 percent for calendar year 2012.

The Commissioners' Court adopted the rate of seven percent as the contribution rate payable by the employee members for calendar year 2012. The Commissioners' Court may change the employee contribution rate and the employer contribution rate within the options available in the TCDRS Act.

Annual Pension Costs

The County's schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

The funded status as of December 31, 2011, the most recent valuation date, is as follows:

	2012
Actuarial Valuation Date	12/31/2011
Actuarial Value of Assets	\$ 41,619,303
Actuarial Accrued Liability	\$ 50,322,257
Percentage Funded	82.71%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 8,702,954
Annual Covered Payroll	\$ 13,626,001
UAAL as a Percentage of Covered Payroll	63.87%

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

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2012

Actuarial Cost Method	Entry age
Amortization Method	Level % of payroll
Remaining Amortization Period	20 years - closed
Asset Valuation Method	
Subdivision Accumulation Fund	10-yr smoothed value
Employees Saving Fund	Fund value
Investment Rate of Return	8.0%
Projected Salary Increases	5.4%
Inflation	3.5%
Cost of Living Adjustments	None

	2012	2011	2010
Annual Req. Contrib. (ARC)	\$ 1,839,304	\$ 1,707,340	\$ 1,427,755
Contributions made	1,839,304	1,707,340	1,427,755
NPO at the End of Period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

G. Health Care

The County maintains a self-insured health plan (the "Plan") for all eligible employees and retirees. Such activities are reported in an internal service fund, the medical benefit fund. Revenues are recognized from payroll deductions for employee dependent coverage and from County contributions for employee coverage. At year end, the County has recorded current health claim liabilities of \$478,048 in the internal service fund. These liabilities are based on requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable a liability has been incurred as of the date of the financial statements and the amount of loss can be reasonably estimated. Changes in the balances of claims liabilities during the last two years ended December 31 are as follows:

	2012	2011
Beginning balance	\$ 764,634	\$ 406,410
Claims incurred	3,602,891	3,511,781
Claim paid	(3,889,477)	(3,153,557)
Ending balance	<u>\$ 478,048</u>	<u>\$ 764,634</u>

H. Hurricane Ike

Prior to making landfall on September 12, 2008, the National Hurricane Center forecasted that Hurricane Ike, a category four hurricane, would likely come ashore just west of the County placing the County on the "dirty side" of the storm. Actual landfall occurred west of the County, in Galveston, Texas. Although at landfall, the storm was rated as a category two hurricane, Ike was unusually large and had a storm surge disproportional to its wind speed (category). The storm resulted in extensive flooding, wind damage, and a massive amount of debris removal.

The County incurred substantial expenses: planning and preparing for the event, providing refuge and assistance to citizens of the area, manning emergency operations, and cleaning up debris. Many of these expenditures incurred by the County are expected to be reimbursed by the Federal Emergency Management Agency (FEMA). The County has estimated the amount it anticipates to recover from FEMA for the portion of expenditures incurred. However, FEMA's policies have and will likely change; therefore, the actual reimbursement could differ from the amount estimated based on the County's current understanding and interpretation of FEMA's policies. FEMA representatives have informally questioned

CHAMBERS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2012

a timekeeping method used by one of the debris removal contractors. At this time, it is unknown how much, if any, of the remaining reimbursement may be disallowed.

I. Accounting Changes and Restatement

In the fiscal year ending December 31, 2012, the County implemented GASB Statement 65, *Items previously reported as Assets and Liabilities*. In accordance with this statement, beginning net position of the governmental activities has been reduced by \$99,212 to remove previously capitalized bond issuance costs. The County has also restated beginning net position due to overstatement of capital assets and depreciation at the government-wide level as required by generally accepted accounting principles. Net position has also been restated due to reclassification of prepaid expenses in the prior year. The conversion of prior year ending net position to beginning net position is as follows:

	Governmental Activities
Prior year ending net position as reported	\$ 50,017,170
Change in reporting of capital assets	(2,670,630)
Change in reporting of depreciation	27,794
Change in reporting of prepaid expenses	(138,685)
Change in reporting of bond issuance costs	(99,212)
Restated Beginning Net Position	\$ 47,136,437

(This page intentionally left blank.)

REQUIRED SUPPLEMENTARY INFORMATION

(This page intentionally left blank.)

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 1 of 3)
GENERAL FUND

For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended	Actual	
Revenues				
Taxes	\$ 19,463,171	\$ 19,463,171	\$ 20,586,249	\$ 1,123,078
Intergovernmental	121,500	121,500	83,895	(37,605)
Fees	943,300	943,300	1,011,039	67,739
Fines and forfeitures	646,000	646,000	507,874	(138,126)
Investment income	514,000	514,000	482,764	(31,236)
Other	658,700	658,700	707,004	48,304
Total Revenues	22,346,671	22,346,671	23,378,825	1,032,154
Expenditures				
General Government:				
Commissioners' Court	962,360	1,346,760	1,346,438	322
Non-departmental	3,247,760	2,069,248	1,827,668	241,580
Data processing	317,490	317,490	312,563	4,927
Communications	173,940	176,840	176,827	13
Maintenance	311,500	328,500	328,320	180
Total General Government	5,013,050	4,238,838	3,991,816	247,022
Financial Administration:				
County Auditor	372,185	311,614	311,614	-
County Treasurer	251,920	254,120	254,040	80
Tax Assessor	831,850	840,550	840,505	45
Budget and planning	302,220	284,503	284,503	-
Purchasing	123,190	123,190	119,570	3,620
Total Financial Administration	1,881,365	1,813,977	1,810,232	3,745
Justice System:				
County Court	66,900	66,900	55,969	10,931
District Court	640,140	725,140	725,026	114
District Clerk	356,670	356,670	349,486	7,184
County Clerk	626,440	654,940	654,799	141
Justice of the Peace, Pct #1	212,530	216,230	216,146	84
Justice of the Peace, Pct #2	246,610	246,610	239,481	7,129
Justice of the Peace, Pct #3	67,560	67,760	67,726	34
Justice of the Peace, Pct #4	189,425	189,425	188,132	1,293
Justice of the Peace, Pct #5	152,405	152,405	151,874	531
Justice of the Peace, Pct #6	247,615	247,615	247,253	362
Juvenile Probation	51,150	58,450	58,434	16
County Attorney	357,450	361,350	361,309	41
District Attorney	477,030	518,530	518,092	438
Elections	151,850	179,850	179,695	155
Total Justice System	3,843,775	4,041,875	4,013,422	28,453

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 2 of 3)
GENERAL FUND

For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended		
Expenditures (continued)				
Health and Welfare:				
Environmental health	\$ 243,820	\$ 252,820	\$ 252,592	\$ 228
Health department	248,490	252,490	241,196	11,294
Indigent health care	637,880	637,880	498,978	138,902
Nurse practitioner	78,180	78,180	68,733	9,447
Welfare	28,000	28,000	22,154	5,846
Rehabilitation	47,380	47,380	45,000	2,380
Mosquito control	673,180	813,264	800,591	12,673
Total Health and Welfare	<u>1,956,930</u>	<u>2,110,014</u>	<u>1,929,244</u>	<u>180,770</u>
Culture and Recreational:				
Libraries	567,380	577,780	577,689	91
Agricultural extension	221,510	221,510	212,604	8,906
Parks and recreation	981,600	981,600	956,891	24,709
Historical commission	7,525	7,525	5,275	2,250
Total Culture and Recreational	<u>1,778,015</u>	<u>1,788,415</u>	<u>1,752,459</u>	<u>35,956</u>
Law Enforcement and Public Safety:				
Emergency management	145,010	145,010	88,384	56,626
Safety department	36,900	36,900	33,404	3,496
Constable, Precinct #1	80,250	84,850	84,781	69
Constable, Precinct #2	149,070	152,470	152,418	52
Constable, Precinct #3	79,290	79,290	79,134	156
Constable, Precinct #4	79,210	79,780	79,778	2
Constable, Precinct #5	80,490	85,090	85,016	74
Constable, Precinct #6	79,930	80,730	80,719	11
Jail	941,200	996,200	995,615	585
Sheriff	5,376,100	5,376,100	5,334,958	41,142
Total Law Enforcement and Public Safety	<u>7,047,450</u>	<u>7,116,420</u>	<u>7,014,207</u>	<u>102,213</u>
Capital:				
Capital outlay	1,712,500	1,912,679	1,912,679	-
Total Capital	<u>1,712,500</u>	<u>1,912,679</u>	<u>1,912,679</u>	<u>-</u>
Debt Service:				
Principal	149,514	390,514	389,819	695
Interest and other	101,986	101,986	101,986	-
Total Debt Service	<u>251,500</u>	<u>492,500</u>	<u>491,805</u>	<u>695</u>
Total Expenditures	<u>23,484,585</u>	<u>23,514,718</u>	<u>22,915,864</u>	<u>598,854</u>

