

**Accounting & Consulting Group, LLP**

Certified Public Accountants



**STATE OF TEXAS**  
**PARMER COUNTY**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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**INTRODUCTORY SECTION**

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**STATE OF TEXAS**  
**Parmer County**  
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**December 31, 2011**

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STATE OF TEXAS  
Parmer County  
Official Roster  
December 31, 2011

<u>Name</u>	<u>Elected Officials</u>	<u>Title</u>
Kirk Frye		Precinct 1 - Commissioner
James Clayton		Precinct 2 - Commissioner
Ronald Byrd		Precinct 3 - Commissioner
Lloyd Bradshaw		Precinct 4 - Commissioner
Trey Ellis		County Judge
Altha Herington		Treasurer
Colleen Stover		County Clerk
Bobbie Pierson		Tax Assessor/Collector
Randy Geries		Sheriff
Pam Haseloff		JP Farwell
Sandra Clayton		JP Bovina
Jo Beth Gibson		JP Friona
Jeff Actkinson		County Attorney
Sandra Warren		District Clerk



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**FINANCIAL SECTION**

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**Pratas, Smith & Moore, LLC**

A member of Accounting & Consulting Group, LLP  
Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable County Judge and  
Members of the Commissioners' Court  
Parmer County  
Farwell, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, the budgetary comparison for the General Fund and the aggregate remaining fund information of Parmer County, Texas (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Parmer County, as of December 31, 2011, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 19 and be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial position in an appropriate operational, economic, or historical context. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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



Pratas, Smith & Moore, LLC  
A member of Accounting & Consulting Group, LLP  
Lubbock, Texas  
June 28, 2012

**STATE OF TEXAS**  
Parmer County  
Management's Discussion and Analysis  
December 31, 2011

As management of Parmer County (the County), we offer readers of Parmer County financial statements this narrative overview and analysis of the financial activities of Parmer County for the calendar year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with the financial statements of Parmer County and additional information

**Financial Highlights**

- The assets of Parmer County exceeded its liabilities at the close of the most recent calendar year by \$9,069,231 (net assets). Of this amount, \$5,831,234 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors. The County's equity that is restricted for debt service and special revenue funds is \$294,231. The County's equity invested in capital assets, net of related debt is \$2,943,766.
- Change in net assets for the year end was an increase of \$45,345. The increase is primarily due to a increase in charges for services and an decrease in expenses.
- At the end of the current calendar year, unreserved, undesignated fund balance for the general fund was \$2,214,724 or 82 percent of total general fund expenditures.
- The County's total debt outstanding at December 31, 2011 is \$2,736,667

**Overview of the Financial Statements**

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

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

The *statement of net assets* presents information on all of Parmer County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Parmer County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of Parmer County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs. The governmental activities of Parmer County include (general government, judicial and legal, financial administration, law enforcement, building maintenance, public service, conservation, and road and bridge).

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

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

**STATE OF TEXAS**  
Parmer County  
Management's Discussion and Analysis  
December 31, 2011

**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 calendar year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

Parmer County adopts an annual appropriated budget for its general fund, road and bridge fund, various other special revenue funds. A budgetary comparison statement has been provided for the general fund, the road and bridge fund and the debt service fund to demonstrate compliance with these budgets.

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

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

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 thru 48 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 51 and 53 of this report.

**STATE OF TEXAS**  
**Parmer County**  
**Management's Discussion and Analysis**  
**December 31, 2011**

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Parmer County, assets exceeded liabilities by \$9,069,231 at the close of the most recent calendar year. The County also had revenues that exceeded expenditures during the year in the amount of \$45,345 which increased net assets in the current year.

Parmer County's net assets reflects its investment in capital assets (e.g., land, buildings, other improvements, and furniture and equipment) less any related debt used to acquire those assets that is still outstanding. This net asset category of 2,943,766 reflects that Parmer County has more net cost value than debt related to its capital assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Parmer County's Net Assets**  
**December 31, 2011**

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 6,511,562	\$ 6,714,226
Capital assets	5,680,433	5,540,042
Total assets	<u>\$ 12,191,995</u>	<u>\$ 12,254,268</u>
Current Liabilities	\$ 697,824	\$ 651,099
Noncurrent liabilities	2,424,940	2,579,284
Total liabilities	<u>3,122,764</u>	<u>3,230,383</u>
Net assets:		
Invested in capital assets, net of related debt	2,943,766	2,769,563
Restricted for:		
Debt service	75,006	118,913
Records management	102,250	106,495
Other purposes - special revenue	116,975	116,975
Unrestricted	<u>5,831,234</u>	<u>5,911,939</u>
Total net assets	<u>\$ 9,069,231</u>	<u>\$ 9,023,885</u>



**STATE OF TEXAS**  
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**Management's Discussion and Analysis**  
**December 31, 2011**

**Changes in Net Assets**

The County's total revenues of \$4,755,128 and program expenses of \$4,709,783 resulted in a change in net assets of \$45,345. Comparative information for changes in net assets is shown below.

**Parmer County's Change in Net Assets**  
**December 31, 2011**

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,022,394	\$ 852,632
Operating grants and contributions	87,797	262,369
General revenues:		
Property and other taxes	3,097,851	2,940,812
Fines and forfeitures	168,304	254,868
Interest income	39,081	36,228
Miscellaneous income	68,134	45,487
Gain (Loss) on disposal of assets	271,567	34,012
Total revenues	<u>4,755,128</u>	<u>4,426,408</u>
Expenses:		
General government	980,380	925,941
Judicial	471,995	481,613
Legal	241,200	228,816
Public safety	1,282,036	1,309,179
Health and welfare	92,894	84,049
Road and bridge	1,516,649	996,025
Interest on long-term debt	124,629	121,643
Total expenditures	<u>4,709,783</u>	<u>4,147,266</u>
Increase in net assets	45,345	279,142
Net assets - beginning	<u>9,023,886</u>	<u>8,744,744</u>
Net assets - ending	<u>\$ 9,069,231</u>	<u>\$ 9,023,886</u>

**STATE OF TEXAS**  
Parmer County  
Management's Discussion and Analysis  
December 31, 2011

**Financial Analysis of the Government's Funds**

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

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

As of the end of the current calendar year, Parmer County's governmental funds reported combined ending fund balances of \$3,727,654, an increase of \$460,349 in comparison with the prior year. Approximately 59 percent of this total amount, \$2,214,724, constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* for special revenue purposes to indicate that it is not available for new spending because it has already been committed.

The general fund is the chief operating fund of the County. The unreserved fund balance represents 82% of the total general fund expenditures or approximately 10 months of operating equity.

**Budgetary Highlights**

The final budget for the General fund reflected a deficit of \$599,837 which decreased the fund balance. Budget amendments to expenditures were made during the year within the general fund departments. The actual expenditures were \$397,994 less than the final budgeted amounts, and actual revenues were \$495,391 more than the final budgeted amounts. This resulted in a favorable budget variance of \$893,385.

In the Road and Bridge fund, the final budget reflected a deficit of \$166,035 which decreased the fund balance. The actual expenditures were \$135,260 less than the final budgeted amounts and actual revenues were \$4,907 more than the final budgeted amounts. This resulted in a unfavorable budget variance of \$130,353.

In the Debt Service fund, the final budget reflected an excess of \$6,806 which increased the fund balance. The actual expenditures were the same as the final budgeted amounts. The actual revenues were \$55,468 more than the final budgeted amounts. This resulted in a favorable budget variance of \$55,468.

**Capital Asset and Debt Administration**

**Capital Assets**

Parmer County's investment in capital assets for its governmental activities as of December 31, 2011, amounts to \$5,680,433 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and vehicles. The table below shows the summarized capital assets of Parmer County as of December 31, 2011 and December 31, 2010.

**STATE OF TEXAS**  
**Parmer County**  
**Management's Discussion and Analysis**  
**December 31, 2011**

**Parmer County's Capital Assets**  
**December 31, 2011**

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
Land	\$ 43,472	\$ 43,472
Buildings and improvements	3,077,757	3,091,584
Machinery and equipment	2,559,204	2,404,986
Total	\$ 5,680,433	\$ 5,540,042

Additional information on Parmer County's capital assets can be found in Note 5 on page 42 of this report.

**Long-Term Debt**

- **Certificates of Obligation.** At the end of the current calendar year, the County had outstanding certificates of obligation of \$2,300,000.
- **Notes Payable.** The County's note payables at December 31, 2011 were \$436,667.

