

STATE OF TEXAS
PARMER COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013

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INTRODUCTORY SECTION

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STATE OF TEXAS
Parmer County
Table of Contents
December 31, 2013

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Table of Contents		5
Official Roster		7
FINANCIAL SECTION		
Independent Auditors' Report		10-11
Management's Discussion and Analysis		12-17
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements:		
Statement of Net Position	A-1	20
Statement of Activities	A-2	21
Fund Financial Statements:		
Balance Sheet – Governmental Funds	B-1	22
Reconciliation of the Balance Sheet to the Statement of Net Position		23
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	B-2	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		25
Statement of Revenues, Expenditures and Changes in Fund Balance–Budget (Non-GAAP Budgetary Basis) and Actual – General Fund		
General Fund	C-1	27
Road & Bridge Combined Special Revenue Funds	C-2	28-29
Statement of Fiduciary Assets and Liabilities – Agency Funds	D-1	30-31
NOTES TO THE FINANCIAL STATEMENTS		33-51
SUPPLEMENTARY INFORMATION		
<u>Statement</u>		
COMBINING AND INDIVIDUAL FUND STATEMENTS:		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	55
SUPPORTING SCHEDULES		
<u>Schedule</u>		
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Jury Fund Special Revenue Fund	I	58
R.O.W. Special Revenue Fund	II	59
Permanent Improvement Special Revenue Fund	III	60
Parmer County Forfeiture Special Revenue Fund	IV	61
State Fees Special Revenue Fund	V	62
Debt Service Fund	VI	63
Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds	VII	64-65

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STATE OF TEXAS
Parmer County
Official Roster
December 31, 2013

<u>Name</u>	<u>Elected Officials</u>	<u>Title</u>
Kirk Frye		Precinct 1 - Commissioner
James Clayton		Precinct 2 – Commissioner
Kenny White		Precinct 3 – Commissioner
Lloyd Bradshaw		Precinct 4 – Commissioner
Trey Ellis		County Judge
Altha Herington		County 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
	<u>Appointed Official</u>	
Larry Johnston		County Internal Auditor

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FINANCIAL SECTION



Pratas, Smith & Moore, LLC

A member of Accounting & Consulting Group, LLP

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Parmer County, Texas (the County), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Parmer County, Texas, as of December 31, 2013, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and the Road and Bridge Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12-17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Parmer County, Texas's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements, and the supporting schedules I through VII are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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



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

STATE OF TEXAS
Parmer County
Management's Discussion and Analysis
December 31, 2013

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, 2013. We encourage readers to consider the information presented here in conjunction with the financial statements of Parmer County and additional information provided.

Financial Highlights

- The assets of Parmer County exceeded its liabilities at the close of the most recent calendar year by \$9,178,492 (net position). Of this amount, \$3,604,079 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors. The County's net position that is restricted for debt service and special revenue funds is \$2,637,959. The County's net investment in capital assets is \$2,936,454.
- Change in net position for the year end was an increase of \$190,108. 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, unassigned fund balance for the general fund was \$2,101,102 or 72 percent of total general fund expenditures.
- The County's total debt outstanding at December 31, 2013 is \$2,275,604.

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 position* presents information on all of Parmer County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent calendar year. All changes in net position 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 display functions of Parmer County that are principally supported by taxes and intergovernmental revenues (governmental activities). 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, 2013

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 three governmental fund types which are the general fund, special revenue funds, and the debt service fund. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the general fund, the road and bridge fund, and 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, and various other special revenue funds. A budgetary comparison statement has been provided for the general fund, the road and bridge fund, the debt service fund, and the nonmajor special revenue funds 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 statement can be found at Exhibit D-1 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 through 51 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 54 through 65 of this report.

STATE OF TEXAS
 Parmer County
 Management's Discussion and Analysis
 December 31, 2013

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Parmer County, assets exceeded liabilities by \$9,178,492 at the close of the most recent calendar year. The County had revenues that exceeded expenditures during the year in the amount of \$190,108 which increased net position in the current year.

Parmer County's net position 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 position category of \$2,936,454 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 Position
 December 31, 2013**

	Governmental Activities	
	2013	2012
Current and other assets	\$ 6,354,871	\$ 6,623,834
Capital assets	5,212,058	5,330,359
Total assets	\$ 11,566,929	\$ 11,954,193
Current liabilities	\$ 392,052	\$ 633,657
Noncurrent liabilities	1,996,385	2,262,834
Total liabilities	\$ 2,388,437	\$ 2,896,491
Net position:		
Net investment in capital assets	\$ 2,936,454	\$ 2,917,904
Restricted for:		
Debt service	307,760	187,784
Records management	113,893	104,940
Other purposes - special revenue	2,216,306	1,250,013
Unrestricted	3,604,079	4,597,061
Total net position	\$ 9,178,492	\$ 9,057,702

STATE OF TEXAS
Parmer County
Management's Discussion and Analysis
December 31, 2013

Changes in Net Position

The County's total revenues of \$4,942,826 and expenses of \$4,752,718 resulted in a change in net position of \$190,108. Comparative information for changes in net position is shown below.

Parmer County's Change in Net Position
December 31, 2013

	Governmental Activities	
	2013	2012
Revenues:		
Program revenues:		
Charges for services	\$ 1,104,125	\$ 917,368
Operating grants and contributions	104,207	88,931
General revenues:		
Property and other taxes	3,260,986	3,265,129
Fines and forfeitures	144,591	152,787
Interest income	42,082	49,487
Miscellaneous income	121,960	117,073
Gain (Loss) on disposal of assets	164,875	9,562
Total revenues	4,942,826	4,600,337
Expenses:		
General government	1,005,341	1,004,234
Judicial	500,867	489,321
Legal	261,535	250,937
Public safety	1,342,378	1,318,713
Health and welfare	103,356	97,752
Road and bridge	1,501,213	1,436,730
Interest on long-term debt	38,028	119,119
Total expenditures	4,752,718	4,716,806
Increase (decrease) in net position	190,108	(116,469)
Net position - beginning	9,057,702	9,069,231
Net position - restatement (Note 14)	(69,318)	104,940
Net position - as restated	8,988,384	9,174,171
Net position - ending	\$ 9,178,492	\$ 9,057,702

STATE OF TEXAS
Parmer County
Management's Discussion and Analysis
December 31, 2013

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, *unassigned 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 \$3,804,765, a decrease of \$82,084 in comparison with the prior year. Approximately 55 percent of this total amount, \$2,101,102, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *restricted* for special revenue purposes to indicate that it is not available for new spending.

The general fund is the chief operating fund of the County. The unassigned fund balance represents 72% of the total general fund expenditures or approximately 9 months of operating equity.

Budgetary Highlights

The final budget for the General fund reflected a deficit of \$638,993 which decreased the fund balance. Budget amendments to expenditures were made during the year within the general fund departments. The actual expenditures were \$239,653 less than the final budgeted amounts, and actual revenues were \$59,244 more than the final budgeted amounts. This resulted in a favorable budget variance of \$298,897.

In the Road and Bridge combined fund, the final budget reflected a deficit of \$196,083 which decreased the fund balance. The actual expenditures were \$69,958 more than the final budgeted amounts and actual revenues were \$24,500 more than the final budgeted amounts. This resulted in an unfavorable budget variance of \$45,458.

In the Debt Service fund, the final budget reflected a deficit of \$18,029 which decreased the fund balance. The actual expenditures were the same as the final budgeted amounts. The actual revenues were \$2,656 less than the final budgeted amounts. This resulted in an unfavorable budget variance of \$2,656.

Capital Asset and Debt Administration

Capital Assets

Parmer County's investment in capital assets for its governmental activities as of December 31, 2013, amounts to \$5,212,058 (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, 2013 and December 31, 2012.

