

Parmer County, Texas

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2017



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Parmer County, Texas
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**Parmer County, Texas
Official Roster
December 31, 2017**

<u>Name</u>	<u>Elected Officials</u>	<u>Title</u>
Kirk Frye		Precinct 1 - Commissioner
Steve Cockerham		Precinct 2 – Commissioner
Kenny White		Precinct 3 – Commissioner
Lloyd Bradshaw		Precinct 4 – Commissioner
Trey Ellis		County Judge
Altha Herington		County Treasurer
Gerri Bowers		County Clerk
Bobbie Pierson		Tax Assessor/Collector
Randy Geries		Sheriff
Jo Beth Gibson		Justice of the Peace Friona
Deena Leuea		Justice of the Peace Bovina
Pam Haseloff		Justice of the Peace Farwell
Jeff Actkinson		County Attorney
Sandra Warren		District Clerk
	<u>Appointed Official</u>	
Larry Johnston		County Auditor

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

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, 2017, 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 misstatements, 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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, as of December 31, 2017, and the respective changes in financial position 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 vii through xiv, the Budgetary Comparison Statements for the General Fund and Farm to Market Special Revenue Fund, the Schedule of Changes in the County's Net Pension Asset and Related Ratios and Schedule of County Contributions on pages 40 through 46 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements, and the Supporting Schedules 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 Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds 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 the auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the

Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the remaining Supporting Schedules have 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 them.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
May 31, 2018



Parmer County, Texas Management's Discussion and Analysis December 31, 2017

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, 2017. 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 and deferred outflows of resources of Parmer County exceeded its liabilities and deferred inflows at the close of the most recent calendar year by \$12,206,686 (net position). Of this amount, \$4,841,603 (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, maintenance of roads, records management, and special revenue funds is \$3,446,579. The County's net investment in capital assets is \$3,918,504.
- Change in net position for the year ended December 31, 2017 was an increase of \$767,160 as a result of operations. The increase is primarily due to an increase in payments in lieu of taxes.
- At the end of the current calendar year, unassigned fund balance for the general fund was \$2,675,673 or 77 percent of total general fund expenditures.
- The County's total debt outstanding at December 31, 2017 is \$1,464,042.


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).



Parmer County, Texas Management's Discussion and Analysis December 31, 2017

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 on pages 1 through 4 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.


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: 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 farm to market 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, farm to market fund, and various other special revenue funds. A budgetary comparison statement has been provided for the general fund, the farm to market 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 on pages 5 through 8 of this report.



Parmer County, Texas Management's Discussion and Analysis December 31, 2017

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 Statement of Fiduciary Assets and Liabilities can be found on pages 9 through 12 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 13 through 37 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the Supplementary Information. Combining and individual fund statements and schedules can be found on pages 49 through 59 of this report.

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 and deferred outflows of resources exceeded liabilities and deferred inflows by \$12,206,686 at the close of the most recent calendar year. The County had revenues that exceeded expenditures during the year in the amount of \$767,160 which increased net position in the current year as a result of operations.

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 \$3,525,201 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, Texas
Management's Discussion and Analysis
December 31, 2017

Parmer County's Net Position
December 31, 2017

	Governmental Activities	
	2017	2016
Current and other assets	\$ 8,514,708	\$ 7,820,439
Capital assets	5,382,546	5,321,911
Total assets	13,897,254	13,142,350
Deferred outflows of resources	640,044	775,105
Current liabilities	391,398	430,577
Noncurrent liabilities	1,915,426	2,201,284
Total liabilities	2,306,824	2,631,861
Deferred inflows of resources	23,788	223
Net position:		
Net investment in capital assets	3,918,504	3,525,201
Restricted for:		
Debt service	320,103	340,278
Maintenance of roads	2,180,910	2,084,761
Records management	111,079	111,079
Other purposes - special revenue	834,487	763,726
Unrestricted	4,841,603	4,460,326
Total net position	\$ 12,206,686	\$ 11,285,371

Parmer County, Texas
Management's Discussion and Analysis
December 31, 2017

Changes in Net Position

The County's total revenues of \$6,540,422 and expenses of \$5,773,262 resulted in a change in net position of \$767,160 as a result of County operations. Comparative information for changes in net position is shown below.

Parmer County's Change in Net Position
December 31, 2017

	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 1,011,554	\$ 1,144,024
Operating grants and contributions	98,968	99,256
Capital grants and contributions	242,806	446,648
General revenues:		
Property and other taxes	4,452,085	4,818,854
Payment in lieu of taxes	460,800	-
Interest income	14,045	10,950
Miscellaneous income	157,871	259,891
Insurance recovery	-	108,934
Gain on disposal of assets	102,293	103,691
Total revenues	6,540,422	6,992,248
Expenses:		
General government	1,201,059	1,131,544
Judicial	836,573	756,145
Legal	298,989	286,084
Public safety	1,561,451	1,571,609
Health and welfare	104,729	73,420
Road and bridge	1,730,051	1,635,365
Interest on long-term debt	40,410	43,942
Total expenditures	5,773,262	5,498,109
Increase in net position	767,160	1,494,139
Net position - beginning	11,285,371	9,791,232
Net position - restatement	154,155	-
Net position - as restated	11,439,526	9,791,232
Net position - ending	\$ 12,206,686	\$ 11,285,371



Parmer County, Texas
Management's Discussion and Analysis
December 31, 2017

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 \$5,081,922, an increase of \$731,806 in comparison with the prior year. Approximately 53 percent of this total amount, \$2,675,673, 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 77.19% 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 \$561,755 which was supplemented by designated cash and transfers in. Budget amendments to expenditures were made during the year within the general fund departments. The actual expenditures were \$328,966 less than the final budgeted amounts, and actual revenues were \$885,969 more than the final budgeted amounts. This resulted in a favorable budget variance of \$1,214,935.

In the Farm to Market Special Revenue Fund, the final budget reflected a deficit of \$144,979 which decreased the fund balance. Budget amendments to expenditures were made during the year within the Farm to Market Fund precincts. The actual expenditures were \$85,440 less than the final budgeted amounts and actual revenues were \$39,199 less than the final budgeted amounts. This resulted in a favorable budget variance of \$46,241.

Capital Asset and Debt Administration

Capital Assets

Parmer County's investment in capital assets for its governmental activities as of December 31, 2017, amounts to \$5,382,546 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The table on the next page shows the summarized capital assets of Parmer County as of December 31, 2017 and December 31, 2016.

Parmer County, Texas
Management's Discussion and Analysis
December 31, 2017

Parmer County's Capital Assets
December 31, 2017

	Governmental Activities	
	2017	2016
Land	\$ 43,472	\$ 43,472
Buildings and improvements	2,521,706	2,503,574
Other improvements	88,866	74,740
Machinery and equipment	2,728,502	2,700,125
Total	\$ 5,382,546	\$ 5,321,911


Additional information on Parmer County's capital assets can be found in Note 5 on page 25 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 \$1,290,000.
- **Capital Leases.** The County's capital leases at December 31, 2017 were \$174,042.

Economic Factor and Next Year's Budgets and Rates

- The property tax rate for 2017 was set at \$0.5505/\$100 for maintenance and operations and \$0.0276/\$100 for debt service yielding a total rate of \$0.5781/\$100. This was, in fact, the calculated effective tax rate, i.e. this rate, while slightly higher than the 2016 rate of \$0.5743/\$100, is the rate calculated to raise the same amount of taxes as raised in the previous year.
- Unemployment in early 2017 remained low at 2.4% compared to 4.5% statewide.
- Labor force participation matched the US average of approximately 65%.
- Median earnings per worker were steady at \$31,910, roughly 75% of the US average.
- The County's cost of living index compared favorably at 79% of the US average.
- The agricultural economy remains stable.
- Fuel prices were expected to remain near multi-year lows throughout 2017.



Parmer County, Texas
Management's Discussion and Analysis
December 31, 2017

- The County anticipated (and received) its first pilot payment of \$460,800 from the fully operational Miriah Del Norte wind energy project. We expect similar payments through 2021, with subsequent reductions in years 6-10 of the project as incremental value of the project is added to the tax rolls.
- The County budgeted for no major construction projects in 2017, but did budget for additional heavy equipment purchases and additional improvements to its information technology infrastructure.

All of these factors were considered in preparing Parmer County's budget for the 2018 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.

Parmer County, Texas
Statement of Net Position
December 31, 2017

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 4,784,821
Receivables:	
Property taxes, net of allowance	3,330,282
Fines and forfeitures, net of allowance	140,995
Other	111,608
Total current assets	8,367,706
Noncurrent assets	
Restricted cash and cash equivalents	147,002
Capital assets	9,883,880
Less: accumulated depreciation	(4,501,334)
Total noncurrent assets	5,529,548
Total assets	13,897,254
Deferred outflows of resources	
Net difference between projected and actual earnings	394,703
Differences between expected and actual experience	7,367
Changes in assumptions	54,707
Employer contributions subsequent to the measurement date	183,267
Total deferred outflows of resources	640,044
Total assets and deferred outflows of resources	\$ 14,537,298

The accompanying notes are an integral part of these financial statements.