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 3 of 3)
GENERAL FUND

For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with
	Original Budget	Budget as Amended		Final Budget
Excess (Deficiency) of				Positive
Revenues Over (Under) Expenditures	(1,137,914)	(1,168,047)	462,961	(Negative)
Other Financing Sources (Uses)				
Operating transfers in	4,477,408	4,477,408	-	(4,477,408)
Operating transfers (out)	(3,339,494)	(5,811,330)	(5,791,591)	19,739
Total Other Financing Sources (Uses)	1,137,914	(1,333,922)	(5,791,591)	(4,457,669)
Net Change in Fund Balance	\$ -	\$ (2,501,969)	(5,328,630)	\$ (2,826,661)
Beginning fund balance			19,786,311	
Ending Fund Balance			\$ 14,457,681	
Net Change in Fund Balance - Budgetary Basis			(5,328,630)	
Reconciliation of Fund balance				
Capital lease			172,457	
Net Change in Fund Balance - GAAP Basis			\$ (5,156,173)	

Notes to Required Supplementary Information (RSI):

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

(This page intentionally left blank.)

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended	Actual	
Revenues				
Taxes	\$ 4,978,647	\$ 4,978,647	\$ 5,234,014	\$ 255,367
Intergovernmental	10,500	10,500	11,110	610
Fees	735,000	735,000	676,594	(58,406)
Fines and forfeitures	420,000	420,000	469,353	49,353
Investment income	30,000	30,000	32,819	2,819
Other	177,100	177,100	218,857	41,757
Total Revenues	<u>6,351,247</u>	<u>6,351,247</u>	<u>6,642,747</u>	<u>291,500</u>
Expenditures				
Current:				
Transportation	6,621,700	6,354,732	6,273,924	80,808
Capital:				
Capital outlay	320,000	588,000	587,289	711
Debt Service:				
Principal	19,608	19,608	9,278	10,330
Interest and other	392	392	392	-
Total Expenditures	<u>6,961,700</u>	<u>6,962,732</u>	<u>6,870,883</u>	<u>91,849</u>
(Deficiency) of Revenues (Under) Expenditures	(610,453)	(611,485)	(228,136)	383,349
Other Financing Sources (Uses)				
Transfers in	610,453	610,453	1,416	(609,037)
Total Other Financing Sources	<u>610,453</u>	<u>610,453</u>	<u>1,416</u>	<u>(609,037)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (1,032)</u>	(226,720)	<u>\$ (225,688)</u>
Beginning fund balance			<u>247,962</u>	
Ending Fund Balance			<u>\$ 21,242</u>	

Notes to Required Supplementary Information (RSI):

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

CHAMBERS COUNTY, TEXAS
SCHEDULE OF FUNDING PROGRESS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
For the Year Ended December 31, 2012

The County's annual covered payroll and pension costs are actuarially valued on a calendar year basis. Because the County makes all the annually required contributions, no net pension obligation (NPO) exists. The information presented below represents the County's schedule of funding progress.

Fiscal Year	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarial Valuation Date	12/31/2011	12/31/2010	12/31/2009	12/31/2008
Actuarial Value of Assets	\$ 41,619,303	\$ 40,062,982	\$ 37,536,933	\$ 33,581,883
Actuarial Accrued Liability	\$ 50,322,257	\$ 47,618,970	\$ 44,565,811	\$ 39,369,020
Percentage Funded	82.71%	84.13%	84.23%	85.30%
Unfunded Actuarial				
Accrued Liability (UAAL)	\$ 8,702,954	\$ 7,555,988	\$ 7,028,878	\$ 5,787,137
Annual Covered Payroll	\$ 13,626,001	\$ 12,885,857	\$ 13,928,984	\$ 13,744,942
UAAL % of Covered Payroll	63.87%	58.64%	50.46%	42.10%
Net Pension Obligation (NPO)				
at the Beginning of Period	\$ -	\$ -	\$ -	\$ -
Annual Req. Contrib. (ARC)	1,839,304	1,707,340	1,427,755	1,371,899
Contributions Made	1,839,304	1,707,340	1,427,755	1,371,899
NPO at the End of Period	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CHAMBERS COUNTY, TEXAS
SCHEDULE OF FUNDING PROGRESS
POST EMPLOYMENT HEALTHCARE BENEFITS
For the Year Ended December 31, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
01/01/08	\$ -	\$ 2,780,045	\$ 2,780,045	0.0%	\$ 12,170,324	22.8%
01/01/10	\$ -	\$ 5,530,610	\$ 5,530,610	0.0%	\$ 13,928,984	39.7%
01/01/12	\$ -	\$ 6,069,240	\$ 6,069,240	0.0%	\$ 13,626,001	44.5%

(This page intentionally left blank.)

***COMBINING STATEMENTS
AND SCHEDULES***

(This page intentionally left blank.)

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Taxes	\$ 1,230,859	\$ 1,230,859	\$ 1,304,386	\$ 73,527
Investment income	15,000	15,000	9,429	(5,571)
Total Revenues	<u>1,245,859</u>	<u>1,245,859</u>	<u>1,313,815</u>	<u>67,956</u>
<u>Expenditures</u>				
Principal	915,000	915,000	790,000	125,000
Interest and fiscal charges	236,007	236,007	145,337	90,670
Debt issuance costs	-	193,433	193,433	-
Advance refunding escrow	-	75,000	75,000	-
Payment to defeased bond escrow agent	-	1,439,417	1,439,417	-
Total Expenditures	<u>1,151,007</u>	<u>2,858,857</u>	<u>2,643,187</u>	<u>215,670</u>
Excess(Deficiency) of Revenues Over (Under) Expenditures	<u>94,852</u>	<u>(1,612,998)</u>	<u>(1,329,372)</u>	<u>283,626</u>
<u>Other Financing Sources (Uses)</u>				
Debt issued	-	-	5,270,000	5,270,000
Premium on refunded bond	-	-	101,895	101,895
Payment to refunded bond escrow agent	-	(3,739,045)	(3,739,045)	-
Total Other Financing Sources	<u>-</u>	<u>(3,739,045)</u>	<u>1,632,850</u>	<u>5,371,895</u>
Net Change in Fund Balance	<u>\$ 94,852</u>	<u>\$ (5,352,043)</u>	<u>303,478</u>	<u>\$ 5,655,521</u>
Beginning fund balance			<u>-</u>	
Ending Fund Balance			<u>\$ 303,478</u>	

(This page intentionally left blank.)