STATE OF TEXAS
Parmer County
Management's Discussion and Analysis
December 31, 2013

Parmer County's Capital Assets
December 31, 2013

	Governmental Activities	
	2013	2012
Land	\$ 43,472	\$ 43,472
Buildings and improvements	2,870,800	2,981,299
Machinery and equipment	2,297,786	2,305,588
Total	\$ 5,212,058	\$ 5,330,359

Additional information on Parmer County's capital assets can be found in Note 5 on page 43 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 \$2,055,000.
- **Notes Payable and Capital Leases.** The County's note payables and capital leases at December 31, 2012 were \$220,604.

Economic Factor and Next Year's Budgets and Rates

- The property tax rate was set at 0.4589 for maintenance and operations and at 0.0316 for debt service, for a total tax rate of 0.4905.
- The unemployment rate for Parmer County was 4.6 percent for calendar year 2013. This compares favorably to the state's average unemployment rate of 6.3 percent and the national average rate of 7.4 percent.
- The agricultural economy in the region remains stable. While drought conditions persist, the severity of the drought has been mitigated by recent significant precipitation.
- No major construction projects are planned in the coming year. However, the County hopes to be able to budget for significant enhancements to its computer hardware/software infrastructure.

All of these factors were considered in preparing Parmer County's budget for the 2014 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.

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**BASIC
FINANCIAL STATEMENTS**

STATE OF TEXAS
Parmer County
Statement of Net Position
December 31, 2013

Exhibit A-1

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 3,569,444
Receivables:	
Property taxes, net of allowance	2,460,311
Fines and forfeitures, net of allowance	168,229
Due from other governments	29,362
Prepaid expenses	9,859
Total current assets	6,237,205
Noncurrent assets	
Restricted cash and cash equivalents	117,666
Capital assets	9,078,647
Less: accumulated depreciation	(3,866,589)
Total noncurrent assets	5,329,724
Total assets	\$ 11,566,929
Liabilities	
Current liabilities	
Accounts payable	\$ 89,795
Accrued interest	23,038
Current portion of notes and capital leases payable	99,219
Current portion of certificates of obligation payable	180,000
Total current liabilities	392,052
Noncurrent liabilities	
Notes and capital leases	121,385
Certificates of obligation	1,875,000
Total noncurrent liabilities	1,996,385
Total liabilities	2,388,437
Net position	
Net investment in capital assets	2,936,454
Restricted for:	
Debt service	307,760
Records management	113,893
Other purposes - special revenue	2,216,306
Unrestricted	3,604,079
Total net position	9,178,492
Total liabilities and net position	\$ 11,566,929

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, 2013

Exhibit A-2

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Primary government				
General government	\$ 1,005,341	\$ 38,470	\$ 14,222	\$ (952,649)
Judicial	500,867	327,392	45,385	(128,090)
Legal	261,535	-	-	(261,535)
Public safety	1,342,378	231,376	12,965	(1,098,037)
Health and welfare	103,356	-	-	(103,356)
Road and bridge	1,501,213	506,887	31,635	(962,691)
Interest on long-term debt	38,028	-	-	(38,028)
<i>Total governmental activities</i>	<u>\$ 4,752,718</u>	<u>\$ 1,104,125</u>	<u>\$ 104,207</u>	<u>\$ (3,544,386)</u>

General revenues:

Taxes:

Property	3,260,986
Fines and forfeitures	144,591
Interest income	42,082
Miscellaneous income	121,960
Gain on disposal of capital assets	164,875
Total general revenues	<u>3,734,494</u>
Change in net position	190,108
Net position - beginning	9,057,702
Net position - restatement (Note 15)	(69,318)
Net position - as restated	<u>8,988,384</u>
Net position - ending	<u>\$ 9,178,492</u>

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS
 Parmer County
 Balance Sheet
 Governmental Funds
 December 31, 2013

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	\$ 2,074,201	\$ 895,620	\$ 167,099	\$ 550,190	\$ 3,687,110
Receivables:					
Property taxes, net of allowance for doubtful accounts	1,493,118	483,718	158,127	325,348	2,460,311
Fines and forfeitures, net of allowance for doubtful accounts	168,229	-	-	-	168,229
Due from other governments	29,362	-	-	-	29,362
Prepaid expenses	9,859	-	-	-	9,859
<i>Total assets</i>	<u>\$ 3,774,769</u>	<u>\$ 1,379,338</u>	<u>\$ 325,226</u>	<u>\$ 875,538</u>	<u>\$ 6,354,871</u>
<i>Liabilities and fund balances</i>					
<i>Liabilities</i>					
Accounts payable	\$ 56,797	\$ 9,669	\$ -	\$ 23,329	\$ 89,795
<i>Total liabilities</i>	<u>56,797</u>	<u>9,669</u>	<u>-</u>	<u>23,329</u>	<u>89,795</u>
<i>Deferred inflows of resources</i>					
Unavailable revenue - property taxes	1,493,118	483,718	158,127	325,348	2,460,311
<i>Total deferred inflows of resources</i>	<u>1,493,118</u>	<u>483,718</u>	<u>158,127</u>	<u>325,348</u>	<u>2,460,311</u>
<i>Fund balances</i>					
Nonspendable					
Prepaid expenses	9,859	-	-	-	9,859
Spendable					
Restricted for:					
General county operations	-	-	-	100,351	100,351
Records management	113,893	-	-	-	113,893
Maintenance of roads	-	885,951	-	148,582	1,034,533
Judicial	-	-	-	227,796	227,796
Public safety	-	-	-	50,132	50,132
Debt service expenditures	-	-	167,099	-	167,099
Unassigned	2,101,102	-	-	-	2,101,102
<i>Total fund balances</i>	<u>2,224,854</u>	<u>885,951</u>	<u>167,099</u>	<u>526,861</u>	<u>3,804,765</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 3,774,769</u>	<u>\$ 1,379,338</u>	<u>\$ 325,226</u>	<u>\$ 875,538</u>	<u>\$ 6,354,871</u>

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS

Parmer County

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

December 31, 2013

Exhibit B-1

Page 2 of 2

Amounts reported for governmental activities in the Statement of
Net Position is different because:

Fund balances - total governmental funds	\$ 3,804,765
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	5,212,058
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	2,460,311
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	(23,038)
Certificates of obligation	(2,055,000)
Loans and capital leases	<u>(220,604)</u>
Net position - governmental activities	<u><u>\$ 9,178,492</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS
Parmer County
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

Exhibit B-2
Page 1 of 2

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<i>Revenues:</i>					
Taxes:					
Property	\$ 1,913,776	\$ 620,265	\$ 204,247	\$ 420,513	\$ 3,158,801
Intergovernmental:					
Federal operating grants	9,222	-	-	-	9,222
State operating grants	63,350	31,635	-	-	94,985
Fines, forfeitures and settlements	-	-	-	144,591	144,591
Licenses and permits	15,752	502,264	-	-	518,016
Charges for services	685,980	4,623	-	-	690,603
Investment income	24,631	9,243	1,231	6,977	42,082
Miscellaneous	40,498	81,052	-	410	121,960
<i>Total revenue</i>	<u>2,753,209</u>	<u>1,249,082</u>	<u>205,478</u>	<u>572,491</u>	<u>4,780,260</u>
<i>Expenditures:</i>					
Current:					
General government	841,632	-	-	1,500	843,132
Judicial	491,462	-	-	136,332	627,794
Financial administration	261,535	-	-	-	261,535
Public safety	1,184,332	-	-	5,812	1,190,144
Health and welfare	103,356	-	-	-	103,356
Road and bridge	-	1,151,510	-	-	1,151,510
Capital outlay	50,098	208,045	-	-	258,143
Debt service:					
Principal	-	129,669	175,000	-	304,669
Interest	-	10,230	50,263	-	60,493
Administration fee	-	-	900	-	900
<i>Total expenditures</i>	<u>2,932,415</u>	<u>1,499,454</u>	<u>226,163</u>	<u>143,644</u>	<u>4,801,676</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(179,206)</u>	<u>(250,372)</u>	<u>(20,685)</u>	<u>428,847</u>	<u>(21,416)</u>
<i>Other financing sources (uses)</i>					
Loan proceeds	-	98,500	-	-	98,500
Proceeds from sale of equipment	5,000	-	-	-	5,000
Transfers in	150,176	240,000	-	36,000	426,176
Transfers (out)	(36,000)	-	-	(390,176)	(426,176)
<i>Total other financing sources (uses)</i>	<u>119,176</u>	<u>338,500</u>	<u>-</u>	<u>(354,176)</u>	<u>103,500</u>
<i>Net change in fund balances</i>	(60,030)	88,128	(20,685)	74,671	82,084
<i>Fund balances - beginning of year</i>	<u>2,284,884</u>	<u>797,823</u>	<u>187,784</u>	<u>452,190</u>	<u>3,722,681</u>
<i>Fund balances - end of year</i>	<u>\$ 2,224,854</u>	<u>\$ 885,951</u>	<u>\$ 167,099</u>	<u>\$ 526,861</u>	<u>\$ 3,804,765</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, 2013