	Governmental Activities
Liabilities	
Current liabilities	
Accounts payable	\$ 102,504
Accrued interest	13,143
Current portion of capital leases payable	80,751
Current portion of certificates of obligation payable	195,000
Total current liabilities	391,398
Noncurrent liabilities:	
Capital leases	93,291
Certificates of obligation	1,095,000
Net pension liability	727,135
Total noncurrent liabilities	1,915,426
Total liabilities	2,306,824
Deferred inflows of resources	
Differences between expected and actual experience	23,788
Total deferred inflows of resources	23,788
Net position	
Net investment in capital assets	3,918,504
Restricted for:	
Debt service	320,103
Maintenance of roads	2,180,910
Records management	111,079
Other purposes - special revenue	834,487
Unrestricted	4,841,603
Total net position	12,206,686
Total liabilities, deferred inflows and net position	\$ 14,537,298

The accompanying notes are an integral part of these financial statements.

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The accompanying notes are an integral part of these financial statements.

Parmer County, Texas
Statement of Activities
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
General government	\$ 1,201,059	\$ 120,884	\$ 5,000	\$ -	\$ (1,075,175)
Judicial	836,573	192,971	55,200	-	(588,402)
Financial administration	298,989	-	-	-	(298,989)
Public safety	1,561,451	202,621	8,147	-	(1,350,683)
Health and welfare	104,729	-	-	-	(104,729)
Road and bridge	1,730,051	598,312	30,621	242,806	(858,312)
Interest on long-term debt	40,410	-	-	-	(40,410)
Total governmental activities	\$ 5,773,262	\$ 1,114,788	\$ 98,968	\$ 242,806	(4,316,700)

General revenues:

Taxes:

Property 4,452,085

Payment in lieu of tax 460,800

Interest income 14,045

Miscellaneous income 54,637

Gain on disposal of capital assets 102,293

Total general revenues 5,083,860

Change in net position 767,160

Net position - beginning 11,285,371

Net position - restatement (Note 17) 154,155

Net position - beginning, as restated 11,439,526

Net position - ending \$ 12,206,686

The accompanying notes are an integral part of these financial statements.

Parmer County, Texas
Governmental Funds
Balance Sheet
December 31, 2017

	General Fund	Farm to Market Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 2,710,840	\$ 1,604,654	\$ 151,481	\$ 464,848	\$ 4,931,823
Receivables:					
Property taxes, net of allowance	2,250,268	663,772	166,123	250,119	3,330,282
Fines and forfeitures, net of allowance	130,589	1,101	-	9,305	140,995
Total assets	\$ 5,091,697	\$ 2,381,135	\$ 317,604	\$ 724,272	\$ 8,514,708
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 54,677	\$ 8,855	\$ -	\$ 38,972	\$ 102,504
Total liabilities	54,677	8,855	-	38,972	102,504
Deferred inflows of resources					
Unavailable revenue - property taxes	2,250,268	663,772	166,123	250,119	3,330,282
Total deferred inflows of resources	2,250,268	663,772	166,123	250,119	3,330,282
Fund balances					
Spendable					
Restricted for:					
County improvements	-	-	-	61,909	61,909
Records management	111,079	-	-	-	111,079
Maintenance of roads	-	1,708,508	-	129,219	1,837,727
Judicial	-	-	-	208,249	208,249
Public safety	-	-	-	35,804	35,804
Debt service expenditures	-	-	151,481	-	151,481
Unassigned	2,675,673	-	-	-	2,675,673
Total fund balances	2,786,752	1,708,508	151,481	435,181	5,081,922
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,091,697	\$ 2,381,135	\$ 317,604	\$ 724,272	\$ 8,514,708

The accompanying notes are an integral part of these financial statements.

Parmer County, Texas
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position
December 31, 2017

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

Fund balances - total governmental funds	\$ 5,081,922
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	5,382,546
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	3,330,282
Deferred outflows and inflows of resources related to pensions are applicable to future period and, therefore, are not reported in funds:	
Deferred outflows - Employer contributions subsequent to measurement date	183,267
Deferred outflows - Differences between expected and actual experience	394,703
Deferred outflows - Net difference between projected and actual earnings	7,367
Deferred outflows - Changes in assumptions	54,707
Deferred inflows - Difference between expected and actual experience	(23,788)
Certain liabilities, including certificates of obligation and capital leases, accrued interest and net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued interest payable	(13,143)
Net pension liability	(727,135)
Capital leases	(174,042)
Certificates of obligation	(1,290,000)
Net position - governmental activities	\$ 12,206,686

The accompanying notes are an integral part of these financial statements.

Parmer County, Texas
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
December 31, 2017

	General Fund	Farm to Market Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Revenues					
Taxes:					
Property	\$ 3,148,400	\$ 929,351	\$ 234,778	\$ 351,485	\$ 4,664,014
Intergovernmental:					
Federal capital grants	-	242,806	-	-	242,806
State operating grants	68,347	30,621	-	-	98,968
Payment in lieu of taxes	460,800	-	-	-	460,800
Fines, forfeitures and settlements	-	-	-	155,944	155,944
Licenses and permits	22,198	597,592	-	-	619,790
Charges for services	338,334	720	-	-	339,054
Investment income	7,568	4,674	327	1,476	14,045
Miscellaneous	54,637	-	-	-	54,637
Total revenue	4,100,284	1,805,764	235,105	508,905	6,650,058
Expenditures					
Current:					
General government	1,010,515	-	-	431	1,010,946
Judicial	647,621	-	-	166,548	814,169
Financial administration	285,618	-	-	-	285,618
Public safety	1,362,626	-	-	4,141	1,366,767
Health and welfare	102,471	-	-	-	102,471
Road and bridge	-	1,419,943	-	-	1,419,943
Capital outlay	57,572	374,038	-	111,151	542,761
Debt service:					
Principal	-	127,668	205,000	-	332,668
Interest	143	9,040	33,325	-	42,508
Administration fee	-	-	401	-	401
Total expenditures	3,466,566	1,930,689	238,726	282,271	5,918,252
Excess (deficiency) of revenues over expenditures	633,718	(124,925)	(3,621)	226,634	731,806
Other financing sources (uses)					
Transfers in	-	200,000	-	-	200,000
Transfers (out)	-	-	-	(200,000)	(200,000)
Total other financing sources (uses)	-	200,000	-	(200,000)	-
Net change in fund balances	633,718	75,075	(3,621)	26,634	731,806
Fund balances - beginning of year	2,153,034	1,479,278	155,102	408,547	4,195,961
Fund balance - restatement (Note 17)	-	154,155	-	-	154,155
Fund balance - beginning, as restated	2,153,034	1,633,433	155,102	408,547	4,350,116
Fund balances - end of year	\$ 2,786,752	\$ 1,708,508	\$ 151,481	\$ 435,181	\$ 5,081,922

The accompanying notes are an integral part of these financial statements.

Parmer County, Texas
Governmental Funds

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities**
December 31, 2017

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

Net change in fund balances - total governmental funds	\$	731,806
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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. In addition, the value of assets traded in is recognized in the Statement of Activities, where it is offset by the book value of capital assets disposed.

Capital expenditures		542,761
Value received on trade in of capital assets		197,000
Depreciation expense		(584,419)
Book value of capital assets disposed		(94,707)

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

Change in unavailable revenue related to property taxes receivable		(211,929)
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Governmental funds report County pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

County pension contributions		183,267
Pension expense		(331,786)

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:

Decrease in accrued interest payable		2,499
Principal payments on certificates of obligation		205,000
Principal payments on leases payable		127,668

Change in net position of governmental activities	\$	767,160
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The accompanying notes are an integral part of these financial statements.

Parmer County, Texas
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2017

	Juvenile Probation Fund	County Attorney Check Collection	District Attorney Check Collection	County Attorney Forfeiture Fund	District Attorney Forfeiture Fund
Assets					
Cash and cash equivalents	\$ 4,056	\$ 6,544	\$ 1,633	\$ 4,762	\$ 58,052
Total assets	\$ 4,056	\$ 6,544	\$ 1,633	\$ 4,762	\$ 58,052
Liabilities					
Due to others	\$ 4,056	\$ 6,544	\$ 1,633	\$ 4,762	\$ 58,052
Total liabilities	\$ 4,056	\$ 6,544	\$ 1,633	\$ 4,762	\$ 58,052

The accompanying notes are an integral part of these financial statements.