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PERMANENT SCHOOL FUND
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Investment income	\$ 75,000	\$ 75,000	\$ 55,862	\$ (19,138)
Other income	250,000	250,000	4,327,384	4,077,384
Total Revenues	<u>325,000</u>	<u>325,000</u>	<u>4,383,246</u>	<u>4,058,246</u>
<u>Expenditures</u>				
General government	-	3,861,799	3,861,799	-
Total Expenditures	<u>-</u>	<u>3,861,799</u>	<u>3,861,799</u>	<u>-</u>
Excess(Deficiency) of Revenues Over (Under) Expenditures	<u>325,000</u>	<u>(3,536,799)</u>	<u>521,447</u>	<u>4,058,246</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	30,000	30,000	-	(30,000)
Transfers (out)	(100,000)	(100,000)	(58,382)	41,618
Total Other Financing Sources	<u>(100,000)</u>	<u>(100,000)</u>	<u>(58,382)</u>	<u>41,618</u>
Net Change in Fund Balance	<u>\$ 225,000</u>	<u>\$ (3,636,799)</u>	463,065	<u>\$ 4,099,864</u>
Beginning fund balance			<u>2,981,119</u>	
Ending Fund Balance			<u>\$ 3,444,184</u>	

CHAMBERS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 1 of 6)
December 31, 2012

	Special Revenue Funds			
	Lateral Road	County Court Fee	Youth Activity	Worthless Check
Assets				
Cash and cash equivalents	\$ 113,505	\$ 27,113	\$ 18,900	\$ 26,459
Receivables, net	-	-	-	-
Due from other governments	-	-	-	-
Total Assets	\$ 113,505	\$ 27,113	\$ 18,900	\$ 26,459
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances:				
Restricted for:				
Grants	-	-	-	-
Special projects	-	27,113	18,900	26,459
Capital projects	113,505	-	-	-
Total Fund Balances	113,505	27,113	18,900	26,459
Total Liabilities and Fund Balances	\$ 113,505	\$ 27,113	\$ 18,900	\$ 26,459

Special Revenue Funds

County Attorney DWI	District Attorney Drug Prevention	Sheriff Forfeiture	Hotel Tax	District Attorney Seizure & Forfeiture	Election
\$ 34,657	\$ 41,082	\$ 158,989	\$ 204,144	\$ 413,471	\$ 11,607
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 34,657</u>	<u>\$ 41,082</u>	<u>\$ 158,989</u>	<u>\$ 204,144</u>	<u>\$ 413,471</u>	<u>\$ 11,607</u>
\$ -	\$ -	\$ 7,042	\$ 1,610	\$ 564	\$ -
-	-	-	-	-	-
-	-	7,042	1,610	564	-
-	-	-	-	-	-
34,657	41,082	151,947	202,534	412,907	11,607
-	-	-	-	-	-
<u>34,657</u>	<u>41,082</u>	<u>151,947</u>	<u>202,534</u>	<u>412,907</u>	<u>11,607</u>
<u>\$ 34,657</u>	<u>\$ 41,082</u>	<u>\$ 158,989</u>	<u>\$ 204,144</u>	<u>\$ 413,471</u>	<u>\$ 11,607</u>

CHAMBERS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 2 of 6)
December 31, 2012

	Special Revenue Funds			
	LEOSE Allocation	HUD Sec. 8 Housing Program	County Clerk Records Archives	Justice Court Technology
Assets				
Cash and cash equivalents	\$ 14,435	\$ 19,090	\$ 451,487	\$ 46,605
Receivables, net	-	-	-	-
Due from other governments	-	-	-	-
Total Assets	\$ 14,435	\$ 19,090	\$ 451,487	\$ 46,605
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 715	\$ -	\$ 202,964	\$ 496
Due to other funds	-	-	-	-
Total Liabilities	715	-	202,964	496
Fund Balances:				
Restricted for:				
Grants	13,720	19,090	-	-
Special projects	-	-	248,523	46,109
Capital projects	-	-	-	-
Total Fund Balances	13,720	19,090	248,523	46,109
Total Liabilities and Fund Balances	\$ 14,435	\$ 19,090	\$ 451,487	\$ 46,605

Special Revenue Funds

Courthouse Security	Records Mgmt County Clerk	Records Mgmt District Clerk	Jail Commissary	Narcotics Task Force	Health Services Sales Tax
\$ -	\$ 271,481	\$ 27,848	\$ 16,361	\$ 76,447	\$ 4,014,051
-	-	-	-	-	598,815
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 271,481</u>	<u>\$ 27,848</u>	<u>\$ 16,361</u>	<u>\$ 76,447</u>	<u>\$ 4,612,866</u>
\$ -	\$ 137	\$ -	\$ 2,574	\$ 76,447	\$ 239,108
-	-	-	-	-	-
-	137	-	2,574	76,447	239,108
-	-	-	-	-	-
-	271,344	27,848	13,787	-	4,373,758
-	-	-	-	-	-
-	271,344	27,848	13,787	-	4,373,758
<u>\$ -</u>	<u>\$ 271,481</u>	<u>\$ 27,848</u>	<u>\$ 16,361</u>	<u>\$ 76,447</u>	<u>\$ 4,612,866</u>

CHAMBERS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 3 of 6)
December 31, 2012

	Special Revenue Funds			
	Available School	HGAC ACSEC Addressing Pool	Juvenile Probation	Community Corrections Assistance
Assets				
Cash and cash equivalents	\$ 152,537	\$ 10,083	\$ 13,952	\$ -
Receivables, net	-	-	-	-
Due from other governments	-	-	-	-
Total Assets	\$ 152,537	\$ 10,083	\$ 13,952	\$ -
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 1,710	\$ -
Due to other funds	2,500	-	-	-
Total Liabilities	2,500	-	1,710	-
Fund Balances:				
Restricted for:				
Grants	-	10,083	12,242	-
Special projects	150,037	-	-	-
Capital projects	-	-	-	-
Total Fund Balances	150,037	10,083	12,242	-
Total Liabilities and Fund Balances	\$ 152,537	\$ 10,083	\$ 13,952	\$ -

Special Revenue Funds

Indegent Defense Formula	WIC Peer Counseling	Airport Maintenance (Anahuac)	Airport Maintenance (Winnie)	SCAAP	Grant: Dpt of Jst: Vest Grant
\$ 96,519	\$ 1,074	\$ 13,628	\$ 1,850	\$ 28,425	\$ -
-	-	-	-	-	-
-	-	-	-	-	2,475
<u>\$ 96,519</u>	<u>\$ 1,074</u>	<u>\$ 13,628</u>	<u>\$ 1,850</u>	<u>\$ 28,425</u>	<u>\$ 2,475</u>
\$ -	\$ 39	\$ -	\$ -	\$ 2,243	\$ -
-	-	-	-	-	-
-	39	-	-	2,243	-
96,519	1,035	13,628	1,850	26,182	2,475
-	-	-	-	-	-
-	-	-	-	-	-
<u>96,519</u>	<u>1,035</u>	<u>13,628</u>	<u>1,850</u>	<u>26,182</u>	<u>2,475</u>
<u>\$ 96,519</u>	<u>\$ 1,074</u>	<u>\$ 13,628</u>	<u>\$ 1,850</u>	<u>\$ 28,425</u>	<u>\$ 2,475</u>

CHAMBERS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 4 of 6)
December 31, 2012

	Special Revenue Funds			
	CCDA Equipment Project	SHSP DPA	USDHHS BVCAA	Grant: VAWA
Assets				
Cash and cash equivalents	\$ 26	\$ 197,468	\$ 1,443	\$ 87
Receivables, net	-	-	-	-
Due from other governments	-	-	-	-
Total Assets	\$ 26	\$ 197,468	\$ 1,443	\$ 87
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 5,000	\$ 577	\$ -
Due to other funds	-	-	-	-
Total Liabilities	-	5,000	577	-
Fund Balances:				
Restricted for:				
Grants	26	192,468	866	87
Special projects	-	-	-	-
Capital projects	-	-	-	-
Total Fund Balances	26	192,468	866	87
Total Liabilities and Fund Balances	\$ 26	\$ 197,468	\$ 1,443	\$ 87

Special Revenue Funds

USDHHS TDH WIC	Help America Vote Act	Texas Traffic Safety Program	FEMA United Way	Title IV	Victim of Crime Act
\$ 601	\$ 38,441	\$ 41,400	\$ 2,854	\$ 29,247	\$ 2,731
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 601</u>	<u>\$ 38,441</u>	<u>\$ 41,400</u>	<u>\$ 2,854</u>	<u>\$ 29,247</u>	<u>\$ 2,731</u>
\$ 601	-	-	-	-	-
-	-	-	-	-	-
<u>601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	38,441	41,400	2,854	29,247	2,731
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>38,441</u>	<u>41,400</u>	<u>2,854</u>	<u>29,247</u>	<u>2,731</u>
<u>\$ 601</u>	<u>\$ 38,441</u>	<u>\$ 41,400</u>	<u>\$ 2,854</u>	<u>\$ 29,247</u>	<u>\$ 2,731</u>