**Economic Factor and Next Year's Budgets and Rates**

- The property tax rate was set at .4402 for maintenance and operations and at .0380 for debt service, for a total tax rate of .4782.
- The unemployment rate for Parmer County was 4.4 percent for calendar year 2011. This compares favorably to the state's average unemployment rate of 7.1 percent and the national average rate of 8.3 percent.
- The agriculture economy in the region is stable.
- No new major projects are planned for the County in the coming year.

All of these factors were considered in preparing Parmer County's budget for the 2011 calendar year.

**Request for Information**

This financial report is designed to provide a general overview of Parmer County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the County Treasurer, Parmer County, P.O. Box 454, Farwell, TX 79325.

**BASIC  
FINANCIAL STATEMENTS**

**STATE OF TEXAS**  
**Parmer County**  
**Statement of Net Assets**  
**December 31, 2011**

Exhibit A-1

	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 3,760,282
Receivables:	
Property taxes, net of allowance	2,376,327
Fines and forfeitures, net of allowance	<u>239,440</u>
Total current assets	<u>6,376,049</u>
Noncurrent assets	
Restricted cash and cash equivalents	135,513
Capital assets	8,764,222
Less: accumulated depreciation	<u>(3,083,789)</u>
Total noncurrent assets	<u>5,815,946</u>
Total assets	<u><u>\$ 12,191,995</u></u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 97,339
Accrued interest	51,955
Due to others	236,803
Current portion of notes and capital leases payable	166,727
Current portion of certificates of obligation payable	<u>145,000</u>
Total current liabilities	<u>697,824</u>
Noncurrent liabilities	
Notes and capital leases	269,940
Certificates of obligation	<u>2,155,000</u>
Total noncurrent liabilities	<u>2,424,940</u>
Total liabilities	<u>3,122,764</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	2,943,766
Restricted for:	
Debt service	75,006
Records management	102,250
Other purposes - special revenue	116,975
Unrestricted	<u>5,831,234</u>
Total net assets	<u>9,069,231</u>
Total liabilities and net assets	<u><u>\$ 12,191,995</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF TEXAS**  
**Parmer County**  
**Statement of Activities**  
**For the Year Ended December 31, 2011**

Exhibit A-2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<b>Primary government</b>				
General government	\$ 980,380	\$ 7,621	\$ 5,000	\$ (967,759)
Judicial	471,995	317,744	41,769	(112,482)
Legal	241,200	74,489	-	(166,711)
Public safety	1,282,036	126,724	10,039	(1,145,273)
Health and welfare	92,894	-	-	(92,894)
Road and bridge	1,516,649	495,816	30,989	(989,844)
Interest on long-term debt	124,629	-	-	(124,629)
<b>Total governmental activities</b>	<u>\$ 4,709,783</u>	<u>\$ 1,022,394</u>	<u>\$ 87,797</u>	<u>\$ (3,599,592)</u>

**General revenues:**

Taxes:

Property	3,097,851
Fines and forfeitures	168,304
Interest income	39,081
Miscellaneous income	68,134
Gain (loss) on disposal of capital assets	271,567
<b>Total general revenues</b>	<u>3,644,937</u>
<b>Change in net assets</b>	45,345
<b>Net assets - beginning</b>	<u>9,023,886</u>
<b>Net assets - ending</b>	<u>\$ 9,069,231</u>

The accompanying notes are an integral part of these financial statements

**STATE OF TEXAS**  
**Parmer County**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2011**

Exhibit B-1  
Page 1 of 2

	General Fund	Road and Bridge Fund	County Wide Debt Service Fund	Nonmajor Governmental Funds	Total
<i>Assets</i>					
Cash and cash equivalents	\$ 2,422,191	\$ 796,722	\$ 181,189	\$ 495,693	\$ 3,895,795
Receivables:					
Property taxes, net of allowance for doubtful accounts	1,670,125	487,702	218,500	-	2,376,327
Fines and forfeitures, net of allowance for doubtful accounts	239,440	-	-	-	239,440
<i>Total assets</i>	<u>\$ 4,331,756</u>	<u>\$ 1,284,424</u>	<u>\$ 399,689</u>	<u>\$ 495,693</u>	<u>\$ 6,511,562</u>
<i>Liabilities and fund balances</i>					
<i>Liabilities</i>					
Accounts payable	\$ 30,759	\$ 19,358	\$ -	\$ 47,222	\$ 97,339
Due to others	236,803	-	-	-	236,803
Deferred revenue - property taxes	1,655,317	484,046	218,500	-	2,357,863
Deferred revenue - fines and forfeitures	91,903	-	-	-	91,903
<i>Total liabilities</i>	<u>2,014,782</u>	<u>503,404</u>	<u>218,500</u>	<u>47,222</u>	<u>2,783,908</u>
<i>Fund balances</i>					
<i>Spendable</i>					
<i>Restricted for:</i>					
General county operations	102,250	-	-	61,288	163,538
Maintenance of roads	-	781,020	-	143,257	924,277
Judicial	-	-	-	185,491	185,491
Public safety	-	-	-	58,435	58,435
Debt service expenditures	-	-	181,189	-	181,189
Unassigned	2,214,724	-	-	-	2,214,724
<i>Total fund balances</i>	<u>2,316,974</u>	<u>781,020</u>	<u>181,189</u>	<u>448,471</u>	<u>3,727,654</u>
<i>Total liabilities and fund balances</i>	<u>\$ 4,331,756</u>	<u>\$ 1,284,424</u>	<u>\$ 399,689</u>	<u>\$ 495,693</u>	<u>\$ 6,511,562</u>

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS  
Parmer County  
Governmental Funds

Exhibit B-1  
Page 2 of 2

Reconciliation of the Balance Sheet to the Statement of Net Assets  
December 31, 2011

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

Fund balances - total governmental funds	\$	3,727,654
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		5,680,433
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities		2,449,766
Certain liabilities, including bonds payable, and current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued interest payable		(51,955)
Certificates of obligation		(2,300,000)
Loans and capital leases		(436,667)
		<hr/>
Net assets - governmental activities	\$	<u>9,069,231</u>



**STATE OF TEXAS**  
**Parmer County**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2011**

Exhibit B-2  
Page 1 of 2

	General Fund	Road and Bridge Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
<i>Revenues:</i>					
<i>Taxes:</i>					
Property	\$ 2,318,443	\$ 744,588	\$ 319,620	\$ 429,874	\$ 3,812,525
<i>Intergovernmental:</i>					
State operating grants	56,808	30,989	-	-	87,797
Fines, forfeitures and settlements	-	-	-	168,304	168,304
Licenses and permits	23,813	493,266	-	-	517,079
Charges for services	459,576	2,550	-	-	462,126
Investment income	26,472	8,971	848	2,790	39,081
Miscellaneous	10,554	56,336	-	1,244	68,134
<i>Total revenue</i>	<u>2,895,666</u>	<u>1,336,700</u>	<u>320,468</u>	<u>602,212</u>	<u>5,155,046</u>
<i>Expenditures:</i>					
<i>Current:</i>					
General government	741,212	-	-	44,790	786,002
Judicial	460,386	-	-	179,493	639,879
Legal	241,200	-	-	-	241,200
Public safety	1,113,938	-	-	99,268	1,213,206
Health and welfare	92,894	-	-	-	92,894
Road and bridge	-	1,098,005	-	-	1,098,005
Capital outlay	59,705	700,240	-	27,347	787,292
<i>Debt service:</i>					
Principal	-	124,079	145,000	-	269,079
Interest	-	16,871	112,694	-	129,565
Administration fee	-	-	500	-	500
<i>Total expenditures</i>	<u>2,709,335</u>	<u>1,939,195</u>	<u>258,194</u>	<u>350,898</u>	<u>5,257,622</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>186,331</u>	<u>(602,495)</u>	<u>62,274</u>	<u>251,314</u>	<u>(102,576)</u>
<i>Other financing sources (uses)</i>					
Loan proceeds	-	157,925	-	-	157,925
Proceeds from sale of equipment	2,000	403,000	-	-	405,000
Transfers in	200,745	25,000	-	25,000	250,745
Transfers (out)	-	-	-	(250,745)	(250,745)
<i>Total other financing sources (uses)</i>	<u>202,745</u>	<u>585,925</u>	<u>-</u>	<u>(225,745)</u>	<u>562,925</u>
<i>Net change in fund balances</i>	389,076	(16,570)	62,274	25,569	460,349
<i>Fund balances - beginning of year</i>	<u>1,927,898</u>	<u>797,590</u>	<u>118,915</u>	<u>422,902</u>	<u>3,267,305</u>
<i>Fund balances - end of year</i>	<u>\$ 2,316,974</u>	<u>\$ 781,020</u>	<u>\$ 181,189</u>	<u>\$ 448,471</u>	<u>\$ 3,727,654</u>