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	\$	82,084
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital expenditures		258,143
Depreciation expense		(536,319)
Trade in of capital assets		159,875
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:</p>		
Change in unavailable revenue related to property taxes receivable		102,185
Change in unavailable revenue related to fines and forfeitures receivable		(104,494)
<p>The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the Statement of Activities:</p>		
Decrease in accrued interest payable		22,465
Loan proceeds		(98,500)
Principal payments on certificates of obligation		175,000
Principal payments on notes and leases payable		129,669
Change in net position of governmental activities	\$	<u>190,108</u>

The accompanying notes are an integral part of these financial statements

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STATE OF TEXAS

Exhibit C-1

Parmer County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ 1,974,799	\$ 1,974,799	\$ 1,903,539	\$ (71,260)
Intergovernmental income:				
Federal operating grants	-	-	9,222	9,222
State operating grants	61,550	61,550	63,350	1,800
Fines, forfeitures and settlements	25,000	25,000	15,752	(9,248)
Charges for services	390,600	390,600	506,000	115,400
Investment income	25,500	25,500	24,631	(869)
Miscellaneous	10,000	10,000	24,199	14,199
<i>Total revenues</i>	<u>2,487,449</u>	<u>2,487,449</u>	<u>2,546,693</u>	<u>59,244</u>
<i>Expenditures:</i>				
Current:				
General administration	917,799	917,799	839,602	78,197
Judicial	504,999	504,999	457,924	47,075
Financial administration	264,884	264,884	257,494	7,390
Public safety	1,205,523	1,205,523	1,131,906	73,617
Health and welfare	101,794	90,366	99,443	(9,077)
Capital outlay	145,000	142,871	100,420	42,451
<i>Total expenditures</i>	<u>3,139,999</u>	<u>3,126,442</u>	<u>2,886,789</u>	<u>239,653</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(652,550)</u>	<u>(638,993)</u>	<u>(340,096)</u>	<u>298,897</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	502,550	488,993	-	(488,993)
Proceeds from sale of equipment	-	-	5,000	5,000
Transfers in	150,000	150,000	150,176	176
Transfers (out)	-	-	(36,000)	(36,000)
<i>Total other financing sources (uses)</i>	<u>652,550</u>	<u>638,993</u>	<u>119,176</u>	<u>(519,817)</u>
<i>Net change in fund balance</i>	-	-	(220,920)	(220,920)
<i>Fund balance - beginning of year</i>	-	-	2,295,121	2,295,121
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,074,201</u>	<u>\$ 2,074,201</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (220,920)
Adjustments to revenues for receivables				206,516
Adjustments to expenditures for accruals and accounts payable				(45,626)
Net change in fund balance (GAAP)				<u>\$ (60,030)</u>

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS
Parmer County
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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ 635,044	\$ 635,044	\$ 619,427	\$ (15,617)
Intergovernmental income				
State operating grants	32,050	32,050	31,635	(415)
Fines, forfeitures and settlements	-	-	-	-
Licenses and permits	505,000	505,000	502,264	(2,736)
Charges for services	10,500	10,500	4,623	(5,877)
Investment income	4,150	4,150	9,243	5,093
Miscellaneous	37,000	37,000	81,052	44,052
<i>Total revenues</i>	<u>1,223,744</u>	<u>1,223,744</u>	<u>1,248,244</u>	<u>24,500</u>
<i>Expenditures:</i>				
<i>Precinct #1</i>				
Salaries and fringe benefits	200,153	200,153	203,747	(3,594)
Insurance	16,750	16,750	10,905	5,845
Materials and supplies	9,000	9,000	20,306	(11,306)
Fuel	37,600	37,600	44,075	(6,475)
Conference	3,000	3,000	2,458	542
Other	4,100	4,100	3,904	196
<i>Total Precinct #1</i>	<u>270,603</u>	<u>270,603</u>	<u>285,395</u>	<u>(14,792)</u>
<i>Precinct #2</i>				
Salaries and fringe benefits	144,188	144,188	151,499	(7,311)
Insurance	15,150	15,150	9,931	5,219
Materials and supplies	12,050	12,050	17,537	(5,487)
Fuel	40,000	40,000	42,967	(2,967)
Conference	3,000	3,000	2,635	365
Other	93,800	93,800	3,610	90,190
<i>Total Precinct #2</i>	<u>308,188</u>	<u>308,188</u>	<u>228,179</u>	<u>80,009</u>
<i>Precinct #3</i>				
Salaries and fringe benefits	199,888	199,888	198,689	1,199
Insurance	18,650	18,650	11,232	7,418
Materials and supplies	18,650	18,650	27,700	(9,050)
Fuel	41,000	41,000	60,117	(19,117)
Conference	3,500	3,500	1,809	1,691
Other	5,200	5,200	4,943	257
<i>Total Precinct #3</i>	<u>286,888</u>	<u>286,888</u>	<u>304,490</u>	<u>(17,602)</u>
<i>Precinct #4</i>				
Salaries and fringe benefits	209,698	209,698	206,820	2,878
Insurance	8,000	8,000	6,523	1,477
Materials and supplies	9,750	9,750	21,058	(11,308)
Fuel	44,500	44,500	63,864	(19,364)
Conference	3,000	3,000	2,896	104
Other	4,200	4,200	3,966	234
<i>Total Precinct #4</i>	<u>279,148</u>	<u>279,148</u>	<u>305,127</u>	<u>(25,979)</u>

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable Final to Actual
Capital outlay				
Precinct #1	80,000	80,000	105,797	(25,797)
Precinct #2	-	-	-	-
Precinct #3	120,000	120,000	97,042	22,958
Precinct #4	75,000	75,000	23,856	51,144
<i>Total capital outlay</i>	<u>275,000</u>	<u>275,000</u>	<u>226,695</u>	<u>48,305</u>
Debt service:				
Precinct #1:				
Principal	-	-	37,765	(37,765)
Interest	-	-	1,559	(1,559)
Precinct #2:				
Principal	-	-	58,836	(58,836)
Interest	-	-	2,962	(2,962)
Precinct #3:				
Principal	-	-	20,135	(20,135)
Interest	-	-	5,285	(5,285)
Precinct #4:				
Principal	-	-	12,933	(12,933)
Interest	-	-	424	(424)
<i>Total debt service</i>	<u>-</u>	<u>-</u>	<u>139,899</u>	<u>(139,899)</u>
<i>Total expenditures</i>	<u>1,419,827</u>	<u>1,419,827</u>	<u>1,489,785</u>	<u>(69,958)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(196,083)</u>	<u>(196,083)</u>	<u>(241,541)</u>	<u>(45,458)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(43,917)	(43,917)	-	43,917
Loan proceeds	-	-	98,500	98,500
Proceeds from sale of equipment	-	-	-	-
Transfers in	240,000	240,000	240,000	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>196,083</u>	<u>196,083</u>	<u>338,500</u>	<u>142,417</u>
<i>Net change in fund balance</i>	-	-	96,959	96,959
<i>Fund balance - beginning of year</i>	-	-	798,661	798,661
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 895,620</u>	<u>\$ 895,620</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 96,959
Adjustments to revenues for accrued property taxes and accounts receivable				838
Adjustments to expenditures for accruals and accounts payable				(9,669)
Net change in fund balance (GAAP)				<u>\$ 88,128</u>