District Attorney Special Fund	District Attorney Seizure Fund	Parmer County Attorney Pretrial Fund	County Clerk Trust Accounts	District Clerk Trust Accounts
\$ 3,693	\$ 2,542	\$ 6,265	\$ 20,995	\$ 79,649
\$ 3,693	\$ 2,542	\$ 6,265	\$ 20,995	\$ 79,649
\$ 3,693	\$ 2,542	\$ 6,265	\$ 20,995	\$ 79,649
\$ 3,693	\$ 2,542	\$ 6,265	\$ 20,995	\$ 79,649

The accompanying notes are an integral part of these financial statements.

Parmer County, Texas
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2017

	County Clerk Bond Accounts	Tax Assessor Collector Accounts	Parmer County Permanent School Fund	Bovina Permanent School Fund	Parmer County Sheriff
Assets					
Cash and cash equivalents	\$ 51,710	\$ 67,423	\$ 434,046	\$ -	\$ 7,471
Total assets	\$ 51,710	\$ 67,423	\$ 434,046	\$ -	\$ 7,471
Liabilities					
Due to others	\$ 51,710	\$ 67,423	\$ 434,046	\$ -	\$ 7,471
Total liabilities	\$ 51,710	\$ 67,423	\$ 434,046	\$ -	\$ 7,471

The accompanying notes are an integral part of these financial statements.

Parmer County Jail Commissary	Parmer County Inmate Trust	Other Departments	Totals
\$ 43,045	\$ 463	\$ 21,887	\$ 814,236
\$ 43,045	\$ 463	\$ 21,887	\$ 814,236
\$ 43,045	\$ 463	\$ 21,887	\$ 814,236
\$ 43,045	\$ 463	\$ 21,887	\$ 814,236

The accompanying notes are an integral part of these financial statements.

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

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 (the "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 the County. The County is not included in any other governmental "reporting entity" as defined by Governmental Accounting Standards Board (GASB), Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

The County provides the following services to its citizens: public safety, public transportation (roads and bridges), health and welfare, 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, 2017, the County adopted GASB Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 (partial), No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, No. 80, Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14, and No. 82, Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73 (partial). These four Statements are required to be implemented as of December 31, 2017, if applicable.

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement was effective and was implemented for the December 31, 2016 year end, and a portion is effective for December 31, 2017 year end. Effective for December 31, 2017 are the provisions of the statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68. This does not have a material effect on the financial statements of the County, as its pension plan is within the scope of Statement 68.

The objective of GASB Statement No. 74 is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement does not affect the County's financial statements because they do not participate in an OPEB plan at this time.

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The objective of GASB Statement No. 80 is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units.

GASB Statement No. 82 clarified and adjusted several items from GASB 67 and 68, including the definition of covered payroll, the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee contribution requirements.

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, No. 61 and No. 80. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion in the reporting entity. Based upon the application of these criteria, the County does not have any component units required to be reported under GASB Statements, as amended by GASB Statement No. 39, GASB Statement No. 61 and GASB Statement No. 80.

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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*.

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 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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 the eligibility requirements of time, reimbursement, and contingencies imposed by the provider are met.

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

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of property taxes, franchise taxes, licenses, and interest 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 *Farm to Market (formerly 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.

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Additionally, the government reports the following agency fund:

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

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.

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

The County is required by Governmental Code Chapter 2256, Public Funds Investment Act (PFIA), to adopt, implement, and publicize an investment policy. That policy must address the following areas: 1) safety or principal and liquidity, 2) portfolio diversification, 3) allowable investments, 4) acceptable risk levels, 5) expected rates of return, 6) maximum allowable stated maturity of portfolio investments, 7) maximum average dollar weighted maturity allowed based on the stated maturity date for the portfolio, 8) investment staff quality and capabilities, and 9) bid solicitation preferences for certificates of deposit. The County does not have such a policy in place and does not participate in any investments.

Receivables and Payables: Interfund activity is reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting funds, and reduces its related cost as a reimbursement.

All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

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

Property taxes are levied on October 1st in conformity with Subtitle E, Texas Property Code. Property taxes uncollected after February 1st are considered delinquent. The taxes attach as an enforceable lien on property as of January 1st to secure the payment of all taxes, penalties, and interest ultimately imposed. The 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 rates for the year ended December 31, 2017 per \$100 valuation were as follows:

	Fiscal Year Ending 12/31/2017	Fiscal Year Ending 12/31/2016
G.P.A.	0.4352	0.4307
Debt Tax	0.0276	0.0290
Farm to Market (F.M.)	0.1153	0.1146
	0.5781	0.5416

Restricted Assets: Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended. The Farm to Market 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. Funds set aside for records management within the General Fund are restricted by Texas law.

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 column 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 maintenance and repairs 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.

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

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

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

Assets	Years
Buildings and improvements	40
Other improvements	5-20
Machinery and equipment	3-10

Deferred Outflows of Resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The County has four types of items that qualify for reporting in this category. Accordingly, the items, differences between expected and actual experience of \$7,367, net difference between projected and actual earnings of \$394,703, employer contributions subsequent to the measurement date of \$183,267, and change in assumption of \$54,707 are considered deferred outflows of resources. These amounts are reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources in future periods.

Pensions: For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflow of resources related to pensions, and pension expense, information about fiduciary net position of the County's employees' pension plan (TCDRS) and additions to/deductions from TCERS fiduciary net position have been determined on the same basis as they are reported by the TCERS. For this purpose, benefit payments (including refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through December 31, 2017, along with applicable Texas County and District Retirement System (TCERS), FICA, and Medicare accruals.

Deferred Inflows of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element 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 one 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. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The County has recorded \$3,330,282 related to property taxes, which are considered “unavailable.”

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

In addition, the County has one item which arises under the full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, differences between expected and actual experience of \$23,788 is reported on the Statement of Net Position. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

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. For bonds issued after GASB Statement No. 34 was implemented, bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. For fund financial reporting, bond premiums and discounts, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source, net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

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

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

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.

Restricted Fund Balance: At December 31, 2017, the County has presented restricted fund balance on the governmental funds balance sheet in the amount of \$2,406,249 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 5.

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

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred 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 "net investment in capital assets."

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the County's financial statements include the net pension liability and associated deferred outflows and deferred inflows, the allowance for uncollectible accounts for property taxes and fines and fees, and the useful lives of capital assets.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets of the County are prepared prior to October 1st 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.

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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 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, 2017 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

NOTE 3: DEPOSITS AND INVESTMENTS

Statutes authorize the County to invest in 1) obligations of the U.S. Treasury of the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) money market savings accounts, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) common trust funds. The County is required by Governmental Code Chapter 2256, Public Funds Investment Act (PFIA), to adopt, implement, and publicize an investment policy. That policy must address the following areas: 1) safety or principal and liquidity, 2) portfolio diversification, 3) allowable investments, 4) acceptable risk levels, 5) expected rates of return, 6) maximum allowable state maturity of portfolio investments, 7) maximum average dollar weighted maturity allowed based on the stated maturity date for the portfolio, 8) investment staff quality and capabilities, and 9) bid solicitation preferences for certificates of deposit. All invested funds of the County properly followed State investments requirements as of December 31, 2017.

Deposits of funds may be made in interest or noninterest 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.

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 for time and savings deposits, and, separately, up to the standard maximum deposit insurance amount of \$250,000 for demand deposit accounts.

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, 2017, \$5,329,034 of the County's bank balance of \$5,812,076 was exposed to custodial credit risk. Although the \$5,329,034 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, 2017.

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 3: DEPOSITS AND INVESTMENTS (continued)

	Aim Bank	Security State Bank	Total
Amount of deposits	\$ 5,579,034	\$ 233,042	\$ 5,812,076
FDIC coverage	(250,000)	(233,042)	(483,042)
Total uninsured public funds	5,329,034	-	5,329,034
Collateralized by securities held			
by pledging institutions or by its trust department or agent	5,329,034	-	5,329,034
Uninsured and uncollateralized	\$ -	\$ -	\$ -
Collateral requirement (100%)	\$ 5,329,034	\$ -	\$ 5,329,034
Pledged securities	7,934,058	534,220	8,468,278
Over (under) collateralized	\$ 2,605,024	\$ 534,220	\$ 3,139,244

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.

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.

Cash designated as restricted on the financial statements is cash held within the State Fees Special Revenue Fund. The use of these funds is restricted by statutes of the State of Texas.