CHAMBERS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 5 of 6)
December 31, 2012

	Special Revenue Funds			
	CIAP	Chapter Nineteen	Justice Court Building Security	DC Records Technology
Assets				
Cash and cash equivalents	\$ 1,119,786	\$ 843	\$ 22,595	\$ 1,396
Receivables, net	-	-	-	-
Due from other governments	-	-	-	-
Total Assets	\$ 1,119,786	\$ 843	\$ 22,595	\$ 1,396
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 485	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total Liabilities	485	-	-	-
Fund Balances:				
Restricted for:				
Grants	1,119,301	843	-	-
Special projects	-	-	22,595	1,396
Capital projects	-	-	-	-
Total Fund Balances	1,119,301	843	22,595	1,396
Total Liabilities and Fund Balances	\$ 1,119,786	\$ 843	\$ 22,595	\$ 1,396

Special Revenue Funds

<u>Pretrial Intervention Programs</u>	<u>CC/DC Record Preservation</u>	<u>DC/CC Technology</u>	<u>District Attorney Federal Sharing</u>	<u>Sheriff's Federal Sharing</u>	<u>Child Abuse Prevention</u>
\$ 16,000	\$ 5,902	\$ 489	\$ 12,564	\$ 94	\$ 100
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 16,000</u>	<u>\$ 5,902</u>	<u>\$ 489</u>	<u>\$ 12,564</u>	<u>\$ 94</u>	<u>\$ 100</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	100
16,000	5,902	489	12,564	94	-
-	-	-	-	-	-
<u>16,000</u>	<u>5,902</u>	<u>489</u>	<u>12,564</u>	<u>94</u>	<u>100</u>
<u>\$ 16,000</u>	<u>\$ 5,902</u>	<u>\$ 489</u>	<u>\$ 12,564</u>	<u>\$ 94</u>	<u>\$ 100</u>

CHAMBERS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 6 of 6)
December 31, 2012

	Special Revenue Funds	Capital Project Fund	
	Capital Prosecution Project	Capital Project 02 Construction	Total Nonmajor Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ -	\$ 947,657	\$ 8,747,524
Receivables, net	-	-	598,815
Due from other governments	-	-	2,475
Total Assets	\$ -	\$ 947,657	\$ 9,348,814
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 213,000	\$ 755,312
Due to other funds	-	-	2,500
Total Liabilities	-	213,000	757,812
Fund Balances:			
Restricted for:			
Grants	-	-	1,625,188
Special projects	-	-	6,117,652
Capital projects	-	734,657	848,162
Total Fund Balances	-	734,657	8,591,002
Total Liabilities and Fund Balances	\$ -	\$ 947,657	\$ 9,348,814

(This page intentionally left blank.)

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 1 of 6)
For the Year Ended December 31, 2012

	Special Revenue Funds			
	Lateral Road	County Court Fee	Youth Activity	Worthless Check
Revenues				
Taxes	\$ 22,123	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Fees	-	3,340	-	3,606
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>22,123</u>	<u>3,340</u>	<u>-</u>	<u>3,606</u>
Expenditures				
Current:				
Personnel	-	-	-	3,374
Supplies	-	-	-	-
Miscellaneous	-	-	-	-
Contractual services	-	-	-	-
Capital:				
Capital outlay	-	-	-	-
Debt Service:				
Principal and interest	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,374</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>22,123</u>	<u>3,340</u>	<u>-</u>	<u>232</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	22,123	3,340	-	232
Beginning fund balances	<u>91,382</u>	<u>23,773</u>	<u>18,900</u>	<u>26,227</u>
Ending Fund Balances	<u>\$ 113,505</u>	<u>\$ 27,113</u>	<u>\$ 18,900</u>	<u>\$ 26,459</u>

Special Revenue Funds

County Attorney DWI	District Attorney Drug Prevention	Sheriff Forfeiture	Hotel Tax	District Attorney Seizure & Forfeiture	Election
\$ -	\$ -	\$ -	\$ 317,932	\$ -	\$ -
-	-	-	-	-	-
4,393	5,901	-	-	-	-
-	-	24,211	-	55,109	-
-	-	2,442	5,190	5,540	-
-	-	-	559	1,151	2,571
<u>4,393</u>	<u>5,901</u>	<u>26,653</u>	<u>323,681</u>	<u>61,800</u>	<u>2,571</u>
-	-	-	34,184	26,579	-
4,239	11,853	11,258	-	50,146	-
-	-	-	-	-	-
-	-	-	474,661	-	-
-	-	48,830	-	38,951	-
-	-	-	-	-	-
<u>4,239</u>	<u>11,853</u>	<u>60,088</u>	<u>508,845</u>	<u>115,676</u>	<u>-</u>
<u>154</u>	<u>(5,952)</u>	<u>(33,435)</u>	<u>(185,164)</u>	<u>(53,876)</u>	<u>2,571</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
154	(5,952)	(33,435)	(185,164)	(53,876)	2,571
<u>34,503</u>	<u>47,034</u>	<u>185,382</u>	<u>387,698</u>	<u>466,783</u>	<u>9,036</u>
<u>\$ 34,657</u>	<u>\$ 41,082</u>	<u>\$ 151,947</u>	<u>\$ 202,534</u>	<u>\$ 412,907</u>	<u>\$ 11,607</u>

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 2 of 6)
For the Year Ended December 31, 2012

	Special Revenue Funds			
	LEOSE Allocation	HUD Sec. 8 Housing Program	County Clerk Records Archives	Justice Court Technology
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Fees	-	1,230	49,385	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	6,499	-
Other	-	-	-	22,444
Total Revenues	-	1,230	55,884	22,444
Expenditures				
Current:				
Personnel	-	-	-	-
Supplies	-	-	-	21,723
Miscellaneous	-	-	-	-
Contractual services	9,304	-	202,964	-
Capital:				
Capital outlay	-	-	-	17,471
Debt Service:				
Principal and interest	-	1,114	-	7,932
Total Expenditures	9,304	1,114	202,964	47,126
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,304)	116	(147,080)	(24,682)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(9,304)	116	(147,080)	(24,682)
Beginning fund balances	23,024	18,974	395,603	70,791
Ending Fund Balances	\$ 13,720	\$ 19,090	\$ 248,523	\$ 46,109

Special Revenue Funds

Courthouse Security	Records Mgmt County Clerk	Records Mgmt District Clerk	Jail Commissary	Narcotics Task Force	Health Services Sales Tax
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,542,950
-	-	-	-	-	-
30,455	75,693	14,862	-	-	-
-	-	-	-	-	-
-	3,729	-	-	-	46,355
-	-	-	-	-	-
<u>30,455</u>	<u>79,422</u>	<u>14,862</u>	<u>-</u>	<u>-</u>	<u>3,589,305</u>
43,397	14,837	18,201	-	-	217,093
-	5,032	458	-	-	50,313
26	-	-	-	-	-
-	419	-	-	-	1,338,915
48,897	-	-	-	-	296,578
470	2,653	-	-	-	102,032
<u>92,790</u>	<u>22,941</u>	<u>18,659</u>	<u>-</u>	<u>-</u>	<u>2,004,931</u>
<u>(62,335)</u>	<u>56,481</u>	<u>(3,797)</u>	<u>-</u>	<u>-</u>	<u>1,584,374</u>
62,335	-	-	-	-	-
-	-	-	-	-	-
<u>62,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	56,481	(3,797)	-	-	1,584,374
-	214,863	31,645	13,787	-	2,789,384
<u>\$ -</u>	<u>\$ 271,344</u>	<u>\$ 27,848</u>	<u>\$ 13,787</u>	<u>\$ -</u>	<u>\$ 4,373,758</u>

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 3 of 6)
For the Year Ended December 31, 2012

