

Parmer County, Texas

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2018



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

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Introductory Section

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December 31, 2018

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Parmer County, Texas
Official Roster
December 31, 2018

Elected Officials

<u>Name</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

Appointed Official

Larry Johnston	County Auditor
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Financial Section



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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, 2018, 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, 2018, 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 11 through 17, the budgetary comparison schedules for the general fund and farm to market special revenue fund, the schedule of changes in the county's net pension liability and related ratios and schedule of county contributions on pages 59 through 66 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 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 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 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
June 6, 2019

Parmer County, Texas
Management's Discussion and Analysis
December 31, 2018

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, 2018. 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 \$12,537,990 (net position). Of this amount, \$5,033,248 (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 \$3,571,413. The County's net investment in capital assets is \$3,933,329.
- Change in net position for the year ended December 31, 2018 was an increase of \$362,396 as a result of operations. The increase is primarily due to maintaining expenditures within their budgeted amounts and revenues in excess of expenditures.
- At the end of the current calendar year, unassigned fund balance for the general fund was \$2,847,367 or 77.26% of total general fund expenditures.
- The County's total debt outstanding at December 31, 2018 is \$1,187,383.

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, deferred outflows of resources, liabilities, and deferred inflows of resources, 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, 2018

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 18 through 21 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 schedule 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 22 through 29 of this report.

Parmer County, Texas
Management's Discussion and Analysis
December 31, 2018

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 30 through 33 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 34 through 56 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 68 through 71 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 \$12,537,990 at the close of the most recent calendar year. The County had revenues that exceeded expenditures during the year in the amount of \$362,396 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 \$3,933,329 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, 2018

Parmer County's Net Position

	December 31, 2018	December 31, 2017	Percent Change
Current & Other Assets	\$ 8,911,763	\$ 8,514,708	4.66%
Net Capital Assets	5,120,712	5,382,546	-4.86%
Total Assets	14,032,475	13,897,254	0.97%
Deferred Outflows of Resources	281,515	640,044	127.36%
Total Assets and Deferred Outflows of Resources	\$ 14,313,990	\$ 14,537,298	-1.54%
Current Liabilities	\$ 390,619	\$ 391,398	-0.20%
Long Term Liabilities	1,207,529	1,915,426	-36.96%
Total Liabilities	1,598,148	2,306,824	-30.72%
Deferred Inflows of Resources	177,852	23,788	-86.62%
Net Investment in capital assets	3,933,329	3,918,504	0.38%
Restricted for:			
Debt Service	295,911	320,103	-7.56%
Maintenance of Roads	2,394,462	2,180,910	9.79%
Records Management	111,079	111,079	0.00%
Other Purposes - Special Revenue	769,961	834,487	-7.73%
Unrestricted,	5,033,248	4,841,603	3.96%
Total Net Position	12,537,990	12,206,686	2.71%
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 14,313,990	\$ 14,537,298	-1.54%

Changes in Net Position

The County's total revenues of \$6,254,313 and expenses of \$5,891,917 resulted in a change in net position of \$362,396 as a result of County operations. During fiscal year 2018, the County had a restatement to net position in the amount of \$31,092, which was due to a prior year federal revenue accrual. Comparative information for changes in net position is shown on the next page.

Parmer County, Texas
Management's Discussion and Analysis
December 31, 2018

Parmer County's Change in Net Position

	December 31, 2018	December 31, 2017	Percent Change
Revenues:			
Program revenues:			
Charges for services	\$ 1,286,127	\$ 1,114,788	15%
Operating grants and contributions	105,611	98,968	7%
Capital grants and contributions	-	242,806	-100%
General revenues:			
Property and other taxes	4,258,925	4,452,085	-4%
Payment in lieu of taxes	460,800	460,800	0%
Interest income	14,147	14,045	1%
Miscellaneous income	68,063	54,637	25%
Gain on disposal of assets	60,640	102,293	-41%
Total revenues	6,254,313	6,540,422	-4%
Expenses:			
General government	1,207,365	1,201,059	1%
Judicial	874,620	836,573	5%
Financial administration	312,366	298,989	4%
Public safety	1,618,267	1,561,451	4%
Health and welfare	106,476	104,729	2%
Road and bridge	1,740,105	1,730,051	1%
Interest on long-term debt	32,718	40,410	-19%
Total expenses	5,891,917	5,773,262	2%
Increase in net position	362,396	767,160	-53%
Net position - beginning, as previously stated	12,206,686	11,285,371	8%
Net position - restatement	(31,092)	154,155	-120%
Net position - beginning, as restated	12,175,594	11,439,526	6%
Net position - ending	\$ 12,537,990	\$ 12,206,686	3%

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.

Parmer County, Texas
Management's Discussion and Analysis
December 31, 2018

As of the end of the current calendar year, Parmer County's governmental funds reported combined ending fund balances of \$5,309,127, an increase of \$227,205 in comparison with the prior year. Approximately 54 percent of this total amount, \$2,847,367, 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 77.26% of the total general fund expenditures or approximately 9 months of operating equity.

Budgetary Highlights

The final budget for the general fund reflected an increase of \$71,906. Budget amendments to expenditures were made during the year within the general fund departments. The actual expenditures were \$256,584 less than the final budgeted amounts, and actual revenues were \$185,892 less than the final budgeted amounts. This resulted in a favorable budget variance of \$70,692.

In the farm to market fund, the final budget reflected a deficit of \$311,067, 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 \$361,972 less than the final budgeted amounts and actual revenues were \$126,623 less than the final budgeted amounts. This resulted in a favorable budget variance of \$235,349.

Capital Asset and Debt Administration

Capital Assets

Parmer County's investment in capital assets for its governmental activities as of December 31, 2018, amounts to \$5,120,712 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, other improvements and machinery and equipment. The table below shows the summarized capital assets of Parmer County as of December 31, 2018.

Asset Description	Carrying Amount	Accumulated Depreciation	Net Position Balance
Capital assets not being depreciated:			
Land	\$ 43,472	\$ -	\$ 43,472
Total capital assets not being depreciated	43,472	-	43,472
Capital assets being depreciated:			
Buildings and improvements	4,153,236	1,769,408	2,383,828
Other improvements	310,618	221,283	89,335
Machinery and equipment	5,545,707	2,941,630	2,604,077
Total capital assets being depreciated	10,009,561	4,932,321	5,077,240
Total capital assets	\$ 10,053,033	\$ 4,932,321	\$ 5,120,712

Additional information on Parmer County's capital assets can be found in Note 5 on page 45 of this report.

Parmer County, Texas
Management's Discussion and Analysis
December 31, 2018

Long-Term Debt

- **Certificates of Obligation.** At the end of the current calendar year, the County had outstanding certificates of obligation of \$1,095,000.
- **Capital Leases.** The County's capital leases at December 31, 2018 were \$92,383.