Cash and cash equivalents per Statement of Net Position	\$ 4,784,821
Restricted cash and cash equivalents per Statement of Net Position	147,002
Cash and cash equivalents per Statement of Fiduciary Assets and Liabilities - Agency Funds	814,236
Total cash and cash equivalents	5,746,059
Add: outstanding checks	78,823
Less: deposits in transit and other items	(12,806)
Bank balance of deposits	\$ 5,812,076

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 4: RECEIVABLES

Receivables as of December 31, 2017 are as follows:

	General Fund	Farm to Market Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 2,323,151	\$ 684,414	\$ 171,504	258,220	\$ 3,437,289
Other receivables:					
Fines	2,746,427	1,101	-	9,305	2,756,833
Due from federal government	-	111,608	-	-	111,608
Less:					
Allowance for doubtful accounts(property tax)	(72,883)	(20,642)	(5,381)	(8,101)	(107,007)
Allowance for doubtful accounts (fines)	(2,615,838)	-	-	-	(2,615,838)
Total net receivables	<u>\$ 2,380,857</u>	<u>\$ 776,481</u>	<u>\$ 166,123</u>	<u>\$ 259,424</u>	<u>\$ 3,582,885</u>

In accordance with GASB Nos. 33 and 65, property tax revenues in the amount of \$3,330,282, 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.

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 5: CAPITAL ASSETS

The changes in capital assets for the year ended December 31, 2017 are as follows:

	Balance 12/31/16	Additions/ Transfers in	Retirements/ Transfers out	Balance 12/31/17
Nondepreciable assets:				
Land	\$ 43,472	\$ -	\$ -	\$ 43,472
Total nondepreciable assets	43,472	-	-	43,472
Depreciable assets:				
Buildings and improvements	4,079,995	121,152	-	4,201,147
Other improvements	275,733	17,425	-	293,158
Machinery and equipment	5,166,142	601,184	(421,223)	5,346,103
Total depreciable assets	9,521,870	739,761	(421,223)	9,840,408
Accumulated depreciation	(4,243,431)	(584,419)	326,516	(4,501,334)
Governmental activities capital assets, net	\$ 5,321,911	\$ 155,342	\$ (94,707)	\$ 5,382,546

During the current year, the County traded in a 2010 Caterpillar Motor Grader for a new 2017 Caterpillar Motor Grader. The trade in value of the 2010 Caterpillar Motor Grader was \$111,000 and the book value was \$86,040. The County recorded a capitalized cost on the government wide financial statements in the amount of \$257,000 which was the actual cost of the new Motor Grader, while only recording \$146,000 in the fund financial statements as the expenditure, which included the trade in value. This resulted in a gain of \$24,960 as noted in Statement of Activities and a reconciling item of \$111,000 for capital outlay expenditures as noted at the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

During the current year, the County traded in a 2005 Caterpillar Motor Grader for a new 2017 Caterpillar Motor Grader. The trade in value of the 2005 Caterpillar Motor Grader was \$80,000 and the book value was \$0. The County recorded a capitalized cost on the government wide financial statements in the amount of \$249,500 which was the actual cost of the new Motor Grader, while only recording \$169,500 in the fund financial statements as the expenditure, which included the trade in value. This resulted in a gain of \$80,000 as noted in the Statement of Activities and a reconciling item of \$80,000 for capital outlay expenditures as noted at the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 5: CAPITAL ASSETS (continued)

During the current year, the County traded in a 2013 Chevy Tahoe for a new 2017 Chevy Tahoe. The trade in value of the 2013 Chevy Tahoe was \$6,000 and the book value was \$8,667. The County recorded a capitalized cost on the government wide financial statements in the amount of \$35,337 which was the actual cost of the new Chevy Tahoe, while only recording \$29,337 in the fund financial statements as the expenditure, which included the trade in value. This resulted in a loss of \$2,667 as noted in the Statement of Activities and a reconciling item of \$6,000 for capital outlay expenditures as noted at Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Capital outlay reconciliation:

\$ 739,761	Capital outlay listed above
(111,000)	Trade in of 2010 Caterpillar Motor Grader
(80,000)	Trade in of 2005 Caterpillar Motor Grader
<u>(6,000)</u>	Trade in of 2013 Chevrolet Tahoe
	Capital outlay per Statement of Revenues, Expenses, and Changes in Fund Balance - Governmental Funds
<u>\$ 542,761</u>	

Gain on disposal of capital assets reconciliation:

\$ 24,960	Gain on trade in of 2010 Caterpillar Motor Grader
80,000	Gain on trade in of 2005 Cat Motor Grader
<u>(2,667)</u>	Loss on trade in of 2007 Ford Truck
<u>\$ 102,293</u>	Gain on disposal of capital assets per Statement of Activities

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

Governmental Activities

General government	\$ 50,914
Public safety	139,543
Road and bridge	<u>393,962</u>
Total depreciation expense	\$ 584,419

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 6: LONG-TERM OBLIGATIONS

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

	Balance			Balance	Due Within
	12/31/16	Additions	Retirements	12/31/17	One Year
Equipment capital leases	\$ 301,710	\$ -	\$ (127,668)	\$ 174,042	\$ 80,751
Certificates of obligation	1,495,000	-	(205,000)	1,290,000	195,000
Total	\$ 1,796,710	\$ -	\$ (332,668)	\$ 1,464,042	\$ 275,751

The following is a summary of debt service requirements for the certificates of obligation:

Year	Principal	Interest	Total
2018	\$ 195,000	\$ 29,325	\$ 224,325
2019	210,000	24,750	234,750
2020	215,000	19,437	234,437
2021	215,000	14,062	229,062
2022	225,000	8,562	233,562
2023	230,000	2,875	232,875
Total	\$ 1,290,000	\$ 99,011	\$ 1,389,011

The following is a summary of the debt service requirements of the equipment capital leases:

Year	Principal	Interest	Total
2018	\$ 80,751	\$ 4,793	\$ 85,544
2019	59,986	2,655	62,641
2020	33,305	933	34,238
Total	\$ 174,042	\$ 8,381	\$ 182,423

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, 2017 is \$1,290,000.

Equipment Capital Leases

Farm to Market Precinct #1 borrowed \$98,500 from Security State Bank for the purpose of acquiring a Motor Grader. Principal and interest payments are due annually. The note matured in 2017. There was no outstanding balance at December 31, 2017.

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 6: LONG-TERM OBLIGATIONS (continued)

Farm to Market Precinct #1 borrowed \$66,500 from CAT Financial for the purpose of acquiring a Motor Grader. Principal and interest payments are due annually. The note matured in 2017. There was no outstanding balance at December 31, 2017.

Farm to Market Precinct #1 borrowed \$68,400 from CAT Financial for the purpose of acquiring a Motor Grader. Principal and interest payments are due annually. The note matures in 2018. This is a 2.2% interest note. The outstanding balance at December 31, 2017 was \$23,298.

Farm to Market Precinct #2 borrowed \$110,000 from CAT Financial for the purpose of acquiring a Motor Grader. Principal and interest payments are due annually. The note matures in 2019. This is a 2.5% interest note. The outstanding balance at December 31, 2017 was \$56,366.

Farm to Market Precinct #2 borrowed \$124,000 from CAT Financial for the purpose of acquiring a Motor Grader. Principal and interest payments are due annually. The note matures in 2020. This is a 3.0% interest note. The outstanding balance at December 31, 2017 was \$94,378.

NOTE 7: 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
Farm to Market Fund	Contingency Fund	\$ 200,000
		\$ 200,000

NOTE 8: TCDRS RETIREMENT PLAN

Plan Description: All full- and part-time Parmer County employees participate in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system. The TCDRS is a savings-based plan. The Board of Trustees of TCDRS is responsible for the administration of the plan. Each participating employer in the system funds its plan independently. A combination of three elements funds each employer’s plan: employee deposits, employer contributions, and investment income. 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.

Benefit Terms and Funding Policy: All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership. The plan provides retirement, disability and survivor benefits. TCDRS is a savings-based plan.

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 8: TCDRS RETIREMENT PLAN (continued)

For the County’s plan, 7% of each employee’s pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 150%) and is then converted to an annuity. There are no automatic cost of living adjustments (COLAs). Each year, the County may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.

The County’s contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the County and are currently 7%.

Net Pension Liability: The TCDRS pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of December 31, 2015. The TCDRS pension asset amounts were rolled forward from the valuation date to the Plan year ending December 31, 2015, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date December 31, 2015.

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

Methods and assumption used to determine contribution rates are as follows:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	14 years (based on contribution rate calculated in 12/31/2015 valuation)
Asset valuation method	5 year smoothed market
Inflation	3.0%
Salary increases	Varies by age and service. 4.9% average over career including inflation
Investment rate of return	8.00%, net of investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 8: TCDRS RETIREMENT PLAN (continued)

Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
Changes in plan provisions reflected in the schedule	No changes in plan provisions are reflected in the Schedule of Employer Contribution.

Other Key Actuarial Assumptions: Updated mortality assumption were adopted in 2015. All other actuarial assumptions that determined the total pension liability as of December 31, 2015 were based on the results of an actuarial experience study from the period January 1, 2009 - December 31, 2012, except where required to be different by GASB 68.

	<u>Beginning Date</u>	<u>Ending Date</u>
Valuation date	Dec. 31, 2015	Dec. 31, 2016
Measurement date	Dec. 31, 2015	Dec. 31, 2016
Employer's fiscal year	January 1, 2017	December 31, 2017

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2016 information for a 7-10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2009 – December 31, 2012 for more details.