	Special Revenue Funds			
	Available School	HGAC ACSEC Addressing Pool	Juvenile Probation	Community Corrections Assistance
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	174,486	-
Fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	169,069	-	-	-
Other	-	-	-	-
Total Revenues	<u>169,069</u>	<u>-</u>	<u>174,486</u>	<u>-</u>
Expenditures				
Current:				
Personnel	-	-	173,500	69
Supplies	-	-	-	-
Miscellaneous	93,584	-	-	-
Contractual services	-	-	1,758	-
Capital:				
Capital outlay	-	-	-	-
Debt Service:				
Principal and interest	-	-	-	-
Total Expenditures	<u>93,584</u>	<u>-</u>	<u>175,258</u>	<u>69</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>75,485</u>	<u>-</u>	<u>(772)</u>	<u>(69)</u>
Other Financing Sources (Uses)				
Transfers in	58,382	-	-	69
Transfers (out)	(1,416)	-	-	-
Total Other Financing Sources (Uses)	<u>56,966</u>	<u>-</u>	<u>-</u>	<u>69</u>
Net Change in Fund Balances	132,451	-	(772)	-
Beginning fund balances	17,586	10,083	13,014	-
Ending Fund Balances	<u>\$ 150,037</u>	<u>\$ 10,083</u>	<u>\$ 12,242</u>	<u>\$ -</u>

Special Revenue Funds

Indigent Defense Formula	WIC Peer Counseling	Airport Maintenance (Anahuac)	Airport Maintenance (Winnie)	SCAAP	Grant: Dpt of Jst: Vest Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14,981	14,482	2,802	3,950	10,197	4,150
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>14,981</u>	<u>14,482</u>	<u>2,802</u>	<u>3,950</u>	<u>10,197</u>	<u>4,150</u>
-	12,754	-	-	6,023	-
19,975	-	-	-	-	-
-	-	368	3,904	-	6,349
-	693	1,617	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>19,975</u>	<u>13,447</u>	<u>1,985</u>	<u>3,904</u>	<u>6,023</u>	<u>6,349</u>
<u>(4,994)</u>	<u>1,035</u>	<u>817</u>	<u>46</u>	<u>4,174</u>	<u>(2,199)</u>
-	-	-	-	-	768
-	-	-	-	-	-
-	-	-	-	-	768
(4,994)	1,035	817	46	4,174	(1,431)
<u>101,513</u>	<u>-</u>	<u>12,811</u>	<u>1,804</u>	<u>22,008</u>	<u>3,906</u>
<u>\$ 96,519</u>	<u>\$ 1,035</u>	<u>\$ 13,628</u>	<u>\$ 1,850</u>	<u>\$ 26,182</u>	<u>\$ 2,475</u>

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 4 of 6)
For the Year Ended December 31, 2012

	Special Revenue Funds			
	CCDA Equipment Project	SHSP DPA	USDHHS BVCAA	Grant: VAWA
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	176,244	55,000	27,261
Fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
Total Revenues	-	176,244	55,000	27,261
Expenditures				
Current:				
Personnel	-	48,358	-	27,174
Supplies	-	109,483	55,000	-
Miscellaneous	-	-	-	-
Contractual services	-	-	-	-
Capital:				
Capital outlay	-	-	-	-
Debt Service:				
Principal and interest	-	-	-	-
Total Expenditures	-	157,841	55,000	27,174
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	18,403	-	87
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	18,403	-	87
Beginning fund balances	26	174,065	866	-
Ending Fund Balances	\$ 26	\$ 192,468	\$ 866	\$ 87

Special Revenue Funds

USDHHS TDH WIC	Help America Vote Act	Texas Traffic Safety Program	FEMA United Way	Title IV	Victim of Crime Act
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
127,017	34,590	-	-	-	20,109
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>127,017</u>	<u>34,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,109</u>
102,156	-	-	-	-	20,625
2,453	-	-	-	-	-
-	-	-	-	-	1,074
21,742	-	-	-	-	-
-	-	-	-	-	-
927	-	-	-	-	-
<u>127,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,699</u>
<u>(261)</u>	<u>34,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,590)</u>
261	-	-	-	-	4,321
-	-	-	-	-	-
<u>261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,321</u>
-	34,590	-	-	-	2,731
-	3,851	41,400	2,854	29,247	-
<u>\$ -</u>	<u>\$ 38,441</u>	<u>\$ 41,400</u>	<u>\$ 2,854</u>	<u>\$ 29,247</u>	<u>\$ 2,731</u>

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 5 of 6)
For the Year Ended December 31, 2012

	Special Revenue Funds			
	CIAP	Chapter Nineteen	Justice Court Building Security	DC Records Technology
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,030,514	2,490	-	-
Fees	-	-	4,811	3,395
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>2,030,514</u>	<u>2,490</u>	<u>4,811</u>	<u>3,395</u>
Expenditures				
Current:				
Personnel	976,825	-	-	-
Supplies	-	1,647	-	-
Miscellaneous	-	-	-	-
Contractual services	-	-	-	10,000
Capital:				
Capital outlay	-	-	-	-
Debt Service:				
Principal and interest	-	-	-	-
Total Expenditures	<u>976,825</u>	<u>1,647</u>	<u>-</u>	<u>10,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,053,689</u>	<u>843</u>	<u>4,811</u>	<u>(6,605)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>1,053,689</u>	<u>843</u>	<u>4,811</u>	<u>(6,605)</u>
Beginning fund balances	<u>65,612</u>	<u>-</u>	<u>17,784</u>	<u>8,001</u>
Ending Fund Balances	<u>\$ 1,119,301</u>	<u>\$ 843</u>	<u>\$ 22,595</u>	<u>\$ 1,396</u>

Special Revenue Funds

<u>Pretrial Intervention Programs</u>	<u>CC/DC Record Preservation</u>	<u>DC/CC Technology</u>	<u>District Attorney Federal Sharing</u>	<u>Sheriff's Federal Sharing</u>	<u>Child Abuse Prevention</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	100
5,500	6,240	1,533	-	-	-
-	-	-	-	-	-
-	-	-	193	133	-
-	-	-	-	-	-
<u>5,500</u>	<u>6,240</u>	<u>1,533</u>	<u>193</u>	<u>133</u>	<u>100</u>
-	-	-	-	-	-
-	-	-	-	17,652	-
-	-	-	-	-	-
-	7,770	-	-	-	-
-	7,765	2,500	-	-	-
-	-	-	-	-	-
-	<u>15,535</u>	<u>2,500</u>	<u>-</u>	<u>17,652</u>	<u>-</u>
<u>5,500</u>	<u>(9,295)</u>	<u>(967)</u>	<u>193</u>	<u>(17,519)</u>	<u>100</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,500	(9,295)	(967)	193	(17,519)	100
<u>10,500</u>	<u>15,197</u>	<u>1,456</u>	<u>12,371</u>	<u>17,613</u>	<u>-</u>
<u>\$ 16,000</u>	<u>\$ 5,902</u>	<u>\$ 489</u>	<u>\$ 12,564</u>	<u>\$ 94</u>	<u>\$ 100</u>

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 6 of 6)
For the Year Ended December 31, 2012

	<u>Special Revenue Funds</u>	<u>Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Capital Prosecution Project</u>	<u>Capital Project 02 Construction</u>	
Revenues			
Taxes	\$ -	\$ -	\$ 3,883,005
Intergovernmental	20,000	-	2,718,373
Fees	-	-	210,344
Fines and forfeitures	-	-	79,320
Investment income	-	21,908	261,058
Other	-	-	26,725
Total Revenues	<u>20,000</u>	<u>21,908</u>	<u>7,178,825</u>
Expenditures			
Current:			
Personnel	20,000	-	1,745,149
Supplies	-	-	361,232
Miscellaneous	-	-	105,305
Contractual services	-	1,367,200	3,437,043
Capital:			
Capital outlay	-	-	460,992
Debt Service:			
Principal and interest	-	-	115,128
Total Expenditures	<u>20,000</u>	<u>1,367,200</u>	<u>6,224,849</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(1,345,292)</u>	<u>953,976</u>
Other Financing Sources (Uses)			
Transfers in	-	-	126,136
Transfers (out)	-	-	(1,416)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>124,720</u>
Net Change in Fund Balances	<u>-</u>	<u>(1,345,292)</u>	<u>1,078,696</u>
Beginning fund balances	-	2,079,949	7,512,306
Ending Fund Balances	<u>\$ -</u>	<u>\$ 734,657</u>	<u>\$ 8,591,002</u>