Economic Factor and Next Year's Budgets and Rates

- The property tax rate for 2018 was set at \$0.5209/\$100 for maintenance and operations and \$0.0283/\$100 for debt service yielding a total rate of \$0.5492/\$100. This was, in fact, the calculated effective tax rate, i.e. this rate, while slightly lower than the 2017 rate of \$0.5781/\$100, is the rate calculated to raise the same amount of taxes as raised in the previous year.
- Unemployment in early 2018 remained low at 2.3% compared to 3.8% statewide.
- Labor force participation matched the US average of approximately 61.8%.
- Median earnings per worker were steady at \$48,189, roughly 75% of the US average.
- The County's cost of living index compared favorably at 77.5% of the US average.
- The agricultural economy remains stable.
- Fuel prices were expected to remain near multi-year lows throughout 2018.
- The County anticipated (and received) its second pilot payment of \$460,800 from the fully operational Mariah 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 2018, 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 2019 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, 2018

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 5,088,793
Receivables:	
Property taxes, net of allowance	3,493,169
Fines and forfeitures, net of allowance	178,849
Total current assets	8,760,811
Noncurrent assets	
Restricted cash and cash equivalents	150,952
Capital assets	10,053,033
Less: accumulated depreciation	(4,932,321)
Total noncurrent assets	5,271,664
Total assets	14,032,475
Deferred outflows of resources	
Changes in assumptions	94,787
Employer contributions subsequent to the measurement date	186,728
Total deferred outflows of resources	281,515
Total assets and deferred outflows of resources	\$ 14,313,990

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

	Governmental Activities
Liabilities	
Current liabilities	
Accounts payable	\$ 109,467
Accrued interest	11,166
Current portion of capital leases payable	59,986
Current portion of certificates of obligation payable	210,000
Total current liabilities	390,619
Noncurrent liabilities:	
Capital leases	32,397
Certificates of obligation	885,000
Net pension liability	290,132
Total noncurrent liabilities	1,207,529
Total liabilities	1,598,148
Deferred inflows of resources	
Net difference between projected and actual earnings	139,004
Differences between expected and actual experience	38,848
Total deferred inflows of resources	177,852
Net position	
Net investment in capital assets	3,933,329
Restricted for:	
Debt service	295,911
Maintenance of roads	2,394,462
Records management	111,079
Other purposes - special revenue	769,961
Unrestricted	5,033,248
Total net position	12,537,990
Total liabilities, deferred inflows and net position	\$ 14,313,990

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

Parmer County, Texas
Statement of Activities
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Primary government				
General government	\$ 1,207,365	\$ 149,304	\$ 5,000	\$ (1,053,061)
Judicial	874,620	293,521	55,200	(525,899)
Financial administration	312,366	-	-	(312,366)
Public safety	1,618,267	247,443	14,877	(1,355,947)
Health and welfare	106,476	-	-	(106,476)
Road and bridge	1,740,105	595,859	30,534	(1,113,712)
Interest on long-term debt	32,718	-	-	(32,718)
Total governmental activities	\$ 5,891,917	\$ 1,286,127	\$ 105,611	(4,500,179)

General revenues:

Taxes:	
Property	4,258,925
Payment in lieu of tax	460,800
Interest income	14,147
Miscellaneous income	68,063
Gain on disposal of capital assets	60,640
Total general revenues	4,862,575
Change in net position	362,396
Net position - beginning, as previously stated	12,206,686
Net position - restatement (note 17)	(31,092)
Net position - beginning, as restated	12,175,594
Net position - ending	\$ 12,537,990

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

Parmer County, Texas
Balance Sheet
Governmental Funds
December 31, 2018

	General Fund	Farm to Market Fund	Debt Service Fund
Assets			
Cash and cash equivalents	\$ 2,853,438	\$ 1,728,936	\$ 125,306
Receivables:			
Property taxes, net of allowance	2,363,579	696,365	170,605
Fines and forfeitures, net of allowance	167,090	-	-
Total assets	\$ 5,384,107	\$ 2,425,301	\$ 295,911
Liabilities, deferred inflows of resources and fund balances			
Liabilities			
Accounts payable	\$ 62,082	\$ 10,902	\$ -
Total liabilities	62,082	10,902	-
Deferred inflows of resources			
Unavailable revenue - property taxes	2,363,579	696,365	170,605
Total deferred inflows of resources	2,363,579	696,365	170,605
Fund balances			
Spendable			
Restricted for:			
County improvements	-	-	-
Maintenance of roads	-	1,718,034	-
Judicial	-	-	-
Public safety	-	-	-
Records management	111,079	-	-
Debt service expenditures	-	-	125,306
Unassigned	2,847,367	-	-
Total fund balances	2,958,446	1,718,034	125,306
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,384,107	\$ 2,425,301	\$ 295,911

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

Nonmajor Governmental Funds		Total
\$ 532,065	\$	5,239,745
262,620		3,493,169
11,759		178,849
<hr/>		
\$ 806,444	\$	8,911,763
<hr/>		
\$ 36,483	\$	109,467
<hr/>		
36,483		109,467
<hr/>		
262,620		3,493,169
<hr/>		
262,620		3,493,169
<hr/>		
88,999		88,999
161,847		1,879,881
226,100		226,100
30,395		30,395
-		111,079
-		125,306
-		2,847,367
<hr/>		
507,341		5,309,127
<hr/>		
\$ 806,444	\$	8,911,763
<hr/>		

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

Parmer County, Texas
**Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position
 December 31, 2018**

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds	\$	5,309,127
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		5,120,712
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		3,493,169
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		186,728
Deferred inflows - net difference between projected and actual earnings		(139,004)
Deferred outflows - changes in assumptions		94,787
Deferred inflows - difference between expected and actual experience		(38,848)
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		(11,166)
Net pension liability		(290,132)
Capital leases		(92,383)
Certificates of obligation		(1,095,000)
<hr/>		
Net position - governmental activities	\$	12,537,990

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

Parmer County, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General Fund	Farm to Market Fund	Debt Service Fund
Revenues			
Taxes:			
Property	\$ 2,768,958	\$ 819,468	\$ 198,289
Intergovernmental:			
State operating grants	75,077	30,534	-
Payment in lieu of taxes	460,800	-	-
Fines, forfeitures and settlements	-	-	-
Licenses and permits	20,013	593,819	-
Charges for services	456,475	2,040	-
Investment income	7,796	4,566	261
Miscellaneous	68,054	-	-
Total revenue	3,857,173	1,450,427	198,550
Expenditures			
Current:			
General government	1,067,582	-	-
Judicial	650,906	-	-
Financial administration	305,574	-	-
Public safety	1,451,771	-	-
Health and welfare	105,371	-	-
Road and bridge	-	1,315,856	-
Capital outlay	104,099	207,500	-
Debt service:			
Principal	-	81,659	195,000
Interest	176	4,794	29,325
Administration fee	-	-	400
Total expenditures	3,685,479	1,609,809	224,725
Excess (deficiency) of revenues over expenditures	171,694	(159,382)	(26,175)
Other financing sources (uses)			
Transfers in	-	200,000	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	200,000	-
Net change in fund balances	171,694	40,618	(26,175)
Fund balances - beginning of year, as previously stated	2,786,752	1,708,508	151,481
Fund balance - restatement (note 17)	-	(31,092)	-
Fund balance - beginning, as restated	2,786,752	1,677,416	151,481
Fund balances - end of year	\$ 2,958,446	\$ 1,718,034	\$ 125,306

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

	Nonmajor Governmental Funds	Total
\$	309,323	\$ 4,096,038
	-	105,611
	-	460,800
	213,780	213,780
	-	613,832
	-	458,515
	1,524	14,147
	9	68,063
	<u>524,636</u>	<u>6,030,786</u>
	207,238	1,274,820
	6,755	657,661
	-	305,574
	5,485	1,457,256
	-	105,371
	-	1,315,856
	32,998	344,597
	-	276,659
	-	34,295
	-	400
	<u>252,476</u>	<u>5,772,489</u>
	<u>272,160</u>	<u>258,297</u>
	-	200,000
	(200,000)	(200,000)
	<u>(200,000)</u>	<u>-</u>
	72,160	258,297
	435,181	5,081,922
	-	(31,092)
	<u>435,181</u>	<u>5,050,830</u>
\$	<u>507,341</u>	<u>\$ 5,309,127</u>

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

Parmer County, Texas

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2018**

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

Net change in fund balances - total governmental funds	\$	258,297
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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		344,597
Value received on trade in of capital assets		191,000
Depreciation expense		(577,654)
Book value of capital assets disposed		(219,777)