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS

Parmer County

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2011

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds	\$ 460,349
--	------------

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 expenditures	787,292
Depreciation expense	(513,469)
Gain (Loss) on disposal of capital assets	271,567
Proceeds from sale of assets	(405,000)

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

Change in deferred revenue related to property taxes receivable	(714,674)
Change in deferred revenue related to fines and forfeitures receivable	43,190

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial  
resources to governmental funds, while the repayment of the principal of long-term  
debt consumes the current financial resources of governmental funds. Neither  
transaction, however, has any effect on net assets. Also, governmental funds  
report the effect of issuance costs, premiums, discounts, and similar items when  
debt is first issued, whereas these amounts are deferred and amortized in the  
Statement of Activities:

Decrease in accrued interest payable	4,936
Loan proceeds	(157,925)
Principal payments on certificates of obligation	145,000
Principal payments on notes and leases payable	124,079

Change in net assets of governmental activities	<u>\$ 45,345</u>
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## STATE OF TEXAS

Parmer County

General Fund

Exhibit C-1

Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues:</b>				
Taxes				
Property	\$ 1,815,425	\$ 1,815,425	\$ 2,318,443	\$ 503,018
Intergovernmental income:				
State operating grants	61,550	61,550	56,808	(4,742)
Fines, forfeitures and settlements	30,000	30,000	23,813	(6,187)
Charges for services	457,800	457,800	459,576	1,776
Investment income	25,500	25,500	26,472	972
Miscellaneous	10,000	10,000	10,554	554
<b>Total revenues</b>	<b>2,400,275</b>	<b>2,400,275</b>	<b>2,895,666</b>	<b>495,391</b>
<b>Expenditures:</b>				
Current:				
General administration	842,367	854,667	741,212	113,455
Judicial	474,161	474,161	460,386	13,775
Financial administration	249,486	249,486	241,200	8,286
Public safety	1,158,922	1,178,422	957,451	220,971
Conservation	95,376	97,376	92,894	4,482
Capital outlay	135,000	146,000	108,975	37,025
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>2,955,312</b>	<b>3,000,112</b>	<b>2,602,118</b>	<b>397,994</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(555,037)</b>	<b>(599,837)</b>	<b>293,548</b>	<b>893,385</b>
<b>Other financing sources (uses)</b>				
Designated cash (budgeted increase in cash)	355,037	399,837	-	(399,837)
Transfers in	200,000	200,000	200,745	745
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>555,037</b>	<b>599,837</b>	<b>200,745</b>	<b>(399,092)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>494,293</b>	<b>494,293</b>
<b>Fund balance - beginning of year</b>	<b>-</b>	<b>-</b>	<b>1,927,898</b>	<b>1,927,898</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,422,191</b>	<b>\$ 2,422,191</b>
Net change in fund balance (non-GAAP budgetary basis)				\$ 494,293
No adjustments to revenues				-
Adjustments to expenditures for accruals and accounts payable				(105,217)
Net change in fund balance (GAAP)				\$ 389,076

The accompanying notes are an integral part of these financial statements

## STATE OF TEXAS

Parmer County

Exhibit C-2

Page 1 of 2

Road & Bridge Combined Special Revenue Funds  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 652,625	\$ 601,676	\$ 652,007	\$ 50,331
Fines, forfeitures and settlements	-	-	-	-
Licenses and permits	638,473	645,000	601,549	(43,451)
Charges for services	13,000	20,000	2,550	(17,450)
Investment income	10,469	12,830	8,971	(3,859)
Miscellaneous	57,205	37,000	56,336	19,336
<i>Total revenues</i>	<u>1,371,772</u>	<u>1,316,506</u>	<u>1,321,413</u>	<u>4,907</u>
<i>Expenditures:</i>				
Precinct #1				
Salaries and fringe benefits	189,764	189,764	186,400	3,364
Insurance	16,340	16,340	13,061	3,279
Materials and supplies	13,000	13,000	8,595	4,405
Fuel	35,000	35,000	36,430	(1,430)
Conference	3,000	3,000	2,085	915
Other	4,350	4,350	4,008	342
<i>Total Precinct #1</i>	<u>261,454</u>	<u>261,454</u>	<u>250,579</u>	<u>10,875</u>
Precinct #2				
Salaries and fringe benefits	180,574	180,574	177,119	3,455
Insurance	14,840	14,840	13,203	1,637
Materials and supplies	16,000	16,000	10,889	5,111
Fuel	35,000	35,000	35,676	(676)
Conference	3,000	3,000	1,969	1,031
Other	4,030	4,030	3,706	324
<i>Total Precinct #2</i>	<u>253,444</u>	<u>253,444</u>	<u>242,562</u>	<u>10,882</u>
Precinct #3				
Salaries and fringe benefits	188,439	188,439	176,882	11,557
Insurance	18,445	19,945	13,612	6,333
Materials and supplies	20,000	20,000	17,610	2,390
Fuel	43,000	43,000	33,573	9,427
Conference	3,000	3,900	3,591	309
Other	5,520	5,520	5,076	444
<i>Total Precinct #3</i>	<u>278,404</u>	<u>280,804</u>	<u>250,344</u>	<u>30,460</u>
Precinct #4				
Salaries and fringe benefits	190,139	190,139	184,336	5,803
Insurance	15,240	15,240	13,934	1,306
Materials and supplies	10,000	14,000	14,128	(128)
Fuel	40,000	40,000	47,689	(7,689)
Conference	3,000	3,000	2,740	260
Other	4,460	4,460	4,072	388
<i>Total Precinct #4</i>	<u>262,839</u>	<u>266,839</u>	<u>266,899</u>	<u>(60)</u>

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS  
 Farmer County  
 Road & Bridge Combined Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended December 31, 2011

Exhibit C-2  
 Page 2 of 2

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable
				Final to Actual
Capital outlay				
Precinct #1	90,000	90,000	12,247	77,753
Precinct #2	90,000	90,000	16,589	73,411
Precinct #3	140,000	140,000	91,162	48,838
Precinct #4	100,000	100,000	75,949	24,051
<i>Total capital outlay</i>	<u>420,000</u>	<u>420,000</u>	<u>195,947</u>	<u>224,053</u>
Debt service:				
Precinct #1:				
Principal	-	-	59,211	(59,211)
Interest	-	-	4,519	(4,519)
Precinct #2:				
Principal	-	-	17,787	(17,787)
Interest	-	-	1,835	(1,835)
Precinct #3:				
Principal	-	-	34,959	(34,959)
Interest	-	-	9,258	(9,258)
Precinct #4:				
Principal	-	-	12,122	(12,122)
Interest	-	-	1,259	(1,259)
<i>Total debt service</i>	<u>-</u>	<u>-</u>	<u>140,950</u>	<u>(140,950)</u>
<i>Total expenditures</i>	<u>1,476,141</u>	<u>1,482,541</u>	<u>1,347,281</u>	<u>135,260</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(104,369)</u>	<u>(166,035)</u>	<u>(25,868)</u>	<u>(130,353)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(15,631)	46,035	-	(46,035)
Transfers in	120,000	120,000	25,000	(95,000)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>104,369</u>	<u>166,035</u>	<u>25,000</u>	<u>(141,035)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(868)</u>	<u>(868)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>797,590</u>	<u>797,590</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 796,722</u>	<u>\$ 796,722</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (868)
Adjustments to revenues for accrued property taxes and accounts receivable				545,223
Adjustments to expenditures for accruals and accounts payable				(560,925)
Net change in fund balance (GAAP)				<u>\$ (16,570)</u>

The accompanying notes are an integral part of these financial statements

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STATE OF TEXAS  
 Parmer County  
 Statement of Fiduciary Assets and Liabilities  
 Agency Funds  
 December 31, 2011