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LATERAL ROAD FUND

For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Taxes	\$ 24,000	\$ 24,000	\$ 22,123	\$ (1,877)
Total Revenues	<u>24,000</u>	<u>24,000</u>	<u>22,123</u>	<u>(1,877)</u>
<u>Expenditures</u>				
Capital:				
Capital outlay	24,000	24,000	-	24,000
Total Expenditures	<u>24,000</u>	<u>24,000</u>	<u>-</u>	<u>24,000</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	22,123	<u>\$ 22,123</u>
Beginning fund balance			<u>91,382</u>	
Ending Fund Balance			<u>\$ 113,505</u>	

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY COURT FEE FUND
For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with
	Original Budget	Budget as Amended	Actual	Final Budget Positive (Negative)
Revenues				
Fees	\$ 5,000	\$ 5,000	\$ 3,340	\$ (1,660)
Total Revenues	5,000	5,000	3,340	(1,660)
Expenditures				
Current:				
Supplies	4,500	4,500	-	4,500
Total Expenditures	4,500	4,500	-	4,500
Net Change in Fund Balance	\$ 500	\$ 500	3,340	\$ 2,840
Beginning fund balance			23,773	
Ending Fund Balance			\$ 27,113	

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WORTHLESS CHECK FUND
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Fees	\$ 5,100	\$ 5,100	\$ 3,606	\$ (1,494)
Total Revenues	<u>5,100</u>	<u>5,100</u>	<u>3,606</u>	<u>(1,494)</u>
<u>Expenditures</u>				
Current:				
Personnel	5,000	5,000	3,374	1,626
Supplies	100	100	-	100
Total Expenditures	<u>5,100</u>	<u>5,100</u>	<u>3,374</u>	<u>1,726</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	232	<u>\$ 232</u>
Beginning fund balance			<u>26,227</u>	
Ending Fund Balance			<u>\$ 26,459</u>	

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY ATTORNEY DWI FUND
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended		
<u>Revenues</u>				
Fees	\$ 3,000	\$ 3,000	\$ 4,393	\$ 1,393
Total Revenues	3,000	3,000	4,393	1,393
<u>Expenditures</u>				
Current:				
Supplies	3,000	4,239	4,239	-
Total Expenditures	3,000	4,239	4,239	-
Net Change in Fund Balance	\$ -	\$ (1,239)	154	\$ 1,393
Beginning fund balance			34,503	
Ending Fund Balance			\$ 34,657	

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DISTRICT ATTORNEY DRUG PREVENTION FUND

For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Fees	\$ 6,000	\$ 6,000	\$ 5,901	\$ (99)
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>5,901</u>	<u>(99)</u>
<u>Expenditures</u>				
Current:				
Supplies	6,000	11,900	11,853	47
Total Expenditures	<u>6,000</u>	<u>11,900</u>	<u>11,853</u>	<u>47</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (5,900)</u>	(5,952)	<u>\$ (52)</u>
Beginning fund balance			<u>47,034</u>	
Ending Fund Balance			<u>\$ 41,082</u>	

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SHERIFF FORFEITURE FUND
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended		
Revenues				
Fines and forfeitures	\$ 65,500	\$ 65,500	\$ 24,211	\$ (41,289)
Investment income	3,500	3,500	2,442	(1,058)
Total Revenues	<u>69,000</u>	<u>69,000</u>	<u>26,653</u>	<u>(42,347)</u>
Expenditures				
Current:				
Supplies	44,000	44,000	11,258	32,742
Capital:				
Capital outlay	25,000	25,000	48,830	(23,830)
Total Expenditures	<u>69,000</u>	<u>69,000</u>	<u>60,088</u>	<u>8,912</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(33,435)	<u>\$ (33,435)</u>
Beginning fund balance			<u>185,382</u>	
Ending Fund Balance			<u>\$ 151,947</u>	

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL TAX FUND

For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Taxes	\$ 300,000	\$ 300,000	\$ 317,932	\$ 17,932
Investment income	7,000	7,000	5,190	(1,810)
Other	-	-	559	559
Total Revenues	<u>307,000</u>	<u>307,000</u>	<u>323,681</u>	<u>16,681</u>
<u>Expenditures</u>				
Current:				
Personnel	34,400	34,400	34,184	216
Contractual services	224,000	474,661	474,661	-
Capital:				
Capital outlay	1,000	1,000	-	1,000
Total Expenditures	<u>259,400</u>	<u>510,061</u>	<u>508,845</u>	<u>1,216</u>
Net Change in Fund Balance	<u>\$ 47,600</u>	<u>\$ (203,061)</u>	(185,164)	<u>\$ 17,897</u>
Beginning fund balance			<u>387,698</u>	
Ending Fund Balance			<u>\$ 202,534</u>	

CHAMBERS COUNTY, TEXAS
*SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 DISTRICT ATTORNEY SEIZURE AND FORFEITURE FUND*
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended		
Revenues				
Fines and forfeitures	\$ 41,400	\$ 41,400	\$ 55,109	\$ 13,709
Investment income	10,000	10,000	5,540	(4,460)
Other	-	-	1,151	1,151
Total Revenues	<u>51,400</u>	<u>51,400</u>	<u>61,800</u>	<u>10,400</u>
Expenditures				
Current:				
Personnel	12,200	76,476	26,579	49,897
Supplies	21,000	21,000	50,146	(29,146)
Contractual services	15,200	15,200	-	15,200
Capital outlay	-	-	38,951	(38,951)
Debt Service:				
Principal and interest	3,000	3,000	-	3,000
Total Expenditures	<u>51,400</u>	<u>115,676</u>	<u>115,676</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (64,276)</u>	<u>(53,876)</u>	<u>\$ 10,400</u>
Beginning fund balance			<u>466,783</u>	
Ending Fund Balance			<u>\$ 412,907</u>	

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ELECTION FUND

For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended		
Revenues				
Other	\$ 20,000	\$ 20,000	\$ 2,571	\$ (17,429)
Total Revenues	20,000	20,000	2,571	(17,429)
Expenditures				
Current:				
Personnel	10,000	10,000	-	10,000
Supplies	10,000	10,000	-	10,000
Total Expenditures	20,000	20,000	-	20,000
Net Change in Fund Balance	\$ -	\$ -	2,571	\$ 2,571
Beginning fund balance			9,036	
Ending Fund Balance			\$ 11,607	

CHAMBERS COUNTY, TEXAS
*SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL*
LEOSE ALLOCATION FUND
 For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Intergovernmental	\$ 9,750	\$ 9,750	\$ -	\$ (9,750)
Total Revenues	<u>9,750</u>	<u>9,750</u>	<u>-</u>	<u>(9,750)</u>
<u>Expenditures</u>				
Current:				
Contractual services	9,750	9,750	9,304	446
Total Expenditures	<u>9,750</u>	<u>9,750</u>	<u>9,304</u>	<u>446</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(9,304)	<u>\$ (9,304)</u>
Beginning fund balance			<u>23,024</u>	
Ending Fund Balance			<u>\$ 13,720</u>	

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HUD SECTION 8 HOUSING PROGRAM FUND
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Fees	\$ 2,000	\$ 2,000	\$ 1,230	\$ (770)
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>1,230</u>	<u>(770)</u>
<u>Expenditures</u>				
Debt Service:				
Principal and interest	2,000	2,000	1,114	886
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>1,114</u>	<u>886</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	116	<u>\$ 116</u>
Beginning fund balance			<u>18,974</u>	
Ending Fund Balance			<u>\$ 19,090</u>	

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY CLERK RECORDS ARCHIVES FUND

For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Fees	\$ 50,000	\$ 50,000	\$ 49,385	\$ (615)
Investment income	-	-	6,499	6,499
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>55,884</u>	<u>5,884</u>
<u>Expenditures</u>				
Current:				
Contractual services	50,000	202,964	202,964	-
Total Expenditures	<u>50,000</u>	<u>202,964</u>	<u>202,964</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (152,964)</u>	<u>(147,080)</u>	<u>\$ 5,884</u>
Beginning fund balance			<u>395,603</u>	
Ending Fund Balance			<u>\$ 248,523</u>	