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		162,887
--	--	---------

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		186,728
Pension expense		(262,318)

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		1,977
Principal payments on certificates of obligation		195,000
Principal payments on leases payable		81,659

Change in net position of governmental activities	\$	362,396
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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, 2018

	Juvenile Probation Fund	County Attorney Check Collection	District Attorney Check Collection	County Attorney Forfeiture Fund
Assets				
Cash and cash equivalents	\$ 4,347	\$ 3,795	\$ 6,333	\$ 4,773
Total assets	\$ 4,347	\$ 3,795	\$ 6,333	\$ 4,773
Liabilities				
Due to others	\$ 4,347	\$ 3,795	\$ 6,333	\$ 4,773
Due to state	-	-	-	-
Total liabilities	\$ 4,347	\$ 3,795	\$ 6,333	\$ 4,773

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

District Attorney Forfeiture Fund	District Attorney Special Fund	District Attorney Seizure Fund	Parmer County Attorney Pretrial Fund	County Clerk Trust Accounts	District Clerk Accounts
\$ 57,686	\$ 3,706	\$ 11,786	10,623	\$ 18,334	\$ 144,584
\$ 57,686	\$ 3,706	\$ 11,786	\$ 10,623	\$ 18,334	\$ 144,584
\$ 57,686	\$ 3,706	\$ 11,786	\$ 10,623	\$ 18,334	\$ 144,584
-	-	-	-	-	-
\$ 57,686	\$ 3,706	\$ 11,786	\$ 10,623	\$ 18,334	\$ 144,584

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

Parmer County, Texas
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2018

	County Clerk Bond Accounts	Tax Assessor Collector Accounts	Parmer County Permanent School Fund	Parmer County Sheriff
Assets				
Cash and cash equivalents	\$ 76,266	\$ 85,609	\$ 4,532,481	\$ 57,562
Total assets	\$ 76,266	\$ 85,609	\$ 4,532,481	\$ 57,562
Liabilities				
Due to others	\$ 76,266	\$ 15,903	\$ 4,532,481	\$ 57,562
Due to state	-	69,706	-	-
Total liabilities	\$ 76,266	\$ 85,609	\$ 4,532,481	\$ 57,562

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

	Parmer County Jail Commissary	Parmer County Inmate Trust	Other Departments	Totals
\$	56,923	\$ 4,735	\$ 28,673	\$ 5,108,216
\$	56,923	\$ 4,735	\$ 28,673	\$ 5,108,216
\$	56,923	\$ 4,735	\$ 28,673	\$ 5,038,510
	-	-	-	69,706
\$	56,923	\$ 4,735	\$ 28,673	\$ 5,108,216

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

Parmer County, Texas
Notes to Financial Statements
December 31, 2018

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", as amended by GASB Statement No. 39, GASB Statement No. 61 and GASB Statement No. 80.

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

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.

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 Statement No. 14, 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, 2018

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.

Parmer County, Texas
Notes to Financial Statements
December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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:

Parmer County, Texas
Notes to Financial Statements
December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

Parmer County, Texas
Notes to Financial Statements
December 31, 2018

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)

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.

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, 2018 per \$100 valuation were as follows:

	Fiscal Year Ending 12/31/2018	Fiscal Year Ending 12/31/2017
Maintenance and Operation (G.P.A.)	0.4114	0.4352
Debt Tax	0.0283	0.0276
Farm to Market (F.M.)	0.1095	0.1153
	0.5492	0.5781

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.

Parmer County, Texas
Notes to Financial Statements
December 31, 2018

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)

Capital Assets: Capital assets, which include property, plant, and equipment, 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.

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

<u>Assets</u>	<u>Years</u>
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 two types of items that qualify for reporting in this category. Accordingly, the items, employer contributions subsequent to the measurement date of \$186,728 and change in assumption of \$94,787 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 TCDRS fiduciary net position have been determined on the same basis as they are reported by the TCDRS. 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, 2018, along with applicable Texas County and District Retirement System (TCDRS), FICA, and Medicare accruals.

Parmer County, Texas
Notes to Financial Statements
December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$3,493,169 related to property taxes, which are considered “unavailable.”

In addition, the County has two items, which arises under the full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the items, net difference between projected and actual earnings of \$139,004 and differences between expected and actual experience of \$38,848 are 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.

Parmer County, Texas
Notes to Financial Statements
December 31, 2018

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)

Restricted Fund Balance: At December 31, 2018, the County has presented restricted fund balance on the governmental funds balance sheet in the amount of \$2,461,760 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 23.

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

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.

Parmer County, Texas
Notes to Financial Statements
December 31, 2018

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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 schedules of revenues, expenditures, and changes in fund balance - budget (non-GAAP budgetary basis) and actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with 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, 2018 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.

The State Fees Fund does not have a legally adopted budget.

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, 2018.

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.

Parmer County, Texas
Notes to Financial Statements
December 31, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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, 2018, \$10,117,825 of the County's bank balance of \$10,403,598 was exposed to custodial credit risk. Although the \$10,117,825 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, 2018.

	Aim Bank	Security State Bank	Total
Amount of deposits	\$ 10,367,825	\$ 35,773	\$ 10,403,598
FDIC coverage	(250,000)	(35,773)	(285,773)
Total uninsured public funds	10,117,825	-	10,117,825
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	10,117,825	-	10,117,825
Uninsured and uncollateralized	\$ -	\$ -	\$ -
Collateral requirement (100%)	\$ 10,117,825	\$ -	\$ 10,117,825
Pledged securities	11,658,174	-	11,658,174
Over (under) collateralized	\$ 1,540,349	\$ -	\$ 1,540,349

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.

Parmer County, Texas
Notes to Financial Statements
December 31, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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	\$ 5,088,793
Restricted cash and cash equivalents per Statement of Net Position	150,952
Cash and cash equivalents per Statement of Fiduciary Assets and Liabilities - Agency Funds	5,108,216
<hr/>	
Total cash and cash equivalents	10,347,961
<hr/>	
Add: outstanding checks	79,263
Less: deposits in transit and other items	(23,626)
<hr/>	
Bank balance of deposits	\$ 10,403,598
<hr/> <hr/>	

NOTE 4: RECEIVABLES

Receivables as of December 31, 2018 are as follows:

	General Fund	Farm to Market Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 2,442,134	\$ 718,694	\$ 176,275	\$ 271,349	\$ 3,608,452
Other receivables:					
Fines	2,521,049	-	-	11,759	2,532,808
Due from federal government	-	-	-	-	-
Less:					
Allowance for doubtful accounts(property tax)	(78,555)	(22,329)	(5,670)	(8,729)	(115,283)
Allowance for doubtful accounts (fines)	(2,353,959)	-	-	-	(2,353,959)
<hr/>		<hr/>		<hr/>	
Total net receivables	\$ 2,530,669	\$ 696,365	\$ 170,605	\$ 274,379	\$ 3,672,018
<hr/> <hr/>		<hr/> <hr/>		<hr/> <hr/>	

In accordance with GASB No. 33 and 65, property tax revenues in the amount of \$3,493,169, 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, 2018

NOTE 5: CAPITAL ASSETS

The changes in capital assets for the year ended December 31, 2018 are as follows:

	Balance 12/31/17	Additions/ Transfers in	Retirements/ Transfers out	Balance 12/31/18
Nondepreciable assets:				
Land	\$ 43,472	\$ -	\$ -	\$ 43,472
Total nondepreciable assets	43,472	-	-	43,472
Depreciable assets:				
Buildings and improvements	4,201,147	41,506	(89,417)	4,153,236
Other improvements	293,158	17,460	-	310,618
Machinery and equipment	5,346,103	476,631	(277,027)	5,545,707
Total depreciable assets	9,840,408	535,597	(366,444)	10,009,561
Accumulated depreciation	(4,501,334)	(577,654)	146,667	(4,932,321)
Governmental activities capital assets, net	\$ 5,382,546	\$ (42,057)	\$ (219,777)	\$ 5,120,712