Asset Class	Benchmark	Target Allocation ¹	Geometric Real Rate of Return (Expected minus inflation) ²
US Equities	Dow Jones US Total Stock Market Index	14.50%	5.45%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ³	14.00%	8.45%
Global Equities	MSCI World (net) Index	1.50%	5.75%
International Equities – Developed	MSCI World Ex USA (net)	10.00%	5.45%
International Equities – Emerging	MSCI World Ex USA (net)	8.00%	6.45%

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 8: TCDRS RETIREMENT PLAN (continued)

Investment – Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	1.00%
High – Yield Bonds	Citigroup High – Yield Cash – Pay Capped Index	3.00%	5.10%
Opportunistic Credit	Citigroup High – Yield Cash – Pay Capped Index	2.00%	5.09%
Direct Lending	Citigroup High – Yield Cash – Pay Capped Index	5.00%	6.40%
Distressed Debt	Citigroup High – Yield Cash – Pay Capped Index	3.00%	8.10%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	3.00%	4.00%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.80%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁴	5.00%	6.90%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.25%

¹Target asset allocation adopted at the April 2016 TCDRS Board meeting.

²Geometric real rates of return in addition to assumed inflation of 1.6%, per Cliffwater’s 2016 capital market assumptions.

³Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

⁴Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 8: TCDRS RETIREMENT PLAN (continued)

	December 31, 2015	December 31, 2016
Total pension liability	\$ 7,980,221	\$ 8,353,459
Fiduciary net position	7,242,979	7,626,324
Net pension liability	737,242	727,135
Fiduciary net position as a % of total pension liability	90.76%	91.30%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actual assumptions below.

	December 31, 2015	December 31, 2016
Discount rate	8.10%	8.10%
Long-term expected rate of return, net of investment expense	8.10%	8.10%

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 8: TCDRS RETIREMENT PLAN (continued)

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability (Asset)
Balance as of December 31, 2015	\$ 7,980,221	\$ 7,242,979	\$ 737,242
Changes for the year:			
Service cost	274,941	-	274,941
Interest on total pension liability (1)	637,169	-	637,169
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(31,519)	-	(31,519)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(22,414)	(22,414)	-
Benefit payments	(484,938)	(484,938)	-
Administrative expenses	-	(5,827)	5,827
Member contributions	-	158,889	(158,889)
Net investment income	-	535,495	(535,495)
Employer contributions	-	202,242	(202,242)
Other (2)	-	(101)	101
Balances as of December 31, 2016	\$ 8,353,460	\$ 7,626,325	\$ 727,135

¹Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

²Related to allocation of system-wide items.

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 8: TCDRS RETIREMENT PLAN (continued)

	Deferred Inflow of Resources	Deferred Outflow of Resources
Differences between expected and actual experience	\$ 23,788	\$ 7,367
Changes in assumptions	-	54,707
Net difference between projected and actual earnings on pension plan investments	-	394,703
County's contributions subsequent to the measurement date	-	183,267
Total	\$ 23,788	\$ 640,044

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:

2016	(160,794)
2017	(153,426)
2018	(109,739)
2019	(9,030)

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate: The following table presents the net pension liability of the County, calculated using the discount rate of 8.10%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
County's proportionate share of the net pension liability (asset)	\$ 1,650,826	\$ 727,135	\$ (53,271)

Payables to the pension plan: At December 31, 2017 there were no contributions due and payable to the plan for the County.

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

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 2017, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past calendar year and there were no settlements exceeding insurance coverage for each of the past three calendar years.

NOTE 10: OPERATING LEASE - LESSOR

The County has entered into an oil and gas lease with Pioneer Natural Resources Purchasing. This lease covers 100% of the County's unleased minerals in leagues 315, 316 and 317. The lease proceeds for 2017 were \$109,348 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 has no commitments as of December 31, 2017.

NOTE 13: SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2017, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is June 11, 2018, 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, the State of Texas, and the Federal government. 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 appropriations.

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 15: TAX ABATEMENTS

Parmer County negotiates property tax abatement agreements on an individual basis. The County has one tax abatement agreement as of December 31, 2017. The agreement is with Mariah South, LLC for the operation of a wind farm within the County. The agreement began on January 1, 2016 and has a life of 10 years. The amount of property taxes abated during 2017 as a result of this agreement is \$1,289,055.

This agreement was negotiated under the Property Tax Abatement Act of the State of Texas, which allows cities, counties and special districts to attract new industries and to encourage the retention and development of existing businesses through property tax exemptions or reductions. Each abatement is a local agreement between a taxpayer and a taxing unit that exempts all or part of the increase in the value of the real property and/or tangible personal property from taxation for a period not to exceed 10 years. The state law does not provide for the recapture of abated taxes in the event an abatement recipient does not fulfill the commitment it makes in return for the tax abatement.

The County has not made any commitments as part of the agreements other than to reduce taxes. The County is not subject to any tax abatement agreements entered into by other governmental entities.

NOTE 16: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

- A. Deficit fund balance of individual funds. The County had no funds which had a deficit fund balance as of December 31, 2017.
- B. Funds that exceeded approved budgetary authority. The County had no funds which exceeded approved budgetary authority as of December 31, 2017.

NOTE 17: SUBSEQUENT PRONOUNCEMENTS

The County recorded restatements of fund balance in the Farm to Market Fund and government-wide net position during the year ended December 31, 2017 in the amount of \$154,155 related to federal grant revenue that related to prior year expenditures.

NOTE 18: SUBSEQUENT PRONOUNCEMENTS

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended September 30, 2018. This pronouncement will not affect the County's financial statements.

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The County is still evaluating how this pronouncement will affect the financial statements.

Parmer County, Texas
Notes to Financial Statements
December 31, 2017

NOTE 18: SUBSEQUENT PRONOUNCEMENTS (continued)

In January 2017, GASB Statement No. 84 *Fiduciary Activities*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The County is still evaluating how this pronouncement will affect the financial statements.

In March 2017, GASB Statement No. 85 *Omnibus 2017*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The County is still evaluating how this pronouncement will affect the financial statements.

In May 2017, GASB Statement No. 86 *Certain Debt Extinguishment Issues*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This Statement addresses a variety of topics including issues related to substance defeasance of debt using only existing resources. The County does not expect the pronouncement to have a material effect on the financial statements.

In June 2017, GASB Statement No. 87 *Leases* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Early application is encouraged. The County is still evaluating how this pronouncement will affect the financial statements.

In April 2018, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The County is still evaluating how this pronouncement will affect the financial statements.

Required Supplementary Information

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Parmer County, Texas
General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
				<u>Final to Actual</u>
Revenues				
Taxes:				
Property	\$ 3,095,895	\$ 3,095,895	\$ 3,148,400	\$ 52,505
Intergovernmental income:				
State operating grants	68,700	68,700	68,347	(353)
Payment in lieu of taxes	460,800	460,800	460,800	-
Licenses and permits	-	-	22,198	2,198
Charges for services	459,150	459,150	355,414	(103,736)
Investment income	6,800	6,800	7,568	768
Insurance recoveries	10,000	10,000	-	(10,000)
Miscellaneous	50,000	50,000	54,637	4,637
Total revenues	4,171,345	4,171,345	4,117,364	(53,981)
Expenditures				
Current:				
General administration	1,063,785	1,062,905	986,928	75,977
Judicial	662,951	747,374	652,045	95,329
Financial administration	291,361	291,280	283,288	7,992
Public safety	1,474,660	1,460,512	1,365,822	94,690
Health and welfare	111,882	110,245	93,444	16,801
Capital outlay	100,000	120,684	82,461	38,223
Debt service:				
Principal	-	-	-	-
Interest	150	150	196	(46)
Total expenditures	3,704,789	3,793,150	3,464,184	328,966
Excess (deficiency) of revenues over expenditures	466,556	378,195	653,180	274,985
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	(466,556)	(378,195)	-	378,195
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	(466,556)	(378,195)	-	378,195
Net change in fund balance	-	-	653,180	653,180
Fund balance - beginning of year	-	-	2,057,660	2,057,660
Fund balance - end of year	\$ -	\$ -	\$ 2,710,840	\$ 2,710,840
Net change in fund balance (non-GAAP budgetary basis)			\$ 653,180	
Adjustments to revenues for receivables			(17,080)	
Adjustments to expenditures for accruals and accounts payable			(2,382)	
Net change in fund balance (GAAP)			\$ 633,718	

See Independent Auditor's Report.