Exhibit D-1

	Juvenile Probation Fund	County Attorney Check Collection	District Attorney Check Collection	County Attorney Forfeiture Fund	District Attorney Forfeiture Fund	District Attorney Special Fund	Parmer County Attorney Pretrial Fund	County Clerk Trust Accounts	District Clerk Trust Accounts	Other Departments	Totals
<i>Assets</i>											
Cash	\$ 2,764	\$ 24,175	\$ 8,862	\$ 7,050	\$ 19,235	\$ 3,522	\$ 1,463	\$ 23,456	\$ 176,617	\$ 855,291	\$1,122,435
<i>Total assets</i>	<u>\$ 2,764</u>	<u>\$ 24,175</u>	<u>\$ 8,862</u>	<u>\$ 7,050</u>	<u>\$ 19,235</u>	<u>\$ 3,522</u>	<u>\$ 1,463</u>	<u>\$ 23,456</u>	<u>\$ 176,617</u>	<u>\$ 855,291</u>	<u>\$1,122,435</u>
<i>Liabilities</i>											
Due to others	\$ 2,764	\$ 24,175	\$ 8,862	\$ 7,050	\$ 19,235	\$ 3,522	\$ 1,463	\$ 23,456	\$ 176,617	\$ 790,317	\$1,057,461
Due to state	-	-	-	-	-	-	-	-	-	64,974	64,974
<i>Total liabilities</i>	<u>\$ 2,764</u>	<u>\$ 24,175</u>	<u>\$ 8,862</u>	<u>\$ 7,050</u>	<u>\$ 19,235</u>	<u>\$ 3,522</u>	<u>\$ 1,463</u>	<u>\$ 23,456</u>	<u>\$ 176,617</u>	<u>\$ 855,291</u>	<u>\$1,122,435</u>

The accompanying notes are an integral part of these financial statements



**STATE OF TEXAS**  
Parmer County  
Notes to the Financial Statements  
December 31, 2011

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

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

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

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

*A. Financial Reporting Entity*

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

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

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

STATE OF TEXAS  
Parmer County  
Notes to the Financial Statements  
December 31, 2011

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

*B. Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The County does not have any *business-type activities*.

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

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current calendar 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.

**STATE OF TEXAS**  
**Parmer County**  
**Notes to the Financial Statements**  
**December 31, 2011**

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

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

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

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

The *Road and Bridge Fund* is a special revenue fund of the County. It is used to account for the expenditures of the four different precincts and for the highway and street expenditures.

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

Additionally, the government reports the following nonmajor governmental fund types:

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

**STATE OF TEXAS**  
Parmer County  
Notes to the Financial Statements  
December 31, 2011

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

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

Additionally, the government reports the following agency fund:

Fiduciary Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Formal budgetary accounting is not required for Fiduciary Funds. Since by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated in the government-wide statements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions. Internally dedicated resources are reported as *general revenues*. Likewise, general revenues include all taxes.

**Budgets**

The County follows these procedures in establishing budgetary data reflected in the financial statements:

The County's official budget was prepared and adopted by the County Commissioners' Court at a duly advertised public meeting prior to the expenditure of funds. It is maintained on the calendar year period and is originally prepared in July or August of the preceding year. Budgets are adopted for the general fund and most special revenue funds. All budget amendments are approved by the Commissioners' Court.

The budgeted amounts presented in these statements are as originally adopted, or as amended, by the Commissioners' Court during the year ended December 31, 2011.

**Use of Estimates**

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

*D. Assets, Liabilities and Net Assets or Equity*

**Deposits and Investments**

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

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

**STATE OF TEXAS**  
**Parmer County**  
**Notes to the Financial Statements**  
**December 31, 2011**

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

*D. Assets, Liabilities and Net Assets or Equity (continued)*

**Deposits and Investments - continued**

The County is required by Governmental Code Chapter 2256, Public Funds Investment Act (PFIA), to adopt, implement, and publicize an investment policy. That policy must address the following areas: 1) safety or principal and liquidity, 2) portfolio diversification, 3) allowable investments, 4) acceptable risk levels, 5) expected rates of return, 6) maximum allowable state maturity of portfolio investments, 7) maximum average dollar weighted maturity allowed based on the stated maturity date for the portfolio, 8) investment staff quality and capabilities, and 9) bid solicitation preferences for certificates of deposit. All invested funds of the County properly followed State investments requirements as of December 31, 2011.

TexPool investment policies limit the weighted average maturity to ninety (90) days. The maximum maturity on a United States obligation, agency, or instrumentality is limited to thirteen (13) months. The pool does not invest in derivatives. In order to maintain a stable \$1 price of the funds, the pool will sell portfolio holdings if the ratio of the market value of the portfolio divided by the book value of the portfolio is less than .995 or greater than 1.005. The \$1 price is not guaranteed or insured by the State of Texas, the Comptroller of Public Accounts, the pools or their administrators.

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the calendar year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds: (i.e., the non-current portion of interfund loans).

Property taxes are levied on October 1 in conformity with Subtitle E, Texas Property Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1. Property taxes attach as an enforceable lien as of January 1 to secure the payment of all taxes, penalties, and interest ultimately imposed. The Parmer County Appraisal District assesses and collects property taxes for the County. The County is permitted by the Municipal Finance Law of the State to levy taxes up to \$1.25 per \$100 of appraised valuation for general services, permanent improvements, lateral road, and jury fund purposes other than the payment of principal established by the Attorney General of the State of Texas. The tax rate for \$100 valuation is as follows:

	Fiscal Year Ending 9/30/2012	Fiscal Year Ending 9/30/2011
G.P.A.	0.3460	0.3548
Debt Tax	0.0380	0.0976
F.M.	0.0942	0.0425
	0.4782	0.4949

All receivables are shown net of an allowance for doubtful accounts.

**STATE OF TEXAS**  
**Parmer County**  
**Notes to the Financial Statements**  
**December 31, 2011**

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

*D. Assets, Liabilities and Net Assets or Equity (continued)*

**Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. The County's policy is to capitalize assets costing \$5,000 or greater. All capital assets are valued at their historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments which materially extend the useful lives of the capital assets are capitalized.

Depreciable capital assets are depreciated using the straight-line method over the asset's estimated useful life as follows:

Buildings	25-40 years
Improvements other than buildings	10-20 years
Vehicles	3-7 years
Equipment	3-12 years

**Deferred Revenue**

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

**Long-Term Debt**

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

**Fund Balance Classification Policies and Procedures**

For committed fund balance, the County's highest level of decision-making authority is the Commissioner's Court. The formal action that is required to be taken to establish a fund balance commitment is the Commissioner's Court.

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

**STATE OF TEXAS**  
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Notes to the Financial Statements  
December 31, 2011

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

*D. Assets, Liabilities and Net Assets or Equity (continued)*

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

**Minimum Fund Balance Policy**

The County does not have a policy for maintaining a minimum amount of fund balance for operation.

**Net Assets**

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

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

*NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY*

*Budgetary Information*

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

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

The budgetary information presented in these financial statements has been properly amended by Commissioner's Court in accordance with the above procedures.

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

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*NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)*

*Budgetary Information (continued)*

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended December 31, 2011 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

*NOTE 3 - DEPOSITS AND INVESTMENTS*

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

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

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Under the Transaction Account Guarantee Program (TAGP) in effect from July 1, 2010 to December 31, 2010, time deposits, savings deposits and interest bearing negotiable order of withdrawal (NOW) accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. The TAGP program expired on December 31, 2010. On November 9, 2010, the FDIC Board of Directors issued a final rule to implement the section of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides temporary unlimited coverage for noninterest-bearing transaction accounts in all FDIC-insured depository institutions. The separate coverage on noninterest-bearing transaction accounts became effective on December 31, 2010 and will terminate on December 31, 2012. From December 31, 2010 to July 20, 2011 accounts held by an official custodian for a government unit are insured as follows:

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

Through July 20, 2011, there is no difference in deposit insurance coverage when an official custodian deposits money in-state or out-of-state.



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**December 31, 2011**

**NOTE 3 - DEPOSITS AND INVESTMENTS (continued)**

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. At December 31, 2011, \$3,738,768 of the County's bank balance of \$4,738,768 was exposed to custodial credit risk. Although the \$3,738,768 was uninsured, it was collateralized by collateral held by the pledging bank's trust department, not in the County's name. None of the County's deposits were uninsured and uncollateralized at December 31, 2011.