During the current year, the County traded in a 2013 John Deere Motor Grader for a new John Deere Motor Grader. The trade in value of the 2013 John Deere Motor Grader was \$175,000 and the book value was \$117,739. The County recorded a capitalized cost on the government wide financial statements in the amount of \$285,000 which was the actual cost of the new Motor Grader, while only recording \$110,000 in the fund financial statements as the expenditure, which included the trade in value. This resulted in a gain of \$57,261 as noted in statement of activities and a reconciling item of \$175,000 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 CAT Backhoe for a new wheel loader. The trade in value of the CAT Backhoe was \$7,500 and the book value was \$4,724. The County recorded a capitalized cost on the government wide financial statements in the amount of \$105,000 which was the actual cost of the new wheel loader, while only recording \$97,500 in the fund financial statements as the expenditure, which included the trade in value. This resulted in a gain of \$2,776 as noted in the statement of activities and a reconciling item of \$7,500 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, 2018

NOTE 5: CAPITAL ASSETS (Continued)

During the current year, the County traded in a 2014 Chevy Tahoe for a new 2018 Chevy Tahoe. The trade in value of the 2014 Chevy Tahoe was \$8,500 and the book value was \$7,897. The County recorded a capitalized cost on the government wide financial statements in the amount of \$43,030 which was the actual cost of the new Chevy Tahoe, while only recording \$34,530 in the fund financial statements as the expenditure, which included the trade in value. This resulted in a gain of \$603 as noted in the statement of activities and a reconciling item of \$8,500 for capital outlay expenditures as noted at statement of revenues, expenditures and changes in fund balances – governmental funds.

Capital outlay reconciliation:

\$	535,597	Capital outlay listed above
	(7,500)	Trade in of CAT Backhoe
	(175,000)	Trade in of 2013 John Deere Motor Grader
	(8,500)	Trade in of 2014 Chevy Tahoe
	<u>344,597</u>	Capital outlay per Statement of Revenues, Expenses, and Changes in Fund Balance - Governmental Funds

Gain on disposal of capital assets reconciliation:

\$	2,776	Gain on trade in of CAT Backhoe
	57,261	Gain on trade in of 2013 John Deere Motor Grader
	603	Gain on trade in of 2014 Chevy Tahoe
	<u>60,640</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	\$	38,388
Public safety		134,737
Road and bridge		404,529
Total depreciation expense	\$	<u>577,654</u>

Parmer County, Texas
Notes to Financial Statements
December 31, 2018

NOTE 6: LONG-TERM OBLIGATIONS

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

	Balance 12/31/17	Additions	Retirements	Balance 12/31/18	Due Within One Year
Equipment capital leases	\$ 174,042	\$ -	\$ (81,659)	\$ 92,383	\$ 210,000
Certificates of obligation	1,290,000	-	(195,000)	1,095,000	59,986
Total	\$ 1,464,042	\$ -	\$ (276,659)	\$ 1,187,383	\$ 269,986

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

Year	Principal	Interest	Total
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	\$ 1,095,000	\$ 69,686	\$ 1,164,686

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

Year	Principal	Interest	Total
2019	\$ 59,986	\$ 2,655	\$ 62,641
2020	32,397	933	33,330
Total	\$ 92,383	\$ 3,588	\$ 95,971

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, 2018 is \$1,095,000.

Equipment Capital Leases

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, 2018 was \$28,535.

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, 2018 was \$63,848.

Parmer County, Texas
Notes to Financial Statements
December 31, 2018

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.

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, 2017. The TCDRS pension asset amounts were rolled forward from the valuation date to the Plan year ending December 31, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date December 31, 2017.

Parmer County, Texas
Notes to Financial Statements
December 31, 2018

NOTE 8: TCDRS RETIREMENT PLAN (Continued)

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	12.5 years (based on contribution rate calculated in 12/31/2017 valuation)
Asset valuation method	5 year smoothed market
Inflation	2.75%
Salary increases	Varies by age and service. 4.9% average over career including inflation
Investment rate of return	8.00%, net of administrative and 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.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in assumptions and methods reflected in the schedule	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in plan provisions reflected in the schedule	2015 and 2016: No changes in plan provisions are reflected in the Schedule of Employer Contribution. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.

Parmer County, Texas
Notes to Financial Statements
December 31, 2018

NOTE 8: TCDRS RETIREMENT PLAN (Continued)

Other Key Actuarial Assumptions: All other actuarial assumptions that determined the total pension liability as of December 31, 2017 were based on the results of an actuarial experience study from the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 68.

	Beginning Date	Ending Date
Valuation date	Dec. 31, 2016	Dec. 31, 2017
Measurement date	Dec. 31, 2016	Dec. 31, 2017
Employer's fiscal year	January 1, 2018	December 31, 2018

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 2018 information for 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 2017. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 – December 31, 2016 for more details.

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.55%
Private Equity	Cambridge Associates Gloval Private Equity & Venture Capital Index ⁽³⁾	16.00%	7.55%
Global Equities	MSCI World (net) Index	1.50%	4.85%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	11.00%	4.55%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	8.00%	5.55%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.75%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	8.00%	4.12%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.06%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	2.00%	6.30%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.05%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	6.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	18.00%	4.10%

⁽¹⁾Target asset allocation adopted at the April 2018 TCDRS Board meeting.

⁽²⁾Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.95%, per Cliffwater's 2018 capital market assumptions.

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

⁽⁴⁾Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Parmer County, Texas
Notes to Financial Statements
December 31, 2018

NOTE 8: TCDRS RETIREMENT PLAN (Continued)

	December 31, 2016	December 31, 2017
Total pension liability	\$ 8,353,459	\$ 8,856,557
Fiduciary net position	7,626,324	8,566,424
Net pension liability	727,135	290,132
Fiduciary net position as a % of total pension liability	91.30%	96.72%

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, 2016	December 31, 2017
Discount rate	8.10%	8.10%
Long-term expected rate of return, net of investment expense	8.10%	8.10%

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability (Asset)
Balance as of December 31, 2016	\$ 8,353,459	\$ 7,626,324	\$ 727,133
Changes for the year:			
Service cost	280,990	-	280,991
Interest on total pension liability ⁽¹⁾	678,899	-	678,899
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	(30,685)	-	(30,685)
Effect of assumptions changes or inputs	89,911	-	89,911
Refund of contributions	(33,817)	(33,817)	-
Benefit payments	(482,200)	(482,200)	-
Administrative expenses	-	(5,697)	5,697
Member contributions	-	161,831	(161,831)
Net investment income	-	1,110,563	(1,110,563)
Employer contributions	-	191,652	(191,652)
Other ⁽³⁾	-	(2,232)	2,232
Balances as of December 31, 2017	\$ 8,856,557	\$ 8,566,424	\$ 290,132

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

⁽²⁾No plan changes valued.

⁽³⁾Related to allocation of system-wide items.

Parmer County, Texas
Notes to Financial Statements
December 31, 2018

NOTE 8: TCDRS RETIREMENT PLAN (Continued)

	Deferred Inflow of Resources	Deferred Outflow of Resources
Differences between expected and actual experience	\$ 38,848	\$ -
Changes in assumptions	-	94,787
Net difference between projected and actual earnings on pension plan investments	139,004	-
County's contributions subsequent to the measurement date	-	262,318
Total	\$ 177,852	\$ 357,105

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:	
2018	68,313
2019	24,626
2020	(76,084)
2021	(99,920)
2022	-
Thereafter	-

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)	\$ 1,287,103	\$ 290,132	\$ (560,363)

Payables to the pension plan: At December 31, 2018 there were no contributions due and payable to the plan for the County.