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS
 Parmer County
 Statement of Fiduciary Assets and Liabilities
 Agency Funds
 December 31, 2013

	Juvenile Probation Fund	County Attorney Check	District Attorney Check	County Attorney Forfeiture	District Attorney Forfeiture	District Attorney Special Fund
<i>Assets</i>						
Cash	\$ 3,608	\$ 28,014	\$ 4,967	\$ 7,193	\$ 80,192	\$ 3,608
Accounts receivable	-	-	-	-	25,608	-
<i>Total assets</i>	<u>\$ 3,608</u>	<u>\$ 28,014</u>	<u>\$ 4,967</u>	<u>\$ 7,193</u>	<u>\$ 105,800</u>	<u>\$ 3,608</u>
<i>Liabilities</i>						
Due to others	\$ 3,608	\$ 28,014	\$ 4,967	\$ 7,193	\$ 105,800	\$ 3,608
Due to state	-	-	-	-	-	-
<i>Total liabilities</i>	<u>\$ 3,608</u>	<u>\$ 28,014</u>	<u>\$ 4,967</u>	<u>\$ 7,193</u>	<u>\$ 105,800</u>	<u>\$ 3,608</u>

The accompanying notes are an integral part of these financial statements

<u>District Attorney Seizure Fund</u>	<u>Parmer County Attorney Pretrial Fund</u>	<u>County Clerk Trust Accounts</u>	<u>District Clerk Trust Accounts</u>	<u>Other Departments</u>	<u>Totals</u>
\$ 73,895	\$ 2,865	\$ 52,050	\$ 73,747	\$ 884,032	\$ 1,214,171
-	-	-	-	-	25,608
<u>\$ 73,895</u>	<u>\$ 2,865</u>	<u>\$ 52,050</u>	<u>\$ 73,747</u>	<u>\$ 884,032</u>	<u>\$ 1,239,779</u>
\$ 73,895	\$ 2,865	\$ 52,050	\$ 73,747	\$ 813,819	\$ 1,169,566
-	-	-	-	70,213	70,213
<u>\$ 73,895</u>	<u>\$ 2,865</u>	<u>\$ 52,050</u>	<u>\$ 73,747</u>	<u>\$ 884,032</u>	<u>\$ 1,239,779</u>

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STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2013

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.

During the year ended December 31, 2013, the County adopted Governmental Accounting Standards Board (GASB) Statements No. 61, 63, 65, and 66. GASB Statement No. 61, The Financial Reporting Entity: Omnibus— an amendment of GASB Statements No. 14 and No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 66, Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62, resolves conflicting guidance from Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

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, No. 39, and No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Financial Reporting Entity (continued)

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the County does not have any component units required to be reported under GASB Statements No. 14, No. 39, and No. 61.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. 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 Position 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 Position, the governmental activities column (a) is presented on a consolidated basis by column and (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 position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position.

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.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2013

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 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.

Agency 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 Agency 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, and 2) operating grants and contributions.

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, 2013.

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 the reported amounts of assets and liabilities. Accordingly, actual results could differ from those estimates. Significant estimates in the County's financial statements include the allowance for uncollectible accounts for property taxes and fines and fees and depreciation on capital assets. The county determines allowance for uncollectible accounts based on historical trends.

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

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 statues 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, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (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.

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 for the subsequent calendar year 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 12/31/2014	Fiscal Year Ending 12/31/2013
G.P.A.	0.3618	0.3535
Debt Tax	0.0316	0.0305
Farm to Market (F.M.)	0.0971	0.0942
	0.4905	0.4782

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

Restricted Assets

The Road and Bridge Fund is used to report resources set aside for expenditures related to the maintenance or construction of highways and streets. The Debt Service Fund is used to report resources set aside for the payment of long-term debt principal and interest. Records management within the General Fund is restricted by Texas law.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at their historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are recorded as expenses and not capitalized. 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 and improvements	40 years
Improvements other than buildings	5-20 years
Machinery and equipment	3-10 years

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. 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.

Deferred Inflows of Resources

In addition to liabilities, the balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. 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 inflows of resources. The County has only one type of item, which arises under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue - property taxes, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (continued)

Fund Balance Classification Policies and Procedures

Restricted fund balance includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

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.

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

Nonspendable Fund Balance

At December 31, 2013, the nonspendable fund balance in the funds is made up of prepaid expenses in the amount of \$9,859, which is not in spendable form.

Restricted Fund Balance

At December 31, 2013, the County has presented restricted fund balance on the governmental funds balance sheet in the amount of \$1,693,804 for various County operations as restricted by enabling legislation. The details of these fund balance items are located on the governmental funds balance sheet on page 22.

Minimum Fund Balance Policy

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

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (continued)

Net Position

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

- a. Net investment in capital assets: Consists of 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 position: Consist of net position 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 position: All other net position that does 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.

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, 2013 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2013

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 31, 2013.

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.

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account no longer will receive unlimited deposit insurance coverage by the Federal Deposit Insurance Corporation (FDIC). Beginning January 1, 2013, all of the County's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000.

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, 2013, \$4,019,455 of the County's bank balance of \$5,019,455 was exposed to custodial credit risk. Although the \$4,019,455 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, 2013.

	Mulshoe State Bank	Security State Bank	Total
Amount of deposits	\$ 4,471,192	\$ 548,263	\$ 5,019,455
FDIC coverage	(250,000)	(250,000)	(500,000)
Total uninsured public funds	<u>4,221,192</u>	<u>298,263</u>	<u>4,519,455</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	4,221,192	298,263	4,519,455
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (100%)	\$ 4,221,192	\$ 298,263	\$ 4,519,455
Pledged securities	5,655,543	518,780	6,174,323
Over (under) collateralized	<u>\$ 1,434,351</u>	<u>\$ 220,517</u>	<u>\$ 1,654,868</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.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2013

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

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, District Attorney's Office confiscation related funds and County Attorney forfeiture funds.

Primary Government

Reconciliation to the Statement of Net Position

Cash and cash equivalents per Exhibit A-1	\$ 3,569,444	
Restricted cash and cash equivalents per Exhibit A-1	117,666	
Cash and cash equivalents per Exhibit D-1	1,214,171	
 Total cash and cash equivalents	 4,901,281	
Add: outstanding checks	409,394	
Less: deposits in transit and other items	(291,220)	
 Bank balance of deposits	 <u>\$ 5,019,455</u>	

NOTE 4 - RECEIVABLES

Receivables as of December 31, 2013, are as follows:

	General Fund	Road and Bridge Funds	County Wide Debt Service Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 1,576,389	\$ 511,681	\$ 166,946	343,492	\$ 2,598,508
Other receivables:					
Fines	2,552,938	-	-	-	2,552,938
Due from other governments	29,362	-	-	-	29,362
Less:					
allowance for doubtful accounts (property tax)	(83,271)	(27,963)	(8,819)	(18,144)	(138,197)
allowance for doubtful accounts (fines)	(2,150,436)	-	-	-	(2,150,436)
due to others (fines)	(234,273)	-	-	-	(234,273)
 Total net receivables	 <u>\$ 1,690,709</u>	 <u>\$ 483,718</u>	 <u>\$ 158,127</u>	 <u>\$ 325,348</u>	 <u>\$ 2,657,902</u>