	Muleshoe State Bank	Security State Bank	Total
Amount of deposits	\$ 1,806,487	\$ 2,932,281	\$ 4,738,768
FDIC coverage	(500,000)	(500,000)	(1,000,000)
Total uninsured public funds	<u>1,306,487</u>	<u>2,432,281</u>	<u>3,738,768</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	<u>1,306,487</u>	<u>2,432,281</u>	<u>3,738,768</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50%)	\$ 653,244	\$ 1,216,141	\$ 1,869,385
Pledged securities	<u>3,883,010</u>	<u>5,721,752</u>	<u>9,604,762</u>
Over (under) collateralized	<u>\$ 3,229,766</u>	<u>\$ 4,505,611</u>	<u>\$ 7,735,377</u>

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

**Investments**

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

TexPool investment policies limit the weighted average maturity to ninety (90) days. The maximum maturity on a United States obligation, agency, or instrumentality is limited to thirteen (13) months. The pool does not invest in derivatives. In order to maintain a stable \$1 price of the funds, the pool will sell portfolio holdings if the ratio of the market value of the portfolio divided by the book value of the portfolio is less than .995 or greater than 1.005. The \$1 price is not guaranteed or insured by the State of Texas, the Comptroller of Public Accounts, the pools or their administrators.

*Credit Risk* – State law and County policy limits investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. During the year, the County's investments in TexPool were rated AAA by Standard and Poor's. As of December 31, 2011, the County had \$ -0- invested in TexPool.

As of December 31, 2011, Parmer County had the following investments:

	Cost Basis	Fair Value
Security State Bank – CD's	\$ 2,232,346	\$ 2,232,346
TexPool	-	-

**STATE OF TEXAS**  
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**Notes to the Financial Statements**  
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**NOTE 3 - DEPOSITS AND INVESTMENTS (continued)**

**Investments (continued)**

*Concentration of Credit Risk – Investments.* For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the County. The investments in the Security State Bank - CD's represent 100% of the investment portfolio as of December 31, 2011. Since the County only purchases investments with the highest credit rating, the concentration is not viewed to be an additional risk by the County.

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

Primary Government

Reconciliation to the Statement of Net Assets

Cash and cash equivalents per Exhibit A-1	\$ 3,760,282
Restricted cash and cash equivalents per Exhibit A-1	135,513
Cash and cash equivalents per Exhibit D-1	<u>1,120,383</u>
 Total cash and cash equivalents, and investments	 5,016,178
Add: outstanding checks	217,921
Less: deposits in transit and other items	(495,331)
Less: investments held in TexPool LGIP	<u>-</u>
 Bank balance of deposits	 <u>\$ 4,738,768</u>

**NOTE 4 - RECEIVABLES**

Receivables as of December 31, 2011, are as follows:

	General Fund	Debt Service Fund	Road and Bridge Funds	Total
Property taxes	\$ 1,763,636	\$ 231,012	\$ 515,636	\$ 2,510,284
Other receivables:				
Fines and fees	2,922,372	-	-	2,922,372
Less: allowance for doubtful accounts	<u>(2,776,443)</u>	<u>(12,512)</u>	<u>(27,934)</u>	<u>(2,816,889)</u>
 Total net receivables	 <u>\$ 1,909,565</u>	 <u>\$ 218,500</u>	 <u>\$ 487,702</u>	 <u>\$ 2,615,767</u>

The County maintains an allowance for doubtful accounts in the general fund for fines and fees, and property taxes in the amounts of \$2,682,932 and \$93,511, respectively. The County maintains an allowance for doubtful accounts in the debt service funds for property taxes in the amounts of \$12,512. The County maintains an allowance for doubtful accounts in the road and bridge funds for property taxes in the amounts of \$27,934.

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**NOTE 5 - CAPITAL ASSET ACTIVITY**

The changes in Capital Assets for the year ended December 31, 2011 are as follows:

	Balance 12/31/10	Additions	Retirements	Balance 12/31/11
<b>Nondepreciable Assets:</b>				
Land (not depreciated)	\$ 43,472	\$ -	\$ -	\$ 43,472
Total Nondepreciable assets	43,472	-	-	43,472
<b>Depreciable Assets:</b>				
Buildings & improvements	4,086,487	-	(6,492)	4,079,995
Other improvements	229,519	9,599	-	239,118
Machinery & Equipment	4,007,104	777,693	(383,160)	4,401,637
Total Depreciable Assets	8,323,110	787,292	(389,652)	8,720,750
Accumulated Depreciation	(2,826,540)	(513,469)	256,220	(3,083,789)
Governmental activities capital assets, net	\$ 5,540,042	\$ 273,823	\$ (133,432)	\$ 5,680,433

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

Governmental Activities

General government	\$ 29,369
Public Safety	160,456
Road & Bridge	323,644
Total depreciation expense	\$ 513,469

**NOTE 6 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in general long-term debt:

	Balance 12/31/10	Additions	Retirements	Balance 12/31/11	Due Within One Year
Land Notes	\$ 125,000	\$ -	\$ (17,920)	\$ 107,080	\$ 18,996
Equipment Notes	277,821	157,925	(106,159)	329,587	147,731
Certificates of Obligation	2,445,000	-	(145,000)	2,300,000	145,000
Total	\$ 2,847,821	\$ 157,925	\$ (269,079)	\$ 2,736,667	\$ 311,727

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**NOTE 6 - LONG-TERM OBLIGATIONS - continued**

The following is a summary of debt service requirements for the Land Note:

Year	Principal	Interest	Total
2012	\$ 18,996	\$ 6,425	\$ 25,421
2013	20,135	5,285	25,420
2014	21,343	4,077	25,420
2015	22,624	2,796	25,420
2016	23,982	1,439	25,421
Total	<u>\$ 107,080</u>	<u>\$ 20,022</u>	<u>\$ 127,102</u>

The following is a summary of debt service requirements for the Certificates of Obligation:

Year	Principal	Interest	Total
2012	\$ 145,000	\$ 105,806	\$ 250,806
2013	150,000	98,800	248,800
2014	155,000	91,556	246,556
2015	170,000	83,838	253,838
2016	175,000	75,644	250,644
2017-2021	1,020,000	240,350	1,260,350
2022-2023	485,000	23,394	508,394
Total	<u>\$ 2,300,000</u>	<u>\$ 719,388</u>	<u>\$ 3,019,388</u>

The following is a summary of debt service requirements for the Equipment Notes:

Year	Principal	Interest	Total
2012	\$ 147,731	\$ 7,939	\$ 155,670
2013	127,702	4,397	132,099
2014	54,154	1,564	55,718
Total	<u>\$ 329,587</u>	<u>\$ 13,900</u>	<u>\$ 343,487</u>

Land Note

Road and Bridge Precinct #3 borrowed \$125,000 from Nathan and Fern Tharp for the purpose of acquiring 3.76 acres of land and a barn. Principle and interest payments are due annually on January 15th, maturing in January 2016. This is a 6.0% interest note. The outstanding balance at December 31, 2011 was \$107,080.

Certificates of Obligation

The County issued \$3,200,000 Certificates of Obligation, Series 2003 for the purpose of acquiring, constructing and equipping a new county jail. Principle payments are due annually on February 15th, maturing in February 2023. Interest is payable February 15th and August 15th, at 4.75% interest rate. The outstanding balance at December 31, 2011 was \$2,300,000.

Equipment Notes

Road and Bridge Precinct #1 borrowed \$72,510 from Welch State Bank for the purpose of acquiring a Motorgrader. Principle and interest payments are due annually. The note matures in 2012. This is a 3.28% percent interest note. The outstanding balance at December 31, 2011 was \$24,310.

Road and Bridge Precinct #1 borrowed \$72,515 from Welch State Bank for the purpose of acquiring a Motorgrader. Principle and interest payments are due annually. The note matures in 2013. This is a 3.45% percent interest note. The outstanding balance at December 31, 2011 was \$49,070.

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*NOTE 6 - LONG-TERM OBLIGATIONS - continued*

Equipment Notes (continued)

Road and Bridge Precinct #2 borrowed \$55,015 from Welch State Bank for the purpose of acquiring a Motorgrader. Principle and interest payments are due annually. The note matures in 2013. This is a 3.45% percent interest note. The outstanding balance at December 31, 2011 was \$37,228.

Road and Bridge Precinct #3 borrowed \$52,700 from Welch State Bank for the purpose of acquiring a Motorgrader. Principle and interest payments are due annually. The note matures in 2013. This is a 3.45% percent interest note. The outstanding balance at December 31, 2011 was \$35,661.