Parmer County, Texas
Notes to Financial Statements
December 31, 2018

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 2018, 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 2018 were \$4,304,629, 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, 2018.

NOTE 13: SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2018, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is June 6, 2019, which is the date on which the financial statements were issued. The following events occurred subsequent to year-end.

- The County sold a parcel of property for \$26,000.
- Precinct #3 was approved to purchase a roadgrader for approximately \$170,000.
- The County traded in a vehicle and purchased a new vehicle for approximately \$25,000.

Parmer County, Texas
Notes to Financial Statements
December 31, 2018

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.

NOTE 15: TAX ABATEMENTS

Parmer County negotiates property tax abatement agreements on an individual basis. The County has two tax abatement agreement as of December 31, 2018. One 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 2018 as a result of this agreement is \$917,450. The second agreement is with Scandia Winds LLC d/b/a Scandia Wind Southwest LLC for the operation of a wind farm within the County. The agreement began on June 11, 2018 and has a life of 10 years. There were no property taxes abated during 2018 as a result of this agreement.

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, 2018.
- B. Funds that exceeded approved budgetary authority. The County had no funds, which exceeded approved budgetary authority as of December 31, 2018.

Parmer County, Texas
Notes to Financial Statements
December 31, 2018

NOTE 17: RESTATEMENT

The County recorded restatements of fund balance in the Farm to Market Fund and government-wide net position during the year ended December 31, 2018 as follows.

Statement of Activities

	Governmental Activities
Net Position December 31, 2017, as originally stated	\$ 12,206,686
Restatement related to prior year federal revenue accruals	(31,092)
Net Position December 31, 2017, as restated	\$ 12,175,594

Statement of Revenues, Expenses, and Changes in Fund Balance

	Farm to Market Fund
Fund Balance December 31, 2017, as originally stated	\$ 1,708,508
Restatement related to prior year federal revenue accruals	(31,092)
Fund Balance December 31, 2017, as restated	\$ 1,677,416

NOTE 18: SUBSEQUENT PRONOUNCEMENTS

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. 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.

In January 2017, GASB Statement No. 84, *Fiduciary Activities*, was issued. 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 June 2017, GASB Statement No. 87, *Leases* was issued. 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. 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.

Parmer County, Texas
Notes to Financial Statements
December 31, 2018

NOTE 18: SUBSEQUENT PRONOUNCEMENTS (Continued)

In June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* was issued. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The County is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*) was issued. 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 May 2019, GASB Statement No. 91, *Conduit Debt Obligations* was issued. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The County is still evaluating how this pronouncement will affect the financial statements.

Parmer County, Texas
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Taxes:				
Property	\$ 3,073,821	\$ 3,073,821	\$ 2,768,958	\$ (304,863)
Intergovernmental income:				
State operating grants	68,700	68,700	75,077	6,377
Payment in lieu of taxes	450,000	450,000	460,800	10,800
Licenses and permits	20,000	20,000	20,013	13
Charges for services	330,600	330,600	419,974	89,374
Investment income	8,250	8,250	7,796	(454)
Miscellaneous	45,000	55,193	68,054	12,861
Total revenues	3,996,371	4,006,564	3,820,672	(185,892)
Expenditures				
Current:				
General government	1,138,154	1,138,154	1,110,864	27,290
Judicial	689,877	688,422	644,999	43,423
Financial administration	348,939	348,938	307,015	41,923
Public safety	1,547,956	1,550,848	1,446,197	104,651
Health and welfare	120,803	120,802	107,072	13,730
Capital outlay	100,000	87,319	61,741	25,578
Debt service:				
Interest	150	175	186	(11)
Total expenditures	3,945,879	3,934,658	3,678,074	256,584
Excess (deficiency) of revenues over expenditures	50,492	71,906	142,598	70,692
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	(50,492)	(71,906)	-	71,906
Total other financing sources (uses)	(50,492)	(71,906)	-	71,906
Net change in fund balance	-	-	142,598	142,598
Fund balance - beginning of year	-	-	2,710,840	2,710,840
Fund balance - end of year	\$ -	\$ -	\$ 2,853,438	\$ 2,853,438
Net change in fund balance (non-GAAP budgetary basis)			\$ 142,598	
Adjustments to revenues for receivables			36,501	
Adjustments to expenditures for accruals and accounts payable			(7,405)	
Net change in fund balance (GAAP)			\$ 171,694	

See independent auditors' report.

Parmer County, Texas
Farm to Market Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Taxes:				
Property	\$ 904,673	\$ 904,673	\$ 819,468	\$ (85,205)
Intergovernmental income:				
Federal capital grants	-	77,319	80,516	3,197
State operating grants	30,750	30,750	30,534	(216)
Licenses and permits	535,000	535,000	492,678	(42,322)
Charges for services	2,500	2,500	2,040	(460)
Investment income	4,925	4,925	4,566	(359)
Miscellaneous	103,500	103,500	102,242	(1,258)
Total revenues	1,581,348	1,658,667	1,532,044	(126,623)
Expenditures				
Precinct #1				
Salaries and fringe benefits	217,737	217,737	206,284	11,453
Insurance	7,677	8,266	7,888	378
Materials and supplies	36,550	34,310	33,424	886
Fuel	42,200	43,346	40,390	2,956
Conference	3,500	2,379	2,379	-
Other	24,925	26,552	24,895	1,657
Total Precinct #1	332,589	332,590	315,260	17,330
Precinct #2				
Salaries and fringe benefits	211,704	211,527	199,311	12,216
Insurance	8,574	11,131	8,306	2,825
Materials and supplies	29,800	78,648	72,629	6,019
Fuel	41,000	41,294	36,309	4,985
Conference	3,000	3,000	1,671	1,329
Other	43,705	41,326	17,583	23,743
Total Precinct #2	337,783	386,926	335,809	51,117
Precinct #3				
Salaries and fringe benefits	217,771	234,646	237,381	(2,735)
Insurance	7,689	9,753	9,400	353
Materials and supplies	29,250	34,316	34,889	(573)
Fuel	45,300	54,745	54,759	(14)
Conference	2,500	1,299	1,299	-
Other	46,205	36,154	29,559	6,595
Total Precinct #3	348,715	370,913	367,287	3,626
Precinct #4				
Salaries and fringe benefits	224,636	224,636	183,517	41,119
Insurance	8,774	9,318	8,962	356
Materials and supplies	29,400	31,173	21,731	9,442
Fuel	47,500	48,919	47,915	1,004
Conference	2,000	3,300	3,223	77
Other	43,250	45,516	25,706	19,810
Total Precinct #4	355,560	362,862	291,054	71,808

See independent auditors' report.

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Expenditures (Continued)				
Capital outlay				
Precinct #1	\$ 22,302	\$ 110,002	\$ 110,000	\$ 2
Precinct #2	98,495	98,495	2,399	96,096
Precinct #3	175,000	152,802	99,500	53,302
Precinct #4	75,000	67,700	-	67,700
Total capital outlay	370,797	428,999	211,899	217,100
Debt service:				
Precinct #1:				
Principal	23,298	23,298	23,298	-
Interest	1,505	1,505	522	983
Precinct #2:				
Principal	58,361	58,361	58,361	-
Interest	4,280	4,280	4,272	8
Total debt service	87,444	87,444	86,453	991
Total expenditures	1,832,888	1,969,734	1,607,762	361,972
Excess (deficiency) of revenues over expenditures	(251,540)	(311,067)	(75,718)	235,349
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	51,540	111,067	-	(111,067)
Transfers in	200,000	200,000	200,000	-
Total other financing sources (uses)	251,540	311,067	200,000	(111,067)
Net change in fund balance	-	-	124,282	124,282
Fund balance - beginning of year	-	-	1,604,654	1,604,654
Fund balance - end of year	\$ -	\$ -	\$ 1,728,936	\$ 1,728,936
Net change in fund balance (non-GAAP budgetary basis)			\$ 124,282	
Adjustments to revenues for accruals			(81,617)	
Adjustments to expenditures for accruals and accounts payable			(2,047)	
Net change in fund balance (GAAP)			\$ 40,618	

See independent auditors' report.