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
JUSTICE COURT TECHNOLOGY FUND
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Other	\$ 31,600	\$ 31,600	\$ 22,444	\$ (9,156)
Total Revenues	<u>31,600</u>	<u>31,600</u>	<u>22,444</u>	<u>(9,156)</u>
<u>Expenditures</u>				
Current:				
Supplies	17,600	17,600	21,723	(4,123)
Capital:				
Capital outlay	1,000	16,526	17,471	(945)
Debt Service:				
Principal and interest	13,000	13,000	7,932	5,068
Total Expenditures	<u>31,600</u>	<u>47,126</u>	<u>47,126</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (15,526)</u>	(24,682)	<u>\$ (9,156)</u>
Beginning fund balance			<u>70,791</u>	
Ending Fund Balance			<u>\$ 46,109</u>	

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COURTHOUSE SECURITY FUND
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended		
Revenues				
Fees	\$ 40,500	\$ 40,500	\$ 30,455	\$ (10,045)
Other	30,971	30,971	-	(30,971)
Total Revenues	<u>71,471</u>	<u>71,471</u>	<u>30,455</u>	<u>(41,016)</u>
Expenditures				
Current:				
Personnel	70,800	70,800	43,397	27,403
Miscellaneous	171	171	26	145
Capital:				
Capital outlay	-	21,390	48,897	(27,507)
Debt Service:				
Principal and interest	500	500	470	30
Total Expenditures	<u>71,471</u>	<u>92,861</u>	<u>92,790</u>	<u>71</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(21,390)</u>	<u>(62,335)</u>	<u>(40,945)</u>
Other Financing Sources (Uses)				
Transfer in	-	-	62,335	62,335
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>62,335</u>	<u>62,335</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (21,390)</u>	<u>-</u>	<u>\$ 21,390</u>
Beginning fund balance			-	
Ending Fund Balance			<u>\$ -</u>	

CHAMBERS COUNTY, TEXAS
*SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 RECORDS MANAGEMENT COUNTY CLERK FUND*
 For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Fees	\$ 71,000	\$ 71,000	\$ 75,693	\$ 4,693
Investment income	2,500	2,500	3,729	1,229
Total Revenues	<u>73,500</u>	<u>73,500</u>	<u>79,422</u>	<u>5,922</u>
<u>Expenditures</u>				
Current:				
Personnel	41,050	41,050	14,837	26,213
Supplies	25,000	25,000	5,032	19,968
Contractual services	2,000	2,000	419	1,581
Debt Service:				
Principal and interest	5,000	5,000	2,653	2,347
Total Expenditures	<u>73,050</u>	<u>73,050</u>	<u>22,941</u>	<u>50,109</u>
Net Change in Fund Balance	<u>\$ 450</u>	<u>\$ 450</u>	56,481	<u>\$ 56,031</u>
Beginning fund balance			<u>214,863</u>	
Ending Fund Balance			<u>\$ 271,344</u>	

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RECORDS MANAGEMENT DISTRICT CLERK FUND
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Fees	\$ 25,250	\$ 25,250	\$ 14,862	\$ (10,388)
Total Revenues	<u>25,250</u>	<u>25,250</u>	<u>14,862</u>	<u>(10,388)</u>
<u>Expenditures</u>				
Current:				
Personnel	16,550	18,659	18,201	458
Supplies	-	-	458	(458)
Total Expenditures	<u>16,550</u>	<u>18,659</u>	<u>18,659</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 8,700</u>	<u>\$ 6,591</u>	(3,797)	<u>\$ (10,388)</u>
Beginning fund balance			<u>31,645</u>	
Ending Fund Balance			<u>\$ 27,848</u>	

CHAMBERS COUNTY, TEXAS
*SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL*
HEALTH SERVICES SALES TAX FUND
 For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Taxes	\$ 2,100,000	\$ 2,100,000	\$ 3,542,950	\$ 1,442,950
Investment income	25,000	25,000	46,355	21,355
Total Revenues	<u>2,125,000</u>	<u>2,125,000</u>	<u>3,589,305</u>	<u>1,464,305</u>
<u>Expenditures</u>				
Current:				
Personnel	142,320	267,931	217,093	50,838
Supplies	66,000	50,146	50,313	(167)
Contractual services	1,346,000	1,357,854	1,338,915	18,939
Capital:				
Capital outlay	325,000	325,000	296,578	28,422
Debt Service:				
Principal and interest	4,000	4,000	102,032	(98,032)
Total Expenditures	<u>1,883,320</u>	<u>2,004,931</u>	<u>2,004,931</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 241,680</u>	<u>\$ 120,069</u>	1,584,374	<u>\$ 1,464,305</u>
Beginning fund balance			<u>2,789,384</u>	
Ending Fund Balance			<u>\$ 4,373,758</u>	

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
AVAILABLE SCHOOL FUND
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Investment income	\$ 31,000	\$ 31,000	\$ 169,069	\$ 138,069
Total Revenues	<u>31,000</u>	<u>31,000</u>	<u>169,069</u>	<u>138,069</u>
<u>Expenditures</u>				
Current:				
Miscellaneous	101,000	101,000	93,584	7,416
Total Expenditures	<u>101,000</u>	<u>101,000</u>	<u>93,584</u>	<u>7,416</u>
Revenues Over (Under) Expenditures	<u>(70,000)</u>	<u>(70,000)</u>	<u>75,485</u>	<u>145,485</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	100,000	100,000	58,382	(41,618)
Transfers (out)	(30,000)	(30,000)	(1,416)	28,584
Total Other Financing Sources (Uses)	<u>70,000</u>	<u>70,000</u>	<u>56,966</u>	<u>(13,034)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>132,451</u>	<u>\$ 132,451</u>
Beginning fund balance			<u>17,586</u>	
Ending Fund Balance			<u>\$ 150,037</u>	

CHAMBERS COUNTY, TEXAS
*SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL*
CHAPTER NINETEEN FUND
 For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Intergovernmental	\$ 7,500	\$ 7,500	\$ 2,490	\$ (5,010)
Total Revenues	<u>7,500</u>	<u>7,500</u>	<u>2,490</u>	<u>(5,010)</u>
<u>Expenditures</u>				
Current:				
Personnel	7,500	7,500	-	7,500
Supplies/other	-	-	1,647	(1,647)
Total Expenditures	<u>7,500</u>	<u>7,500</u>	<u>1,647</u>	<u>5,853</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	843	<u>\$ 843</u>
Beginning fund balance			<u>-</u>	
Ending Fund Balance			<u>\$ 843</u>	

CHAMBERS COUNTY, TEXAS
*SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL*
JUSTICE COURT BUILDING SECURITY FUND
 For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Fees	\$ 6,100	\$ 6,100	\$ 4,811	\$ (1,289)
Total Revenues	<u>6,100</u>	<u>6,100</u>	<u>4,811</u>	<u>(1,289)</u>
<u>Expenditures</u>				
Current:				
Supplies	6,100	6,100	-	6,100
Total Expenditures	<u>6,100</u>	<u>6,100</u>	<u>-</u>	<u>6,100</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	4,811	<u>\$ 4,811</u>
Beginning fund balance			<u>17,784</u>	
Ending Fund Balance			<u>\$ 22,595</u>	

CHAMBERS COUNTY, TEXAS
*SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL*
DISTRICT CLERK RECORDS TECHNOLOGY FUND
 For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended	Actual	
<u>Revenues</u>				
Fees	\$ 5,500	\$ 5,500	\$ 3,395	\$ (2,105)
Total Revenues	5,500	5,500	3,395	(2,105)
<u>Expenditures</u>				
Current:				
Contractual services	1,500	11,500	10,000	1,500
Total Expenditures	1,500	11,500	10,000	1,500
Net Change in Fund Balance	\$ 4,000	\$ (6,000)	(6,605)	\$ (605)
Beginning fund balance			8,001	
Ending Fund Balance			\$ 1,396	