Parmer County, Texas

Farm to Market Combined Special Revenue Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Taxes:				
Property	\$ 908,783	\$ 908,783	\$ 929,351	\$ 20,568
Intergovernmental income:				
Federal capital grants	198,097	285,353	285,353	-
State operating grants	30,750	30,750	30,621	(129)
Licenses and permits	548,750	548,750	493,257	(55,493)
Charges for services	4,250	4,250	720	(3,530)
Investment income	3,025	3,025	4,674	1,649
Miscellaneous	105,500	105,500	103,236	(2,264)
Total revenues	1,799,155	1,886,411	1,847,212	(39,199)
Expenditures				
Precinct #1				
Salaries and fringe benefits	210,665	210,990	196,061	14,929
Insurance	7,871	7,890	7,567	323
Materials and supplies	161,600	164,982	167,978	(2,996)
Fuel	38,638	33,000	35,513	(2,513)
Conference	3,000	3,000	1,929	1,071
Other	32,595	33,435	27,372	6,063
Total Precinct #1	454,369	453,297	436,420	16,877
Precinct #2				
Salaries and fringe benefits	207,232	211,677	211,202	475
Insurance	7,873	8,858	8,751	107
Materials and supplies	31,800	28,862	28,622	240
Fuel	39,696	39,288	39,242	46
Conference	2,000	2,000	1,823	177
Other	39,807	25,519	24,694	825
Total Precinct #2	328,408	316,204	314,334	1,870
Precinct #3				
Salaries and fringe benefits	218,633	211,399	205,012	6,387
Insurance	9,142	9,582	9,158	424
Materials and supplies	26,250	24,955	22,586	2,369
Fuel	46,029	46,434	37,049	9,385
Conference	2,500	2,500	1,964	536
Other	48,290	49,331	24,738	24,593
Total Precinct #3	350,844	344,201	300,507	43,694
Precinct #4				
Salaries and fringe benefits	216,861	222,494	221,686	808
Insurance	5,745	7,256	6,963	293
Materials and supplies	72,917	70,242	69,154	1,088
Fuel	45,750	50,248	47,563	2,685
Conference	2,000	2,374	2,374	-
Other	40,485	53,895	39,714	14,181
Total Precinct #4	383,758	406,509	387,454	19,055

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	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Capital outlay				
Precinct #1	\$ 71,100	\$ 71,100	\$ 70,124	\$ 976
Precinct #2	186,775	203,781	203,781	-
Precinct #3	175,000	175,000	174,500	500
Precinct #4	75,000	52,250	49,790	2,460
Total capital outlay	507,875	502,131	498,195	3,936
Debt service:				
Precinct #1:				
Principal	-	-	-	-
Interest	2,155	3,188	3,188	-
Precinct #2:				
Principal	-	-	-	-
Interest	5,860	5,860	5,852	8
Precinct #3:				
Principal	-	-	-	-
Interest	-	-	-	-
Precinct #4:				
Principal	-	-	-	-
Interest	-	-	-	-
Total debt service	8,015	9,048	9,040	8
Total expenditures	2,033,269	2,031,390	1,945,950	85,440
Excess (deficiency) of revenues over expenditures	(234,114)	(144,979)	(98,738)	46,241
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	34,114	(55,021)	-	55,021
Loan proceeds	-	-	-	-
Transfers in	200,000	200,000	200,000	-
Total other financing sources (uses)	234,114	144,979	200,000	55,021
Net change in fund balance	-	-	101,262	101,262
Fund balance - beginning of year	-	-	1,503,392	1,503,392
Fund balance - end of year	\$ -	\$ -	\$ 1,604,654	\$ 1,604,654
Net change in fund balance (non-GAAP budgetary basis)			\$ 101,262	
Adjustments to revenues for accruals and capital lease proceeds			(41,448)	
Adjustments to expenditures for accruals and accounts payable			15,261	
Net change in fund balance (GAAP)			\$ 75,075	

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Parmer County, Texas

Schedule of Changes in County's Net Pension Asset and Related Ratios

Last 10 Fiscal Years*

	2015 Measurement Date (As of and for the year ended December 31, 2014)	2016 Measurement Date (As of and for the year ended December 31, 2015)	2017 Measurement Date (As of and for the year ended December 31, 2016)
Total Pension Liability			
Service cost	\$ 256,298	\$ 253,590	\$ 274,941
Interest on total pension liability	565,881	602,767	637,169
Effect of plan changes	-	(41,996)	-
Effect of assumption changes or inputs	-	109,413	-
Effect of economic/demographic (gain) or losses	29,470	(297)	(31,519)
Benefit payments/refunds of contributions	(410,509)	(446,191)	(507,352)
Net change in total pension liability	441,140	477,286	373,239
Total pension liability, beginning	7,061,795	7,502,935	7,980,221
Total pension liability, ending (a)	\$ 7,502,935	\$ 7,980,221	\$ 8,353,460
Fiduciary Net Position			
Employer contributions	\$ 186,143	\$ 194,724	\$ 202,242
Member contributions	147,899	157,399	158,889
Investment income net of investment expenses	477,401	48,903	535,495
Benefit payments/refunds of contributions	(410,509)	(446,191)	(507,352)
Administrative expenses	(5,448)	(5,227)	(5,827)
Other	26,839	4,623	(102)
Net change in fiduciary net position	422,325	(45,769)	383,345
Fiduciary net position, beginning	6,866,423	7,288,748	7,242,979
Fiduciary net position, ending (b)	7,288,748	7,242,979	7,626,324
Net pension liability / (asset) = (a) - (b)	\$ 214,187	\$ 737,242	\$ 727,136
Fiduciary net position as a % of total pension liability	97.15%	90.76%	91.30%
Pensionable covered payroll	\$ 2,112,847	\$ 2,248,559	\$ 2,269,845
Net pension liability as a % of covered payroll	10.14%	32.79%	32.03%

* The amounts presented were determined as of December 31, 2017. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Parmer County will present information for those years for which information is available.

See Independent Auditor's Report.


Parmer County, Texas
Schedule of County's Contributions
Texas County and District Retirement System
Last 10 Fiscal Years*

	As of and for the year ended December 31, 2015	As of and for the year ended December 31, 2016	As of and for the year ended December 31, 2017
Actuarial determined contributions	\$ 187,266	\$ 194,724	\$ 202,242
Contributions in relation to the contractually required contribu	(187,266)	(194,724)	(202,242)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Parmer County's covered-employee payroll	\$ 2,112,847	\$ 2,248,559	\$ 2,269,845
Contributions as a percentage of covered-employee payroll	8.9%	8.7%	8.9%

Notes to required supplementary information

<i>Valuation Timing</i>	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
<i>Actuarial Cost Method</i>	Entry Age Normal*
<i>Amortization Method</i>	
Recognition of economic/ demographic gains or losses	Straight-line amortization over expected working life
Recognition of assumptions changes or inputs	Straight-line amortization over expected working life
<i>Asset Valuation Method</i>	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
<i>Inflation</i>	Same as funding valuation: See Appendix C to Valuation Report for Parmer County
<i>Salary Increases</i>	Same as funding valuation: See Appendix C to Valuation Report for Parmer County
<i>Investment Rate of Return</i>	8.10%
<i>Cost-of-Living Adjustments</i>	Cost-of-Living Adjustment for Parmer County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustment is included in the GASB calculations. No assumption for future cost-of-living adjustment is included in the funding valuation.

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<i>Retirement Age</i>	Same as funding valuation: See Appendix C to Valuation Report for Parmer County
<i>Turnover</i>	Same as funding valuation: See Appendix C to Valuation Report for Parmer County
<i>Mortality</i>	Same as funding valuation: See Appendix C to Valuation Report for Parmer County

* The amounts presented were determined as of December 31, 2017. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Parmer County will present information for those years for which information is available.

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Supplementary Information

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Parmer County, Texas
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2017

	Special Revenue			
	Jury Fund	Permanent Improvement Fund	Parmer County Forfeiture Fund	Contingency Fund
Assets				
Cash and cash equivalents	\$ 90,914	\$ 61,909	\$ 35,804	\$ 129,219
Receivables:				
Property taxes, net of allowance	12,533	50,130	-	187,456
Fines and forfeitures, net of allowance	-	-	-	-
Total assets	\$ 103,447	\$ 112,039	\$ 35,804	\$ 316,675
Liabilities				
Accounts payable	\$ 566	\$ -	\$ -	\$ -
Total liabilities	566	-	-	-
Deferred inflows of resources				
Unavailable revenue - property taxes	12,533	50,130	-	187,456
Total deferred inflows of resources	12,533	50,130	-	187,456
Fund balances				
Spendable				
Restricted for:				
County improvements	-	61,909	-	-
Maintenance of roads	-	-	-	129,219
Judicial	90,348	-	-	-
Public safety	-	-	35,804	-
Total fund balances	90,348	61,909	35,804	129,219
Total liabilities, deferred inflows of resources, and fund balances	\$ 103,447	\$ 112,039	\$ 35,804	\$ 316,675