Parmer County, Texas

Schedule of Changes in the County's Net Pension Liability 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)
Total Pension Liability		
Service cost	\$ 256,298	\$ 253,590
Interest on total pension liability	565,881	602,767
Effect of plan changes	-	(41,996)
Effect of assumption changes or inputs	-	109,413
Effect of economic/demographic (gain) or losses	29,470	(297)
Benefit payments/refunds of contributions	(410,509)	(446,191)
Net change in total pension liability	441,140	477,286
Total pension liability, beginning	7,061,795	7,502,935
Total pension liability, ending (a)	\$ 7,502,935	\$ 7,980,221
Fiduciary Net Position		
Employer contributions	\$ 186,143	\$ 194,724
Member contributions	147,899	157,399
Investment income net of investment expenses	477,401	48,903
Benefit payments/refunds of contributions	(410,509)	(446,191)
Administrative expenses	(5,448)	(5,227)
Other	26,839	4,623
Net change in fiduciary net position	422,325	(45,769)
Fiduciary net position, beginning	6,866,423	7,288,748
Fiduciary net position, ending (b)	7,288,748	7,242,979
Net pension liability / (asset) = (a) - (b)	\$ 214,187	\$ 737,242
Fiduciary net position as a % of total pension liability	97.15%	90.76%
Pensionable covered payroll	\$ 2,112,847	\$ 2,248,559
Net pension liability as a % of covered payroll	10.14%	32.79%

* The amounts presented were determined as of December 31, 2018. 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 auditors' report.
See notes to required supplementary information.*

2017 Measurement Date (As of and for the year ended December 31, 2016)	2018 Measurement Date (As of and for the year ended December 31, 2017)
\$ 274,941	\$ 280,991
637,169	678,899
-	-
-	89,911
(31,519)	(30,685)
(507,352)	(516,017)
<hr/>	<hr/>
373,239	503,099
7,980,221	8,353,460
<hr/>	<hr/>
\$ 8,353,460	\$ 8,856,559

\$ 202,242	\$ 191,652
158,889	161,831
535,495	1,110,563
(507,352)	(516,017)
(5,827)	(5,697)
(101)	(2,230)
<hr/>	<hr/>
383,346	940,102
7,242,979	7,626,325
<hr/>	<hr/>
7,626,325	8,566,427
<hr/>	<hr/>
\$ 727,135	\$ 290,132

91.30%	96.72%
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\$ 2,269,845	\$ 2,250,386
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32.03%	12.89%
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*See independent auditors' report.
See notes to required supplementary information.*

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
Actuarial determined contributions	\$ 187,266	\$ 194,724
Contributions in relation to the contractually required contribution	(187,266)	(194,724)
Contribution deficiency (excess)	\$ -	\$ -
Parmer County's covered-employee payroll	\$ 2,112,847	\$ 2,248,559
Contributions as a percentage of covered-employee payroll	8.9%	8.7%

* The amounts presented were determined as of December 31, 2018. 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 auditors' report.
 See notes to required supplementary information.*

As of and for the year ended December 31, 2017	As of and for the year ended December 31, 2018
\$ 202,242	\$ 191,652
<u>(202,242)</u>	<u>(191,652)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 2,269,845	\$ 2,250,386
8.9%	8.5%

*See independent auditors' report.
See notes to required supplementary information.*

Parmer County, Texas
Notes to Required Supplementary Information

Valuation Timing	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.
Actuarial Cost Method	Entry Age Normal*
Amortization Method	
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
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	Same as funding valuation: See Appendix C to Valuation Report for Parmer County
Salary Increases	Same as funding valuation: See Appendix C to Valuation Report for Parmer County
Investment Rate of Return	8.10% (Gross of administrative expenses)
Cost-of-Living Adjustments	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.
Retirement Age	Same as funding valuation: See Appendix C to Valuation Report for Parmer County
Turnover	Same as funding valuation: See Appendix C to Valuation Report for Parmer County
Mortality	Same as funding valuation: See Appendix C to Valuation Report for Parmer County

See independent auditors' report.

Supplementary Information

Parmer County, Texas
 Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2018

	Special Revenue		
	Jury Fund	Permanent Improvement Fund	Parmer County Forfeiture Fund
Assets			
Cash and cash equivalents	\$ 99,872	\$ 88,999	\$ 30,395
Receivables:			
Property taxes, net of allowance	13,145	52,580	-
Fines and forfeitures, net of allowance	-	-	-
Total assets	\$ 113,017	\$ 141,579	\$ 30,395
Liabilities, deferred inflows of resources and fund balance			
Liabilities			
Accounts payable	\$ 577	\$ -	\$ -
Total liabilities	577	-	-
Deferred inflows of resources			
Unavailable revenue - property taxes	13,145	52,580	-
Total deferred inflows of resources	13,145	52,580	-
Fund balances			
Spendable			
Restricted for:			
County improvements	-	88,999	-
Maintenance of roads	-	-	-
Judicial	99,295	-	-
Public safety	-	-	30,395
Total fund balances	99,295	88,999	30,395
Total liabilities, deferred inflows of resources, and fund balances	\$ 113,017	\$ 141,579	\$ 30,395

See independent auditors' report.

<u>Special Revenue</u>			<u>Nonmajor</u>
<u>Contingency</u>			<u>Governmental</u>
<u>Fund</u>	<u>State Fees Fund</u>		<u>Funds</u>
\$ 161,847	\$ 150,952	\$	532,065
196,895	-		262,620
-	11,759		11,759
<u>\$ 358,742</u>	<u>\$ 162,711</u>	<u>\$</u>	<u>806,444</u>
\$ -	\$ 35,906	\$	36,483
-	35,906		36,483
196,895	-		262,620
<u>196,895</u>	<u>-</u>		<u>262,620</u>
-	-		88,999
161,847	-		161,847
-	126,805		226,100
-	-		30,395
<u>161,847</u>	<u>126,805</u>		<u>507,341</u>
<u>\$ 358,742</u>	<u>\$ 162,711</u>	<u>\$</u>	<u>806,444</u>

See independent auditors' report.

Parmer County, Texas
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Year Ended December 31, 2018

	Special Revenue		
	Jury Fund	Permanent Improvement Fund	Parmer County Forfeiture Fund
Revenues			
Taxes:			
Property	\$ 15,466	\$ 61,865	\$ -
Fines, forfeitures and settlements	-	-	-
Investment income	227	224	76
Miscellaneous	9	-	-
Total revenues	15,702	62,089	76
Expenditures			
Current:			
General government	-	2,001	-
Judicial	6,755	-	-
Public safety	-	-	5,485
Capital outlay	-	32,998	-
Total expenditures	6,755	34,999	5,485
Excess (deficiency) of revenues over expenditures	8,947	27,090	(5,409)
Other financing sources (uses)			
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	8,947	27,090	(5,409)
Fund balances - beginning of year	90,348	61,909	35,804
Fund balances - end of year	\$ 99,295	\$ 88,999	\$ 30,395

See independent auditors' report.