In accordance with GASB No. 65, property tax revenues in the amount of \$2,460,311, net of allowance, that were not collected within the period of availability or were for a subsequent levy year and not collected within the period of availability, have been reclassified as deferred inflows of resources - unavailable revenue in the governmental fund financial statements.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2013

NOTE 5 - CAPITAL ASSET ACTIVITY

The changes in Capital Assets for the year ended December 31, 2013 are as follows:

	Balance 12/31/12	Additions	Retirements	Balance 12/31/13
Nondepreciable assets:				
Land (not depreciated)	\$ 43,472	\$ -	\$ -	\$ 43,472
Total nondepreciable assets	43,472	-	-	43,472
Depreciable assets:				
Buildings & improvements	4,094,080	-	-	4,094,080
Other improvements	239,118	-	-	239,118
Machinery & equipment	4,455,371	536,143	(289,537)	4,701,977
Total depreciable assets	8,788,569	536,143	(289,537)	9,035,175
Accumulated depreciation	(3,501,682)	(536,319)	171,412	(3,866,589)
Governmental activities capital assets, net	<u>\$ 5,330,359</u>	<u>\$ (176)</u>	<u>\$ (118,125)</u>	<u>\$ 5,212,058</u>

During the current year, the County traded in a 2008 Chevy Malibu for a new Chevy Tahoe Truck. The trade in value of the 2008 Chevy Malibu was \$6,500 and the book value was \$438. The County recorded a capitalized cost on the government wide financial statements in the amount of \$38,908 which was the actual cost of the new truck, while only recording \$32,408 in the fund financial statements as the expenditure, which included the trade in value. This resulted in a gain of \$6,062 as noted in Exhibit A-2 and a reconciling item of \$6,500 for capital outlay expenditures as noted at Exhibit B-2.

During the current year, the County traded in a 2006 Caterpillar Motor Grader for a new 2013 Caterpillar Motor Grader. The trade in value of the 2006 Caterpillar Motor Grader was \$140,000 and the book value was \$22,380. The County recorded a capitalized cost on the government wide financial statements in the amount of \$229,545 which was the actual cost of the new motor grader, while only recording \$89,545 in the fund financial statements as the expenditure, which included the trade in value. This resulted in a gain of \$117,620 as noted in Exhibit A-2 and a reconciling item of \$140,000 for capital outlay expenditures as noted at Exhibit B-2.

During the current year, the County traded in a 2008 John Deere Motor Grader for a new 2013 John Deere Motor Grader. The trade in value of the 2008 John Deere Motor Grader was \$131,500 and the book value was \$95,307. The County recorded a capitalized cost on the government wide financial statements in the amount of \$230,000 which was the actual cost of the new motor grader, while only recording \$98,500 in the fund financial statements as the expenditure, which included the trade in value. This resulted in a gain of \$36,193 as noted in Exhibit A-2 and a reconciling item of \$131,500 for capital outlay expenditures as noted at Exhibit B-2.

STATE OF TEXAS
 Parmer County
 Notes to the Financial Statements
 December 31, 2013

NOTE 5 - CAPITAL ASSET ACTIVITY (continued)

Capital outlay reconciliation:

\$	536,143	Capital outlay listed above
	(6,500)	Trade in of 2008 Chevy Malibu
	(140,000)	Trade in of 2006 Caterpillar Motor Grader
	(131,500)	Trade in of 2008 John Deere Motor Grader
<u>\$</u>	<u>258,143</u>	Capital outlay per Exhibit B-2

Gain on disposal of capital assets reconciliation:

\$	6,062	Gain on trade in of 2008 Chevy Malibu
	117,620	Gain on trade in of 2006 Caterpillar Motor Grader
	36,193	Gain on trade in of 2008 John Deere Motor Grader
	5,000	Gain on sale of 2008 Chevy Pickup
<u>\$</u>	<u>164,875</u>	Gain on disposal of capital assets per Exhibit A-2

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

Governmental Activities

General government	\$	34,382
Public Safety		152,234
Road & Bridge		349,703
Total depreciation expense	<u>\$</u>	<u>536,319</u>

NOTE 6 - LONG-TERM OBLIGATIONS

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

	Balance 12/31/12	Additions	Retirements	Balance 12/31/13	Due Within One Year
Land Notes	\$ 88,084	\$ -	\$ (20,135)	\$ 67,949	\$ 21,343
Equipment Capital Leases	163,689	98,500	(109,534)	152,655	77,876
Certificates of Obligation	2,230,000	-	(175,000)	2,055,000	180,000
Total	<u>\$ 2,481,773</u>	<u>\$ 98,500</u>	<u>\$ (304,669)</u>	<u>\$ 2,275,604</u>	<u>\$ 279,219</u>

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

Year	Principal	Interest	Total
2014	\$ 21,343	\$ 4,077	\$ 25,420
2015	22,624	2,796	25,420
2016	23,982	1,439	25,421
Total	<u>\$ 67,949</u>	<u>\$ 8,312</u>	<u>\$ 76,261</u>

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2013

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

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

Year	Principal	Interest	Total
2014	\$ 180,000	\$ 44,775	\$ 224,775
2015	190,000	41,075	231,075
2016	190,000	37,275	227,275
2017	205,000	33,325	238,325
2018	195,000	29,325	224,325
2019-2023	1,095,000	69,686	1,164,686
Total	<u>\$ 2,055,000</u>	<u>\$ 255,461</u>	<u>\$ 2,310,461</u>

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

Year	Principal	Interest	Total
2014	\$ 77,876	\$ 4,028	\$ 81,904
2015	24,314	1,869	26,183
2016	24,921	1,262	26,183
2017	25,544	639	26,183
Total	<u>\$ 152,655</u>	<u>\$ 7,798</u>	<u>\$ 160,453</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. principal 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, 2013 was \$67,949.

Certificates of Obligation

On February 23, 2012, the County entered into a limited tax refunding bond series 2012 in the amount of \$2,080,000 due in annual installments on February 15th, with interest rates of 2.0% to 2.5% paid semiannually on February 15th and August 15th through February 2023. The balance at December 31, 2013 is \$2,055,000.

Equipment Capital Leases

Road and Bridge Precinct #1 borrowed \$72,515 from Welch State Bank for the purpose of acquiring a Motorgrader. principal and interest payments are due annually. The note matures in 2013. This is a 3.45% percent interest note. This note was paid in full as of December 31, 2013.

Road and Bridge Precinct #2 borrowed \$55,015 from Welch State Bank for the purpose of acquiring a Motorgrader. principal and interest payments are due annually. The note matures in 2013. This is a 3.45% percent interest note. This note was paid in full as of December 31, 2013.

Road and Bridge Precinct #4 borrowed \$37,515 from Welch State Bank for the purpose of acquiring a Motorgrader. principal and interest payments are due annually. The note matures in 2013. This is a 3.45% percent interest note. This note was paid in full as of December 31, 2013.

Road and Bridge Precinct #2 borrowed \$81,315 from Security State Bank for the purpose of acquiring a Motorgrader. principal 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, 2013 was \$27,891.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2013

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Equipment Capital Leases (continued)

Road and Bridge Precinct #1 borrowed \$38,305 from Security State Bank for the purpose of acquiring a Backhoe Loader. principal 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, 2013 was \$13,132.

Road and Bridge Precinct #2 borrowed \$38,305 from Security State Bank for the purpose of acquiring a Backhoe Loader. principal 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, 2013 was \$13,132.

Road and Bridge Precinct #1 borrowed \$98,500 from Security State Bank for the purpose of acquiring a Motorgrader. principal and interest payments are due annually. The note matures in 2017. This is a 2.50% percent interest note. The outstanding balance at December 31, 2013 was \$98,500.

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.

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 8.50% for calendar year 2013. The contribution rate payable by the employee members for calendar year 2013 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.