Road and Bridge Precinct #4 borrowed \$37,515 from Welch State Bank for the purpose of acquiring a Motorgrader. Principle and interest payments are due annually. The note matures in 2013. This is a 3.45% percent interest note. The outstanding balance at December 31, 2011 was \$25,393.

Road and Bridge Precinct #2 borrowed \$81,315 from Security State Bank for the purpose of acquiring a Motorgrader. Principle and interest payments are due annually. The note matures in 2014. This is a 2.89% percent interest note. The outstanding balance at December 31, 2011 was \$81,315.

Road and Bridge Precinct #1 borrowed \$38,305 from Security State Bank for the purpose of acquiring a Backhoe Loader. Principle and interest payments are due annually. The note matures in 2014. This is a 2.88% percent interest note. The outstanding balance at December 31, 2011 was \$38,305.

Road and Bridge Precinct #2 borrowed \$38,305 from Security State Bank for the purpose of acquiring a Backhoe Loader. Principle and interest payments are due annually. The note matures in 2014. This is a 2.88% percent interest note. The outstanding balance at December 31, 2011 was \$38,305.

*NOTE 7 - RETIREMENT PLAN*

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 TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 618 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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

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*NOTE 7 - RETIREMENT PLAN - continued*

Plan Description - continued

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

Funding Policy

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 8.33% for calendar year 2011. The contribution rate payable by the employee members for calendar year 2011 was the rate of 7.0% as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost

For the County's accounting years ending December 31, 2011 and 2010 the annual pension cost for the TCDRS plan for its employees was \$145,872 and \$140,721, and the actual employee contributions were \$122,581 and \$140,721, respectively.

The required contribution was determined as part of the December 31, 2010 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2010 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year-period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2010 was 20 years.

Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the plan was 83.25 percent funded. The actuarial accrued liability for benefits was \$4,097,385, and the actuarial value of assets was \$3,411,076, resulting in an unfunded (or overfunded) actuarial accrued liability (UAAL) (or OAAL) of \$686,309. The covered payroll (annual payroll of active employees covered by the plan) was \$1,847,153, and the ratio of the UAAL (or OAAL) to the covered payroll was 37.16 percent.

The schedule of funding progress, presented as Required Supplementary Information (RSI) presented in the next few pages, 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 for benefits.

<u>GASB 27 Calculation Information</u>	2010*	2011*
GASB 27 compliant contribution rate	8.36%	8.33%
Assumed return on employer funds**	9.00%	9.00%
Actuarial amortization factor	12.4298	12.4298
Contribution rate	8.36%	8.33%

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*NOTE 7 - RETIREMENT PLAN - continued*

Actuarial Information

	12/31/2008	12/31/2009	12/31/2010
Actuarial valuation date	12/31/2008	12/31/2009	12/31/2010
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	20.0	20.0	20.0
Asset valuation method			
Subdivision Accumulation Fund	10-yr smoothed value	10-yr smoothed value	10-yr smoothed value
Employees Saving Fund	Fund value	Fund value	Fund value
Assumptions:			
Investment return**	8.0%	8.0%	8.0%
Projected salary increases**	5.3%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

\*\*Includes inflation at the stated rate

Trend Information for the Retirement Plan for the Employees of Parmer County

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
December 31, 2011	145,872	100%	-
December 31, 2010	140,721	100%	-
December 31, 2009	131,520	100%	-

Schedule of Funding Information

	12/31/2008	12/31/2009	12/31/2010
Actuarial valuation date	12/31/2008	12/31/2009	12/31/2010
Actuarial value of assets	2,970,251	3,406,109	3,411,076
Actuarial accrued liability (AAL)	3,602,186	4,031,415	4,097,385
Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)]	631,935	625,306	686,309
Funded ratio	82.46%	84.49%	83.25%
Annual covered payroll (actuarial)	1,631,636	1,764,705	1,847,153
UAAL or (OAAL) as percentage of covered payroll	38.73%	35.43%	37.16%

Note Disclosure Variables

Plan Description	2010*	2011*
Number of participating employers	601	618
Years required for vesting and retirement at age 60	8	8
Rule of ___ for retirement eligibility	80	80
Service years for retirement at any age	30	30
Partial lump-sum payment option	No	No
Funding Policy		
Contribution rate for employer	8.36%	8.33%
Deposit rate for employees	7.00%	7.00%
Other		
Elected rate in effect	No	No

\* Relates to the calendar year

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*NOTE 8 - INTERFUND TRANSFERS*

Transfers within the County are for the purposes of subsidizing operating functions on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs. Interfund transfers are transactions between funds transferring funds out of one fund to support the operations of another fund.

<u>Transfers In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	R.O.W. Fund	\$ 190,000
General Fund	Jury Fund	10,000
Permanent Improvement Fund	R.O.W. Fund	25,000
Road & Bridge Fund	R.O.W. Fund	25,000
General Fund	State Fees Fund	745
		<u>\$ 250,745</u>

*NOTE 9 - RISK MANAGEMENT*

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and natural disasters. During calendar year 2011, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past calendar year and there were no settlements exceeding insurance coverage for each of the past three calendar years.

*NOTE 10 - OPERATING LEASE - LESSOR*

The County has entered into an oil and gas lease with Pioneer Natural Resources Purchasing. This lease covers 100% of the county's unleased minerals in leagues 315, 316 and 317. The lease proceeds for 2011 were \$860 which were deposited into the Parmer County Permanent School Fund. During year ending December 31, 2011, the Available School Fund disbursed all available funds to third party beneficiaries. Both the Permanent and Available School Funds are considered agency funds. Therefore, these funds are being held for the benefit of a third party and cannot be used to address activities or obligations of the government. The lease proposal will also bring a 20% annual royalty.

*NOTE 11 - COMMITMENTS*

The County does not have any significant construction or other significant commitments as of December 31, 2011.

*NOTE 12 - SUBSEQUENT EVENTS*

The date to which events occurring after December 31, 2011, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is June 28, 2012, which is the date on which the financial statements were issued.

*NOTE 13 - CONCENTRATIONS*

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



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December 31, 2011

*NOTE 14 - SUBSEQUENT PRONOUNCEMENTS*

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

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

In December 2010, GASB Statement No. 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, Effective Date: The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The County will implement this standard during calendar year December 31, 2012.

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

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

**SUPPLEMENTARY INFORMATION**

**NONMAJOR GOVERNMENTAL FUNDS**

STATE OF TEXAS  
 Parmer County  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 December 31, 2011

Statement A-1

	Special Revenue					Total Nonmajor Governmental Funds
	Jury Fund	R.O.W. Fund	Permanent Improvement Fund	Parmer County Forfeiture Fund	State Fees Fund	
<i>Assets</i>						
Cash and cash equivalents	\$ 97,294	\$ 143,257	\$ 61,194	\$ 58,435	\$ 135,513	\$ 495,693
<i>Total assets</i>	<u>\$ 97,294</u>	<u>\$ 143,257</u>	<u>\$ 61,194</u>	<u>\$ 58,435</u>	<u>\$ 135,513</u>	<u>\$ 495,693</u>
<i>Liabilities</i>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 47,222	\$ 47,222
Due to other funds	-	-	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,222</u>	<u>47,222</u>
<i>Fund balances</i>						
Restricted for:						
General county operations	-	-	61,194	-	94	61,288
Maintenance of roads	-	143,257	-	-	-	143,257
Judicial	97,294	-	-	-	88,197	185,491
Public safety	-	-	-	58,435	-	58,435
Unassigned	-	-	-	-	-	-
<i>Total fund balances</i>	<u>97,294</u>	<u>143,257</u>	<u>61,194</u>	<u>58,435</u>	<u>88,291</u>	<u>448,471</u>
<i>Total liabilities and fund balances</i>	<u>\$ 97,294</u>	<u>\$ 143,257</u>	<u>\$ 61,194</u>	<u>\$ 58,435</u>	<u>\$ 135,513</u>	<u>\$ 495,693</u>

The accompanying notes are an integral part of these financial statements

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**STATE OF TEXAS**  
**Parmer County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2011**