Special Revenue			Nonmajor
Contingency	State Fees		Governmental
Fund	Fund		Funds
\$ 231,992	\$ -	\$	309,323
-	213,780		213,780
636	361		1,524
-	-		9
<u>232,628</u>	<u>214,141</u>		<u>524,636</u>
-	205,237		207,238
-	-		6,755
-	-		5,485
-	-		32,998
-	<u>205,237</u>		<u>252,476</u>
<u>232,628</u>	<u>8,904</u>		<u>272,160</u>
(200,000)	-		(200,000)
<u>(200,000)</u>	<u>-</u>		<u>(200,000)</u>
32,628	8,904		72,160
<u>129,219</u>	<u>117,901</u>		<u>435,181</u>
<u>\$ 161,847</u>	<u>\$ 126,805</u>	<u>\$</u>	<u>507,341</u>

See independent auditors' report.

Supporting Schedules

Parmer County, Texas
 Jury Fund Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Taxes:				
Property	\$ 17,077	\$ 17,077	\$ 15,466	\$ (1,611)
Investment income	250	250	227	(23)
Miscellaneous	-	-	9	9
Total revenues	17,327	17,327	15,702	(1,625)
Expenditures				
Current:				
Judicial	10,595	10,595	6,744	3,851
Total expenditures	10,595	10,595	6,744	3,851
Excess (deficiency) of revenues over expenditures:	6,732	6,732	8,958	2,226
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	(6,732)	(6,732)	-	6,732
Total other financing sources (uses)	(6,732)	(6,732)	-	6,732
Net change in fund balance	-	-	8,958	8,958
Fund balance - beginning of year	-	-	90,914	90,914
Fund balance - end of year	\$ -	\$ -	\$ 99,872	\$ 99,872
Net change in fund balance (non-GAAP budgetary basis)			\$ 8,958	
No adjustments to revenues			-	
Adjustments to expenditures for accruals and accounts payable			(11)	
Net change in fund balance (GAAP)			\$ 8,947	

See independent auditors' report.

Parmer County, Texas
 Permanent Improvement Fund Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Taxes:				
Property	\$ 68,307	\$ 68,307	\$ 61,865	\$ (6,442)
Investment income	300	300	224	(76)
Total revenues	68,607	68,607	62,089	(6,518)
Expenditures				
Current:				
General government	-	39,000	34,999	4,001
Capital outlay	25,000	-	-	-
Total expenditures	25,000	39,000	34,999	4,001
Excess (deficiency) of revenues over expenditures:	43,607	29,607	27,090	(2,517)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	(43,607)	(29,607)	-	29,607
Total other financing sources (uses)	(43,607)	(29,607)	-	29,607
Net change in fund balance	-	-	27,090	27,090
Fund balance - beginning of year	-	-	61,909	61,909
Fund balance - end of year	\$ -	\$ -	\$ 88,999	\$ 88,999
Net change in fund balance (non-GAAP budgetary basis)			\$ 27,090	
No adjustments to revenues			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ 27,090	

See independent auditors' report.

Parmer County, Texas
 Forfeiture Fund Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Investment income	\$ -	\$ 95	\$ 76	\$ (19)
Total revenues	-	95	76	(19)
Expenditures				
Current:				
Public safety	-	5,485	5,485	-
Total expenditures	-	5,485	5,485	-
Excess (deficiency) of revenues over expenditures	-	(5,390)	(5,409)	(19)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	5,390	-	(5,390)
Total other financing sources (uses)	-	5,390	-	(5,390)
Net change in fund balance	-	-	(5,409)	(5,409)
Fund balance - beginning of year	-	-	35,804	35,804
Fund balance - end of year	\$ -	\$ -	\$ 30,395	\$ 30,395
Net change in fund balance (non-GAAP budgetary basis)			\$ (5,409)	
No adjustments to revenues			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ (5,409)	

See independent auditors' report.

Parmer County, Texas
 Contingency Fund Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Taxes:				
Property	\$ 256,152	\$ 25,152	\$ 231,992	\$ 206,840
Investment income	580	580	636	56
Total revenues	256,732	25,732	232,628	206,896
Excess (deficiency) of revenues over expenditures:	256,732	25,732	232,628	206,896
Designated cash (budgeted increase in cash)	(56,732)	174,268	-	(174,268)
Transfers (out)	(200,000)	(200,000)	(200,000)	-
Total other financing sources (uses)	(256,732)	(25,732)	(200,000)	(174,268)
Net change in fund balance	-	-	32,628	32,628
Fund balance - beginning of year	-	-	129,219	129,219
Fund balance - end of year	\$ -	\$ -	\$ 161,847	\$ 161,847
Net change in fund balance (non-GAAP budgetary basis)			\$ 32,628	
No adjustments to revenues			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ 32,628	

See independent auditors' report.

Parmer County, Texas
Debt Service Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2018**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Taxes:				
Property	\$ 216,599	\$ 216,599	\$ 198,289	\$ (18,310)
Intergovernmental:				
Investment income	350	350	261	(89)
Total revenues	216,949	216,949	198,550	(18,399)
Expenditures				
Debt service:				
Principal	195,000	195,000	195,000	-
Interest	29,325	29,325	29,325	-
Administration fee	400	400	400	-
Total expenditures	224,725	224,725	224,725	-
Excess (deficiency) of revenues over expenditures	(7,776)	(7,776)	(26,175)	(18,399)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	7,776	7,776	-	(7,776)
Total other financing sources (uses)	7,776	7,776	-	(7,776)
Net change in fund balance	-	-	(26,175)	(26,175)
Fund balance - beginning of year	-	-	151,481	151,481
Fund balance - end of year	\$ -	\$ -	\$ 125,306	\$ 125,306
Net change in fund balance (non-GAAP budgetary basis)			\$ (26,175)	
Net change in fund balance (GAAP)			\$ (26,175)	

See independent auditors' report.

Parmer County, Texas

Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended December 31, 2018

	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018
JUVENILE PROBATION FUND				
Assets				
Cash and cash investments	\$ 4,056	\$ 291	\$ -	\$ 4,347
Total assets	\$ 4,056	\$ 291	\$ -	\$ 4,347
Liabilities				
Due to others	\$ 4,056	\$ 291	\$ -	\$ 4,347
Total liabilities	\$ 4,056	\$ 291	\$ -	\$ 4,347
COUNTY ATTORNEY CHECK COLLECTION				
Assets				
Cash and cash investments	\$ 6,544	\$ 1,023	\$ 3,772	\$ 3,795
Total assets	\$ 6,544	\$ 1,023	\$ 3,772	\$ 3,795
Liabilities				
Due to others	\$ 6,544	\$ 1,023	\$ 3,772	\$ 3,795
Total liabilities	\$ 6,544	\$ 1,023	\$ 3,772	\$ 3,795
DISTRICT ATTORNEY CHECK COLLECTION				
Assets				
Cash and cash investments	\$ 1,633	\$ 5,255	\$ 555	\$ 6,333
Total assets	\$ 1,633	\$ 5,255	\$ 555	\$ 6,333
Liabilities				
Due to others	\$ 1,633	\$ 5,255	\$ 555	\$ 6,333
Total liabilities	\$ 1,633	\$ 5,255	\$ 555	\$ 6,333
COUNTY ATTORNEY FORFEITURE FUND				
Assets				
Cash and cash investments	\$ 4,762	\$ 11	\$ -	\$ 4,773
Total assets	\$ 4,762	\$ 11	\$ -	\$ 4,773
Liabilities				
Due to others	\$ 4,762	\$ 11	\$ -	\$ 4,773
Total liabilities	\$ 4,762	\$ 11	\$ -	\$ 4,773
DISTRICT ATTORNEY FORFEITURE FUND				
Assets				
Cash and cash investments	\$ 58,052	\$ 134	\$ 500	\$ 57,686
Total assets	\$ 58,052	\$ 134	\$ 500	\$ 57,686
Liabilities				
Due to others	\$ 58,052	\$ 134	\$ 500	\$ 57,686
Total liabilities	\$ 58,052	\$ 134	\$ 500	\$ 57,686

See independent auditors' report.