STATE OF TEXAS
 Parmer County
 Notes to the Financial Statements
 December 31, 2013

NOTE 7 - RETIREMENT PLAN (continued)

Annual Pension Cost

For the County's accounting years ending December 31, 2013 and 2012 the annual pension cost for the TCDRS plan for its employees was \$158,395 and \$159,172, and the actual employee contributions were \$130,443 and \$128,810, respectively.

The required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2012 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, 2012 was 20 years.

Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was 83.41 percent funded. The actuarial accrued liability for benefits was \$4,647,413, and the actuarial value of assets was \$3,876,612, resulting in an unfunded (or overfunded) actuarial accrued liability (UAAL) (or OAAL) of \$770,801. The covered payroll (annual payroll of active employees covered by the plan) was \$2,024,724, and the ratio of the UAAL (or OAAL) to the covered payroll was 38.07 percent.

The schedule of funding progress, presented as Required Supplementary Information (RSI) presented below, 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.

GASB 27 Calculation Information

	2012*	2013*
GASB 27 compliant contribution rate	8.65%	8.50%
Assumed return on employer funds***	9.00%	9.00%
Actuarial amortization factor	12.4298	12.4298
Contribution rate	8.65%	8.50%

Actuarial Information

	12/31/2010	12/31/2011	12/31/2012
Actuarial valuation date	12/31/2010	12/31/2011	12/31/2012
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	20.0	20.0	20.0
Asset valuation method			
Subdivision Accumulation Fund	10-yr smoothed value	10-yr smoothed value	10-yr smoothed value
Employees Saving Fund	Fund value	Fund value	Fund value
Assumptions:			
Investment return**	8.0%	8.0%	8.0%
Projected salary increases**	5.4%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

STATE OF TEXAS
 Parmer County
 Notes to the Financial Statements
 December 31, 2013

NOTE 7 - RETIREMENT PLAN (continued)

Schedule of Funding Information

	12/31/2010	12/31/2011	12/31/2012
Actuarial valuation date			
Actuarial value of assets	3,411,076	3,525,534	3,876,612
Actuarial accrued liability (AAL)	4,097,385	4,229,352	4,647,413
Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)]	686,309	703,818	770,801
Funded ratio	83.25%	83.36%	83.41%
Annual covered payroll (actuarial)	1,847,153	1,945,287	2,024,724
UAAL or (OAAL) as percentage of covered payroll	37.16%	36.18%	38.07%

Note Disclosure Variables

Plan Description	2012*	2013*
Number of participating employers	624	641
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	8.65%	8.50%
Deposit rate for employees	7.00%	7.00%
Other		
Elected rate in effect	No	No

*Relates to calendar year

**Includes inflation at the stated rate

***TCDRS return assumption is 8%

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.

Transfers In	Transfer Out	Amount
General Fund	R.O.W. Fund	\$ 150,000
State Fees Fund	General Fund	36,000
General Fund	State Fees Fund	176
Road & Bridge Fund	R.O.W. Fund	240,000
		\$ 426,176

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 2013, 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.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2013

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 2013 were \$80,646 which were deposited into the Parmer County Permanent School Fund. 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 - CONTINGENT LIABILITIES

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

NOTE 12 - COMMITMENTS

The County does not have any significant construction or other significant commitments as of December 31, 2013.

NOTE 13 - SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2013, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is June 6, 2013, which is the date on which the financial statements were issued.

NOTE 14 - CONCENTRATIONS

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

NOTE 15 - NET POSITION RESTATEMENT

The County has restated net position in the amount of \$69,138 for implementation of GASB Statement No. 65, which requires all bond issuance costs and bond premiums to be recognized the year of issuance instead of amortizing over the years of bond repayment. As of December 31, 2012, the County had a bond issuance cost of \$155,048, net of accumulated amortization and a bond premium of \$85,730, net of accumulated amortization.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2013

NOTE 16 - JOINT POWERS AGREEMENTS

Leasing of Automark Voting Machines to Bovina Independent School District, Friona Independent School District, City of Bovina, and City of Farwell

Participants	Parmer County Bovina Independent School District Friona Independent School District City of Bovina City of Farwell
Description	Parmer County will lease the Automark voting machines to the participants listed above for specific dates as needed.
Terms of agreement	January 1, 2013 through December 31, 2013

Housing of Prisoners Parmer County and Curry County

Participants	Parmer County Curry County
Description	The Parmer County Detention Center will house prisoners from Curry County at its facility in Farwell, Texas on a space available basis.
Terms of agreement	January 1, 2010 through December 15, 2014
Amount of project	Curry County will pay \$45 per day

NOTE 17 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended December 31, 2013.

Road and Bridge Fund	\$ 69,958
This was due to an entry to adjust capital outlay for a loan taken out on purchase of equipment.	
State Fess Fund	\$ 168,690
This fund is not budgeted by the County.	

NOTE 18 - SUBSEQUENT PRONOUNCEMENTS

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

In June 2012, Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statements No. 27* was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The County is still evaluating how this standard will affect the County.

STATE OF TEXAS
Parmer County
Notes to the Financial Statements
December 31, 2013

NOTE 18 - SUBSEQUENT PRONOUNCEMENTS (continued)

In January 2013, GASB Statement No. 69 *Government Combinations and Disposals of Government Operations* was issued. Effective Date: The provisions of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Earlier application is encouraged. The provisions of this Statement generally are required to be applied prospectively. The County is still evaluating how this standard will affect the County.

In April 2013, GASB Statement No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees* was issued. Effective Date: The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively. The County is still evaluating how this reporting standard will affect the County.

In November 2013, GASB Statement No. 71 *Pension Transition for Contributions made Subsequent to the Measurement Date, an amendment of GASB No.68* was issued. Effective Date: The provisions of this Statement are effective for reporting periods beginning after June 15, 2014. Earlier application is encouraged. The objective of this Statement is to improve accounting and financial reporting by addressing an issue by Statement No. 68, Accounting and Financial Reporting for Pensions, concerning transition provisions related to certain pension contributions made to defined benefit plans prior to implementation of that Statement by employers and nonemployer contributing entities. 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, 2013

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	\$ 134,452	\$ 148,582	\$ 99,358	\$ 50,132	\$ 117,666	\$ 550,190
Receivables:						
Property taxes, net	19,964	285,420	19,964	-	-	325,348
<i>Total assets</i>	<u>\$ 154,416</u>	<u>\$ 434,002</u>	<u>\$ 119,322</u>	<u>\$ 50,132</u>	<u>\$ 117,666</u>	<u>\$ 875,538</u>
<i>Liabilities</i>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 23,329	\$ 23,329
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,329</u>	<u>23,329</u>
<i>Deferred inflows of resources</i>						
Unavailable revenue - property taxes	19,964	285,420	19,964	-	-	325,348
<i>Total Deferred inflows of resources</i>	<u>19,964</u>	<u>285,420</u>	<u>19,964</u>	<u>-</u>	<u>-</u>	<u>325,348</u>
<i>Fund balances</i>						
Spendable						
Restricted for:						
General county operations	-	-	99,358	-	993	100,351
Maintenance of roads	-	148,582	-	-	-	148,582
Judicial	134,452	-	-	-	93,344	227,796
Public safety	-	-	-	50,132	-	50,132
<i>Total fund balances</i>	<u>134,452</u>	<u>148,582</u>	<u>99,358</u>	<u>50,132</u>	<u>94,337</u>	<u>526,861</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 154,416</u>	<u>\$ 434,002</u>	<u>\$ 119,322</u>	<u>\$ 50,132</u>	<u>\$ 117,666</u>	<u>\$ 875,538</u>

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS
 Parmer County
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Year Ended December 31, 2013