Statement A-2

	Special Revenue					Total Nonmajor Governmental Funds
	Jury Fund	R.O.W. Fund	Permanent Improvement Fund	Parmer County Forfeiture Fund	State Fees Fund	
<i>Revenues:</i>						
<i>Taxes:</i>						
Property	\$ 26,417	\$ 377,040	\$ 26,417	\$ -	\$ -	\$ 429,874
Fines, forfeitures and settlements	-	-	-	1,851	166,453	168,304
Investment income	894	405	510	236	745	2,790
Miscellaneous	1,244	-	-	-	-	1,244
<i>Total revenues</i>	<u>28,555</u>	<u>377,445</u>	<u>26,927</u>	<u>2,087</u>	<u>167,198</u>	<u>602,212</u>
<i>Expenditures:</i>						
<i>Current:</i>						
General government	-	-	44,790	-	-	44,790
Judicial	11,609	-	-	-	167,884	179,493
Public safety	-	95,000	-	4,268	-	99,268
Capital outlay	-	-	-	-	27,347	27,347
<i>Total expenditures</i>	<u>11,609</u>	<u>95,000</u>	<u>44,790</u>	<u>4,268</u>	<u>195,231</u>	<u>350,898</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>16,946</u>	<u>282,445</u>	<u>(17,863)</u>	<u>(2,181)</u>	<u>(28,033)</u>	<u>251,314</u>
<i>Other financing sources (uses)</i>						
Transfers in	-	-	25,000	-	-	25,000
Transfers (out)	(10,000)	(240,000)	-	-	(745)	(250,745)
<i>Total other financing sources (uses)</i>	<u>(10,000)</u>	<u>(240,000)</u>	<u>25,000</u>	<u>-</u>	<u>(745)</u>	<u>(225,745)</u>
<i>Net change in fund balances</i>	6,946	42,445	7,137	(2,181)	(28,778)	25,569
<i>Fund balances - beginning of year</i>	<u>90,348</u>	<u>100,812</u>	<u>54,057</u>	<u>60,616</u>	<u>117,069</u>	<u>422,902</u>
<i>Fund balances - end of year</i>	<u>\$ 97,294</u>	<u>\$ 143,257</u>	<u>\$ 61,194</u>	<u>\$ 58,435</u>	<u>\$ 88,291</u>	<u>\$ 448,471</u>

The accompanying notes are an integral part of these financial statements

**SUPPORTING SCHEDULES**

**STATE OF TEXAS**  
 Farmer County  
 Jury Fund Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended December 31, 2011

Schedule I

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 24,324	\$ 24,324	\$ 26,417	\$ 2,093
Fines, forfeitures and settlements	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Investment income	1,030	1,030	894	(136)
Miscellaneous	1,700	1,700	1,244	(456)
<i>Total revenues</i>	<u>27,054</u>	<u>27,054</u>	<u>28,555</u>	<u>1,501</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Judicial	17,700	17,650	11,609	6,041
Legal	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>17,700</u>	<u>17,650</u>	<u>11,609</u>	<u>6,041</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>9,354</u>	<u>9,404</u>	<u>16,946</u>	<u>7,542</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	646	596	-	(596)
Transfers in	-	-	-	-
Transfers (out)	(10,000)	(10,000)	(10,000)	-
<i>Total other financing sources (uses)</i>	<u>(9,354)</u>	<u>(9,404)</u>	<u>(10,000)</u>	<u>(596)</u>
<i>Net change in fund balance</i>	-	-	6,946	6,946
<i>Fund balance - beginning of year</i>	-	-	90,348	90,348
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,294</u>	<u>\$ 97,294</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 6,946
No adjustments to revenues				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP)				<u>\$ 6,946</u>

See accompanying independent auditor's report



STATE OF TEXAS

Schedule II

Parmer County

R.O.W. Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 347,164	\$ 347,164	\$ 377,040	\$ 29,876
Fines, forfeitures and settlements	-	-	-	-
Licenses and permits	-	200,000	-	(200,000)
Charges for services	-	3,000	-	(3,000)
Investment income	75	3,250	405	(2,845)
Miscellaneous	-	11,000	-	(11,000)
<i>Total revenues</i>	<u>347,239</u>	<u>564,414</u>	<u>377,445</u>	<u>(186,969)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	95,000	(95,000)
Health and welfare	-	-	-	-
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>95,000</u>	<u>(95,000)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>347,239</u>	<u>564,414</u>	<u>282,445</u>	<u>(281,969)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(12,239)	(229,414)	-	229,414
Transfers in	-	-	-	-
Transfers (out)	(335,000)	(335,000)	(240,000)	95,000
<i>Total other financing sources (uses)</i>	<u>(347,239)</u>	<u>(564,414)</u>	<u>(240,000)</u>	<u>324,414</u>
<i>Net change in fund balance</i>	-	-	42,445	42,445
<i>Fund balance - beginning of year</i>	-	-	100,812	100,812
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,257</u>	<u>\$ 143,257</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 42,445
No adjustments to revenues				-
No adjustments for accounts payable				-
Net change in fund balance (GAAP)				<u>\$ 42,445</u>

See accompanying independent auditor's report

**STATE OF TEXAS**  
**Parmer County**  
**Permanent Improvement Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended December 31, 2011**

Schedule III

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues:</b>				
Taxes:				
Property	\$ 24,324	\$ 24,324	\$ 26,417	\$ 2,093
Fines, forfeitures and settlements	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Investment income	440	440	510	70
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>24,764</u>	<u>24,764</u>	<u>26,927</u>	<u>2,163</u>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Road and bridge	-	-	-	-
Capital outlay	44,790	44,790	44,790	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>44,790</u>	<u>44,790</u>	<u>44,790</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(20,026)</u>	<u>(20,026)</u>	<u>(17,863)</u>	<u>2,163</u>
<b>Other financing sources (uses)</b>				
Designated cash (budgeted increase in cash)	(4,974)	(4,974)	-	4,974
Transfers in	25,000	25,000	25,000	-
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>20,026</u>	<u>20,026</u>	<u>25,000</u>	<u>4,974</u>
<b>Net change in fund balance</b>	-	-	7,137	7,137
<b>Fund balance - beginning of year</b>	-	-	54,057	54,057
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,194</u>	<u>\$ 61,194</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 7,137
No adjustments to revenue				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP)				<u>\$ 7,137</u>

See accompanying independent auditor's report

**STATE OF TEXAS**  
**Parmer County**  
**Parmer County Forfeiture Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended December 31, 2011**

Schedule IV

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u> <u>Final to Actual</u>
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures and settlements	-	1,851	1,851	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	236	236	-
<i>Total revenues</i>	<u>-</u>	<u>2,087</u>	<u>2,087</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	4,268	4,268	-
Health and welfare	-	-	-	-
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>4,268</u>	<u>4,268</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(2,181)</u>	<u>(2,181)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	2,181	-	(2,181)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>2,181</u>	<u>-</u>	<u>(2,181)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(2,181)</u>	<u>(2,181)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>60,616</u>	<u>60,616</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,435</u>	<u>\$ 58,435</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (2,181)
No adjustments to revenue				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP)				<u>\$ (2,181)</u>

See accompanying independent auditor's report

**STATE OF TEXAS**  
**Parmer County**  
**State Fees Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended December 31, 2011**

Schedule V

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures and settlements	-	-	166,453	166,453
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	745	745
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>167,198</u>	<u>167,198</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	120,662	(120,662)
Capital outlay	-	-	27,347	(27,347)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>148,009</u>	<u>(148,009)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>19,189</u>	<u>19,189</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	(745)	(745)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(745)</u>	<u>(745)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>18,444</u>	<u>18,444</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>117,069</u>	<u>117,069</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,513</u>	<u>\$ 135,513</u>
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ 18,444</u>
No adjustments to revenue				-
Adjustments for accounts payable				<u>(47,222)</u>
Net change in fund balance (GAAP)				<u>\$ (28,778)</u>

See accompanying independent auditor's report

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STATE OF TEXAS

Parmer County

Debt Service Fund

Schedule VI

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 264,875	\$ 264,875	\$ 319,620	\$ 54,745
Investment income	125	125	848	723
<i>Total revenues</i>	<u>265,000</u>	<u>265,000</u>	<u>320,468</u>	<u>55,468</u>
<i>Expenditures:</i>				
Debt service:				
Principal	145,000	145,000	145,000	-
Interest	112,694	112,694	112,694	-
Administration fee	500	500	500	-
<i>Total expenditures</i>	<u>258,194</u>	<u>258,194</u>	<u>258,194</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>6,806</u>	<u>6,806</u>	<u>62,274</u>	<u>55,468</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(6,806)	(6,806)	-	6,806
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(6,806)</u>	<u>(6,806)</u>	<u>-</u>	<u>6,806</u>
<i>Net change in fund balance</i>	-	-	62,274	62,274
<i>Fund balance - beginning of year</i>	-	-	118,915	118,915
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,189</u>	<u>\$ 181,189</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 62,274
Adjustments to revenue for accrued property taxes				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP)				<u>\$ 62,274</u>