Parmer County, Texas

Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended December 31, 2018

	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018
DISTRICT ATTORNEY SPECIAL FUND				
Assets				
Cash and cash investments	\$ 3,693	\$ 27,510	\$ 27,497	\$ 3,706
Total assets	\$ 3,693	\$ 27,510	\$ 27,497	\$ 3,706
Liabilities				
Due to others	\$ 3,693	\$ 27,510	\$ 27,497	\$ 3,706
Total liabilities	\$ 3,693	\$ 27,510	\$ 27,497	\$ 3,706
DISTRICT ATTORNEY SEIZURE FUND				
Assets				
Cash and cash investments	\$ 2,542	\$ 9,244	\$ -	\$ 11,786
Total assets	\$ 2,542	\$ 9,244	\$ -	\$ 11,786
Liabilities				
Due to others	\$ 2,542	\$ 9,244	\$ -	\$ 11,786
Total liabilities	\$ 2,542	\$ 9,244	\$ -	\$ 11,786
PARMER COUNTY ATTNY PRETRIAL FUND				
Assets				
Cash and cash investments	\$ 6,265	\$ 8,803	\$ 4,445	\$ 10,623
Total assets	\$ 6,265	\$ 8,803	\$ 4,445	\$ 10,623
Liabilities				
Due to others	\$ 6,265	\$ 8,803	\$ 4,445	\$ 10,623
Total liabilities	\$ 6,265	\$ 8,803	\$ 4,445	\$ 10,623
COUNTY CLERK TRUST ACCOUNTS				
Assets				
Cash and cash investments	\$ 20,995	\$ 20,484	\$ 23,145	\$ 18,334
Total assets	\$ 20,995	\$ 20,484	\$ 23,145	\$ 18,334
Liabilities				
Due to others	\$ 20,995	\$ 20,484	\$ 23,145	\$ 18,334
Total liabilities	\$ 20,995	\$ 20,484	\$ 23,145	\$ 18,334
DISTRICT CLERK ACCOUNTS				
Assets				
Cash and cash investments	\$ 79,649	\$ 187,054	\$ 122,119	\$ 144,584
Total assets	\$ 79,649	\$ 187,054	\$ 122,119	\$ 144,584
Liabilities				
Due to others	\$ 79,649	\$ 187,054	\$ 122,119	\$ 144,584
Total liabilities	\$ 79,649	\$ 187,054	\$ 122,119	\$ 144,584

See independent auditors' report.

Parmer County, Texas

Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended December 31, 2018

	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018
COUNTY CLERK BOND ACCOUNTS				
Assets				
Cash and cash investments	\$ 51,710	\$ 63,788	\$ 39,232	\$ 76,266
Total assets	\$ 51,710	\$ 63,788	\$ 39,232	\$ 76,266
Liabilities				
Due to others	\$ 51,710	\$ 63,788	\$ 39,232	\$ 76,266
Total liabilities	\$ 51,710	\$ 63,788	\$ 39,232	\$ 76,266
TAX ASSESSOR COLLECTOR ACCOUNTS				
Assets				
Cash and cash investments	\$ 67,423	\$ 4,388,175	\$ 4,369,989	\$ 85,609
Total assets	\$ 67,423	\$ 4,388,175	\$ 4,369,989	\$ 85,609
Liabilities				
Due to others	7,376	3,596,185	3,587,658	15,903
Due to state	60,047	791,990	782,331	69,706
Total liabilities	\$ 67,423	\$ 4,388,175	\$ 4,369,989	\$ 85,609
PARMER COUNTY PERMANENT SCHOOL FUND				
Assets				
Cash and cash investments	\$ 434,046	\$ 4,293,918	\$ 195,483	\$ 4,532,481
Total assets	\$ 434,046	\$ 4,293,918	\$ 195,483	\$ 4,532,481
Liabilities				
Due to others	\$ 434,046	\$ 4,293,918	\$ 195,483	\$ 4,532,481
Total liabilities	\$ 434,046	\$ 4,293,918	\$ 195,483	\$ 4,532,481
PARMER COUNTY SHERIFF				
Assets				
Cash and cash investments	\$ 7,471	\$ 88,739	\$ 38,648	\$ 57,562
Total assets	\$ 7,471	\$ 88,739	\$ 38,648	\$ 57,562
Liabilities				
Due to others	\$ 7,471	\$ 88,739	\$ 38,648	\$ 57,562
Total liabilities	\$ 7,471	\$ 88,739	\$ 38,648	\$ 57,562

See independent auditors' report.

Parmer County, Texas

Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended December 31, 2018

	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018
PARMER COUNTY JAIL COMMISSARY				
Assets				
Cash and cash investments	\$ 43,045	\$ 18,996	\$ 5,118	\$ 56,923
Total assets	\$ 43,045	\$ 18,996	\$ 5,118	\$ 56,923
Liabilities				
Due to others	\$ 43,045	\$ 18,996	\$ 5,118	\$ 56,923
Total liabilities	\$ 43,045	\$ 18,996	\$ 5,118	\$ 56,923
PARMER COUNTY INMATE TRUST				
Assets				
Cash and cash investments	\$ 463	\$ 69,183	\$ 64,911	\$ 4,735
Total assets	\$ 463	\$ 69,183	\$ 64,911	\$ 4,735
Liabilities				
Due to others	\$ 463	\$ 69,183	\$ 64,911	\$ 4,735
Total liabilities	\$ 463	\$ 69,183	\$ 64,911	\$ 4,735
OTHER DEPARTMENTS				
Assets				
Cash and cash investments	\$ 21,887	\$ 960,476	\$ 953,690	\$ 28,673
Total assets	\$ 21,887	\$ 960,476	\$ 953,690	\$ 28,673
Liabilities				
Due to others	\$ 21,887	\$ 960,476	\$ 953,690	\$ 28,673
Total liabilities	\$ 21,887	\$ 960,476	\$ 953,690	\$ 28,673
TOTAL ALL AGENCY FUNDS				
Assets				
Cash and cash investments	\$ 814,236	\$ 10,143,084	\$ 5,849,104	\$ 5,108,216
Total assets	\$ 814,236	\$ 10,143,084	\$ 5,849,104	\$ 5,108,216
Liabilities				
Due to others	\$ 754,189	\$ 9,351,094	\$ 5,066,773	\$ 5,038,510
Due to state	60,047	791,990	782,331	69,706
Total liabilities	\$ 814,236	\$ 10,143,084	\$ 5,849,104	\$ 5,108,216

See independent auditors' report.

Parmer County, Texas

Schedule of Financial Transparency - House Bill 1378 Compliance
For the Year Ended December 31, 2018

		December 31, 2018
Parmer County's total authorized debt obligations	\$	1,095,000
Parmer County's outstanding principal balances by issuance		
2012 Limited Tax Refunding Bond	\$	1,095,000
Total outstanding principal	\$	1,095,000
Parmer County's outstanding interest balances by issuance		
2012 Limited Tax Refunding Bond	\$	69,686
Total outstanding interest	\$	69,686
Parmer County's combined principal and interest balances		
2012 Limited Tax Refunding Bond	\$	1,164,686
Total outstanding combined principal and interest balances	\$	1,164,686
Parmer County's total debt per capita	\$	111.01
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

See independent auditors' report.