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	\$ 25,842	\$ 368,829	\$ 25,842	\$ -	\$ -	\$ 420,513
Fines, forfeitures and settlements	-	-	-	13,663	130,928	144,591
Investment income	1,292	3,396	899	506	884	6,977
Miscellaneous	410	-	-	-	-	410
<i>Total revenues</i>	<u>27,544</u>	<u>372,225</u>	<u>26,741</u>	<u>14,169</u>	<u>131,812</u>	<u>572,491</u>
<i>Expenditures:</i>						
<i>Current:</i>						
General government	-	-	1,500	-	-	1,500
Judicial	9,405	-	-	-	126,927	136,332
Public safety	-	-	-	5,812	-	5,812
<i>Total expenditures</i>	<u>9,405</u>	<u>-</u>	<u>1,500</u>	<u>5,812</u>	<u>126,927</u>	<u>143,644</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>18,139</u>	<u>372,225</u>	<u>25,241</u>	<u>8,357</u>	<u>4,885</u>	<u>428,847</u>
<i>Other financing sources (uses)</i>						
Transfers in	-	-	-	-	36,000	36,000
Transfers (out)	-	(390,000)	-	-	(176)	(390,176)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(390,000)</u>	<u>-</u>	<u>-</u>	<u>35,824</u>	<u>(354,176)</u>
<i>Net change in fund balances</i>	18,139	(17,775)	25,241	8,357	40,709	74,671
<i>Fund balances - beginning of year</i>	116,313	166,357	74,117	41,775	53,628	452,190
<i>Fund balances - end of year</i>	<u>\$ 134,452</u>	<u>\$ 148,582</u>	<u>\$ 99,358</u>	<u>\$ 50,132</u>	<u>\$ 94,337</u>	<u>\$ 526,861</u>

The accompanying notes are an integral part of these financial statements

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SUPPORTING SCHEDULES

STATE OF TEXAS

Schedule I

Parmer 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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 26,459	\$ 26,459	\$ 25,842	\$ (617)
Fines, forfeitures and settlements	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Investment income	1,000	1,000	1,292	292
Miscellaneous	-	-	410	410
<i>Total revenues</i>	<u>27,459</u>	<u>27,459</u>	<u>27,544</u>	<u>85</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Judicial	21,250	21,250	9,405	11,845
Legal	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>21,250</u>	<u>21,250</u>	<u>9,405</u>	<u>11,845</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>6,209</u>	<u>6,209</u>	<u>18,139</u>	<u>11,930</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(6,209)	(6,209)	-	6,209
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(6,209)</u>	<u>(6,209)</u>	<u>-</u>	<u>6,209</u>
<i>Net change in fund balance</i>	-	-	18,139	18,139
<i>Fund balance - beginning of year</i>	-	-	116,313	116,313
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,452</u>	<u>\$ 134,452</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 18,139
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 18,139</u>

See independent auditors' report

STATE OF TEXAS

Schedule II

Parmer County

R.O.W. 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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 377,641	\$ 377,641	\$ 368,829	\$ (8,812)
Fines, forfeitures and settlements	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Investment income	400	400	3,396	2,996
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>378,041</u>	<u>378,041</u>	<u>372,225</u>	<u>(5,816)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>378,041</u>	<u>378,041</u>	<u>372,225</u>	<u>(5,816)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	11,959	11,959	-	(11,959)
Transfers in	-	-	-	-
Transfers (out)	(390,000)	(390,000)	(390,000)	-
<i>Total other financing sources (uses)</i>	<u>(378,041)</u>	<u>(378,041)</u>	<u>(390,000)</u>	<u>(11,959)</u>
<i>Net change in fund balance</i>	-	-	(17,775)	(17,775)
<i>Fund balance - beginning of year</i>	-	-	166,357	166,357
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,582</u>	<u>\$ 148,582</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (17,775)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (17,775)</u>

See independent auditors' report

STATE OF TEXAS

Schedule III

Parmer County

Permanent Improvement 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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 26,459	\$ 26,459	\$ 25,842	\$ (617)
Fines, forfeitures and settlements	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Investment income	550	550	899	349
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>27,009</u>	<u>27,009</u>	<u>26,741</u>	<u>(268)</u>
<i>Expenditures:</i>				
Current:				
General government	20,000	20,000	1,500	18,500
Judicial	-	-	-	-
Legal	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Road and bridge	-	-	-	-
Capital outlay	5,000	5,000	-	5,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>25,000</u>	<u>25,000</u>	<u>1,500</u>	<u>23,500</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,009</u>	<u>2,009</u>	<u>25,241</u>	<u>23,232</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(2,009)	(2,009)	-	2,009
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(2,009)</u>	<u>(2,009)</u>	<u>-</u>	<u>2,009</u>
<i>Net change in fund balance</i>	-	-	25,241	25,241
<i>Fund balance - beginning of year</i>	-	-	74,117	74,117
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,358</u>	<u>\$ 99,358</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 25,241
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 25,241</u>

See independent auditors' report

STATE OF TEXAS

Schedule IV

Parmer County

Parmer County Forfeiture 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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures and settlements	-	2,037	13,663	11,626
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	426	506	80
<i>Total revenues</i>	<u>-</u>	<u>2,463</u>	<u>14,169</u>	<u>11,706</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	19,123	5,812	13,311
Health and welfare	-	-	-	-
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>19,123</u>	<u>5,812</u>	<u>13,311</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(16,660)</u>	<u>8,357</u>	<u>25,017</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	16,660	-	(16,660)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>16,660</u>	<u>-</u>	<u>(16,660)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>8,357</u>	<u>8,357</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>41,775</u>	<u>41,775</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,132</u>	<u>\$ 50,132</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 8,357
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 8,357</u>

See independent auditors' report

STATE OF TEXAS
 Parmer County
 State Fees 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, 2013

Schedule V

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures and settlements	-	-	154,257	154,257
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	884	884
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>155,141</u>	<u>155,141</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	168,690	(168,690)
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>168,690</u>	<u>(168,690)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(13,549)</u>	<u>(13,549)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	36,000	36,000
Transfers (out)	-	-	(176)	(176)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>35,824</u>	<u>35,824</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>22,275</u>	<u>22,275</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>95,391</u>	<u>95,391</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,666</u>	<u>\$ 117,666</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 22,275
Adjustments to revenues for fines, forfeitures, and settlements				(23,329)
Adjustments to expenditures for general government				41,763
Net change in fund balance (GAAP)				<u>\$ 40,709</u>

See independent auditors' report

STATE OF TEXAS

Schedule VI

Parmer County

Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 207,534	\$ 207,534	\$ 204,247	\$ (3,287)
Investment income	600	600	1,231	631
<i>Total revenues</i>	<u>208,134</u>	<u>208,134</u>	<u>205,478</u>	<u>(2,656)</u>
<i>Expenditures:</i>				
Debt service:				
Principal	175,000	175,000	175,000	-
Interest	50,263	50,263	50,263	-
Administration fee	500	900	900	-
<i>Total expenditures</i>	<u>225,763</u>	<u>226,163</u>	<u>226,163</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(17,629)</u>	<u>(18,029)</u>	<u>(20,685)</u>	<u>(2,656)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	17,629	18,029	-	(18,029)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>17,629</u>	<u>18,029</u>	<u>-</u>	<u>(18,029)</u>
<i>Net change in fund balance</i>	-	-	(20,685)	(20,685)
<i>Fund balance - beginning of year</i>	-	-	187,784	187,784
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,099</u>	<u>\$ 167,099</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (20,685)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (20,685)</u>

See independent auditors' report

STATE OF TEXAS
 Parmer County
 Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
 For the Year Ended December 31, 2013