See accompanying independent auditor's report

## STATE OF TEXAS

## Parmer County

Schedule VII

Page 1 of 2

Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds  
For the Year Ended December 31, 2011

	Balance December 31, 2010	Additions	Deductions	Balance December 31, 2011
<b>JUVENILE PROBATION FUND</b>				
<i>Assets</i>				
Cash and cash investments	\$ 2,202	\$ 1,436	\$ 874	\$ 2,764
<i>Total assets</i>	<u>\$ 2,202</u>	<u>\$ 1,436</u>	<u>\$ 874</u>	<u>\$ 2,764</u>
<i>Liabilities</i>				
Due to others	\$ 2,202	\$ 1,436	\$ 874	\$ 2,764
<i>Total liabilities</i>	<u>\$ 2,202</u>	<u>\$ 1,436</u>	<u>\$ 874</u>	<u>\$ 2,764</u>
<b>COUNTY ATTORNEY CHECK COLLECTION</b>				
<i>Assets</i>				
Cash and cash investments	\$ 24,716	\$ 16,821	\$ 17,362	\$ 24,175
<i>Total assets</i>	<u>\$ 24,716</u>	<u>\$ 16,821</u>	<u>\$ 17,362</u>	<u>\$ 24,175</u>
<i>Liabilities</i>				
Due to others	\$ 24,716	\$ 16,821	\$ 17,362	\$ 24,175
<i>Total liabilities</i>	<u>\$ 24,716</u>	<u>\$ 16,821</u>	<u>\$ 17,362</u>	<u>\$ 24,175</u>
<b>DISTRICT ATTORNEY CHECK COLLECTION</b>				
<i>Assets</i>				
Cash and cash investments	\$ 9,065	\$ 19,770	\$ 19,973	\$ 8,862
<i>Total assets</i>	<u>\$ 9,065</u>	<u>\$ 19,770</u>	<u>\$ 19,973</u>	<u>\$ 8,862</u>
<i>Liabilities</i>				
Due to others	\$ 9,065	\$ 19,770	\$ 19,973	\$ 8,862
<i>Total liabilities</i>	<u>\$ 9,065</u>	<u>\$ 19,770</u>	<u>\$ 19,973</u>	<u>\$ 8,862</u>
<b>COUNTY ATTORNEY FORFEITURE FUND</b>				
<i>Assets</i>				
Cash and cash investments	\$ 7,033	\$ 344	\$ 327	\$ 7,050
<i>Total assets</i>	<u>\$ 7,033</u>	<u>\$ 344</u>	<u>\$ 327</u>	<u>\$ 7,050</u>
<i>Liabilities</i>				
Due to others	\$ 7,033	\$ 344	\$ 327	\$ 7,050
<i>Total liabilities</i>	<u>\$ 7,033</u>	<u>\$ 344</u>	<u>\$ 327</u>	<u>\$ 7,050</u>
<b>DISTRICT ATTORNEY FORFEITURE FUND</b>				
<i>Assets</i>				
Cash and cash investments	\$ 50,625	\$ 16,869	\$ 48,259	\$ 19,235
<i>Total assets</i>	<u>\$ 50,625</u>	<u>\$ 16,869</u>	<u>\$ 48,259</u>	<u>\$ 19,235</u>
<i>Liabilities</i>				
Due to others	\$ 50,625	\$ 16,869	\$ 48,259	\$ 19,235
<i>Total liabilities</i>	<u>\$ 50,625</u>	<u>\$ 16,869</u>	<u>\$ 48,259</u>	<u>\$ 19,235</u>
<b>DISTRICT ATTORNEY SPECIAL FUND</b>				
<i>Assets</i>				
Cash and cash investments	\$ 3,468	\$ 23,021	\$ 22,967	\$ 3,522
<i>Total assets</i>	<u>\$ 3,468</u>	<u>\$ 23,021</u>	<u>\$ 22,967</u>	<u>\$ 3,522</u>
<i>Liabilities</i>				
Due to others	\$ 3,468	\$ 23,021	\$ 22,967	\$ 3,522
<i>Total liabilities</i>	<u>\$ 3,468</u>	<u>\$ 23,021</u>	<u>\$ 22,967</u>	<u>\$ 3,522</u>

See accompanying independent auditor's report

**STATE OF TEXAS**  
**Parmer County**  
**Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds**  
**For the Year Ended December 31, 2011**

	Balance December 31, 2010	Additions	Deductions	Balance December 31, 2011
<b>PARMER COUNTY ATTNY PRETRIAL FUND</b>				
<i>Assets</i>				
Cash and cash investments	\$ 3,320	\$ 10,283	\$ 12,140	\$ 1,463
<i>Total assets</i>	<u>\$ 3,320</u>	<u>\$ 10,283</u>	<u>\$ 12,140</u>	<u>\$ 1,463</u>
<i>Liabilities</i>				
Due to others	\$ 3,320	\$ 10,283	\$ 12,140	\$ 1,463
<i>Total liabilities</i>	<u>\$ 3,320</u>	<u>\$ 10,283</u>	<u>\$ 12,140</u>	<u>\$ 1,463</u>
<b>COUNTY CLERK TRUST ACCOUNTS</b>				
<i>Assets</i>				
Cash and cash investments	\$ 23,401	\$ 55	\$ -	\$ 23,456
<i>Total assets</i>	<u>\$ 23,401</u>	<u>\$ 55</u>	<u>\$ -</u>	<u>\$ 23,456</u>
<i>Liabilities</i>				
Due to others	\$ 23,401	\$ 55	\$ -	\$ 23,456
<i>Total liabilities</i>	<u>\$ 23,401</u>	<u>\$ 55</u>	<u>\$ -</u>	<u>\$ 23,456</u>
<b>DISTRICT CLERK TRUST ACCOUNTS</b>				
<i>Assets</i>				
Cash and cash investments	\$ 136,821	\$ 99,976	\$ 60,180	\$ 176,617
<i>Total assets</i>	<u>\$ 136,821</u>	<u>\$ 99,976</u>	<u>\$ 60,180</u>	<u>\$ 176,617</u>
<i>Liabilities</i>				
Due to others	\$ 136,821	\$ 99,976	\$ 60,180	\$ 176,617
<i>Total liabilities</i>	<u>\$ 136,821</u>	<u>\$ 99,976</u>	<u>\$ 60,180</u>	<u>\$ 176,617</u>
<b>OTHER DEPARTMENTS</b>				
<i>Assets</i>				
Cash and cash investments	\$ 2,862,177	\$ 3,044,985	\$ 5,051,871	\$ 855,291
<i>Total assets</i>	<u>\$ 2,862,177</u>	<u>\$ 3,044,985</u>	<u>\$ 5,051,871</u>	<u>\$ 855,291</u>
<i>Liabilities</i>				
Due to others	\$ 2,806,168	\$ 3,036,020	\$ 5,051,871	\$ 790,317
Due to state	56,009	8,965	-	64,974
<i>Total liabilities</i>	<u>\$ 2,862,177</u>	<u>\$ 3,044,985</u>	<u>\$ 5,051,871</u>	<u>\$ 855,291</u>
<b>TOTAL ALL AGENCY FUNDS</b>				
<i>Assets</i>				
Cash and cash investments	\$ 3,122,828	\$ 3,233,560	\$ 5,233,953	\$ 1,122,435
<i>Total assets</i>	<u>\$ 3,122,828</u>	<u>\$ 3,233,560</u>	<u>\$ 5,233,953</u>	<u>\$ 1,122,435</u>
<i>Liabilities</i>				
Due to others	\$ 3,066,819	\$ 3,224,595	\$ 5,233,953	\$ 1,057,461
Due to state	56,009	8,965	-	64,974
<i>Total liabilities</i>	<u>\$ 3,122,828</u>	<u>\$ 3,233,560</u>	<u>\$ 5,233,953</u>	<u>\$ 1,122,435</u>