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State Fees Fund	Total Nonmajor Governmental Funds
\$ 147,002	\$ 464,848
-	250,119
9,305	9,305
\$ 156,307	\$ 724,272
\$ 38,406	\$ 38,972
38,406	38,972
-	250,119
-	250,119
-	61,909
-	129,219
117,901	208,249
-	35,804
117,901	435,181
\$ 156,307	\$ 724,272

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Parmer County, Texas
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2017

	Special Revenue			
	Jury Fund	Permanent Improvement Fund	Parmer County Forfeiture Fund	Contingency Fund
Revenues				
Taxes:				
Property	\$ 17,575	\$ 70,297	\$ -	\$ 263,613
Fines, forfeitures and settlements	-	-	-	-
Investment income	239	231	99	561
Total revenues	17,814	70,528	99	264,174
Expenditures				
Current:				
General government	-	431	-	-
Judicial	7,058	-	-	-
Public safety	-	-	4,141	-
Capital outlay	-	111,151	-	-
Total expenditures	7,058	111,582	4,141	-
Excess (deficiency) of revenues over expenditures	10,756	(41,054)	(4,042)	264,174
Other financing sources (uses)				
Transfers (out)	-	-	-	(200,000)
Total other financing sources (uses)	-	-	-	(200,000)
Net change in fund balances	10,756	(41,054)	(4,042)	64,174
Fund balances - beginning of year	79,592	102,963	39,846	65,045
Fund balances - end of year	\$ 90,348	\$ 61,909	\$ 35,804	\$ 129,219

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<u>State Fees Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 351,485
155,944	155,944
346	1,476
<u>156,290</u>	<u>508,905</u>
-	431
159,490	166,548
-	4,141
-	111,151
<u>159,490</u>	<u>282,271</u>
<u>(3,200)</u>	<u>226,634</u>
-	(200,000)
-	(200,000)
(3,200)	26,634
<u>121,101</u>	<u>408,547</u>
<u>\$ 117,901</u>	<u>\$ 435,181</u>

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Supporting Schedules

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Parmer County, Texas
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, 2017

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Taxes:				
Property	\$ 17,200	\$ 17,200	\$ 17,575	\$ 375
Fines, forfeitures and settlements	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Investment income	300	300	239	(61)
Miscellaneous	-	-	-	-
Total revenues	17,500	17,500	17,814	314
Expenditures				
Current:				
General government	-	-	-	-
Judicial	9,886	8,775	6,492	2,283
Financial administration	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	9,886	8,775	6,492	2,283
Excess (deficiency) of revenues over expenditures	7,614	8,725	11,322	2,597
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	(7,614)	(8,725)	-	8,725
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	(7,614)	(8,725)	-	8,725
Net change in fund balance	-	-	11,322	11,322
Fund balance - beginning of year	-	-	79,592	79,592
Fund balance - end of year	\$ -	\$ -	\$ 90,914	\$ 90,914
Net change in fund balance (non-GAAP budgetary basis)			\$ 11,322	
No adjustments to revenues			-	
Adjustments to expenditures for accruals and accounts payable			(566)	
Net change in fund balance (GAAP)			\$ 10,756	

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Parmer County, Texas

Permanent Improvement Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Taxes:				
Property	\$ 68,798	\$ 68,798	\$ 70,297	\$ 1,499
Fines, forfeitures and settlements	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Investment income	450	450	231	(219)
Miscellaneous	-	-	-	-
Total revenues	69,248	69,248	70,528	1,280
Expenditures				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Financial administration	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Road and bridge	-	-	-	-
Capital outlay	111,582	111,582	111,582	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	111,582	111,582	111,582	-
Excess (deficiency) of revenues over expenditures	(42,334)	(42,334)	(41,054)	1,280
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	42,334	42,334	-	(42,334)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	42,334	42,334	-	(42,334)
Net change in fund balance	-	-	(41,054)	(41,054)
Fund balance - beginning of year	-	-	102,963	102,963
Fund balance - end of year	\$ -	\$ -	\$ 61,909	\$ 61,909
Net change in fund balance (non-GAAP budgetary basis)			\$ (41,054)	
No adjustments to revenues			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ (41,054)	

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Parmer County, Texas

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, 2017

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures and settlements	-	2,037	-	(2,037)
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	426	99	(327)
Total revenues	-	2,463	99	(2,364)
Expenditures				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Financial administration	-	-	-	-
Public facilities	-	-	-	-
Public safety	4,140	19,123	4,141	14,982
Health and welfare	-	-	-	-
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	4,140	19,123	4,141	14,982
Excess (deficiency) of revenues over expenditures	(4,140)	(16,660)	(4,042)	12,618
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	4,140	16,660	-	(16,660)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	4,140	16,660	-	(16,660)
Net change in fund balance	-	-	(4,042)	(4,042)
Fund balance - beginning of year	-	-	39,846	39,846
Fund balance - end of year	\$ -	\$ -	\$ 35,804	\$ 35,804
Net change in fund balance (non-GAAP budgetary basis)			\$ (4,042)	
No adjustments to revenues			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ (4,042)	

See Independent Auditor's Report.

Parmer County, Texas
Contingency 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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
				<u>Final to Actual</u>
Revenues				
Taxes:				
Property	\$ 257,990	\$ 257,990	\$ 263,613	\$ 5,623
Fines, forfeitures and settlements	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Investment income	775	775	561	(214)
Miscellaneous	-	-	-	-
Total revenues	258,765	258,765	264,174	5,409
Expenditures				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Financial administration	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	258,765	258,765	264,174	5,409
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	(58,765)	(58,765)	-	58,765
Transfers in	-	-	-	-
Transfers (out)	(200,000)	(200,000)	(200,000)	-
Total other financing sources (uses)	(258,765)	(258,765)	(200,000)	58,765
Net change in fund balance	-	-	64,174	64,174
Fund balance - beginning of year	-	-	65,045	65,045
Fund balance - end of year	\$ -	\$ -	\$ 129,219	\$ 129,219
Net change in fund balance (non-GAAP budgetary basis)			\$ 64,174	
No adjustments to revenues			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ 64,174	

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Parmer County, Texas
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, 2017

	<u>Budgeted Amounts</u>		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Taxes:				
Property	\$ 231,616	\$ 231,616	\$ 234,778	\$ 3,162
Investment income	350	350	327	(23)
Total revenues	231,966	231,966	235,105	3,139
Expenditures				
Debt service:				
Principal	205,000	205,000	205,000	-
Interest	33,325	33,325	33,325	-
Administration fee	401	401	401	-
Total expenditures	238,726	238,726	238,726	-
Excess (deficiency) of revenues over expenditures	(6,760)	(6,760)	(3,621)	3,139
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	6,760	6,760	-	(6,760)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	6,760	6,760	-	(6,760)
Net change in fund balance	-	-	(3,621)	(3,621)
Fund balance - beginning of year	-	-	155,102	155,102
Fund balance - end of year	\$ -	\$ -	\$ 151,481	\$ 151,481
Net change in fund balance (non-GAAP budgetary basis)			\$ (3,621)	
No adjustments to revenues			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ (3,621)	

See Independent Auditor's Report.

Parmer County, Texas
Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds
For the Year Ended December 31, 2017

	Balance December 31, 2016	Additions	Deductions	Balance December 31, 2017
JUVENILE PROBATION FUND				
Assets				
Cash and cash investments	\$ 3,857	\$ 522	\$ 323	\$ 4,056
Total assets	\$ 3,857	\$ 522	\$ 323	\$ 4,056
Liabilities				
Due to others	\$ 3,857	\$ 522	\$ 323	\$ 4,056
Total liabilities	\$ 3,857	\$ 522	\$ 323	\$ 4,056
COUNTY ATTORNEY CHECK COLLECTION				
Assets				
Cash and cash investments	\$ 6,772	\$ 3,043	\$ 3,271	\$ 6,544
Total assets	\$ 6,772	\$ 3,043	\$ 3,271	\$ 6,544
Liabilities				
Due to others	\$ 6,772	\$ 3,043	\$ 3,271	\$ 6,544
Total liabilities	\$ 6,772	\$ 3,043	\$ 3,271	\$ 6,544
DISTRICT ATTORNEY CHECK COLLECTION				
Assets				
Cash and cash investments	\$ 3,167	\$ 2,018	\$ 3,552	\$ 1,633
Total assets	\$ 3,167	\$ 2,018	\$ 3,552	\$ 1,633
Liabilities				
Due to others	\$ 3,167	\$ 2,018	\$ 3,552	\$ 1,633
Total liabilities	\$ 3,167	\$ 2,018	\$ 3,552	\$ 1,633
COUNTY ATTORNEY FORFEITURE FUND				
Assets				
Cash and cash investments	\$ 4,753	\$ 9	\$ -	\$ 4,762
Total assets	\$ 4,753	\$ 9	\$ -	\$ 4,762
Liabilities				
Due to others	\$ 4,753	\$ 9	\$ -	\$ 4,762
Total liabilities	\$ 4,753	\$ 9	\$ -	\$ 4,762
DISTRICT ATTORNEY FORFEITURE FUND				
Assets				
Cash and cash investments	\$ 60,630	\$ 19,777	\$ 22,355	\$ 58,052
Total assets	\$ 60,630	\$ 19,777	\$ 22,355	\$ 58,052
Liabilities				
Due to others	\$ 60,630	\$ 19,777	\$ 22,355	\$ 58,052
Total liabilities	\$ 60,630	\$ 19,777	\$ 22,355	\$ 58,052

See Independent Auditor's Report.