Schedule VII
 Page 1 of 2

	Balance December 31, 2012	Additions	Deductions	Balance December 31, 2013
JUVENILE PROBATION FUND				
<i>Assets</i>				
Cash and cash investments	\$ 3,067	\$ 541	\$ -	\$ 3,608
<i>Total assets</i>	<u>\$ 3,067</u>	<u>\$ 541</u>	<u>\$ -</u>	<u>\$ 3,608</u>
<i>Liabilities</i>				
Due to others	\$ 3,067	\$ 541	\$ -	\$ 3,608
<i>Total liabilities</i>	<u>\$ 3,067</u>	<u>\$ 541</u>	<u>\$ -</u>	<u>\$ 3,608</u>
COUNTY ATTORNEY CHECK COLLECTION				
<i>Assets</i>				
Cash and cash investments	\$ 27,355	\$ 2,243	\$ 1,584	\$ 28,014
<i>Total assets</i>	<u>\$ 27,355</u>	<u>\$ 2,243</u>	<u>\$ 1,584</u>	<u>\$ 28,014</u>
<i>Liabilities</i>				
Due to others	\$ 27,355	\$ 2,243	\$ 1,584	\$ 28,014
<i>Total liabilities</i>	<u>\$ 27,355</u>	<u>\$ 2,243</u>	<u>\$ 1,584</u>	<u>\$ 28,014</u>
DISTRICT ATTORNEY CHECK COLLECTION				
<i>Assets</i>				
Cash and cash investments	\$ 5,887	\$ 565	\$ 1,485	\$ 4,967
<i>Total assets</i>	<u>\$ 5,887</u>	<u>\$ 565</u>	<u>\$ 1,485</u>	<u>\$ 4,967</u>
<i>Liabilities</i>				
Due to others	\$ 5,887	\$ 565	\$ 1,485	\$ 4,967
<i>Total liabilities</i>	<u>\$ 5,887</u>	<u>\$ 565</u>	<u>\$ 1,485</u>	<u>\$ 4,967</u>
COUNTY ATTORNEY FORFEITURE FUND				
<i>Assets</i>				
Cash and cash investments	\$ 7,122	\$ 71	\$ -	\$ 7,193
<i>Total assets</i>	<u>\$ 7,122</u>	<u>\$ 71</u>	<u>\$ -</u>	<u>\$ 7,193</u>
<i>Liabilities</i>				
Due to others	\$ 7,122	\$ 71	\$ -	\$ 7,193
<i>Total liabilities</i>	<u>\$ 7,122</u>	<u>\$ 71</u>	<u>\$ -</u>	<u>\$ 7,193</u>
DISTRICT ATTORNEY FORFEITURE FUND				
<i>Assets</i>				
Cash and cash investments	\$ 15,947	\$ 255,630	\$ 191,385	\$ 80,192
Accounts receivable	-	25,608	-	25,608
<i>Total assets</i>	<u>\$ 15,947</u>	<u>\$ 281,238</u>	<u>\$ 191,385</u>	<u>\$ 105,800</u>
<i>Liabilities</i>				
Due to others	\$ 15,947	\$ 281,238	\$ 191,385	\$ 105,800
<i>Total liabilities</i>	<u>\$ 15,947</u>	<u>\$ 281,238</u>	<u>\$ 191,385</u>	<u>\$ 105,800</u>
DISTRICT ATTORNEY SPECIAL FUND				
<i>Assets</i>				
Cash and cash investments	\$ 3,567	\$ 18,374	\$ 18,333	\$ 3,608
<i>Total assets</i>	<u>\$ 3,567</u>	<u>\$ 18,374</u>	<u>\$ 18,333</u>	<u>\$ 3,608</u>
<i>Liabilities</i>				
Due to others	\$ 3,567	\$ 18,374	\$ 18,333	\$ 3,608
<i>Total liabilities</i>	<u>\$ 3,567</u>	<u>\$ 18,374</u>	<u>\$ 18,333</u>	<u>\$ 3,608</u>

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STATE OF TEXAS
Parmer County
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended December 31, 2013

Schedule VII
Page 2 of 2

	Balance December 31, 2012	Additions	Deductions	Balance December 31, 2013
DISTRICT ATTORNEY SEIZURE FUND				
<i>Assets</i>				
Cash and cash investments	\$ 294,794	\$ 32,371	\$ 253,270	\$ 73,895
<i>Total assets</i>	<u>\$ 294,794</u>	<u>\$ 32,371</u>	<u>\$ 253,270</u>	<u>\$ 73,895</u>
<i>Liabilities</i>				
Due to others	\$ 294,794	\$ 32,371	\$ 253,270	\$ 73,895
<i>Total liabilities</i>	<u>\$ 294,794</u>	<u>\$ 32,371</u>	<u>\$ 253,270</u>	<u>\$ 73,895</u>
PARMER COUNTY ATTNY PRETRIAL FUND				
<i>Assets</i>				
Cash and cash investments	\$ 1,835	\$ 9,355	\$ 8,325	\$ 2,865
<i>Total assets</i>	<u>\$ 1,835</u>	<u>\$ 9,355</u>	<u>\$ 8,325</u>	<u>\$ 2,865</u>
<i>Liabilities</i>				
Due to others	\$ 1,835	\$ 9,355	\$ 8,325	\$ 2,865
<i>Total liabilities</i>	<u>\$ 1,835</u>	<u>\$ 9,355</u>	<u>\$ 8,325</u>	<u>\$ 2,865</u>
COUNTY CLERK TRUST ACCOUNTS				
<i>Assets</i>				
Cash and cash investments	\$ 59,529	\$ 10,500	\$ 17,979	\$ 52,050
<i>Total assets</i>	<u>\$ 59,529</u>	<u>\$ 10,500</u>	<u>\$ 17,979</u>	<u>\$ 52,050</u>
<i>Liabilities</i>				
Due to others	\$ 59,529	\$ 10,500	\$ 17,979	\$ 52,050
<i>Total liabilities</i>	<u>\$ 59,529</u>	<u>\$ 10,500</u>	<u>\$ 17,979</u>	<u>\$ 52,050</u>
DISTRICT CLERK TRUST ACCOUNTS				
<i>Assets</i>				
Cash and cash investments	\$ 103,267	\$ 255	\$ 29,776	\$ 73,747
<i>Total assets</i>	<u>\$ 103,267</u>	<u>\$ 255</u>	<u>\$ 29,776</u>	<u>\$ 73,747</u>
<i>Liabilities</i>				
Due to others	\$ 103,267	\$ 255	\$ 29,776	\$ 73,747
<i>Total liabilities</i>	<u>\$ 103,267</u>	<u>\$ 255</u>	<u>\$ 29,776</u>	<u>\$ 73,747</u>
OTHER DEPARTMENTS				
<i>Assets</i>				
Cash and cash investments	\$ 892,411	\$ 453,759	\$ 462,138	\$ 884,032
<i>Total assets</i>	<u>\$ 892,411</u>	<u>\$ 453,759</u>	<u>\$ 462,138</u>	<u>\$ 884,032</u>
<i>Liabilities</i>				
Due to others	\$ 843,968	\$ 431,989	\$ 462,138	\$ 813,819
Due to state	48,443	21,770	-	70,213
<i>Total liabilities</i>	<u>\$ 892,411</u>	<u>\$ 453,759</u>	<u>\$ 462,138</u>	<u>\$ 884,032</u>
TOTAL ALL AGENCY FUNDS				
<i>Assets</i>				
Cash and cash investments	\$ 1,414,781	\$ 783,664	\$ 984,275	\$ 1,214,171
Accounts receivable	-	25,608	-	25,608
<i>Total assets</i>	<u>\$ 1,414,781</u>	<u>\$ 809,272</u>	<u>\$ 984,275</u>	<u>\$ 1,239,779</u>
<i>Liabilities</i>				
Due to others	\$ 1,366,338	\$ 787,502	\$ 984,275	\$ 1,169,566
Due to state	48,443	21,770	-	70,213
<i>Total liabilities</i>	<u>\$ 1,414,781</u>	<u>\$ 809,272</u>	<u>\$ 984,275</u>	<u>\$ 1,239,779</u>

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