CHAMBERS COUNTY, TEXAS
*SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 PRETRIAL INTERVENTION PROGRAMS FUND*
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended		
Revenues				
Fees	\$ 5,000	\$ 5,000	\$ 5,500	\$ 500
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>5,500</u>	<u>500</u>
Expenditures				
Current:				
Miscellaneous	5,000	5,000	-	5,000
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	5,500	<u>\$ 5,500</u>
Beginning fund balance			<u>10,500</u>	
Ending Fund Balance			<u>\$ 16,000</u>	

CHAMBERS COUNTY, TEXAS
*SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL*
CC/DC RECORD PRESERVATION FUND
 For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended	Actual	
Revenues				
Fees	\$ 8,500	\$ 8,500	\$ 6,240	\$ (2,260)
Total Revenues	8,500	8,500	6,240	(2,260)
Expenditures				
Current:				
Contractual services	8,500	8,500	7,770	730
Capital:				
Capital outlay	-	7,765	7,765	-
Total Expenditures	8,500	16,265	15,535	730
Net Change in Fund Balance	\$ -	\$ (7,765)	(9,295)	\$ (1,530)
Beginning fund balance			15,197	
Ending Fund Balance			\$ 5,902	

CHAMBERS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DC/CC TECHNOLOGY FUND
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Fees	\$ 1,200	\$ 1,200	\$ 1,533	\$ 333
Total Revenues	<u>1,200</u>	<u>1,200</u>	<u>1,533</u>	<u>333</u>
<u>Expenditures</u>				
Current:				
Capital outlay	1,200	3,700	2,500	1,200
Total Expenditures	<u>1,200</u>	<u>3,700</u>	<u>2,500</u>	<u>1,200</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (2,500)</u>	(967)	<u>\$ 1,533</u>
Beginning fund balance			<u>1,456</u>	
Ending Fund Balance			<u>\$ 489</u>	

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS

December 31, 2012

	<u>Airport</u>	<u>Golf Course</u>	<u>Total Funds</u>
<u>Assets</u>			
Current Assets:			
Inventory	\$ 30,350	\$ 6,577	\$ 36,927
Prepaid expenses	58	115	173
Total Current Assets	<u>30,408</u>	<u>6,692</u>	<u>37,100</u>
Noncurrent Assets:			
Capital assets:			
Non-depreciable	1,469,569	141,000	1,610,569
Net depreciable	294,894	341,194	636,088
Total Noncurrent Assets	<u>1,764,463</u>	<u>482,194</u>	<u>2,246,657</u>
Total Assets	<u>1,794,871</u>	<u>488,886</u>	<u>2,283,757</u>
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable and accrued liabilities	530	20,628	21,158
Total Liabilities	<u>530</u>	<u>20,628</u>	<u>21,158</u>
<u>Net Position</u>			
Net investment in capital assets	1,764,463	482,194	2,246,657
Unrestricted	29,878	(13,936)	15,942
Total Net Position	<u>\$ 1,794,341</u>	<u>\$ 468,258</u>	<u>\$ 2,262,599</u>

See Notes to Financial Statements.

(This page intentionally left blank.)

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
For the Year Ended December 31, 2012

	<u>Airport</u>	<u>Golf Course</u>	<u>Total Funds</u>
<u>Operating Revenues</u>			
Charges for services	\$ 284,641	\$ 418,522	\$ 703,163
Other services	-	480	480
Total Operating Revenues	<u>284,641</u>	<u>419,002</u>	<u>703,643</u>
<u>Operating Expenses</u>			
Personnel	110,665	376,371	487,036
Supplies	260,007	93,218	353,225
Contractual services	44,717	23,750	68,467
Depreciation	47,197	69,246	116,443
Total Operating Expenses	<u>462,586</u>	<u>562,585</u>	<u>1,025,171</u>
Operating (Loss)	<u>(177,945)</u>	<u>(143,583)</u>	<u>(321,528)</u>
Transfers in	<u>116,494</u>	<u>308,196</u>	<u>424,690</u>
Change in Net Position	<u>(61,451)</u>	<u>164,613</u>	<u>103,162</u>
Beginning net position	<u>1,855,792</u>	<u>303,645</u>	<u>2,159,437</u>
Ending Net Position	<u>\$ 1,794,341</u>	<u>\$ 468,258</u>	<u>\$ 2,262,599</u>

See Notes to Financial Statements.

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS (Page 1 of 2)
For the Year Ended December 31, 2012

	<u>Airport</u>	<u>Golf Course</u>	<u>Total Funds</u>
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 284,676	\$ 419,002	\$ 703,678
Payments to suppliers	(290,505)	(115,592)	(406,097)
Payments to employees	(110,665)	(376,371)	(487,036)
Net Cash (Used) by Operating Activities	<u>(116,494)</u>	<u>(72,961)</u>	<u>(189,455)</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers from other funds	116,494	308,196	424,690
Net Cash Provided by Noncapital Financing Activities	<u>116,494</u>	<u>308,196</u>	<u>424,690</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Capital purchases	-	(235,235)	(235,235)
Net Cash (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(235,235)</u>	<u>(235,235)</u>
Net Change in Cash and Cash Equivalents	-	-	-
Beginning cash and cash equivalents	-	-	-
Ending Cash and Cash Equivalents	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended December 31, 2012

	Airport	Golf Course	Total Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating (loss)	\$ (177,945)	\$ (143,583)	\$ (321,528)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	47,197	69,246	116,443
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Inventory	14,613	(206)	14,407
Prepaid expenses	35	(22)	13
Increase (Decrease) in:			
Accounts payable and accrued liabilities	(394)	1,604	1,210
Net Cash (Used) by Operating Activities	\$ (116,494)	\$ (72,961)	\$ (189,455)

See Notes to Financial Statements.

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS (page 1 of 2)
 December 31, 2012

	<u>Undistributed Collections</u>	<u>Sheriff's Bond Escrow</u>	<u>Officials Escrow</u>	<u>Holding</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 331,265	\$ 24,482	\$ 66,926	\$ 58,866
Due from other units	-	-	-	-
Total Assets	<u>\$ 331,265</u>	<u>\$ 24,482</u>	<u>\$ 66,926</u>	<u>\$ 58,866</u>
<u>Liabilities</u>				
Due to other units	\$ 331,265	\$ 24,482	\$ 66,926	\$ 58,866
Total Liabilities	<u>\$ 331,265</u>	<u>\$ 24,482</u>	<u>\$ 66,926</u>	<u>\$ 58,866</u>

<u>V.I.T. Escrow</u>	<u>Historical Commission</u>	<u>County Clerk Trust</u>	<u>District Clerk Trust</u>	<u>Equalization School Tax</u>	<u>Co Attorney Seizures / Forfeitures</u>
\$ 1,259,897	\$ 16,757	\$ 531,000	\$ 1,073,131	\$ 434,994	\$ 7,232
-	-	-	-	2,514,954	-
<u>\$ 1,259,897</u>	<u>\$ 16,757</u>	<u>\$ 531,000</u>	<u>\$ 1,073,131</u>	<u>\$ 2,949,948</u>	<u>\$ 7,232</u>
\$ 1,259,897	\$ 16,757	\$ 531,000	\$ 1,073,131	\$ 2,949,948	\$ 7,232
<u>\$ 1,259,897</u>	<u>\$ 16,757</u>	<u>\$ 531,000</u>	<u>\$ 1,073,131</u>	<u>\$ 2,949,948</u>	<u>\$ 7,232</u>

CHAMBERS COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS (page 2 of 2)
 December 31, 2012

	State Fees	Chambers County Connection	District Attorney Seizure & Forfeiture	Frozen Sick Leave
<u>Assets</u>				
Cash and cash equivalents	\$ 271,958	\$ 21,805	\$ 841,849	\$ 55,291
Due from other units	-	-	-	-
Total Assets	\$ 271,958	\$ 21,805	\$ 841,849	\$ 55,291
<u>Liabilities</u>				
Due to other units	\$ 271,958	\$ 21,805	\$ 841,849	\$ 55,291
Total Liabilities	\$ 271,958	\$ 21,805	\$ 841,849	\$ 55,291

**Total Agency
Funds**

\$	4,940,162
	2,514,954
\$	<u>7,455,116</u>

\$	7,455,116
\$	<u>7,455,116</u>