Parmer County, Texas
Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds
For the Year Ended December 31, 2017

	Balance December 31, 2016	Additions	Deductions	Balance December 31, 2017
DISTRICT ATTORNEY SPECIAL FUND				
Assets				
Cash and cash investments	\$ 3,682	\$ 27,510	\$ 27,499	\$ 3,693
Total assets	\$ 3,682	\$ 27,510	\$ 27,499	\$ 3,693
Liabilities				
Due to others	\$ 3,682	\$ 27,510	\$ 27,499	\$ 3,693
Total liabilities	\$ 3,682	\$ 27,510	\$ 27,499	\$ 3,693
DISTRICT ATTORNEY SEIZURE FUND				
Assets				
Cash and cash investments	\$ 21,702	\$ 1,390	\$ 20,550	\$ 2,542
Total assets	\$ 21,702	\$ 1,390	\$ 20,550	\$ 2,542
Liabilities				
Due to others	\$ 21,702	\$ 1,390	\$ 20,550	\$ 2,542
Total liabilities	\$ 21,702	\$ 1,390	\$ 20,550	\$ 2,542
PARMER COUNTY ATTNY PRETRIAL FUND				
Assets				
Cash and cash investments	\$ 5,235	\$ 2,543	\$ 1,513	\$ 6,265
Total assets	\$ 5,235	\$ 2,543	\$ 1,513	\$ 6,265
Liabilities				
Due to others	\$ 5,235	\$ 2,543	\$ 1,513	\$ 6,265
Total liabilities	\$ 5,235	\$ 2,543	\$ 1,513	\$ 6,265
COUNTY CLERK TRUST ACCOUNTS				
Assets				
Cash and cash investments	\$ 36,190	\$ 2,900	\$ 18,095	\$ 20,995
Total assets	\$ 36,190	\$ 2,900	\$ 18,095	\$ 20,995
Liabilities				
Due to others	\$ 36,190	\$ 2,900	\$ 18,095	\$ 20,995
Total liabilities	\$ 36,190	\$ 2,900	\$ 18,095	\$ 20,995
DISTRICT CLERK TRUST ACCOUNTS				
Assets				
Cash and cash investments	\$ 82,384	\$ 30,046	\$ 32,781	\$ 79,649
Total assets	\$ 82,384	\$ 30,046	\$ 32,781	\$ 79,649
Liabilities				
Due to others	\$ 82,384	\$ 30,046	\$ 32,781	\$ 79,649
Total liabilities	\$ 82,384	\$ 30,046	\$ 32,781	\$ 79,649

See Independent Auditor's Report.

Parmer County, Texas

Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds
For the Year Ended December 31, 2017

	Balance December 31, 2016	Additions	Deductions	Balance December 31, 2017
COUNTY CLERK BOND ACCOUNTS				
Assets				
Cash and cash investments	\$ 21,380	\$ 102,979	\$ 72,649	\$ 51,710
Total assets	\$ 36,190	\$ 102,979	\$ 72,649	\$ 51,710
Liabilities				
Due to others	\$ 36,190	\$ 102,979	\$ 72,649	\$ 66,520
Total liabilities	\$ 36,190	\$ 102,979	\$ 72,649	\$ 66,520
TAX ASSESSOR COLLECTOR ACCOUNTS				
Assets				
Cash and cash investments	\$ 67,216	\$ 70,150	\$ 69,943	\$ 67,423
Total assets	\$ 67,216	\$ 70,150	\$ 69,943	\$ 67,423
Liabilities				
Due to others	13,503	10,103	16,230	7,376
Due to state	53,713	60,047	53,713	60,047
Total liabilities	\$ 67,216	\$ 70,150	\$ 69,943	\$ 67,423
PARMER COUNTY PERMANENT SCHOOL FUND				
Assets				
Cash and cash investments	\$ 622,324	\$ 112,620	\$ 300,898	\$ 434,046
Total assets	\$ 622,324	\$ 112,620	\$ 300,898	\$ 434,046
Liabilities				
Due to others	\$ 622,324	\$ 112,620	\$ 300,898	\$ 434,046
Total liabilities	\$ 622,324	\$ 112,620	\$ 300,898	\$ 434,046
BOVINA PERMANENT SCHOOL FUND				
Assets				
Cash and cash investments	\$ 555,822	\$ -	\$ 555,822	\$ -
Total assets	\$ 555,822	\$ -	\$ 555,822	\$ -
Liabilities				
Due to others	\$ 555,822	\$ -	\$ 555,822	\$ -
Total liabilities	\$ 555,822	\$ -	\$ 555,822	\$ -
PARMER COUNTY SHERIFF				
Assets				
Cash and cash investments	\$ 5,395	\$ 7,599	\$ 5,523	\$ 7,471
Total assets	\$ 5,395	\$ 7,599	\$ 5,523	\$ 7,471
Liabilities				
Due to others	\$ 5,395	\$ 7,599	\$ 5,523	\$ 7,471
Total liabilities	\$ 5,395	\$ 7,599	\$ 5,523	\$ 7,471

See Independent Auditor's Report.

Parmer County, Texas

Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds
For the Year Ended December 31, 2017

	Balance December 31, 2016	Additions	Deductions	Balance December 31, 2017
PARMER COUNTY JAIL COMMISSARY				
Assets				
Cash and cash investments	\$ 31,988	\$ 48,731	\$ 37,674	\$ 43,045
Total assets	\$ 31,988	\$ 48,731	\$ 37,674	\$ 43,045
Liabilities				
Due to others	\$ 31,988	\$ 48,731	\$ 37,674	\$ 43,045
Total liabilities	\$ 31,988	\$ 48,731	\$ 37,674	\$ 43,045
PARMER COUNTY INMATE TRUST				
Assets				
Cash and cash investments	\$ 1,164	\$ 47,323	\$ 48,024	\$ 463
Total assets	\$ 1,164	\$ 47,323	\$ 48,024	\$ 463
Liabilities				
Due to others	\$ 1,164	\$ 47,323	\$ 48,024	\$ 463
Total liabilities	\$ 1,164	\$ 47,323	\$ 48,024	\$ 463
OTHER DEPARTMENTS				
Assets				
Cash and cash investments	\$ 29,890	\$ 162,335	\$ 170,338	\$ 21,887
Total assets	\$ 29,890	\$ 162,335	\$ 170,338	\$ 21,887
Liabilities				
Due to others	\$ 29,890	\$ 162,335	\$ 170,338	\$ 21,887
Total liabilities	\$ 29,890	\$ 162,335	\$ 170,338	\$ 21,887
TOTAL ALL AGENCY FUNDS				
Assets				
Cash and cash investments	\$ 1,563,551	\$ 641,495	\$ 1,390,810	\$ 814,236
Total assets	\$ 1,563,551	\$ 641,495	\$ 1,390,810	\$ 814,236
Liabilities				
Due to others	\$ 1,509,838	\$ 581,448	\$ 1,337,097	\$ 754,189
Due to state	53,713	60,047	53,713	60,047
Total liabilities	\$ 1,563,551	\$ 641,495	\$ 1,390,810	\$ 814,236

See Independent Auditor's Report.

Parmer County, Texas
Schedule of Financial Transparency – House Bill 1378 Compliance
For the Year Ended December 31, 2017

		December 31, 2017
Parmer County's total authorized debt obligations	\$	1,290,000
Parmer County's outstanding principal balances by issuance		
2012 Limited Tax Refunding Bond	\$	1,290,000
Total outstanding principal	\$	1,290,000
Parmer County's outstanding interest balances by issuance		
2012 Limited Tax Refunding Bond	\$	99,011
Total outstanding principal	\$	99,011
Parmer County's combined principal and interest balances		
2012 Limited Tax Refunding Bond	\$	1,389,011
Total outstanding principal	\$	1,389,011
Parmer County's total debt per capita	\$	112.55
Individual Debt Issuance Information		
2012 Limited Tax Refunding Bond		
Purpose: The 2012 Limited Tax Refunding Bond was issued for the purpose of refunding the County's Series 2003 Bonds.		
Issued Amount	\$	2,080,000
Unissued Amount	\$	-
Spent Amount	\$	2,080,000
Unspent Amount	\$	-
Parmer County's current credit rating (Moody's):		A2

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